Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF GUATEMALA,
H.E. GENERAL KJELL EUGENIO LAUGERUD GARCIA,
AT THE OPENING CEREMONY OF THE MINISTERIAL-LEVEL MEETING

Your presence here in Guatemala is extremely heartening, because it shows confidence in the efforts our country is making to achieve the quikest, most consistent and stable progress in our economic, social and cultural development. I would like to stress in particular the significance of the participation in this assembly of Dr. Kurt Waldheim, Secretary-General of the United Nations, since this represents an acknowledgement of the importance of this meeting and of the Secretary-General's interest in Latin America. Please accept, distinguished delegates, the warm welcome of our people and their Government.

Never before have the nations of Latin America faced, as they do today, a complex set of factors so adverse to their development. As producers of traditional raw materials and importers of industrial products, the deterioration of their [illegible] has been hastened by the increase in the cost of fuels, the high cost of renting technology, and the restrictions which the more advanced countries apply in their markets against the products of our region. When we add to these problems the shortcomings in our own production methods and the fact that a large part of our resources lie idle, while those that are being used depend on minorities whose power stems from the concentration of production capacity, then it is obvious that the economic development and social progress of our peoples can hardly keep pace with population growth.

The United Nations is based on a platform of lofty humanist ideals, and it is the guardian of the spiritual values which have underlain the most noble actions of mankind through the course of history. It has managed to restore peace when armed conflicts have broken out, but it has not yet been able to build the peace which stems from an international economic order based on equity. The great nations continue to wax fat on the profits they derive from the toil of the small countries, and from what the small nations buy at prices fixed by the leading powers.

Thus we are tributaries of the well-being of the greater nations. The economic order is one of subordinate and dependent strata. But when some of our products have a chance of prospering in the world market, then quotas are established, tariffs imposed and commercial, psychological and even political methods are used to discourage consumption.

It is obvious that peace cannot reign in such circumstances. Co-existence is not compatible with the law of the jungle. And at this point our peoples begin to wonder whether the benefits of international co-operation and friendship among nations only flow in one direction.

If an international economic order is maintained in which technology, wealth and the essential means of productions are concentrated in a handful of countries which have the power to control world markets, then the imagination of the smaller countries will be so centered on thoughts of revenge as to create a messianic movement to free themselves and set others free.

What is happening at the international level is the same as what's taking place in those countries where the capacity to produce and the chance of enjoying a decent standard of living are privileges denied to the majority which serve only to deepen poverty, intensify social unrest and lead to rebellion. The highly industrialized countries should learn from the history of mankind. An imperialist attitude has never failed to undermine the greatness of empires.

International relations must also provide human rights for nations, for such rights are not limited to the enjoyment of security and property by individuals, nor do they consist merely in being judged within the law, in freedom and in accordance with democracy. Nations thus have their own rights: the right to participate freely in all markets; the right to free commercial and economic interchange, irrespective of political ideologies; the right not to be subjected. conditioned or exploited by the strongest. Nations thus need human rights which will enable them at least to exist in dignity and to develop and progress.

The Economic Commission for Latin America, CEPAL, has worked for many years not only to promote local development but also to remedy the unjust and unsettling economic order between the big and the small nations. The slow and difficult advance of the countries of the region is due not only to internal factors but also to the active and vested interest of the more advanced nations in hamstringing our potential and destroying our capacity to progress. CEPAL must therefore be the agent of change within this scheme of relations among our countries. Central America owes to CEPAL the prime impulse for its economic integration. Twenty-seven years have gone by since this Commission presented the theoretical principles for our common market, and despite its contradictions, shortcomings and crises, integration has made possible the acceleration of regional progress to a point which it would undoubtedly not have reached if the economies of each country had remained isolated.

As the delegates to this meeting are aware, the Central American Economic and Social Community is currently being constituted. It is clear that much more resistance will have to be overcome than in the case of the Common Market, but this is part of the social nature and local interests at a stage like that through which the region is passing. The fact remains that the Community is the expression of an inevitable and necessary process which cannot be postponed.

Guatemala, gentlemen, has faith that your deliberations will lead to the formulation and implementation of solutions for the serious problems of the Latin American region. This meeting is a forum where a dialogue can take place both between Latin America and the industrialized countries on the one hand, and among the Latin American countries themselves on the other.

The presence of the Secretary-General of the United Nations will help the assembly in its work, and he himself will be helped by it to gain a better understanding of a continent which is historically an offshoot of the industrialized countries. But it would be a mistake to assume that nothing has changed and that nothing will change. Latin America wishes to be a partner with the rest of the world. The countries and the continent want this, but remember: partners, not subordinates.

Accept, gentlemen, my sincerest wishes for the success of this assembly. The progress of our peoples, their inner peace, and the peace of the world demand this.

STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD, MR. GAMANI COREA, TO THE SEVENTEENTH SESSION OF THE ECONOMIC COMMISSION FOR LATIN AMERICA, GUATEMALA CITY, 2 MAY 1977

Mr. President, Mr. Executive Secretary, Excellencies, distinguished delegates, ladies and gentlemen.

It is a great honour to me and a matter of personal satisfaction that I am present here as Secretary-General of UNCTAD at a session of the Economic Commission for Latin America. I am particularly pleased that this session is taking place here in Guatemala, a country whose Government, and many of whose nationals, have played so positive a role in UNCTAD affairs. The whole world admires the efforts this country has made to recover from the consequences of the tragic disaster which struck it last year. I would also like to say how much I appreciate the inspiring address of his Excellency the President of Guatemala this morning.

Mr. President, it is also a matter of personal satisfaction to me to attend a session of the Commission under the leadership of Mr. Enrique Iglesias, a friend and colleague, whose commitment to the cause of development as evidenced by his penetrating statement today has been an inspiration to all of us.

Mr. President, two of the major items on the agenda for the present session concern first the review and appraisal of the international development strategy and the establishment of a new international economic order; and second the question of co-operation among developing countries and regions. Both these issues are, in their global context, at the very heart of UNCTAD's concerns. The secretariat of UNCTAD has recently presented its own report on review and appraisal to the special session of the Trade and Development Board which concluded only two days ago. The question of co-operation among developing countries is the subject of a special intergovernmental committee of UNCTAD which is meeting today in Geneva, to take up for the first time the substantive issues in this field. The decisions of your present session on each of these issues will therefore be of the greatest significance to UNCTAD and will have its inevitable impact on our ongoing work.

Mr. President, the third review and appraisal exercise which is being presently undertaken, brings within its compass for the first time not only the international development strategy but also the programme of action for the new international economic order, as well as the Charter on Economic Rights and Duties of States and the decisions of the 7th special session of the General Assembly on development and co-operation. As UNCTAD has already indicated in its own document on this subject, there is a significant difference in emphasis between the concepts incorporated in the new international economic order and the Charter on the International Rights and Duties of States, on the one hand, and the international development strategy for the Second Development Decade that had been formulated some years earlier. It is true that the programme of action

for the new international economic order embraces many of the objectives, policies and targets that were embodied in the strategy. But, the programme of action went further than the strategy in placing a major new emphasis on the need for changes in the very mechanisms and systems which govern the prevailing frame-work of relationships between the developed and developing countries. Indeed, I believe it is true to say that the twin concepts of structural change and of collective self reliance are the two major themes of the programme of action for the new international economic order which give to this programme its particular orientation and flavour.

Mr. President, at the time of the second review and appraisal exercise, the emphasis had already began to shift towards the negotiating processes that were then in progress for the implementation of several aspects of the programme of action and, indeed, of the strategy itself. UNCTAD IV, the multilateral trade negotiations, the Paris Convention on international economic co-operation, were all events which provided an opportunity to translate broad goals into concrete measures and specific decisions. These negotiations have since been underway but are yet to be concluded. But, even at present, it is appropriate to turn to what has happened so far and to draw whatever as are of conclusions relevance for the future.

Mr. President, as I said, UNCTAD is one of the major forums for the implementation of the global policies enunciated in both the strategy and the new international economic order. Indeed, a significant part of these policies have long been central to UNCTAD's concerns. It is for this reason that much attention was focused on the 4th session of UNCTAD that was held in Nairobi in May last year. I have already had occasion to present my own evaluation of the results of this Conference. As I have said before, the Conference registered both successes and disappointments. In some areas it laid some useful foundations of a long-term character, in others it launched a process of negotiations whose consequences could be more immediate, and in still others if failed to move forward in a significant way.

Mr. President, one of the areas where UNCTAD IV took major decisions relates to that of commodities or raw materials. The Nairobi Conference took a major step forward in the field of international economic policy in endorsing the concept of and integrated programme for commodities and in establishing an extensive framework of negotiations in regard to the commodity problem. These negotiations were to cover both a series of individual products of particular interest to developing countries and a common financing fund for the purpose of financing commodity stocks. The negotiating framework is indeed without parallel. The commodity negotiations are to take place not on an isolated, fragmented or piecemeal basis, as was the case in the past, but were to form part of a single exercise subject to a well-defined time frame and to special machinery to be set up in UNCTAD for overall monitoring and surveillance. It was envisaged that the negotiating process could be brought to a conclusion by the end of 1978. This negotiating process that was launched at Nairobi is now well underway. We have already had preparatory meetings on four products - copper, jute, hard fibres and rubber. A negotiating conference on sugar is presently in session at Geneva. In addition, we have already had three preparatory meetings on the common fund as well as a negotiating conference.

Mr. President, the report of the Committee that is before you as well as that of the group of experts has rightly underlined the pivotal importance of the integrated programme for commodities and its central element, the common financing fund to the developing countries as a whole and to the countries of the Latin American regions in particular. It is no exaggeration to say that the integrated programme for commodities is perhaps the central issue involving structural change that is now under negotiation in the international community. If the integrated programme for commodities were to succeed, it would result in imparting strength and stability to the markets of a large number of raw materials and commodities of basic importance to the developing countries. In this way it will introduce a new regime to govern world commodity trade. It is for this reason that I feel that no matter how important it is to bring about better results in such areas as resource transfers, debt relief and balance of payments support, these would not by themselves suffice to give real meaning to the concept of a new international economic order. It is for this reason indeed that I share the view expressed by the Secretary-General of the United Nations this morning that no package of measures to deal with the development issues, the so-called North-South issue, will be truly complete if it left out of reckoning significant action to deal with the raw material question. The integrated programme for commodities is an essential element of the new order, But it is at the same time concerned a co-operative endeavour on the part of both consumers and producers, of developed and developing countries ar endeavour which could bring benefits to all.

Mr. President, the negotiation on the common fund are of basic importance in the context of the Integrated Programme. The concept of the fund has received the unanimous endorsement of the developing countries. It has received pledges of support from the countries that are members of OPEC and it has already been endorsed by a number of developed countries as well. Despite this, I have to state that the negotiations on the fund have yet to register a decisive step forward. The negotiating conference, which took place in Geneva last March, proved to be inconclusive. The Conference adjourned with a decision to reconvene sometime later this year. The negotiating process is therefore still to be completed, it has still to be brought to a successful conclusion nevertheless it is important to note that. Some of the major developed countries which expressed reservations about the concept of the fund at Nairobi have since indicated new and more positive approaches and attitudes. The United States has indicated its willingness to enter the negotiations with an open and positive attitude although it was still not ready to make any prior commitment to the fund. The heads of governments of the European Economic Community have also, in their recent meeting in Rome, expressed agreement that there should be a common fund as an element of the integrated programme for commodities to be negotiated in UNCTAD. But the time did not appear opportune last March to translate these changes into positive decisions in respect of the establishment of the fund. All this, Mr. President, underlines the importance of the challenge that lies ahead, the crucial importance that attaches to the work that still needs to be done.

I am confident that success could be achieved. There is now, more than ever before, and almost universal recognition of the need to deal with the

problems of commodities and of the importance of taking steps to stabilise the workings of commoditity markets. There is also a greater acceptance of the concept of a fund. But there are, at the same time, major issues that are still to be resolved both in respect of the type of measures to be taken for individual products and the essential nature of the common fund itself. In the case of the common fund, the issue is not merely whether or not there should be such a fund, it also relates to its essential character. Should the fund be an active institution, an essential source of finance for commodity stabilising schemes, or should it rather be a relatively passive, residual body? There is also the question of the institutional character of the fund - should be an important new institution in which the developing countries have an equal and decisive role in the process of decision making?

On these and other issues, the need is not only for a response from the developed countries; it is also important that the developing countries forge a common negotiating position. This is a task to which the developing countries need to address themselves, not merely in Geneva but at the level of the regions and indeed in the capitals of the countries themselves. What is before us is a major negotiating exercise whose aim is not a resolution of a general character, but a complex and legally-binding agreement. If this is to be successfully achieved differences have to be reconciled, misconceptions have to be removed and the genuine concerns of different countries have to be satisfied. I should, therefore, like to use this occasion to urge the governments of the Latin American countries to spare no effort in ensuring that the task is brought to a successful conclusion. As the report of the group of experts has stated, the countries of the Latin American region have a vital interest in commodity exports and in the strength of this sector as a means of strengthening their import capacity. The exports of the 18 commodities included in the integrated programme averaged 13 billion dollars per annum in 1973 and 1974 for Latin American, out of total exports of 35 billion dollars. For 15 countries of this region, these commodities accounted for about 60 per cent or more of their total exports. For seven other countries they accounted for between one-third and one-half of their exports. The aim of the integrated programme for commodities is not to stratify the existing commodity economy, even at high levels of earnings; it is to provide a springboard for the transformation of the economies of developing countries in the direction of industrialization.

Mr. President, UNCTAD is also deeply involved in negotiations in other areas of vital importance to the new international economic order. We are at present engaged in a number of initiatives in the field of technology, initiatives which have been inspired in many instances by action taken in Latin American fora and by a number of countries of this continent. We have made significant progress in exploring the broad issues involved in the division of the industrial property system. This work is a contribution to the negotiations now taking place within the World Intellectual Property Organization to revise the Paris Convention. We have an intensive programme now under way in respect of the establishment of a code of conduct for the transfer of technology. An intergovernmental group of experts has already met twice since UNCTAD IV and proposes to hold two more further meetings in preparation for the negotiating conference which will be convened early in 1978. The work so far justifies some cautious optimism but important issues remain to be resolved. The Latin American countries have been

a dynamic element in these negotiations and I am confident that, with their continuing support, we could indeed bring this exercise to a successful conclusion. Our interests, however, are not confined to the code for the transfer of technology. A major thrust is needed towards developing the indigenous technological capabilities of the developing countries and to reducing their technological dependencies. This objective calls for a comprehensive programme of action at the national, regional and inter-regional levels; a programme in which UNCTAD is prepared to play its fullest part. A related effort that UNCTAD is making concerns the establishment of equitable principles and rules for the control of restrictive business practices, a negotiation that is also now in process in the forum of UNCTAD. This again is an issue for which the Latin American countries were responsible by virtue of the proposals that were made at the second Conference of UNCTAD in 1968.

Distinguished delegates, the integrated programme for commodities, the code of conduct on the transfer of technology and the establishment of equitable principles and rules for the control of restrictive business practices are three of the negotiating processes underway in UNCTAD to which the Latin American countries can, and must, make a major contribution. There are, of course, other areas of UNCTAD's work where support from your countries is essential. I refer, for example, to the problem of external debt of developing countries, on which discussions are under way in the framework of the Paris conference, but which we expect to consider at a Ministerial Session of the Trade and Development Board later this year. I refer also to our work on transport where further ratification of the Convention on a Code on Conduct for Liner Conferences are needed to bring that instrument into force and to our efforts towards and international convention on multimodal transport where Latin American countries have been very active. Indeed, I would hope and expect that every sector of UNCTAD's work contains elements of direct interest to the countries of this region.

Mr. President, I should also like to recall once more that today, in Geneva, the UNCTAD Committee on Economic Co-Operation among Developing Countries is resuming the work on its first session which was opened in February. This Committee is, I believe, the only one of its kind in the global institutions of the United Nations family. Its establishment is in part at least a reflection of a programme of work on trade expansion, economic integration and economic co-operation among developing countries which was started in the early years of UNCTAD and carried out under the direction of distinguished Latin Americans. Indeed it is true to say that this region contains the greatest reservoir of practical experience in integration schemes, experience which could be of inmense value to other regions of the developing world. UNCTAD is now seeking to broaden the scope of its work so as to respond to the call for supportive action in respect of the concept of collective self reliance a concept which must involve cooperation not only at the sub-regional and regional level but at the inter-regional level as well. A comprehensive programme of activities was, as you know, drawn up by the Mexico Conference on Economic Co-operation among Developing Countries and it is the task of the UNCTAD Committee meeting this week to determine the contribution which UNCTAD will make to this programme. In doing so we will, of course, look forward to further strengthening our

working relationships with the regional economic commissions of the United Nations and with other regional institutions. It is my hope that we can thus make a useful input to the process of establishing and strengthening the collective self-reliance of developing countries which, as I said earlier, is one of the corner stones of the new international economic order.

Mr. President, I have been speaking so far of measures and programmes of a fundamental character whose impact will be felt over a long time to come. But before I conclude I wish to refer to the parallel need for urgent and concerted international action to meet the immediate and serious problems which developing countries are facing today.

The current account deficit of non-oil-exporting-developing countries increased from $13 billion in 1973 to an annual average of $35 billion during the period 1974-1976. This dramatic increase in the deficit was not caused by over-spending or mismanagement of the economies of developing countries; it is the mere reflection of the inflationary pressures in the world economy and of the deep and prolonged recession in the developed market economy countries. It follows, therefore, that these deficits should not be adjusted through further contraction in domestic economic activity. Rather they should be financed on appropriate terms and conditions. There is thus an urgent need for a substantial increase in official flows through bilateral and multilateral channels. Of equal importance is the need to improve developing countries' access to capital markets, especially with regard to placement of long-term debt instruments.

In the face of wide-spread unemployment, governments in developed countries have found themselves under increasing pressure to adopt protectionist policies. In the past, governments have managed, on the whole, to resist these pressures but there are now signs that their capacity for resistance may be wearing thin. Since protectionist pressures in developed countries stem from concern to maintain labour employment, trade protection tends to converge on labour-intensive manufactured products. But it is in this field that many developing countries have invested heavily, often by obtaining external finance. If the external debt of these countries is to be managed, it follows that access to markets for these products must not only be maintained: it must in fact be improved.

Mr. President, I would like, through you, once again to thank the distinguished Executive Secretary of your Commission for his kind invitation to be present here today. UNCTAD looks forward not merely to maintaining but to strenghtening its collaboration with the Economic Commission for Latin America the global context in which we find ourselves makes such collaboration imperative.

The ideas which led to the establishment of UNCTAD were very largely generated in Latin America and it was this continent, indeed this very organization, which gave to UNCTAD its founding father, Dr. Raul Prebisch, whom I am pleased to see with us today. It was another distinguished Latin American, Dr. Manuel Pérez-Guerrero, who succeeded Dr. Prebisch, and I am, therefore, conscious of the great debt which UNCTAD owes to these outstanding statemen and to the intellectual tradition in which they were formed. It is for this reason that I specially value the opportunity you have given me today to address you. I thank you most warmly for the attention you have given me and I wish you all success.

THE PRESENT SITUATION

AND FUTURE PROSPECTS

OF LATIN AMERICA

Address by Mr. Enrique V. Iglesias,
Executive Secretary of CEPAL,
at the Seventeenth Session of
the Commission
Guatemala City, April-May 1977.

I am greatly honoured to be able to speak here at the opening of the deliberations of the seventeenth session of CEPAL in Guatemala City.

May I be allowed, first of all, to express the deep appreciation of the Executive Secretariat of CEPAL for the invaluable support received from the Government of Guatemala, whose dedication, enthusiasm and generosity have made it possible for your discussions to take place in these magnificent surroundings, with their physical beauty and human charm.

The effort is all the more admirable in view of the tragic experience which this country underwent as a result of the natural disaster which caused it such tremendous damage. The effort that has been made bears eloquent witness to the determination and courage of the Government and people of Guatemala to rebuild their country and forge from their passing misfortune a powerful tool for the conquest of a brighter future.

I should also like to extend a very warm welcome to the member Governments of CEPAL gathered together here, to the observer countries, the international organizations of the United Nations system, the organizations of the Inter-american system and the non-governmental organizations, and thank you for your presence here on this occasion.

/I. Central America

I. Central America and integration

Nothing could be more fitting than to take this opportunity, when the Commission is meeting for the first time in its history in a Central American country, to begin by mentioning economic integration -a theme in which Central America has distinguished itself by playing a pioneering role, and which has enabled the CEPAL secretariat to enjoy a long and fruitful association with the Governments of the subregion.

It naturally gives me great pleasure to recall that, at the fourth session of the Commission, held in Mexico City in June 1951, the delegations of Costa Rica, El Salvador, Guatemala, Hounduras and Nicaragua expressed their Governments' interest in promoting the integration of their economies and the creation of wider markets, through trade in their commodities, co-ordination of their development plans and the establishment of enterprises in which all or some of them had an interest.

On that occasion, the Executive Secretary received the mandate to extend to those Governments the necessary co-operation for the study and implementation of those plans, and "to study the means or plans for the progressive attainment of those objectives". In addition, the Committee on Economic Co-operation

/was established

was established as a consultative organ of CEPAL and a co-ordinating body for activities relating to economic integration in Central America.

The Committee met twelve times between 1952 and 1963, during which period studies and analyses were made with a view to laying the foundations on which Central American economic integration could develop.

Towards the end of that period - to be precise, in the biennium 1960-1961 - the Governments took courageous decisions in this field which definitively placed them in the forefront of the integration process throughout Latin America. In the short space of five years an almost perfect free trade area was created, a common tariff for products of third countries was adopted and institutions and machinery were established to promote joint action within the framework of integrated economic development.

It would be difficult to reckon the full value of the contribution made by integration to the economic development of each and every country in the region, in terms of growth and the transformation of their economies. Suffice it to mention, by way of example, that

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the degree of industrialization in the subregion rose from less than 14 per cent in 1960 to almost 19 per cent in 1975.

It cannot be denied, however, that the very dynamics of the process revealed weaknesses and obstacles. The Central American Common Market - by far the most advanced integration movement in Latin America in the 1960s - reflected the difficulties which were beginning to affect other subregional integration processes as well.

Thus, in the course of this period we found that once an integration process such as the Central American one has been set in motion it does not necessarily tend to expand and intensify. Instead, the possibly exaggerated emphasis placed in the past on commercial integration - in other words, the creation of free trade areas - and the relative weakness in the joint promotion of projects of regional interest, led to a geographical concentration of the benefits of integration in the relatively more industrialized countries, which tended to weaken the dynamics of the process. In addition, integration was apparently unable - either in Central America or still less elsewhere in Latin America - to contribute adequately to the solution of the main development problems which countries were faced with.

/All this,

All this, together with the parallel transformations and rapid changes in the international economy, suggests the advisability of reviewing the conceptual framework of economic integration so that it can effectively support the development process the region will have to undergo in the next few years.

In this respect it is satisfying to note that Central America is still in the forefront, having formulated two multifaceted and simultaneous approaches for strengthening its integration process. The first, which is of a global nature and is to take shape in a new treaty, is designed to promote long-term integration, by setting the major objectives of the process and establishing the bodies and procedures which would make it possible to attain them. The second, which is more specific - and need not necessarily await the entry into force of the treaty - would consist in the short-term reactivation of integration through the implementation of concrete projects of regional interest.

I am also pleased to be able to state that CEPAL has continued to be associated with this process of renewal, primarily through the meeting held by the Committee on Economic Co-operation in May 1975 and the meeting the Committee is to hold this week to evaluate the implementation of the decisions adopted at previous meeting in 1975.

/Whatever

Whatever Central America decides to do in order to revitalize its integration movement will have profound repercussions on the rest of Latin America, since today, as in the past, it is becoming a leader both in ideas and in action in the field of integration.

I therefore wish the Central American countries every success in these new stages of the integration process and reiterate, once again, our keen desire to contribute to their efforts. In particular, our Mexico Office, now under the inspired direction of an illustrious Central American, Gert Rosenthal, will continue to be deeply involved, as Central Americans have been in the past, with this historic work on behalf of integrationist ideals.

/Mr. Chairman,

Mr. Chairman, distinguished delegates,

I should now like to be allowed to make some remarks concerning other central objectives of this meeting.

As you all know, meetings such as this have always provided the most suitable opportunity for the Secretariat to present to its Governments the results of its reflexions on the basic economic problems of Latin America, and in particular the problems stemming from the world and regional economic situation.

The dialogue I propose to establish with you today will therefore, in a way, be a continuation of the dialogue we began a few years ago in Quito and took up again in Chaguaramas.

II. The great tasks of Latin American development

There are two main economic and social concerns in Latin America today, namely, how to satisfy the basic needs of the great masses who have not shared in the fruits of the development achieved in the last few decades, and how to find a different and more favourable means of insertion of the region into the international economy.

At the last meeting of this Commission (in Trinidad and Tobago, in 1975), in several other forums, and most recently in December 1976, when previewing the global results of the region's performance in 1976, I had occasion to make some basic points on these matters.

As regards the first of these issues, I tried to show that the Latin American productive system has undergone far-reaching changes in the post-war period, both in terms of its size and its nature, so that Latin America is today in a position to tackle tasks which in the past might have seemed over-ambitious but which have now become objectively possible.

The most important of these tasks, without the slightest doubt, is to substantially relieve if not totally eradicate what is known as "critical poverty", which affects, subject to variations in its intensity and in its national features, at least a third of the region's population.

/As regards

As regards the other issue - Latin America's insertion in the world economy - I have tried to highlight the region's greater capacity to withstand and adapt to the repercussions of the international upheavals of recent years, which have still not ended. This situation involves problems and opportunities which must be appraised with eyes fully open to change and innovation - not as though it was a mere repetition of old circumstances. Generally speaking, it means envisaging what kind of "new international order" would suit Latin America and the manner in which the region should fit into that context.

Our suggestions on these vital issues might be construed - superficially - as being imbued with unjustified optimism about the serious problems facing our countries.

Forgive me, therefore, if I dwell on each of these issues separately, although the relationship between the modification and the social and economic potential of the productive system and the features of its external setting is obvious.

A. <u>The development of the region's productive potential</u>

<u>Economic expansion: the present situation and future prospects</u>

I do not think that it is necessary to recall the details given in my statement in Trinidad and Tobago regarding the quantitative

/and qualitative

and qualitative changes which have taken place in Latin America since 1950. 1/ It is enough to repeat a few important facts. Thus, for example, the regional product almost quadrupled between that year and 1974, reaching a size comparable with that of Europe in 1950, when that region was one of the most industrialized in the world and some of its countries were among the main economic powers. 2/ More specifically, and with reference to one of the strategic sectors for development, I should like to draw your attention again to the fact that during this same period the production of machinery and equipment increased nine times over. Thus, whereas in 1950 approximately three-fifths of the demand for these goods was covered by imports, in 1974 the proportions had changed to such an extent that three-quarters of these needs were met by domestic production.

These facts, together with otheer familiar ones of a similar nature, are sound proof of the development of the productive forces of Latin America. Moreover, with due caution it can be assumed that this expansion will continue in the immediate future and will raise the region to heights much greater than those of the present, accompanied by significant changes in the economic structure.

1/ See Latin America: The new regional and world scene, Cuadernos de la CEPAL, No. 1, 1975.

2/ Ibid., p.18.

/Let us

Let us look at a few future prospects in this connexion.

If, for example, we take as our basis the average growth rates for such a long and varied period as that extending from 1960 to 1974, and if we assume that these rates will be repeated between the latter year and 1990, we will note some substantial changes in size. For a better appreciation of these, they may be compared with the respective situations of the European Economic Community in 1970 (excluding Great Britain):

- The regional domestic product in 1990 is likely to be a little over 560 billion dollars: that is to say, it will be bigger than that of the EEC in 1970, which was roughly 500 billion dollars.1/

- Latin American industrial production will amount to some 165 billion dollars - a figure only 10 per cent lower that that of the EEC in 1970, which amounted to 184 billion dollars. Thus, the new Latin American level would be more than three times the value of the region's manufacturing production in 1974. 2/

1/ Dollars at 1970 prices, as in all the other estimates. The assumed average annual growth rate for the period was 6 per cent, which was that actually achieved between 1960 and 1974. The GDP of Latin America in 1974 was 222 billion dollars.

2/ The industrial growth rate for the period 1960-1974 was 7.3 per cent. The same rate was assumed for the period 1974-1990.

/- The supply

- The supply of electricity in 1990 is expected to be very close to 800 billion KWH, a figure much higher than the EEC supplies in 1970, which came to 606 billion KWH. 1/

- The gross value of the output of machinery and equipment in 1990 is expected to be some 138 billion dollars - a figure higher than that recorded in 1970 by the EEC, which amounted to 126 billion dollars. 2/

I hasten to admit that these comparisons are open to all kinds of reservations, one of the most important, of course, being that we are comparing Latin America with a group of countries which have a smaller population and a much higher per capita income. 3/

However, these reservations in no way invalidate my basic aim, which is to show the major change which took place in the size and structure of the region's economic system.

1/ The corresponding rate of expansion was 8.6 per cent in the period 1960-1974, and the same figure has been assumed for 1974-1990.

2/ The growth rate for the period 1960-1974 was 11.2 per cent, which has also been assumed for the period 1974-1990.

3/ In 1974 the population of the EEC was a little more than 200 million and that of Latin America some 315 million, while the per capita income of the EEC was estimated at some 2,800 dollars, as against 750 dollars for Latin America (dollars at 1970 prices).

/Does bringing

Does bringing out these facts mean that we are ignoring or underestimating the many and varied criticisms made of the patterns of Latin American development, and particularly its industrialization process?

My answer is an emphatic No!

Indeed, I would go even further and say that we agree with most of the criticisms levelled at the regional structure and its economic and social features.

A critical review of the Latin American experience

The truth is that CEPAL, as many of its documents show, 1/ has long been calling attention to the pitfalls, flaws and the gaps in the process of change which began or grew more active in Latin America after the Great Depression and particularly since the Second World War. This did not prevent the institution, however, from becoming involved with this process and supporting its main thrust.

It was in these forums that the limitations and dilemmas of substitution industrialization were first voiced and that stress was laid on the need to break down the watertight compartments of national markets in order to project the change into the regional and world contexts.

1/ Among the most recent ones, see Problemas de la industrialización substitutiva (Cuadernos de la CEPAL, No.14), which contains a selection of CEPAL's judgements on this matter in the course of the last 25 years.

It was likewise in these forums that initiatives emerged to broaden and diversify the export base, thus pioneering action by the Third World to obtain fair treatment and free access for their exports to the central economies.

It was here, too, that emphasis was placed on the need for external co-operation and financing in order to secure an adequate flow of foreign funds and to increase investment and the transfer of technology, although at the same time attention was drawn to the risks of excessive or unnecessary borrowing, and foreign control of national assets and decisions.

Neither were we Latin Americans indifferent to the glaring evidence of the inefficiency and waste which disorganized, parochial and over-protected industrialization can entail. In response, we did not suggest the establishment of a mythical market with conditions of perfect competition as the supreme means of deciding the allocation of resources, but rather advocated the disciplining and control of market forces through rational planning. Let me recall that this alternative has become one of the recurring themes of the current debate on economic policy in the industrialized capitalist countries, in some of which it is already a long-standing practice.

Lastly, and by far the most important, we have never forgotten that in the final analysis development can only be judged by the extent and manner in which the basic needs of the population are

/satisfied and

satisfied and while it is indeed important to make a realistic appraisal of the social groups which take part and share in growth, we must never ignore the underprivileged, who are unfortunately so numerous. Here CEPAL has led the way in research, analysis and proposals on income distribution.

In short, the question I raised a moment ago may justifiably be answered in the negative. Objective recognition of the productive potential built up in recent decades as a result of the development which has taken place in the region is neither a contradiction nor an attempt to overlook the great shortcomings and frustrations which have accompanied it or been inherited from the past.

On the contrary, our intention in stressing the magnitude and nature of this potential is not to rush to its defence, but rather to engage in positive criticism.

In the first place, recognition of this potential is of great importance with respect to a controversy which has once again begun to rage on the subject of Latin American industrialization. Without going into details, it may be recalled that some arguments have gone far beyond the analysis and verification of the negative features of the process, and have called into question the process itself. Some have even regretted that the open, liberal model of the primary-exporting economy has been abandoned, or have criticized the fact

/that Latin

that Latin America has followed this path rather than forms which have arisen in other regions.

These schools of thought appear to show a disregard for the historical and spatial setting of the problem. Despite frustrations and disappointments and sometimes excessive protectionism, Latin American industrialization is now a reality. And it is a reality which forms the basis for progress which has reached many social sectors.

Failure, to recognize that fact would be tantamount to ignoring the irreversible course of history.

The elimination of critical poverty: a task which is now both possible and urgently necessary

Our desire to formulate positive criticism, however, is aimed especially in another and more important direction, which flows naturally from our recognition of the productive potential which the regional effort has created.

I must repeat that if we have stressed this potential it is not from a desire to act as apologist for it, nor because we are inclined to be optimistic. We have done so because it enables me to reaffirm a point made in my address in Trinidad and Tobago, namely, that this productive potential is the condition which allows and obliges us to attain goals which may have been difficult or impossible in the past but are no longer so. They are now objectively and materially attainable.

/At the

At the head of the list, as I indicated earlier, is the substantial alleviation or elimination, within a reasonable time, of the critical poverty in which a considerable part of the Latin American population still lives.

This new regional economic situation, the "critical mass" it has reached, mean that this war on poverty can now be waged, as I shall go on to demonstrate. It must be waged for clear reasons of justice: the deprived sectors of the population have borne the brunt of the collective self-sacrificing effort made in order to create the productive potential.

Furthermore, concern for this problem currently forms the ethical or moral backdrop of a much wider conflictive dialogue between the developed North and the developing South. What is being discussed at both the world and regional levels is <u>if and how</u> it is possible to improve the living conditions of the people excluded from the advances and benefits of the revolution of technical progress.

It is worth bearing in mind some round figures regarding this problem at the world level, so as better to appreciate the specific situation of Latin America in this very important area.

/ The World

The World Bank has been dealing consistently with this matter, thus contributing to the efforts made to come to grips in a concrete manner with the situations of critical poverty confronting mankind.

Some unofficial estimates have been made about the investment which could be needed to bring about a significant improvement, within a decade, in the situation of the 750 million people (650 million rural and the remainder urban) whose per capita income is currently under 200 dollars per year. 1/

As may easily be foreseen, the investment needed to provide this great mass of people with acceptable minimum standards of food, drinking water, education, public health and urban housing is enormous.

1/ See Nahbub Ul Hac, The Third World and the International Economic Order (lectures delivered in Georgetown, Guyana, November 1975), Georgetown, Ministry of Foreign Affairs.

/It is

It is calculated at between 110 and 125 billion dollars, or between 11 and 13 billion dollars annually for a decade.

It should be noted that this only covers the limited, partial - although not unambitious - goal of creating the material and human as in the case of teaching staff) infrastructure on which to base a programme and with which to carry it into practice. Thus it does not take into account the sizeable operating and maintenance costs stemming from that investment.

These vast sums appear in a different light, however, when it is recalled that world expenditure on arms in a single year, 1975, amounted to some 300 billion dollars. Many other comparisons may be drawn - with the total product of the developed countries, with the current level of investment or of mass but non-essential consumption of specific kinds, etc. In every case the conclusion must be reached that those needs, while great, are within the bounds of reality rather than utopian, speaking strictly from the standpoint of economic possibility and without considering the political obstacles which may certainly constitute a major limitation. I must stress, however, that this does not detract from the historic significance of the point I have made: from the standpoint of the development of productive forces, human society as a whole, overlooking the differences between

/nations and

nations and classes, appears potentially to have passed the threshold of what has been called the realm of necessity.

This generalization is particularly true of a Third World region such as Latin America, whose per capita income and productive potential are considerably higher than those of Asia or Africa.

Redistribution of income and style of development

To clinch this assertion it is worth recalling the conclusions of a recent study. 1/

If the past rate of growth - about 6 per cent annually - is maintained, the poorer half of the population of the region could satisfy its basic needs in food and clothing within a decade if their share of total income rose from approximately 14 to 20 per cent by means of increases in income and/or social security benefits.

1/ See CEPAL Review, N° 1, p. 125, table 11.

/What would

What would be the primary requisite to attain this modest but important goal?

The share of the top 10 per cent of the income distribution would only need to be reduced from 44 to 41 per cent of the total. It should be noted that this would not prevent the absolute income of this group from rising by about 20 per cent in this period.

It may be asked, however, whether these estimates and others of the same kind are not somewhat naive. Do they not give a misleading impression of the scope and complexity of the undertaking?

These possibilities and risks certainly do exist. We must therefore combine a realistic appreciation of what is objectively or materially attainable at present with a clear-sighted and hard-headed awareness of the major obstacles standing in the way of attaining the objectives considered viable. The task cannot be achieved, however, without a passionate feeling of involvement.

While pondering these questions, I came across some opposite remarks by a leading authority on international development problems, Mr. Maurice Williams, director of the OECD Development Aid Committee. In a recent article he wrote that after working for years on development problems, he had come to the conclusion that cautious optimism and enormous impatience were needed, since optimism, in the sense of a belief in the

/possibilities of

possibilities of human and social progress, was an essential part of development. However, the existing situation was so bad and the needs of the peoples so great that advances depended on continuous effort, so that, in view of the slowness with which expectations of progress become reality, to work for development also demanded growing impatience. 1/

Cautious optimism. Growing impatience. These are two fundamental ingredients in the approach to the issue we are considering.

I wish to repeat, then, that we would be the last to underestimate the enormous difficulties of many kinds which lie between the objective possibility of reducing or eliminating critical poverty in the region and a policy to convert this potential into reality.

We have no wish to be naive.

Indeed, we could not be so, because in addition to the political unknowns affecting the issue - which it is not for me to analyse - we know that the undertaking involves much more than an old-fashioned redistribution operation in the so-called populist style.

As was stated some time ago by the well-remembered Jorge Ahumada, it is not simply a question of building a few more

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1/ See Maurice Williams, "The emerging new realism in North-South co-operation", OECD Observer, No. 84, November-December 1976.

/dwellings, a

dwellings, a few more schools and a few more hospitals or of transferring part of the national income, through social services, to people whose basic needs remain unsatisfied.

Everything achieved through these channels is worthy and useful, but even in the best of circumstances it will be insufficient, particularly in the long-term perspective, and when the intention is to bring about permanent, irreversible and cumulative change.

These endeavours must be accompanied by others, just as great and even more complex, in order to transform the current pattern of development so that the productive system may be geared to a greater extent to meeting the basic needs of the vast majority of the people. The alternative - clearly undesirable - is that the productive system should continue to give overwhelming preference to meeting the increasingly varied demands of a minority which is seeking to reproduce the consumption patterns found in the countries with high per capita income.

It would be short-sighted to deny that there are quite a few countries where the number and proportion of people who have been incorporated in this process have risen over the past decade. One cannot help being aware, however, that this progress inevitably left out a major part of the population, and that even in the case of some apparently favoured groups, it has taken

/place at

place at the cost of a deterioration in essential consumption and services, both public and private.

What is needed, then, is a substantial change in the use made of the economic surplus, which is already considerable in Latin America, as witness the investment rates attained and the conspicuous consumption and waste observable in the region.

This reallocation of resources involves, first and foremost, a radical change in the conditions of work and productivity of the many people who vegetate in activities as yet untouched or barely reached by technical progress. In many cases the process will mean shifting the work force from areas in which its presence is no longer justified to places where opportunities for better-paid and certainly more productive employment must be opened up.

It will be very difficult to initiate and subsequently consolidate this process if it is not at the same time supported and reinforced by progressive changes in the structure of income distribution. Especially, although not exclusively, in a market economy, a transformation of this kind is a sine qua non for achieving the sought-for reallocation of resources.

The responsibility of the State and the role of planning

The magnitude and complexity of these tasks - which I am merely outlining in the most summary fashion - are such that, irrespective of any ideological considerations, one is bound to

/conclude that

conclude that they can be tackled only with the decisive and enlightened participation and even leadership of the public authorities, that is to say, the State, and that such participation necessarily calls for the use of some form of overall planning.

This conclusion does not stem from a doctrinaire urge, but from the very nature of the problems facing modern society, and particularly those encountered in our region. Such a statement obviously does not contradict but rather strengthens the concern shown in many areas over the definition of the responsibilities of the State, its relations with domestic and foreign private companies, suitable planning methods, and other related subjects.

Of course, this is far from being an adequate examination of the problems involved, and the more comprehensive and demanding the objectives, the more important any effort of this kind becomes.

To conclude this part of my statement - leaving aside the legitimate reservations and exceptions which there may be regarding my opinions in this matter - I should like to reiterate my initial point that the expansion of the productive potential of the region makes it possible and indeed imperative to take action to drastically reduce the critical poverty which offends the moral conscience of Latin America.

This may be an appropriate moment to recall some words of Alexis de Tocqueville which were written about the French

/Revolution but

Revolution but which aptly sum up the thoughts of many people on the question now under consideration:

> "Although patiently endured as long as it seems inevitable, suffering begins to be intolerable once men realize that it can be eliminated."

The under-privileged have now awakened to the fact, and rightly so, that their condition not only must but also can be changed. It would be unfair to overlook this reality, and it would be unwise to underestimate the force implicit in this awareness.

B. The problems posed by the growth of the population and the labour force

The reasons for adopting a development policy whose central purpose is to satisfy the basic needs of the masses, which include their conditions of employment and remuneration, are not solely ethical.

The facts and forecasts tell us quite clearly that unless we proceed in this way we will run into increasingly grave and conflictive problems.

The population and the labour force: some forecasts

Some recent CEPAL studies made in connexion with the programme on styles of development have estimated probable population and labour-force trends over the next few decades.

This is of course a controversial matter which also varies markedly according to the particular conditions of individual countries.

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We do not intend to discuss the conflicting views on the subject but we do want to take as our starting-point an objective and non-controversial fact of vital importance for the subject under discussion.

This basic fact is very simple: whatever the policies adopted in the future concerning population growth in Latin America, the total number of inhabitants of the region will continue to grow rapidly until the end of the century and beyond.

Even assuming that there is a drastic decline in the rate of growth of the population -i.e., that the rate drops by half (from 2.9 per cent to 1.4 per cent) between 1970 and the end of the century - the number of people in Latin America would in any event exceed 500 million by the year 2000. Moreover, it may be said in passing that if the 1970 rate of increase is maintained - which is admittedly improbable in view of the tendency towards a moderate decline in the population growth rate - the total population is likely to reach 720 million by the year 2000.

Whatever the final outcome is - and it will depend on a series of factors which cannot be examined now - there can be no doubt that this trend will call in question the current notion of Latin America as an underpopulated region well-endowed with resources in relation to its population, although the situation in the region in this respect will continue to be relatively

/favourable compared

favourable compared with such high-density areas as India, Japan or even Western Europe itself. 1/

On the other hand, it is true that a population of the size indicated would represent a potential market which, taken as a whole, could serve as a broad base even for modern industries with large economies of scale.

The outlook for the labour force is even more striking. Owing to a number of factors, such as the high growth rates of the past few decades and the age structure of the population, the number of persons seeking employment will grow at an annual rate of 3% or slightly more for several decades. In this respect, it should be noted, the differences between countries are less marked than they are in the case of the population as a whole. Estimates relating to a large part of the region (20 countries) indicate that the economically active inhabitants are likely to increase from about 97 million in 1975 to approximately 252 million in the year 2000. 2/

For purposes of comparison, it may be recalled that the expansion of the labour force in the European countries between 1950 and 1970 was well below 1 per cent per annum and in some

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1/ In 1970, the population density in Latin America was 30 persons per square kilometer, compared with 130 in India, 290 in Japan, 155 in Western Europe, 22 in the United States and 11 in the Soviet Union.

2/ See CEPAL, Long-term trends and projections of Latin American economic development, E/CEPAL/1027, March 1977.

/cases even

cases even declined in absolute terms. In Japan and the United States higher growth-rates were recorded (2 per cent and 1.6 per cent, respectively) but they were considerably lower than those of Latin America. 1/

The challenge of providing productive employment

The figures given show beyond all doubt that in the foreseeable future our region will not only have to increase its output substantially and continually in order to satisfy the needs of a growing population but will also have to create employment opportunities for a rapidly growing number of people. It should be emphasized that the second requirement must be fulfilled if the first requirement is to be met.

There is no need to call attention to the magnitude of this challenge. We have given some details concerning the increase in the labour force in some of the large industrialized countries simply in order to illustrate the differences in historical background in this matter and thus show how much more difficult the problem of productive absorption of the growing population is in our countries. As has been said more than once, the problems of creating employment - which are in any case difficult in the

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1/ During the period indicated the annual rates of growth of the labour force in the countries referred to were as follows: Austria -0.4 per cent, Federal Republic of Germany -0.9 per cent, Norway 0.5 per cent, France 0.4 per cent, United Kingdom 0.5 per cent, Spain 0.5 per cent, Italy -0.2 per cent. Source: ILO Yearbooks; census data.

/industrialized economies

industrialized economies - would have been considerably greater if they had been compounded by rates of expansion of the labour force similar to those experienced in Latin America, which are several times higher.

This situation largely accounts for what has been termed the inadecuacy of the regional system to generate the necessary employment opportunities, and it cannot be overlooked in any study of the subject.

This problem, as we know, calls for two essential and interrelated developments, namely, a faster growth rate and higher investment figures.

Regional performance in both respects has not been unsatisfactory, especially between the end of the 1960s and the beginning of the 1970s. Sustained rates of economic growth above 6 per cent a year, and coefficients of investment amounting to more than 20 per cent, provide ample evidence of this. 1/ To maintain and, as far as possible, intensify this trend is clearly essential.

However, it is not entirely a problem of paces and rates! The means, however legitimate and necessary they may be, cannot be confused with the ends.

This is the basic criticism of "spurious developmentalism".

1/ See CEPAL, Long-term trends and projections of Latin American economic development, E/CEPAL/1027, March 1977.

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And there are few today who would disagree with it either in the central countries or, even more understandably, in the peripheral countries.

The first objection has to do with a question that has already been considered, and which we have reiterated with some insistence: growth, however essential, is not enough; it is equally, or even more, important to achieve growth and decide whom this growth is for.

We shall not harp on this issue but we will point out that it is inextricably bound up with another issue of the same kind: how we should grow, that is to say, the type of development to be adopted.

If we take as our point of reference the difficult problem posed by the growth in the labour force, we can easily agree that its solution does not depend only on achieving satisfactory growth rates and adequate capitalization levels. These efforts must also result in an apportionment of resources involving access to and improved income and productivity conditions for the entire active population - due allowance being made, of course, for differences arising out of the nature of the technical progress or global development strategy.

On the other hand, if the process does not follow these lines and is not supported by income distribution policies, the spontaneous trend will be towards a familiar three-fold

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concentration: in the modern sector, comprising the large enterprises (private, foreign and public); in the social groups linked to this sector; and in the areas and towns forming the focal point of that powerful centripetal movement.

We repeat that this form of growth has meant radical changes and notable advances in many cases, particularly towards establishing a good production potential. But it is also evident that it can hardly, within a reasonably short space of time, meet the necessary requirements as regards the basic needs of the majority and as regards the productive absorption of the labour force.

Where and how to absorb the labour force

All the forecasts suggest that the trends towards the movement of the active population into industrial activities - in the broadest sense of the term - and into services, will continue in the future. Latin America's experience in this regard is not at variance with the development that is taking place elsewhere in the world, whatever the institutional system adopted.

But experiences of the past and other, different experiences - whether positive or frustrated - clearly show the dangers to be confronted and the conditions to be met.

The first factor to consider is that the relative or absolute decrease in the labour force in the primary sector is an inevitable concomitant of widespread technical progress in these activities and particularly the spread of techniques designed to increase rural productivity. Otherwise, rural poverty persists

/or increases,

or increases, the supply of agricultural products becomes scarcer, and the exodus or expulsion of rural dwellers to the cities can be accelerated to an excessive degree. Gradual changes in the structure of ownership would seem to be a necessary complement to this policy in most countries.

In proportion as the objectives we have mentioned are achieved, the trend towards the transfer of labour to other sectors will be reduced, but not halted. This relative stabilization will also mean increases in agricultural output and supply, and higher incomes for those who work in mining and agro-industry.

The second factor has to do with industrialization strategy, as industry-related activities will have a key role to play in the creation of employment opportunities.

In this area the main objectives would seem to be the priority development - in quantity and productivity - of branches connected with the satisfaction of essential needs; broadening of the supporting platform constituted by basic industries, capital goods and inputs, and the outward projection of these activities on a regional and world scale. Naturally, these objectives will assume different forms and combinations in each country.

Metropolization and regional development

Lastly and to point out only what we believe to be of paramount importance, there is the great challenge of

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urbanization, of the growth of the towns, to which an increasing proportion of the population will go, or remain - whether we like it or not.

I shall not attempt to cover all this very broad and complex field, but will confine myself to highlighting two subjects which are of particular concern to our countries.

One of them is what we could term the spectre of metropolization or the rise of the megalopolis. To varying degrees and with varying characteristics, a great many countries face this situation, with all its serious and well-known consequences.

Although the trends towards excessive urban concentration are likely to diminish in the future, as has occurred in the case of other huge cities of the industrial society such as New York, London and Paris, this cannot constitute any consolation or justification of passivity in the face of this phenomenon.

The first and most general reason for this is that the consequences of the process are already too acute and harmful in terms of pollution, congestion and urban decay in many dimensions which are too well-known to need describing.

The second is that the growth of metropolization represents a bottomless pit in that it absorbs increasingly copious resources, and their exponential growth, instead of solving the problems in view, reproduces them on an ever-increasing scale.

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There is no doubt that the social opportunity cost of this investment is immense. These accumulating demands substantially reduce the margin of resources which could be applied for other purposes with high social and economic productivity.

This is not the place to review the policies which aim to make a direct attack on urban sprawl. They form part of, and are giving substance to, specific disciplines on the environment and human settlements which are already being practised in many countries and which have been incorporated into the work of the United Nations.

However, I should like to note the fundamental importance in this respect of an approximation which,through indirect, is of great efficacity in the medium and long term, namely the energetic and persevering implementation of regional development and reorganization policies.

The experience gained both abroad and in Latin America, is eloquent. In those of our countries where past trends and/or deliberate policies have led to the proliferation of dynamic urban centres, attempts to counteract the impulses towards exaggerated mono-centrism have been more viable. This has also made it possible to absorb the demand for labour in a more balanced way and at lower cost.

In this connection I venture to note that both CEPAL and ILPES have contributed significantly to the knowledge of matters connected with regional diversification.

/Opportunities in

Opportunities in the services sector

Lastly, I should like to refer to another much debated subject of obvious significance for the question of employment, namely, the role of the services sector.

For many and varied reasons, which have already been extensively analysed, these activities have expanded considerably and prematurely, as was pointed out some time ago in CEPAL studies. In contrast to what occurred in the industrialized economies, the phenomenon did not arise as a natural consequence of the dissemination and intensity of technical progress in the goods-producing sectors but as a result of the inadequacy of that process. As was once said, for us this process is more an indicator of under-development than a symptom of development.

At all events, it is a trend from the past which is difficult to modify radically, although more vigorous and better-oriented growth can alter the distribution of the labour force in the future.

Even with these limitations, there is no doubt that there is broad scope for action to bring about internal changes in employment in the services sector, in the sense of increasing the more qualified or more socially significant occupations in preference to those which only represent forms of "disguised unemployment".

Urban development itself, as is well known, requires a great increase in jobs in both the public and the private sectors,

/which can

which can be achieved through this qualitative change in the structure of services. In this way what today may appear to be a burden, tomorrow may prove to be of unquestionable value.

Since investment per employed person is much lower than in other sectors, this process depends primarily on a systematic and massive effort in education and training.

It should be noted once again that there is nothing utopian about this prospect. In reality it corresponds to what has actually occurred, both in the developed countries and in some developing ones. Among the latter there are significant examples of what can be achieved - both for the major goals of the community and for the specific goal of absorbing labour - through the sustained and priority expansion of the educational, health, recreational, sporting, cultural, conservation and security services, and many others of similar utility.

In short, while the challenge of the employment problem is immense, there seem to be clear possibilities of confronting it if it is viewed in the context of a development style whose main goal is the satisfaction of the cardinal needs of society.

/C. The external

C. The external relations of Latin America

I stated earlier that a second major issue raised by the Latin American economic situation raises has its origins in the nature of its links with and its place in the international economy. I wish, therefore, to review briefly the problems now faced and the objectives and tasks relating to the establishment of a New International Economic Order.

Improvement in the defensive capacity of the Latin American economy

First, I wish to refer to the statement I made initially, that Latin America has in recent years shown a greater capacity than in the past to face an external crisis of such intensity and duration as that which still continues, somewhat abated but still unresolved.

The true recorded facts are that in 1974 Latin America continued to show vigorous growth while the central economies slid towards the worst and most extended recession since the Great Depression of the 1930s; that in 1975 the total product of the region grew once again - although at a considerably lower rate - while in the industrialized countries the product fell that year in absolute terms; and that in 1976, in the large majority of Latin American countries, economic activity increased sharply once again.

Of course, this does not mean that the economic performance of our countries has become independent of that of the central economies,

/whose recent

whose recent recession was partly due to deliberate economic policy designed to restore external equilibrium and to curb inflation.

However, neither is there any doubt that the recent performance of the economies of the region contrasted markedly with the much more unfavourable results which they recorded in past world economic crises which were weaker in intensity and of shorter duration that that of 1974-1976.

I wish, nevertheless, to stress that my statement has limited connotations. First, it rests on the undeniable comparison of the critical vulnerability of the past with the clearly less vulnerable situation of the present. Second, it refers to a limited and specific experience: that which took place between 1974 and 1976 in connexion with a specific external problem. It does not, therefore, imply any forecast of what might occur at other times and in other circumstances.

This clarification does not, however, diminish the importance of the fact in question, which in our opinion is considerable.

To what factors should we attribute this improvement in the region's capacity of adaptation to and defence against external threats?

In my press conference last December I cited what I thought to be the main factors in this respect, and I hope you will excuse me if I outline them briefly again. They are:

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- The greater structural strength of the economies of the region, due in the main to the diversification of its productive machinery thanks to industrialization;
- The more diversified composition of exports and, in particular, the increase in exports of manufactures;
- The domestic potential to produce intermediate and capital goods which could previously be obtained only through imports;
- The greater access to international financing, especially of a private nature, even at times of acute disequilibrium in the balance of payments of some countries;
- The limited, but significant, transformation of agriculture, and particularly of a modernized sector of considerable dynamism.

Furthermore, there is the fact - just as significant as the aspects mentioned - that in most cases the Latin American economic policies have aimed to reconcile the readjustment of external accounts with the objectives of maintaining the growth rate and level of employment and controlling inflation. Naturally, these goals have not all been attained simultaneously or to the desired extent, but there have rarely been deviations which have jeopardized the general policy scheme. This undoubtedly bears testimony to the greater maturity attained by the managing and technical groups in

/the global

the global concept of the task involved in economic policy and the management of its various instruments.

Does this mean that Latin America has overcome its main problems in relation to the external sector?

Not at all! This unquestionable reality is not contradicted by the fact that old weaknesses persist, new ones have emerged and very serious uncertainties have arisen regarding the incorporation of the region into the emerging external situation.

In considering these questions it is useful to bear in mind some general aspects of unquestionable importance.

One of these concerns what has been called the "internationalization" of the Latin American economy.

I shall try, then, first of all to present in succinct form some of the main background factors which should be borne in mind when analysing this process and then consider, equally briefly, the problems and tasks which derive from it.

The internationalization of the Latin American economy

Because of the rapid expansion of commercial and financial transactions since the last years of the past decade, this phenomenon has been identified with the increasing openness of our economies, i.e., with a development of the international division of labour in the relations between Latin America and the rest of the world, just central and the socialist economies.

/While this

While this trade and financial expansion of recent years did occur, it diminishes in significance and assumes a different shape if it is viewed from a more long-term perspective and internationalization is considered firstly from the angle of foreign trade, then from that of external financing, and lastly from that of the role of the transnational corporations.

Internationalization from the angle of foreign trade

Let us begin with a definite fact: in recent years Latin America has achieved a praiseworthy degree of openness to the exterior which means that it has finally set out along the road to industrial reports, in some cases with noteworthy success.

On the other hand, consideration of the coefficients of exports and imports with respect to the total product of the region at the beginning of the 1950s, i.e., more than 25 years of age, leads to the somewhat surprising conclusion that these coefficients were higher at that time than in 1972-1974, the recent phase of greatest import-export expansion, since the overall coefficient of these transactions, taken together, amounted to 13.3 per cent of the regional product in 1950-1952 and only 10.3 per cent in 1972-1974. This decline in the degree of epenness towards the exterior was not due to a persistent decline between the two periods considered, however, but reflects the influence of two clearly differentiated phases. In the first of these - which lasted until about 1967-1968 - the share of foreign trade in the product fell more or less continuously. This declining trend was

/subsequently reversed,

subsequently reversed, but the recovery was not sufficient to bring about a return to the levels of the early 1950s.

It may be noted in passing that this trend obtained in most of the large and medium-sized countries, with varying degrees of intensity, affecting both Brazil - with its dynamic openness towards the exterior during the current decade - and Argentina and Mexico; both Colombia and Peru. In contrast, the Central American countries as a whole, together with a few South American economies, did not experience this trend, as their export and import coefficients were higher in the 1970s than at the beginning of the 1950s.

To sum up, then, the so-called "internationalization" of the Latin American economy is not in evidence from the angle of commercial transactions all over the region.

This phenomenon can be attributed to various factors:

The first and most obvious of these is that Latin American exports did not keep up with the growth in world demand for raw materials and foods. While the latter increased by just over 4 per cent a year between the beginning of the 1950s and the mid-1970s, the volume of Latin American exports of basic products rose at a rate of only 3.8 per cent a year. This rate was affected by the greater absorption of the products in question by domestic demand, the return of traditional suppliers to the world market after the Second World War and the appearance of new suppliers, and last,

/but not

but not least, the lack of emphasis generally placed by economic policies in the 1950s and part of the 1960s on the expansion of exports of raw materials and foods.

At the same time there is the obvious fact that until about 1965 the domestic product of the region rose more rapidly than the volume of trade. Although, as has already been mentioned, the rate of expansion of the latter subsequently increased, the growth rate of the product also rose, albeit to a lesser extent.

This evolution derived primarily from the far-reaching changes in the structure of world trade. The share of manufactures rose from 44 per cent of the total in 1950 to over 63 per cent in 1973 (that is to say, before the substantial rise in the price of petroleum), while the proportion of world exports of food and raw materials fell from 46 per cent to 24 per cent over the same period.1/

These are undoubtedly radical changes, and at the same time as they explain the increase in the share of the industrialized countries in world trade, they constitute the fundamental cause of the decline in the share of those regions and countries which, for various reasons, could not keep up with this process to the same extent.

1/ See CEPAL, The economic and social development and external relations of Latin America, E/CEPAL/1024.

/As regards,

As regards Latin America, the increase in industrial exports (whose share of total exports rose from around 3 per cent at the beginning of the 1950s to some 15 per cent in recent years) was not sufficient to avoid the decline in the region's share in international trade.

The other more problematical internationalization

Although the development of trade transactions does not confirm some of the assumptions made about the internationalization of the Latin American economy, it is none the less clear that the term can justifiably be applied to other aspects, although in doing so we find ourselves on more stony and contentious ground.

There is no doubt that Latin America has become "internationalized" in respect of its financial ties and foreign participation in the ownership and management of a considerable proportion of the region's economic activities, especially the most dynamic ones.

A clear sign of the first phenomenon is provided by the considerable variations in the deficits on current account and in the figures for the total regional external debt, which correspond almost entirely to the developments in the non-petroleum-exporting countries. The average deficit on the balance-of-payments current account of the region rose from just over 1,500 million dollars a

/year during

year during the period 1965-1970 to a little over 4,000 million dollars a year during the period 1971-1973, jumping to nearly 11,000 million in 1974-1976.

As regards the external debt, the part with public guarantee (not including commitments with the International Monetary Fund or loans for less than one year) rose from 8,700 million dollars in 1965 to 42,000 million in 1975. Credit provided by private international banks, for its part, increased from some 2,500 million dollars in 1965 to some 25,000 million in 1975 and continued to rise rapidly in 1976, exceeding 30,000 million dollars by the middle of the year.

To sum up, all in all the total external debt of the region was over 70,000 million dollars by 1976. It is worth recalling that in 1969-1970 the corresponding figure was little more than 23,000 million. 1/

The magnitude and nature of the changes reflected by these figures over a short period speak for themselves and have rightly aroused concern both within Latin America and abroad.

To understand this properly, however, a number of important circumstances must be taken into account.

1/ See CEPAL, The economic and social development ..., op.cit.

/One of

One of these is the differences between the individual countries, and above all, the difference between the situation of the oil-exporting countries and that of the non-oil-exporting countries. Within the latter group, too, the differences are substantial, so that the average figures for the region as a whole are of only relative validity. It is important to note that neither the ratio of the external debt to the total product nor the ratio of interest and amortization payments to the value of exports have risen excessively in the last few years. 1/

Another factor to bear in mind is that in various countries, and particularly in some which are of great weight in the area, where the debt grew most rapidly, this was largely due to their effort to maintain import levels and even build up stocks in the unsettled years of 1973-1975. Generally speaking, this led to a rise in the rate of investment and external saving, which unquestionably helped to lessen the effects of the fall in external demand on the growth rates. In other words, the higher level of external indebtedness was an alternative to the orthodox solution of seeking external equilibrium by restricting domestic development.

1/ The first of these ratios was about 18 per cent in 1974-1975 (the same as at the beginning of the decade), while the second ratio rose from roughly 23 per cent in 1965-1973 to 28 per cent in 1975. See CEPAL, The economic and social development ..., op.cit., tables 19 and 20.

/In addition,

In addition, due importance must be attached to the fact that this greater flow of credit represented both an example of the recycling of the petrodollar surpluses to the region as well as a significant stimulus to the exports of the industrialized countries, which helped them to redress their balance-of-payments situations.

Internationalization and the transnational corporations

Another unmistakable sign of internationalization in Latin America is the presence and growth of transnational corporations. Among other things, this has meant a substantial increase in the extent of foreign ownership within our national systems and the creation of links of dependency between much of the productive, commercial and financial activity of the countries and a matrix of big corporations whose behaviour is governed by a world outlook.

A few figures will suffice to give a rough picture of their present strength in the regional economy.

According to a recent study, the total value of sales in Latin America by United States affiliates in 1975 amounted to 57,000 million dollars. 1/ Taking into account the sales of European and Japanese subsidiaries - whose share has risen appreciably in recent years - the total may have reached 80,000 million dollars, almost double the value of Latin American exports in that year.

1/ See, Survey of Current Business, February, 1977.

/Latin America's

Latin America's new external relations: queries and future tasks.

Bearing in mind what we have just said about the process of internationalization, the question must be raised of what we can and should do in this connexion. This question is also closely linked with the positions Latin America must adopt on the features of the New International Economic Order.

We shall therefore begin by studying various aspects of foreign trade policies, and then go on to discuss a number of issues raised by external financing and by the transnational corporations.

Problems and objectives of external trade policies

As I already noted, despite the period of prosperity in Latin America's external trade which began in the second half of the last decade and came to its peak in the period 1972-1974, the share of external trade in the global product of the region was nevertheless smaller in this time than at the beginning of the 1950s.

This relative stagnation of the coefficient of openness to the exterior over such a long space of time clearly brings out one of the most striking distortions or contradictions of regional development. This is clearly seen from the contrast between the changes in the global structure of production and those in the structure of foreign trade and particularly of exports. Whereas in the former the changes were profound and show a substantial modification of the "internal division" of social labour as a result of industrialization, in the

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latter the broad lines of the primary exporting economy are still maintained: i.e., what Dr. Prebisch once called the "outworn scheme" of the international division of labour.

From a general point of view, this distortion means that the Latin American economy is still not making use of all the advantages inherent in the progress and evolution of this international division, as the dynamic economies of the capitalist and socialist worlds have done.

From another point of view, more concrete and more significant for everyday economic life, this is reflected in another well-known feature, namely, the distortion between the dynamics of exports and that of imports. This aspect has been brought out by CEPAL since its earliest studies.

The position is that the dynamics of exports is influenced by a number of factors ranging from the smaller income-elasticity of demand for most commodities to the restrictions hindering their access to the central economies. The demand for imports, in contrast, is affected by other elements which include the inherent nature of Latin American development and the bigger income-elasticity of the demand for goods which incorporate spearhead technology or are associated with the spending of the higher-income groups.

In practice, this distortion - which has as its background the structural asymmetry to which we referred earlier - shows itself in

/the long-standing

the long-standing tendency for the demand for imports (in normal conditions and not those of a development bottleneck) to outstrip that for exports. This adversely affects the trade balance and, by the all-too-familiar mechanisms, the deficit on current account and the problems of indebtedness either make their appearance or get worse.

These aspects highlight the serious deficiencies from which the Latin American system of trade suffers in its dynamics and in its very structure. At the same time, they suggest which are the central tasks that external trade policy must fulfil in our countries.

Naturally, on this occasion I can only put forward a few basic ideas on the question of trade policy. Before doing so, however, I should like to stress that the success the Latin American countries may have in overcoming the limitations affecting their external trade will not only depend on the rationality and coherence of their economic policy but will also be conditioned decisively by the speed with which progress is made towards the creation of a new international economic order and by the concrete forms it takes.

Leaving aside these questions for the time being - I shall deal with them in the final part of this address - I should like first of all to consider some major questions linked with the development of exports.

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It seems clear, of course, that the real possibilities of a true "internationalization" of trade, in the sense of taking a greater advantage of the benefits of the international division of labour, will depend to an increasing extent upon the growth of industrial exports. All indications would appear to suggest that the trade of such products will continue to grow more rapidly than that of all commodities. To some extent, then, to develop the "opening to the exterior" and maintain or increase Latin America's share of world trade is synonymous with, and a consequence of, the results achieved in that field.

Latin America has made firm and steady progress in this area during the last decade, and as a result most of the countries of the region have considerably increased and diversified their exports of manufatures.

Despite this sizeable increase in exports of industrial products in recent years, it must be remembered that sales of commodities still represent about 85 per cent of total Latin American exports. Furthermore, the range of commodities exported by the region today is much wider and more diversified than in the past.

/These are

These are fundamental, decisive circumstances. It is undeniable that the performance of total Latin American exports will continue to depend for rather a long time on the course followed by sales of raw materials and foodstuffs, because of their great preponderance in the total.

The maintenance of domestic policies which do not discriminate against the production and/or export of primary goods but instead promote their expansion and diversification is consequently, in most of our economies, a fundamental condition for the success of a programme designed to overcome external restrictions.

Together with these requirements of an internal nature, however, there are others of equal importance which can only be met if the Latin American countries act in a co-ordinated manner and there is a decided spirit of co-operation in the international economic community. Such a spirit is essential, for example, in order to achieve agreements designed to diminish the marked and persistent instability in the international prices of primary commodities.

Concerted action by the Latin American countries, for its part, is essential in order to ensure that their exports of raw materials and food are not subjected to discriminatory treatment on the major markets of the central countries. I must confess, however, that in this latter respect we cannot speak with full assurance.

/We demand

We demand that the centres should eliminate obstacles, but, except in a few cases, we have not been able to achieve this extensively and decisively in the trade between our countries. The extraordinary growth in exports of Latin American manufactures to the centres during the final years of the protracted period of prosperity which the latter enjoyed during the post-war period might have given rise to the illusion that the only true solution to the external restrictions on our economies lay in that direction.

Nothing could be further from my mind than to understimate the decisive importance of this increase in Latin American sales of industrial products to the central countries in the past. However, when evaluating the prospects of those exports, it must be remembered that there are great uncertainties regarding their growth in the next few years and also in a more distant future.

This is one of the reasons why we should not continue to neglect the great potential of intra-regional trade, which could have such importance in solving the ever-latent problem of the external bottleneck. This potential is particularly important in the case of the dynamic industries which are indispensable for securing more vigorous and more autonomous development. Furthermore, the intensification of reciprocal trade, far from operating to the detriment of greater openness towards the world market, would

/tend to

tend to facilitate it after a time, since it would initially provide a broader market than the national one and thus make it possible to establish or expand industries which require broader scales of production to be internationally competitive.

Moreover, there can be no doubt that another priority objective is the diversification of our markets, for this would be another element that would help to reduce the external vulnerability of the economies of the region.

The traditional trade, financial and investment links with the United States and the countries of the European Community are well known and should be strengthened.

It is also important that the region should continue with its policy of expanding and intensifying its relations with the socialist countries. The secretariat programmes now in progress with co-operation bodies of the socialist area point the way in this matter.

We have also been stressing the need to increase our links with Japan.

Finally, we should deepen and extend the links between Latin America and Canada. This country forms part of our regional community and it has been carrying on ambitious programmes of regional interchange and co-operation with exemplary determination and historical vision.

/Reservations

Reservations in respect of the opening towards the exterior

Lastly, I should like to put forward two additional considerations on the exports policy. The first concerns the need to make an adequate evaluation of the costs and benefits of the expansion of exports in order to ensure its efficiency. It would be desirable not to repeat in this sphere excesses similar to those which once arose in the import substitution process. As is well known, one of the legitimate criticisms of that process is that it was carried out in certain sectors and periods with the aid of exaggerated protection which in some cases led to an inefficient allocation of resources. Acceptance of this justified reservation regarding this aspect of substitutive industrialization should not, however, lead us to swing from import substitution at any cost to the promotion of exports at any cost. In other words, the argument concerning the distorting effect of a structure of excessively high and heterogenous tariffs is similarly applicable to a system of unequal and excessive export subsidies.

My second consideration relates to another aspect linked with the growth of exports and, more generally, with greater openness of the economy. It is evident that, if exports expand rapidly and the export coefficient rises, imports of goods and services and the import coefficient will tend to increase to a similar extent.

/Nevertheless

Nevertheless, in respect both of the rate of economic growth and, above all, of the style of model of development, the structure or composition of the new imports is decisive. Put in extreme terms: the greater capacity to import can be used either to acquire the machinery and equipment necessary to broaden the production base and the level of employment in the economy, or it can be used for imports of consumer goods which are only within the means of very limited groups of the population.

The economic, and in particular the ethical and social significance of these two options is naturally very different, and moreover intermediate situations clearly arise in practice. It does, however, seem legitimate and necessary to ask whether some of our countries which have been successful in securing a marked increase in exports have taken sufficient advantage of the possibilities which that increase opens up for strengthening and diversifying the productive capacity of the economy and satisfying the needs of the majority sectors.

I fear that in quite a few of these situations this has not been the case and, the progress made in opening towards the exterior has in reality been linked, and associated in the consciousness of important groups, with an accentuation in the already glaring difference between the forms of consumption and life styles of the high income strata and those of the less privileged sectors of the population.

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There have been exceptions, of course, and what is much more important is that this is in no way an inevitable consequence of a process of increasing openness to the exterior. It is well known that the question of whether the greater capacity to import is used to benefit development and equality or used for non-essential items which benefit only a few ultimately depends on the capacity for domestic savings and the degree of equality of income distribution. This means that if full advantage is to be taken of the opportunities offered by the growth of exports in order to promote economic and social development, it is essential to increase the level of domestic savings and to make income distribution more equitable.

Please do not misunderstand me: these observations on some of the adverse consequences which may sometimes stem from the expansion of exports do not constitute reasons for abandoning this course. On the contrary, I am firmly convinced that unless Latin America succeeds in securing an intense and sustained rise in its exports, it will be difficult for it to attain rapid and continuous economic growth, which, I am also convinced, is an essential prerequisite - although of course not the only one nor sufficient by itself - for securing a significant improvement in the well-being of the groups which until now have not had an equitable share in the fruits of development.

/My purpose

My purpose in putting forward these views is to draw attention once again to how growth occurs and, above all for whom: two aspects which, as I have already pointed out, are closely and indissolubly linked with the style or model of development followed and must be constantly borne in mind if economic growth is to be accompanied by greater social justice.

External financing and the transnational corporations: queries and suggestions

I have already spoken of the nature and magnitude of the situation created by the new forms of external financing and by the presence of the transnational corporations, which constitute the most obvious manifestation of the "internationalization" of our economies. Although the two phenomena are closely linked, I shall consider them separately for the sake of clarity.

With regard to the first question, it is clear that future developments will depend mainly on the degree and way in which changes occur in the structure and dynamics of the export and import flows within the framework I have just described.

The problems of financing and external indebtedness cannot be considered statically, but must be viewed in a dynamic context, together with the future evolution of the external trade of the countries of the region. If exports are growing dynamically and

/prudent

prudent policies are being applied as regards the growth of imports, then the significance of a relatively high external debt and the needs for international co-operation as regards financing and the debt will be different from the situation where the Latin American countries experience difficulties in achieving a favourable trade performance. In any case, however, international co-operation in the financial field is indispensable.

Some comments are also called for regarding some important specific aspects of our recent experience.

Although the role played by private international credit in overcoming the balance-of-payments problems of recent times should not of course be underestimated, it is equally clear that the characteristics and current high level of participation of that credit raise problems which warrant reflexion.

The main problem is concerned with reconciling the normally accepted practices of private banks with the needs which external financing should satisfy from the point of view of development policies.

This is a broad and complex subject to which I cannot do justice in this statement. It may be asked, however, whether it is not necessary and possible to achieve adequate harmonization of these two points of view.

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It thus seems that a very delicate and potentially conflictive situation will arise unless efforts are made in good time to seek adequate compromise formulae which protect and reconcile the legitimate interest of the parties involved.

Beyond this question there is the general aspect - to which we have been drawing attention for some time - of the relative marginality of the countries or areas which are considered to be of "middle income" by the sources of multilateral credit and their almost complete marginality as regards concessional treatment.

I shall refer to this subject later on, but I should like to put forward two considerations right now. The first is that this is one of the points which is of vital interest to Latin America in the reorganization of institutions and practices bound to be involved in the New International Economic Order.

The second is to insist on Latin America's continuing need for financing from official sources, both national and international. This does not of course imply any questioning of the principle of justice which underlies the new orientation of the official financial institutions towards assigning a greater proportion of their resources to other nations of the Third World which have a lower level of development that Latin America. Nor does it imply any underestimation of the contribution which has been made and must continue to be made by private credit and investment. /There is

There is no doubt, however, that the region cannot come to depend entirely on these sources for its external financing. This is even more evident in the case of the smaller Latin American countries and those at an earlier stage of economic development, for which access to official sources of financing and credit of a concessional nature continues to be a decisive element in determining their possibilities of securing a higher and more sustained growth rate.

I should like, finally, to revert to an aspect connected with the subject of external indebtedness which seems to me to be of fundamental importance, namely, the balance which must be kept between the amount and growth of the external debt and the value and rate of expansion of exports.

As I have already had occasion to mention, the overall magnitude of the external debt in Latin America has been increasing at a rapid rate in recent years. Although this increase has to a considerable extent reflected the influence of world inflation in recent years, it is clear that it has reached a rate which would be difficult to maintain and which it would probably be wise to try to reduce.

It is clear, however, that the urgency and priority of this task are closely linked with the intensity of the increase in exports and the efficiency of import substitution. These will be the factors which, in the long run, will determine to what extent it will be

/possible

possible to provide for regular and timely debt servicing without having to deliberately restrict the rate of growth. This, ultimately, is another very important reason why, in my view, the countries of the region should in the immediate future assign high priority to a strategy oriented, on the one hand, towards systematically increasing and diversifying exports and, on the other, towards replacing imports in an efficient manner.

The need for a code of conduct

As regards transnational corporations, it is well known that their dynamism and their considerable influence on the functioning and structure of the production systems has made it essential to clarify the relations between them and the host countries.

In the course of time a general consensus has formed on the subject in which the official authorities of the host countries also participate because of the obvious repercussions which the activities of these corporations have on such vital variables as the balance-of-payments, external monetary flows, the employment situation and other factors of the same nature.

This subject is now being approached with a great advantage namely the unquestionable progress which has been made in many Latin American countries in respect of their negotiating capacity with the transnational corporations. The greater integration of

/operations

operations are carried out with a view to the national market-place the majority of them in a position considerably different from that of the big primary export enterprises which dominated the scene in the past.

At all events, there are few who question the need to go further towards the definition at the national, regional and world levels of operative codes of conduct to guide and harmonize the legitimate interests of the governments and the transnational enterprises.

This naturally leads once again to another topic and goal connected with the formulation of the New International Economic Order. There is no doubt that to the extent that success is achieved in this goal, the disadvantages and risks of this contemporary trend of "internationalization" will diminish and the favourable potential which the transnational corporations can offer will be developed.

Let us now pass on to deal for a few moments with the problems of the New International Economic Order and the special interest of the region in its objectives and forms.

/III. <u>The</u>

III. The New International Economic Order

The 1970s provided a clear demonstration of how the international economic system constructed on the pillars of Bretton Woods after the Second World War had run into a crisis. Order among a few had progressively developed into the disorder of the many. This is not the place to enter into a consideration of the political and economic factors behind this phenomenon, nor to describe once again how that order, which provided the framework for one of the most dynamic stages of the economic development of the industrialized countries, also led to an accentuation of the disparities among the countries of the world, so that the gap between the rich and poor nations, far from narrowing, actually widened.

It is, however, important to show how the collapse of the international economic system provoked reactions and activities that were previously unknown.

On the one hand, the recollection of the difficult days of the world crisis of the 1930s, and a greater sensibility to social problems, led to the adoption of economic measures in the major centres aimed at minimizing the social cost and avoiding acute depressions, whose uncontrollable effects of an economic and political nature would have affected a large part of the world.

/At the

At the same time, the international community became aware of the new forms of interdependence among nations. As a result, a slow but encouraging process towards the construction of a new international economic order began. The special sessions of the United Nations, the Paris Dialogue, the Nairobi Conference and many other world forums which met during the last five years to analyse some of the major themes which concern mankind confirm this greater critical consciousness and more receptive sensitivity to the urgent need to establish a system of international relations based on new principles, institutions and practices.

We are not among those who believe that all the evils of underdevelopment derive from the system of international relations between the rich and poor countries. Anyone who takes that view ignores the profound injustices which still persist in our nations and which are rooted in our own environment. Neither should it be overlooked, however, that international relations have normally developed as a function of the interests of the more powerful countries, for the benefit of their own nationals.

/The critical

The critical conscience of the moment in history through which the international community is passing originates from precisely this situation, and it is responsible for the increasing demand that principles should be established on which to base another system of international relations more conducive to greater equality of opportunities among all nations.

Two factors illustrate this movement towards a new international economic order offering better prospects:

There is, in the first place, the repeatedly demonstrated unity of the developing world regarding integral and responsible proposals. Despite many differences of all kinds, the unequal way in which the international situation has affected the developing countries, and their varied degrees of economic development, the nations of the Third World have maintained a necessary and commendable unity.

This important circumstance should not be overlooked or underestimated, for without this unity, the international negotiations between countries of such unequal economic and political power would be doomed to failure and would disappoint the legitimate hopes placed in them by the weaker countries.

/There is

There is also another factor which inspires new hope and to which reference should be made, however, namely the new attitudes which are beginning to develop and even to prevail in certain industrialized countries in some circles of opinion and in their Governments. They are making an effort to understand the problems of the developing countries and their positions are becoming more sympathetic and hence more conducive to better understanding. These attitudes are what have been called in the industrialized nations "a new realism".

Are these attitudes perhaps the fruit of a greater awareness of the closer independence which now exists between nations and which emerged with manifest clarity during the most recent economic crisis? Or do they perhaps derive from an enlightened realization that there will be no lasting peace in the world if the vast disparities of opportunity which characterize international economic relations to-day persist?

Whatever the reasons underlying this new willingness to engage in international dialogue, it is to be welcomed. The limited but useful measures adopted by the international community to palliate through international resources and action the situation of the countries most seriously affected by the recent world economic crisis may be viewed as a foretaste of what is to come.

/Priority objectives

Priority objectives of the New International Economic Order

What do the nations expect from the New International Economic Order?

I will not deal in depth here with a subject which was expounded so clearly and excellently by the Secretary-General of the United Nations this morning.

Let me simply say that there are various levels to the search for a new order, and more than one stage in it.

The seventh special session of the United Nations provided us with the framework in both senses of the word. This new order requires a series of actions and agreements on the part of the world community so as to enable structural changes to be made in international economic relations and to permit fairer distribution and greater equality of opportunity for all countries.

Radical changes must come about in the final stage of this process. They must range from improved distribution of trade profits, credit and international liquidity and disciplining of the power of transnational corporations to international control over the common patrimony of mankind, access to which is a legitimate aspiration of those most in need.

A continuous process of negotiations, gradually translated into concrete and effective advances, is an essential condition

/for arriving

for arriving at this new system of international relations. The attitude of the developed countries is vital to the success of this process.

The full participation of the developing countries is also essential, however. This requires that the negotiation machinery be made more democratic, and the United Nations, as the most important political forum in the world, must play a vital role in that connexion.

So far as making the movement towards a new economic order a positive reality is concerned, the next few months will see some decisive meetings. The Paris negotiations and those which are to take place under the auspices of UNCTAD must reach substantive points of agreement. If these meetings are successful - as we all hope - the way will be opened up for the negotiating process to continue in the United Nations and at other international meetings. If, however, nothing comes of these negotiations, frustration may grow and there may be a period of sterile confrontations which no-one wants and which favour no-one.

There is no need to state that progress in this area depends primarily on political will and political decisions. These must be of a general character: they cannot be partial

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but must instead cover all the basic items on the negotiation agenda.

These decisions must not be made conditional upon the complete economic recovery of the industrialized world or delayed until this has taken place. Such recovery is a necessary and important objective but it is just as true that the progress made in the advance towards a more equitable and dynamic international economic order will help to promote the growth of the industrialized economies and set them on firmer bases.

Latin America's interest in a new international economic order

I have already had occasion to refer to the close relationship between the economic development of Latin America and its external relations. However, I would like to emphasize a point closely bound up with the problems of the New International Economic Order.

I am referring to the fact that Latin America, because it is at a more advanced stage of industrial development and diversification of its productive apparatus that other areas of the Third World, has come to be ranked as an intermediate group or, so to speak, the middle class of the international community.

Does this mean that the region is in a position to dispense with international co-operation? And does the relative progress

/made by

made by the region in the attainment of some of its development objectives signify that it does not share in the common claims which the Third World is addressing to the central countries?

Allow me to make myself quite clear on this point and to formulate some essential considerations on it.

Firstly, the status of intermediate region or middle class of the world is a gross abstraction. As I said at the beginning, there can be no denying that Latin America has taken significant strides forward in the process of economic development and, in particular, in industrial development. However, it is equally true that both at the national level and at that of the large social groups, conditions still apply which are similar to those characterizing other nations of the Third World. Thus, any generalization may lead to serious errors.

Secondly, because of the degree of development now achieved, Latin America presents some special aspects in its external relations. Its problems can be tackled adequately only on the basis of global approaches in which all the regions of the Third World participate and are associated.

A clear and significant example of this community of interests is to be seen in the field of raw materials. As I already mentioned, despite the advances made in exports of

/manufactures,85

manufactures, 85 per cent of our exports are made up of basic commodities. Thus, there are undeniable links of solidarity with the other nations of the Third World with respect to the protection of the trade in and prices of primary commodities. That is why Latin America must continue to give decisive assistance to the work of UNCTAD and, in particular, to the Integrated Programme for Basic Commodities.

What other matters compel the special attention of the region in the discussion of the major problems of the New International Economic Order?

As we have said, Latin America has a vital stake in assuring itself of expanding markets for its exports of manufactures. This calls for determined persistence with efforts - sometime doomed to disappointment - which are aimed at eliminating or lowering tariff barriers and, in particular, non-tariff barriers. There are sectors in the developed world which know how important progress in these areas is to the countries of the Third World and, more especially, to the Latin American countries. But we cannot but feel disappointed at the resurgence - sometimes systematic and sometimes sporadic - of protectionist tendencies. As the industrial exports of Latin

/America are

America are consolidated and expanded, the countries of the region call on the highest political bodies to ensure continuous progress towards more open markets and the establishment of a code of conduct to regulate the imposition of non-tariff barriers.

We have already mentioned the region's need for external resources, and as I also pointed out, Latin America - without overlooking the needs of other economically more depressed areas - must continue to receive a flow of official resources for periods and at interest rates that only those sources can guarantee. The fulfilment of the official external assistance targets is vital, and it is also vital to guarantee that an adequate proportion of this assistance flows towards the region and, in particular, towards the least developed Latin American countries. That is why we attach high priority to the strengthening of such regional institutions as the Inter-American Development Bank and the continuation of the activities of the World Bank. We must be emphatic on this point: Latin America needs official capital and will continue to need it. The activities of these institutions and those functioning at the sub-regional level deserves every support from our countries and from the international community.

I also mentioned before that the role of private credit has been expanding in the region and I acknowledged the importance of these resources. However, it is necessary to design and establish safety machinery which will enable our countries to face up to balance-of-payments crises without being primarily

/dependent on

dependent on private capital sources. That is why on other occasions, and particularly at the Trinidad and Tobago meeting, I referred to the appropriateness of establishing financial safety facilities which would enable us to cope more adequately with balance-of-payments pressures deriving from abrupt changes in the international economic situation. These facilities should be promoted by the central banks of the region and should also receive support from outside the region. Similarly, it seems important that Latin America should support initiatives at the international level to create new financial windows which would give special consideration to the situation of developing countries in the intermediate group, which at present are so dependent on private capital markets.

The introduction of new technologies has played a vital role in the development of the productive capacity of the region, and this process will be of ever-increasing importance in the future. The Latin American countries should therefore promote all forms of international co-operation which will facilitate the transfer and introduction of appropriate technologies.

/Finally, another

Finally, another of the tasks of major importance for the region is to support the drawing up of codes of conduct regulating the actions of transnational corporations, so as to ensure that their activities are compatible with the legitimate interests of the countries and with the principle of respect for their domestic policies.

Mention of these points does not mean, of course, that we do not attach full importance to other vital activities in the movement towards the New International Economic Order, such as the agreements designed to lay the foundation for a new international monetary system. If we have stressed these points it is because they have aroused most interest in the region.

As the developed countries introduce into their international co-operation the general elements which most directly favour the interests of the Third World, a great many Latin American aspirations will be satisfied without the necessity of resorting to vertical or geographical approaches which could be detrimental to the general relations between the region and other developing countries or the industrialized world as a whole. In the latter case, these could also generate complex political problems, with all kinds of implications.

/Regional co-operation

Regional co-operation with the Third World

Regional co-operation and international co-operation are inescapable duties for Latin America. They must be practiced simultaneously and equally enthusiastically because neither, on its own, could satisfy the aspirations entertained by our countries.

As regards regional co-operation, it is clear that there are at present ample and varied opportunities to take advantage of the new and considerable productive, technological, and above all, organizational capacity which Latin America now has. In this connexion, it is useful and instructive to note that recently there have been repeated instances in which Latin American firms have been awarded tenders for large-scale and complex projects in open competition with international firms.

Similarly, one should not lose sight of the fact that many Latin American countries have accumulated valuable experience in activities as basic to development as oilfield operation, mining, iron and steel, fishing, some branches of agriculture, and public works.

These circumstances make feasible new forms of regional co-operation through specific projects and activities, an area in which SELA has a major role to play.

/Parallel with

Parallel with progress in this area, it is vital to advance in the integration processes through multilateral initiatives which provide a framework within which to insert these specific activities and projects. All this will also foster progress towards the goals of integration and co-operation which the countries of the region so sorely need.

I should like to reiterate that we attach enormous importance to the many possible forms of co-operation with other developing countries. In our opinion, this provides another opportunity which has barely been glimpsed. Objective proof of this is furnished by the contacts and relations established by some Latin American countries with countries of Africa and the mutual desire to expand these links substantially.

/Distinguished

Distinguished delegates,

I wished to put forward once again for your consideration some personal thoughts of my own and the basic ideas which our Secretariat has been forming on the basis of invaluable experience gained from contact with each and every country in our region.

This is not prompted by any desire to make individual judgements about specific situations or to go beyond what should be our duty in performing strictly secretariat functions. I trust you will view this effort as the discharge of what we consider to be our intellectual responsibility in undertaking an exercise in reflexion designed to call attention to what we honestly feel to be the major problems of the region.

It is for Governments, in the exercise of their full sovereignty, to accept them or not, and to identify the solutions to what they consider to be their priority problems within the context of the cultural patterns and historical values determining their particular economic, social and political systems.

We have submitted for your consideration five reflexions which we believe to be fundamental. The first is an appeal for the construction of a new internal economic and social order, which takes due account from the outset of the fact that the present and potential productive capacity of the region can now aim at far more ambitious social goals than in the past. These goals should accelerate a process that will facilitate far more rapid solutions to the extensive social problems affecting large,

/hitherto neglected

hitherto neglected, segments of the Latin American population. It is therefore essential to revise our styles of development and make social policy the focal point of our concerns. It should aim, in particular, at satisfying the basic needs of the population. It is not enough to be efficient in economic activities. It is also important to know what purpose and what people this efficiency serves.

The second is an appeal for the region to renew its commitment to the building of a new international economic order based on principles of distributive justice and equality of opportunity at the world level. As in the past, Latin America has a great role to play in the North-South dialogue. It must also boldly face up to the task of collaborating most actively in all possible forms of co-operation with the other developing areas. This commitment is a moral imperative which stems from our relatively advanced position along the path of development, and from the global importance of strengthening efforts to achieve collective self-reliance at all levels.

To this end, the major work of dialogue and compromise will have to be centred in the United Nations. A heightened political determination must exist at all levels, and above all among the countries which bear a greater responsibility for the success of the process. An appeal must be made to the moral conscience of mankind and the enlightened vision of the leaders and governments to make headway in the negotiations for a new economic order, as

/the Secretary

the Secretary-General of the United Nations said this morning, and avoid falling into a period of sterile and wasteful confrontation.

A third reflexion follows from the preceding ones. To carry out this great task, the State must be modernized and prepared for the great domestic and external responsibilities incumbent upon it in every country and economic system.

To tackle these and other problems of the new international economic order, and the problems of a new domestic economic and social order, we must study the past objectively, in order to learn the lessons of history and prepare projections of the future. The latter is particularly important. I am inclined to believe that the inveterate faith in the regulatory forces of the market, both at the domestic and at the international levels, has tended to stifle our sense of forethought and lead us to overlook the need to think about where we are going, fix accessible objectives and choose the most rational means of attaining them. The market is of great importance and significance, but it cannot be expected to do what is not within its power. It has neither a social nor a temporal horizon. These shortcomings can only be made good by deliberate and properly concerted action, in the form of convergent measures and combined national and international efforts. This is another of the great tasks facing the Latin American State.

A fourth reflexion concerns the region as a source of support for building our future. It is essential to breathe new

/life into

life into regional co-operation, starting from the vital premise that by tackling our problems together, at the end of the process we will all be better off than at the beginning. We are united by a common past, a common geography and a community of complementary interests. It is necessary to strengthen the new forms of co-operation recently put into effect in Latin America, by joining bilateral and multilateral efforts and those made by groups of countries. It is also necessary to give objective and dispassionate thought to our integration schemes, with a view to strengthening them by taking heed of the lessons of past events. In this field it is necessary to rise above passing disappointments and have faith and political vision in the formulation of new solutions.

Finally, distinguished delegates, in order to attain our domestic, regional and international objectives it is essential to make use of Latin American unity. Latin America has been a world pioneer in taking initiatives as regards development and co-operation which are now acknowledged as achievements of ours in world forums. Of an equally pioneering nature were Latin America's efforts to make innovations and progress in the field of regional co-operation. In all this there was a common denominator without which any objective becomes much more difficult: the unity of the region.

We have the impression that sometimes this determination weakens as a result of passing crises or the uneven ways in which

/we are

we are affected by the world situation. It is worth recalling once again, however, that the temptation to go it alone is not a good idea for any country, big or small. This is a lesson which is taught to us day after day by the increasing interdependence of nations.

The diversity and complexity of the problems facing us is in no way incompatible with joint action by the developing countries at both the regional and world levels.

In these great tasks of the region, CEPAL wishes to be side by side with its member governments, today as in the past, to fulfil its commitments to Latin America and to the objectives of the United Nations Charter.

A NEW UNITY AND A NEW HOPE: ECONOMIC GROWTH WITH SOCIAL JUSTICE

Ambassador Andrew Young
Plenary Session, CEPAL
Guatemala
May 3, 1977

A New Unity and a New Hope: Economic Growth with Social Justice

This is my first visit to this beautiful country, with its history of struggle to find the social justice and peace that is so much the core of the history of all our nations. I can only record here my deep gratitude at the warmth and friendship that has been extended to me by both officials and the people since I have been here.

The Economic Commission for Latin America has achieved a very special stature in the modern world. ECLA, as the oldest of the regional commissions, has acted as a trail blazer for the others. It represents the most economically dynamic of the developing regions of the modern world, and probably has the greatest variety of economic levels in it. It has long been recognized as pace-setter in the still emerging vision of what a new international economic order would look like. It was from the reflection and research of ECLA thinkers, headed by the distinguished Dr. Raul Prebisch, that the UNCTAD Conferences came. ECLA has been particularly

important for its fearlessness in promoting the interests of the developing countries, and in its insistence at looking at the financial and commercial structures of the international system. It has done pioneering work on the inequalities of a world composed of states at very different levels of development.

Indeed, ECLA is a symbol of our need for each other, and for institutions that seek to integrate our separate visions and transcend our parochialisms in a new synthesis and vision of the total, common good. We come together in meetings like this one, and here discover, in our labors and conversations with one another, that no nation is an island, no government completely autonomous, and that we all are part of an interlocking global community. ECLA represents that thin but brave line of dedicated persons who represent the bridge from the contemporary, near world anarchy to the hoped-for future world community. ECLA is the hope, in the words of Dr. Martin Luther King, that we can choose the community of shared goals and interests over the chaos that means destruction.

No reference to ECLA today would be complete without paying tribute to our Executive Secretary, Mr. Enrique Iglesias. His imagination and integrity, his tact and

courage, have combined to make him a person on whom we all have come to rely. Under his leadership, I believe that ECLA will continue to build upon its already solid history of accomplishments, and will generate research, programs, ideas, and visions that will inspire and challenge all of us, and provide us much of what we need to be able to serve the people of our hemisphere better. For my part, I would appreciate it, Mr. Iglesias, if you would accept this spoken token of my admiration and respect for you and your co-workers and ask if you would pass along these sentiments to your associates.

The Meaning of our Common History - In Unity There is Hope

I have come in recent months to believe that we are living at the early dawning of a new period of hope in human history -- after a period of confusion, struggle, and some despair. This new period of hope is one in which it is again realistic to believe that democracy is viable, that human rights can be protected, and that the rule of law through international institutions can become more significant. It is a period in which, in spite of all the

obvious problems and pitfalls, we can once again dare to hope that we can continue to roll back colonialism, roll back racism, contain the arms race, and attack the major enemy of humankind -- poverty -- with some confidence that we can have some effect. Within the past five years we have seen four significant nations return to open, democratic government without bloody revolutions: Greece, Portugal, Spain and India. We have seen the deepening of the world's consciousness of racism, in spite of the efforts by some to politicize for national advantage this historical task of all of the world community. We have seen the near-elimination of colonialism in Africa, with but a few remaining vestiges soon to fall. We have, at least and at last, come to realize the peril to us all of the armaments race, that afflicts in varying scales so many nations today, robbing societies of vital energies and resources that could and should be used to feed the hungry and nurse the sick, and to build society and freedom rather than prepare for doomsday. But this new hope in our time is not an automatic thing that is happening over our heads, somewhere out there, Mr. Chairman. It is something that we are creating, that we must create and make live, if it is to be sustained and become a powerful, driving force

in our time. We all understand that hope is a powerful motivating force, that it can awaken the slumbering millions from their despair and passivity, and that, once they believe that change is possible, they can become a mighty force for social change and justice. There have been other periods of such hope in the past, Mr. Chairman, periods in which there was real change and in which humankind became -- at least to some degree -- master of its own destiny, and chose justice and peace and freedom.

We all long to be seized by a realistic hope, and to be part of such a mighty movement that would change the lives of millions for the better; of course, we all also reject the illusion of choosing hope only to flee from reality and despair -- hope must have a basis, or it is no hope, but an illusion. What, in the history of our hemisphere, have been the conditions that made hope instead of despair or passivity a living possibility? As I review the history of Inter-American cooperation, I find that only when the nations of the hemisphere have agreed upon basic goals and programs has there been that powerful surge of hope, among both leaders and masses alike, that not only makes meaningful social change possible, but without which

positive social change is really impossible. Who will make sacrifices, or from whence will come the new ideas, and what will bond great numbers of people together in far-reaching tasks, unless there is the belief that change for the better is possible? If we want social change, we must believe it is possible. This is as true for the economist and the Ambassador as it is for the poorest peasant.

At other times in the history of the hemisphere, when there was lacking this belief that unity and hope were possible, the international relations of this hemisphere have been characterized by slogans and conferences that were sterile in real results. For all their good intentions, too many past attempts at hemispheric cooperation to build justice and for development did not achieve the wide acceptance and credibility, and the momentum among our peoples, that are absolutely necessary if we are to avoid the impending catastrophes that will accompany continued unplanned population growth, spiraling inflation, mass hunger and malnutrition, mass unemployment and underemployment, the continued growth of repression and terror in the political realm, the continued growth of the gap between the rich and the poor in every nation, and mass illiteracy. Indeed,

there is no possibility of stopping where we are, and just avoiding catastrophe. We must either move forward, boldly and hopefully, or continue to slide towards ever-widening circles of misery and catastrophe. The repetition of traditional slogans, and the reliance on tested but inadequate ideas and institutions, will continue to occupy us without, however, opening up the new vistas without which we cannot achieve more justice, freedom and peace for the hemisphere.

How can we dynamize our institutions, and our peoples? How can we conserve what is good, but begin to move irresistibly forward in the pursuit of full justice for everyone? In the civil rights campaigns of my country of the past few decades, we were often faced with tremendous obstacles, criticism, and opposition. In such moments, before such odds, it would have been easy to abandon the particular campaign, to retreat, to compromise, to be intimidated. In such moments, often before we would go out to march before a hostile populace and police, we would gather together to rediscover and reaffirm our unity of purpose, and our mutual commitment and support. In those moments we found new hope and new strength, and that which at the beginning of our meeting

seemed impossible by the time we filed out of the meeting to begin to march, seemed inevitable. What fed us, and kept us marching, through many a long and hot day under southern skies, was hope. And that hope began in a resolute unity of purpose.

If we of this hemisphere can agree on a common vision, on a set of goals that transcend our old differences and our diversity, we shall discover in our new unity of purpose a new ingredient that will multiply the effect of our efforts -- the ingredient of a common and contagious hope. And while hope is not a substitute for hard, concrete programs, for sacrifice and work, it can and often is the mother of such new programs, and sustains sacrifice and hard work. For hope can give birth to imagination and new ideas that can break seemingly impossible impasses.

I believe that too often in the past we have been afraid to try new initiatives and to experiment with new ideas for fear of failure. Certainly we have now reached that point in human history where the consequences of failing to try to do something are at least as serious and far-reaching as probably will be the consequences of trying to do something and failing. We need more ideas, more

initiatives, and more courage to try, even if we will sometimes fail. And for one of the leading roles in this effort to develop new ideas and programs, to lead the hemisphere in this effort, I propose ECLA. Too often, it seems to me, the United States has tried to take or preempt leadership in the hemisphere without sufficient multilateral consultation. Here in ECLA we can gather together not only as representatives of our respective governments and peoples, but as experts of many kinds, all concerned with the welfare and progress of the whole hemisphere. Probably more initiatives should come from such groups as this, from the professional staff of groups like ECLA, hopefully relying on the intelligent and prompt response of all the member governments to perfect and implement such initiatives. But if ECLA is to bring us the new concrete programs that we all want, and that our hemisphere so desperately needs, it will not be the result of just more negotiations, more research, and more conferences. All of those are necessary, but one thing more is necessary: a vision, a dream and a hope that all of our efforts can make a difference.

This is a call for a new unity of purpose to mold together the concepts of social justice and economic

development, a new unity which, if achieved, I am convinced will give us a new vision and a new hope for our hemisphere. But I want it clearly understood that such a unity as I believe is not only necessary but possible, is a unity that recognizes and even fosters the great and beautiful cultural diversity of our hemisphere. Unity does not mean uniformity, a common purpose does not mean we must become a homogenized hemisphere. Indeed, in our diversity we can all contribute in different ways to a unity of purpose that will enrich the common life, and strengthen what is good in each of our cultural traditions.

It may just be the preacher in me, but I honestly believe we stand on the threshold of a new period of hope, a period in which humankind will be able to take some steps forward in our never-ending struggle for justice, peace and freedom. We have both the need and the opportunity, both the challenge and the possibility, of discovering and articulating a new hemispheric unity, a new vision based on our own recent experience, that will give birth to new hope, and thus to powerful creative dynamics that will enable us to do what seems impossible to dream of at this moment. The potential for this new definition of unity is inherent in our shared goals and aspirations as stated in the basic documents of the United Nations that are waiting to be rediscovered, and in the dreams and aspirations of our peoples, waiting for spokespersons to make them come alive.

There is at this moment, waiting to be born, a new synthesis of two powerful ideas. A synthesis that all of us have felt in one way or another, many times in our own lives. And here, at ECLA, we can continue the process of creating this new synthesis.

The achievement of this dynamic new hope and new unity will be no easy task -- many things must be done to nurture and give flesh and blood to the still dimly seen dawn of hope I am trying to describe. The task in this total effort that most directly affects us here is the integration of the concepts of social justice and economic development into a single vision of historical process. Such an integrated vision would profoundly affect our attitudes, our styles of life, and the programs we plan, research and administer. Such an integrated vision would be the basis for a working consensus between governments and peoples, between rich and poor, between north and south, between east and west, and between the United States and Latin America.

We must unite the concepts of development (which usually means economic growth) with the concept of liberation (which usually means freedom from oppression, poverty, dependence and degradation). This must be done by defining development in

terms of the process by which full human rights and dignity are achieved, by which full social justice for all peoples and all persons is realized, rather than just as an economic process. In this new definition we can find new goals and a new unity, that will unite the north and the south, the east and the west, rich and poor, on some critical programs for development and liberation. Such a new definition and a new unity will appeal to the interest and conscience of all our nations and peoples.

In April, speaking before the Economic and Social Council in New York, I argued that "economic and social development cannot be separated." I said that "We must think of every possible way to increase the interface between the two approaches -- in our national planning, in our bilateral cooperation for development, and in our work of the United Nations ..." You can reasonably expect that this is a theme to which not only will I continue to return, but which the new Administration in the United States as a whole will continue to develop, and to insist upon, not only in our international initiatives, but in our domestic programs as well. For we have learned, not

only by observing the sometimes bitter lessons of world history of recent decades, but repeatedly in our own domestic experience, that separating the economic considerations from the social, political and cultural goals is not only an illusion, but that it produces unintended and harmful effects for both the social and economic process.

For instance, one thing we have learned is that impressive national growth rates alone do not mean that poverty or economic imbalance will automatically be overcome. Per capita food production in most countries has not increased over the past decade. Population projections for the future are staggering -- Latin America and the Caribbean will add 300 million people, doubling the population in the next three decades. We must all be greatly concerned over the continued high rates of unemployment and underemployment.

There has been significant economic growth in many parts of the region during the last three decades, and yet, as the Secretariat's report underscores, the fact is that the benefits of this growth have not been distributed anywhere near equally to those who are in greatest need. The problem of the "Little Man" is camouflaged

by looking only at national growth rates and per capita income figures as measures of "development." By any standard, the majority of the region's inhabitants do not have levels of living that can be considered acceptable. In spite of economic growth, half the region's population suffers a substandard daily caloric intake, and a quarter of all the adults are still illiterate. Economic growth, divorced from social considerations and the goals of justice and freedom for all, has often appeared to have exacerbated rather than diminished the human misery and degradation in which far too many of our people, in every nation, still live.

We are all in the process of learning that society cannot be neatly dissected into a "political and civil" segment on one side, and an "economic, social and cultural" segment on the other. Any attempt to focus exclusively on one aspect of society's problems -- such as the need for economic growth -- ignoring the other, will almost certainly produce unexpected and undesired effects on all of society. Neither can it be assumed that by promoting one aspect of society, such as civil rights, that political rights will just naturally evolve.

When the basic documents of the United Nations talk about "human rights and fundamental freedoms," they spell

out the fully panoply of rights and freedoms -- civil, political, economic, social and cultural. No society is healthy that is not consciously striving to realize more fully all of these rights, all of the time. Too often in the past have we imagined that by just increasing the size of the cake, its better distribution for all would be automatically realized. "Trickle-down" as a social theory is increasingly a cruel joke, as modern technologies impact on all of our societies in such a way as to tend to re-concentrate power rather than to diffuse it.

The "no-growth" movement may be seen partly as a reaction to the insensitivity of those who thought that growth would automatically bring everything else with it. The "no-growth" movement ignored one of the basic mandates of society: create and grow or die. Healthy social change certainly includes some form of growth and process.

Such a new integration of traditional concepts as I am here calling for may help us break the sterile impasse between "capitalism" and "socialism" that has for several generations served as an anesthetic to imagination as we were all caught up in one rigidity or another. The truth is, freedom and human rights seem to be victimized by

governments and economic institutions in any society that does not have adequate institutions of social accountability built into its system. And the truth is that any institution that has become socially accountable can serve the common good. Even the much-maligned transnational corporation, some of which have undoubtedly contributed to social problems, can -- and have on occasion -- become instruments of helpful diffusion of technology, the allocation of development resources, and the promotion of social justice. It may not be so much the name of the system, as whether or not it is effectively accountable to the public that determines its social usefulness.

Social Justice certainly cannot be achieved in any nation without economic growth and development. On the other hand, economic development by itself, we have learned, does not automatically produce social justice. I am a professional "change agent," working for social justice in my country for many years, but I don't know nearly enough about economics. Most of you are professional economists, or planners, but I dare say we all need to apply the lessons of the nature of social justice. We need each other to create this new vision, this new hope, this new unity. It will be a struggle to learn from each other, and to unlearn some of our pet prejudices as we develop this new, integrated vision of society. But out of that struggle many exciting things will be born.

This integration of the two visions of human rights and fundamental freedoms is so important, let me summarize by attempting to give two aphorisms:

Where there is poverty -- lack of economic development -- there cannot be full political participation and freedom.

Where there is political oppression, there will also be economic exploitation.

Therefore, both economic development and political liberty are essential, each for the good and health of the other, as well as a good thing in itself. Let us, then, unite the two so long divided, social justice and economic development, and in so doing help give new hope to millions of people who await our efforts in helplessness.

The political and economic situation in my own country for the past decade has represented a search for unity between development and social justice. Many of the "development" issues we have confronted stem from our search for a system that permits liberation and development for each individual. We have sought -- and continue to seek -- development and liberation, in many ways:

- Economically, through the War on Poverty and social legislation;

- Socially, through civil and women's rights movements;

- and politically, through increased attention by the Congress and the Courts to the rights of individuals and groups of individuals normally outside the "power elites" but whose interests are affected by legislation and political decisions.

The Obstacles to Progress and Unity

Real hope, as an engine of social change, is never an abstraction, but always directed to a real problem, and offers a real solution. To avoid spinning a dream-world of pretty words, we must always maintain the tension between our hopes and the problems that confront us. The problems of Latin America -- the real, human problems -- are not Latin American problems: They are world-wide problems. The real dimensions of these problems are obscured when we use only the macro-economic indicators and measure the performance of some system in only economic terms. But the mere enumeration of the massive problems confronting

all of our nations shows once again that only a unified approach, seeking both the goals of liberation and development, can hope to address these questions meaningfully.

The objective problems are clear, and many of them are addressed in the ECLA Secretariat's reports for this meeting:

- Poverty and malnutrition are the visible symbols of underlying problems. The Secretariat has reported to us that 43 per cent of Latin America's population, or 110 million individuals, live in a state of poverty. A substantial percentage of the population -- perhaps as much as 35 per cent lacks sufficient income to purchase a minimum balanced diet.

- Population growth contributes to the difficulties of addressing the problem of poverty. Latin America's population growth led the world through the 60's and early 70's. Its population doubled between 1950 and 1970 -- it will double again before the year 2000. The second doubling will occur even though the growth rate has peaked and will decline through the rest of the century.

- Existing problems of unemployment and under-employment have exacerbated migration of the rural poor to urban areas. Because of differences in methodologies, it is almost impossible to assign a figure to regional under-utilization of manpower -- but there is little likelihood that the 28 per cent estimate of the Secretariat is too high.

- A growing unevenness in the distribution of income poses the specter of increased concentration of economic power, and of the benefits that derive from it, such as education and jobs. Seventy per cent of the increased income of the region betwen 1960 and 1970 went to the richest 30 per cent in the Latin American region. Less than one per cent went to the poorest 20 per cent.

- Illiteracy and lack of educational opportunity remain serious problems. An estimated 25 per cent of the adult population cannot read and write and, perhaps more important, studies indicate that educational opportunity is not equally available. It remains true that the poorer the student the less

likely he is to obtain even a minimal education. Provision of educational opportunity, therefore, is a major challenge.

There is also reason to be concerned about the alarming loss of momentum in progress towards rule by constitutional law, and protection and promotion of basic human rights and fundamental freedoms. The reasons for this trend are many, and there is no clear single cause or remedy. Nonetheless, the great number of allegations of torture of political prisoners, "desaparecidos," political assassination, cannot but be a disconcerting factor in any search for unity of purpose, especially since the whole United Nations structure is built upon the premise that societies should be governed by law, through orderly processes, and not arbitrarily.

The truth is, Mr. Chairman, that torture and other forms of political repression are not only in violation of our own national commitments to the United Nations, but are also major obstacles to economic and social change.

Repression prevents the full popular participation which is essential to every development process, regardless of the economic system which guides it. We cannot, as nations or as a body of nations, be truly effective agents of economic development, until we can enlist the talents and capacities of all of the people we represent here -- whether the black sharecroppers of Georgia, the Indian of the Andean altiplano -- or the professional man who has left his native land because of political repression -- the saddest form of "brain drain" of all. There can be no real economic development without a free exchange of ideas and a real accountability of the elites who manage society no matter how well-intentioned they may be.

Though we may not be able to agree all the time on what should be done, nor even on the causes of the problems that we face, surely we can agree that these are our major problems. Furthermore, that these problems are the concern of the economist as well as the politician, and that only a global vision of society

will enable us to attack any of these problems with any hope of success. Under-development and political repression are surely part of the same, total problem.

These problems -- of growing unevenness in the distribution of income, of illiteracy, of poverty, of malnutrition, of unemployment and under-employment, of unplanned population growth, and of political repression -- exist of course in all nations to some degree. They are not just problems of the developing nations, or of the Latin American nations. But it is fair to say that the countries of the ECLA region have recognized many of these problems, and are actively searching for solutions. What is needed now is an integrated approach to all of these problems, that will give coherence to all our programs. And, as has often happened in the recent past, the struggles and successes of the ECLA region will be watched and learned from with great eagerness by other regions of the world. In many ways, the new world is the

laboratory of the whole world.

US-Latin American Relations and the Search for a New Unity

U. S. relations with Latin American have sometimes been, or seemed to be, an obstacle to the realization of full development and social justice for the hemisphere. But I want to contend here that there is, in our diversity of experience, resources and even values, great potential for a new unity that respects our many diverse national heritages. For, we all now certainly recognize, the hemisphere is far too complex to be simply divided into two categories -- the United States, and all others. Jamaica is as different from Argentina, and again from the United States, as is Venezuela from Chile and Mexico. Canada, and Panama, and Ecuador are different, and yet all have much to contribute to the common quest. And each of our nations is itself a sea of complexity, with its own diversities and richness. And so we celebrate and do not hide our diversity. Still, because it is the richest and most powerful nation in the

hemisphere -- though maybe not as powerful and rich as some believe -- it might be useful to say a word about U. S.-Latin American relations. . . .

It is necessary at first to affirm that all of us are part of a global community, from which we cannot secede, even if we wanted. As part of this community, we must act the part of world citizens, and not just protect or promote the interests of the hemisphere. There certainly is a role for creative regionalism, within the context of the whole United Nations framework. But we are part of one world -- all the nations of this hemisphere.

Secondly, there is an ever greater need for more and more open consultation, on all matters of common concern, from trade agreements to pollution of the seas, from human rights to arms control, from exchange of scientific information to control of narcotics traffic. Let us actively promote and develop all these consultations, aware that sometimes there will be conflict, but that,

in the long run, we will all gain more if we talk openly and honestly.

And lastly, the United States has no monopoly on ideas, and should have no monopoly on initiatives. It would be a foolish continuation of dependence to await upon the U. S. Government to propose all the initiatives. Let many initiatives bloom, and let the United States be one of many sovereign nations, making its contribution, but not dominating in any sense the international dialogue.

There have been times in the past when we in the United States felt that our strength and determination made all things possible and that what worked for us would surely work for any other nation. We have learned, however, that we cannot solve the world's problems, or the hemisphere's, and that "made in the USA" does not necessarily mean that it will work in Latin America. Progress must depend on a degree of consensus among nations, and this consensus can only be built with the participation of all nations, and domination by none. The problems we face are common problems -- they are not

caused by any one factor, nor are they limited to any one nation, or group of nations. The United States is, indeed, part of the problem -- but it is not the whole cause of the problem, any more than it can offer the whole solution to the problem. We are a nation that has had to struggle to achieve whatever measure of justice, equality and freedom we have, and we are still struggling to improve what we have. We welcome honest criticisms and suggestions, for we realize that we need the help of the community of nations if we are to achieve more of our full potential as a nation.

The Setting of Priorities to Move Forward

Any meaningful plan must have a starting point. Now, near the end of this address, I reach the starting points I want to suggest. Up until now I have tried to set the stage, and suggest the attitude and values that we must have if we are to become truly effective agents for justice and development. Now, I want to suggest what we can do.

First, we must work out the full implications of unifying the concepts of social justice and economic development. All of us will have to change some of our pet theories and prejudices, as we delve into this matter. In part, because society keeps changing, technology keeps developing, and new problems keep arising. Many of our institutions and programs will have to be re-examined, and some of them redone. But to fail to do so would be to be unfaithful to the mandate of any government official to care for the welfare of our peoples.

I have already proposed, and now repeat here, that ECLA is a community that can and, in my opinion, should take the lead in the melding of the concepts of social justice and economic development. I hope that ECLA will consider a series of conferences, perhaps on a national or regional basis, to discuss these issues, that will be open to all sectors of society. To find the answers that we all need, we will need to broaden the dialogue -- a dialogue that ECLA has been involved in now for many years.

Secondly, we must set priorities for ourselves. We cannot attack frontally all of the problems that have been mentioned, at least without dooming ourselves to inevitable failure and frustration. While having a unified picture of the problems, and a unified vision of justice and freedom, we must choose the problems that will have, if solved, the greatest impact on the lives of our people, and that will open up the next step in our long quest for liberation and development. This process of setting priorities is an on-going one, and one in which ECLA has an important role. For ECLA is one of our principal "think tanks", and as such should be protected and encouraged. The debate on priorities, both inside and outside ECLA, will often be strenuous. But it is necessary. And out of our disagreements will often arise a new consensus.

In my recent speech at ECOSOC, I proposed that that body might well want to set for itself some priorities so as to focus its efforts. Specifically, I proposed the problems of hunger

and famine, torture and other severe forms of political repression, and racism. It may well be that ECLA will decide that these, or some of these, should not be the priorities for this region.

Let us not predict what will be the outcome of a process that I hope will gather momentum, building on the excellent work already begun. Only, in the setting of priorities, let us remember that it is imperative that both the social justice and the economic development goals be fully represented.

Thirdly, we must choose programs that give relief to the poorest and most misery-burdened of our people. As President Carter indicated in his speech before the OAS on April 14 --"All of us have a special responsibility to help the poorest countries in the world as well as the poorest people in each of our countries." As we have already indicated, dedication to some model of development that does not help real people in a significant way is a denial of our very reason to exist as governments. In the

United States, we increasingly have to answer the question, why should the poor of the United States be taxed to help the rich of the poor nations? I am convinced that the taxpayers of the United States will continue to support foreign aid programs as long as they are convinced that these programs are really helping the poor to help themselves.

Fourthly, we must struggle to become more accountable as governments by bringing the people more and more into our deliberations. We must carry on more of our discussion with and before the public. We must become both educators for our nations, and students of our people. Recently President Carter has made several efforts to travel to the American people, to talk directly to average citizens. This is no public relations gimmick, but a serious attempt to find still another way -- along with elections, a free press, free political parties, defense of the rights of dissidents, etc. -- to involve the American people in the political

process. It is not just for the good of the people that we do this -- it is for the good of the governing elites. It is a good experience to be asked a question you can't answer by a working man, and to have to defend your programs to a secretary, or a dentist. We believe any healthy society will always be working to become more open, and more democratic, and we believe that is as true of the international society, and of ECLA, as it is of our society. So, we hope for more debate, not less. We are not afraid of disagreements -- if they are honest and carried on with respect by both sides. And, I hope, we are not afraid to be convinced that we are wrong, and to change our position -- when convinced.

It is still true today, as it was at the founding of the United States, that "Governments derive their just powers from the consent of the governed." Ultimately, legitimate authority must be derived from the people, speaking freely on their own behalf. Power and authority in society are

established finally by reason and respect for dissent, and not upon force and intimidation. In the struggle for democracy, as in the struggle for social justice, it is necessary to seek constantly to be more democratic, or run the risk of losing what freedom we have. Democracy must be dynamic; it cannot live in stagnation.

Fifthly, and the basic priority, as I see it, is to bring the people into the economic process as well as the political process. This means, quite simply, expansion of domestic markets, and concentration on basic human needs even if it might mean some curtailment of luxury goods. I believe in that old saying that the real revolution occurs when everyone has been co-opted into the system. That is, give everyone a stake in society and you will have a healthy society, because all will feel responsible for it. On that day when every person is paid a reasonable wage for a socially useful job, the need for revolution will begin to disappear.

Some people have told me that I am too optimistic because the political movement out of which I came -- the civil rights movement headed by the late Dr. Martin Luther King, Jr. -- just happened to be lucky, and besides our experience is not translatable into international terms. I know that much of what we did and experienced is not relevant, but a lot of it may be, too. At least, we are a successful movement -- we freed lots of people -- and since there aren't too many such movements around, it won't hurt to study for ideas any of these movements that had some success.

One of the things we learned wasthat civil rights weren't enough. We had to struggle to get our people some economic power, too. If they just had the right to vote, but were still poor, they were still at the mercy of powerful and sometimes hidden economic elites. This is true, I believe, in every society, no matter what kind of political or economic system it has.

But once you had a fair wage and a just tax system, then the poor were protected, and were able to participate in society, and their participation made for a healthier and more dynamic society. That was our experience, and I believe in it.

I come to this conference bearing neither a new slogan nor a basket full of gifts. But I do not come empty-handed. I come with the promise of the government and people of the United States to work with you -- and to work hard -- to find ways of uniting our common love for freedom and justice with our great need for economic development. I believe that you want it this way. There have been plenty of promises in the past, sometimes with a poor performance record. Now is the time to take the full measure of our problems, and our resources, material and human, and then to attack our problems together, in a systematic and rational way.

Neither will I leave this conference of ECLA empty-handed. I have discovered here the same

willingness to admit the difficult problems we face that I have urged upon us. I have discovered, to my immense satisfaction, that your hunger and thirst for justice as well as growth is real and great. It will be my pleasure, Mr. Chairman, to report to President Carter that we are ready to work together to find that new unity and that new hope that will be born by bringing together social justice with economic development.

Ambassador Andrew Young
Plenary Session, CEPAL
Guatemala
May 3, 1977

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

ADDRESS BY THE MINISTER OF FINANCE OF VENEZUELA, HIS EXCELLENCY MR. HECTOR HURTADO AT THE OPENING CEREMONY OF THE MINISTERIAL-LEVEL MEETING

Mr. President, Mr. Secretary-General, Ministers and Heads of Delegations, Senior Officials of the Government of Guatemala, Members of the Diplomatic Corps, Ladies and Gentlemen:

It is an honour for me to address this forum on behalf of the participating delegations and to have the opportunity of expressing thanks for the hospitality shown to us by the Government and people of Guatemala. This country has been an active participant in Latin America's struggle to achieve integration and to achieve a level of economic development in keeping with the needs of its people. The tragedy which struck Guatemala recently put to the test the sincerity of the sentiments of brotherhood and co-operation which unite the people of Latin America, and on that occasion we other Latin Americans felt as keenly as if it were our own the sorrow which plunged this fine people into mourning.

The seventeenth session of the Economic Commission for Latin America, which is beginning its Ministerial-level phase today, is of special significance to our countries, both because of the important issues to be discussed here and because of the historical moment at which this meeting is being held.

The task of this assembly is to carry out an appraisal of the economic and social development of Latin America in what has elapsed of the present decade, comparing this performance with the global targets set in the United Nations International Development Strategy, and to study the external relations of the region. The documents before us will serve as the basis of our discussions, and I wish, on behalf of the delegations present, to express our thanks and congratulations to the secretariat and the Committee of High-Level Government Experts for this valuable contribution.

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In previous years it has been CEPAL's lot to prepare criticisms and propose ideas capable of serving as a framework for a regional economic development policy. This task has become increasingly difficult and urgent. The change in basic features of international economic life, the exhaustion, the substitution, or the failure of the development strategies which some of our countries had adopted, and the ineffectiveness of many proposals presented as new approaches have made it imperative to think hard about the Latin American reality with a view to adopting approaches and decisions conducive to the achievement of common goals, many of which were expressed for the first time by the Economic Commission for Latin America. The main credit for this is owed to the ideas of Dr. Raul Prebisch who honours us today with his presence.

The session is beginning at a time when the world is unsettled by problems of varying kinds, widespread inflation, precarious monetary stability, and stagnation in the economic growth of the industrialized countries are having harmful repercussions on the developing countries, impeding efforts to establish a new international order, and at the same time highlighting the need to conceive new forms of economic co-existence.

Latin America, for its part, has not been able to make sufficient progress in the integral development programme it set itself. In the present decade most of the countries of the region have failed to achieve satisfactory economic growth rates, and grave social problems relating to health, education, unemployment, poverty and unfair distribution of income still exist in all their intensity. The inability to resolve these problems has in some cases spawned policies born of frustration, in which the ultimate goals of economic development are passed over. Moreover, not only the economic rights of the peoples but also their human rights have suffered in the process.

/Despite

Despite the diversity of economic policy strategies and of the differences in priorities observed among the countries of Latin America at the domestic policy level, recent years have seen a strengthening of certain guiding principles underlying our position vis-à-vis the rest of the world. Solidarity with the nations of the Third World, common efforts to establish a new international economic order and the strengthening of action designed to achieve Latin American integration have underlined the region's identity and its community of interests with the other developing countries.

The consciousness of this community of interests of the developing countries, the clear awareness of the inefficiency and injustice of the economic order which has prevailed during recent decades and the use of new bargaining instruments by the Third World are the motivating forces behind the effort of these countries to establish a new international economic order.

The recognition by the international community of the need to introduce far-reaching changes in economic relations may be seen as an encouraging sign. However, this progress at the conceptual level may turn into a relapse of incalculable proportions unless practical results are obtained and unless the industrialized countries show political will and a firm intention to make changes capable of ensuring genuine interdependence and more equitable economic relations among peoples.

In this sense the Conference on International Economic Co-operation held in Paris constitutes a crucial test. If it fails to achieve positive results, the dialogue might collapse and we would enter a difficult period strewn with risks and uncertainties. For this reason we must endorse the statement just made by the Secretary-General of the United Nations, Mr. Kurt Waldheim, that the dynamic of negotiations requires that a reasonable and equitable first package be achieved this year.

The developing countries have become aware of their bargaining strength and will not in future accept to bear the cost of world progress. As the

/President

President of Venezuela, Mr. Carlos Andres Perez, said in his address to the United Nations General Assembly:

It is of particular interest to Latin America and to the Third World in general that the world economy be strengthened, that inflation be checked and brought under control. But we are not prepared to see this achieved at the expense of the developing countries, at the cost of the raw materials we produce, not only because this has been the basis of international injustice, but also because it would mean rebuilding the new world economy on the same unstable bases which have been responsible for the size and nature of the recession being faced today.

To re-establish at this point in world history the exploitation of the weak by the strong would be to postpone, rather than resolve, the serious crisis through which mankind is passing.

Part of the new bargaining strength of the countries of the Third World is based on and reflected in the oil situation of the last three years. The decision by a small number of countries to reverse situations of long-standing injustice, and the solidarity of the other developing countries with the revaluation of this raw material, have shown that it is possible to arrive at more equitable solutions when a true spirit of co-operation exists.

The vindication of oil prices had also shown that it is irrational to continue basing the development of the industrialized countries on the indiscriminate exploitation and the cheapening of raw materials. Today, even the power centres of the most highly developed nations recognize that it is not in the interests of mankind to waste an essential resource such as oil, and that the price situation which existed before 1973 encouraged waste of this kind.

/The solidarity

The solidarity reflected in the oil situation of the past few years has stemmed to some extent from the awareness on the part of the petroleum-exporting countries that this waste occurs in the industrialized countries and that the more equitable oil prices must not be detrimental to the developing countries. To that end, they have taken some measures, and are planning others, to minimize the impact of oil prices on the developing countries and to support efforts to secure fair prices for the raw materials produced by the countries of the Third World.

For these reasons it is becoming increasingly imperative to reaffirm the solidarity of the Third World and to strengthen its bargaining capacity at all levels and in all fora, so that the new international economic order may become something more than an aspiration or a meaningless phrase. It must, on the contrary, be the expression of a loftier moral conscience which does not tolerate the exploitation of some peoples by others.

When, in 1974, the countries members of OPEC successfully established fair oil-prices, interest groups of all kinds predicted international economic disaster. Three years later we are able to say that although the radical change which occurred in the relations between the developing countries and the industrialized countries has given rise to difficulties for some nations, the process which became known as the recycling of petrodollars did not have the results forecast, thanks to OPEC's feelings of solidarity with the countries of the Third World and its sense of responsibility in emphasizing the interdependence which characterizes the world economy.

This same awareness led to the creation of the OPEC Fund, whose aim is to ensure collaboration with other developing countries. The activities of the Fund have developed in such a way that it has not only represented a

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new source of financing on concessionary terms but has also established new methods of international co-operation which represent valuable precedents, particularly for Latin America. The Fund has channelled resources to such countries as Jamaica, the Dominican Republic and Costa Rica, which, according to the criteria followed by other international institutions, would have difficulty in obtaining resources because of their low level of income.

The establishment of broader criteria for access to the Fund is envisaged in respect of new contributions. Such criteria would cover not simply extreme poverty but all situations involving a balance-of-payments deficit.

In addition, the Fund has pledged resources for the financing of IFAD and has declared its willingness to participate actively in the financing of the Raw Materials Fund, which the countries of the Third World have sought to establish.

The efforts of Latin America must be directed towards the same sense of active solidarity with the Third World and the same demands for fair treatment for the products originating in developing countries.

Regional activities must be viewed with the same urgency, as must the achievement of Latin American integration, which is the fundamental condition for the development of the countries of Latin America, separately and jointly. One of the main virtues of the process which has unfurled during the past twenty years is that it has indicated a single, clear direction for the integration efforts of the entire region: the convergence of existing subregional schemes and the creation of a network of common industrial and commercial interests through Latin American multinational corporations.

/Progress

Progress has been made in both areas, particularly with the creation and launching of the Latin American Economic System (SELA).

SELA has lived up to the pragmatic spirit in which it was set up; it has established action committees to solve specific problems,which in many cases involve the formation of Latin American multinational corporations.

Recourse to new forms of action should not cause the enthusiasm for integration schemes already under way to wane. Fortunately, the new momentum gained by the Andean Pact after the crisis which culminated in the regrettable withdrawal of one of its member demonstrates the validity of the basic postulates of Latin American integration. In view of this, there is a need to revitalize the agreement setting up the institution which serves as a general framework, namely, the Latin American Free Trade Association (LAFTA), and at the same time to seek a reaffirmation of political will on the part of the countries whose principal link with integration is LAFTA. Similarly, fresh ideas are required to embark on new courses of action, and in this regard the collaboration of CEPAL is vital. An idea which in my opinion deserves to be explored is the negoatiation of non-extensible concessions between the relatively most developed countries and the Andean Pact. By this means it might be possible to check a dangerous trend towards the isolation of the Andean subregional integration process and give a new lease of life to LAFTA. As President Carlos Andrés Pérez said when speaking about LAFTA in an address to the Latin American Council of SELA, "although to some extent its action is paralysed, LAFTA is nevertheless a structure which is very much alive and which, when its time comes, will play a decesive role in Latin American integration".

/The integration

The integration of Latin America, the solidarity of the Third World and the establishment of a new international economic order are definite and shared goals. Their attainment calls for the vital qualities of genuine political will and clear-sightedness, without which they might be abandoned for the sake of transitory or immediate benefits.

At the national level, the similarity of objectives has become less apparent, notwithstanding the fact that, in general, we face similar problems. It has been asserted in recent years that development and social justice, economic growth and democracy are incompatible. It is CEPAL s duty to demonstrate that this is a fallacy and, displaying the imagination which has characterized its work, to devise ways in which the economic problems currently facing many countries can be overcome without sacrifice of the principles which have guided what is best in the history of Latin America.

Social justice and human dignity are vital and unrenounceable principles and, therefore, any achievement which does not improve the lot of the ordinary Latin American is hollow. It would be self-deluding to believe that social justice could be achieved immediately by sacrificing economic growth, but it is even falser to maintain that economic growth is desirable at the expense of social justice. Latin America has the historic mission of demonstrating that it is possible to have economic growth at the same time as equity among peoples, freedom and justice. The fulfilment of such a mission must be the final goal of our efforts.

ECONOMIC COMMISSION FOR LATIN AMERICA
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

ADDRESS DELIVERED BY Dr. RAUL PREBISCH AT THE SEVENTEENTH SESSION OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

I

Since I have been kindly invited to participate in this meeting - a gesture which I very much appreciate, along with the encouraging words so generously lavished on me here - I should like to offer a few reflections on certain problems which are causing great concern in our countries. Unquestionably, the most important is that, despite the momentum gained by development, vast masses are still excluded from enjoyment of its results. What has come to be called critical poverty still exists, and is growing relatively worse.

This is a problem which CEPAL has long been canvassing, but without managing to get it regarded as of paramount importance, perhaps because of the widespread belief that the very dynamics of development would spontaneously resolve it once and for all.

But that has not happened, and never will. For the persistance of this grave malady is due to deep-seated disorders in the system which mere palliatives cannot cure: disorders that cannot be attacked solely by means of new prescriptions - for example, the establishment of minimum consumption and welfare targets for the under-privileged strata of society. Of the imperative need to attain and even surpass such targets, there cannot be the slightest doubt. But how is it to be done? We cannot allow ourselves to be beguiled by the manifest justice of this and other similar proposals into shirking that basic question.

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This is the first point about which I want to speak now. No sooner are poverty and unemployment mentioned than the image of the technology which comes to us from the centres looms up. The CEPAL economists were perhaps the first to raise this matter, a quarter of a century ago. At that time we imagined a technology adapted to the periphery and designed to serve the purpose of increasing the productivity of capital rather than reducing the labour force. But where is that technology? It would, of course, be inadmissible to put the clock back. Still, there might be a possibility of arriving at such a technology after prolonged efforts. But what should we do meanwhile? I would say first what we should not do: take pains to make work for work's sake. Paul Hoffman, that distinghished figure who was the first Administrator of UNDP, used to recall how, in the United States during the great Depression, in face of the persistence in creating work by having earth moved with picks and shovels, a State Governor wondered: Why not go one better and use soup-ladles?

I believe a great deal can be done by intellingently adapting the technology of the centres, and a number of highly encouraging specific cases bear witness to our technicians' capacity for minor innovations. Nevertheless, the more I think about this problem the more convinced I am that attention must be devoted to other basic factors.

III

The deep-seated ill does not in fact lie in the technology itself, but in the social structure into which it is introduced: a structure which permits very inequitable appropriation of the fruits of the increasing productivity which the technology brings in its train. These fruits of technical progress

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represent a steadily-growing capital accumulation potential. And I am persuaded that if this potential were utilized as far as possible in economic and social investments we should progressively advance towards the elimination of critical poverty and other evils. It would be, in reality, the starting-point for a transformation of the system in a profoundly social sense.

To establish minimum welfare targets without making full use of the capital accumulation potential which technical progress affords us is to drift astray in the thin air of pious illusions.

Let us not deceive ourselves. Capital accumulation on a much larger scale and more rational in its composition than at present is a sine qua non for absorbing, at rising levels of productivity, the broad masses that are vegetating in the lower income strata of society.

IV

The effort required is herculean. For there are substantial obstacles in the way, and one of them is the consumer society: that is, the unbridled imitation of the consumption pattern of the centres which tends to spread rapidly from the upper income strata in our countries to the middle strata. The diffusion of such consumption is obviously detrimental to capital accumulation. To put it bluntly: the consumer society is incompatible with the eradication of the society of under-consumption.

The responsibility for all this is usually imputed to the transnational corporations. But let us not lay our own blame on the shoulders of others. If the consumer society is gaining more and more ground, it is basically because of the inequitable income distribution deriving from the prevailing social structure. The transnationals boost the consumer society and are closely linked to it, but the social structure depends fundamentally upon ourselves.

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The transnational corporations are ambivalent. They are admirable for their innovations, their organizational capacity, their ability to attract minds that are gifted in the spheres of technology and economics (and, in some instances, prone to unwise interference in politics). Their positive contribution to development cannot be disregarded. But their ambivalence gives grounds for serious and lasting concern. For everywhere, and especially in the centres, they carry a considerable share of the responsibility for the deterioration of the environment and the destruction of non-renewable natural resources. And where the periphery is concerned, their immediate interests and the collective interest are not necessarily the same.

I remember hearing a young Soviet economist at a United Nations meeting on the transnational corporations say something like this: "I have heard the advantages and disadvantages of the transnational corporations mentioned in this discussion. My country has initiated and will maintain relations with transnationals, since it has the power to utilize the advantages and avoid the disadvantages."

The right attitude. It is true that in this part of the world we have not the same power, but we may gradually acquire it by means of closer cohesion among our countries: cohesion which can only be based on a community of interests and unity of aims and the combined action of the peripheral countries in different spheres of collective negotiation. This has become very important at this juncture, when President Carter has just expressed great willingness to welcome any constructive positions that Latin America may take up in respect of foreign investment.

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VI

In this whole question certain entrenched attitudes must be overcome. I am inclined to think that attempts are sometimes made to attract the transnationals so that they may do what we ought to be able to do ourselves, if we assimilate and adapt their technology and their organizational capacity, and, in addition, increase capital accumulation by efficiently mobilizing our potential. But I am afraid that in many cases we seek the capital of the transnational corporations in order to evade this internal mobilization effort, while devoting a disproportionate share of the potential in question to imitating the consumption patterns of the centres: a course which sooner or later turns out to be counterproductive, to say the least. For - among other reasons - if the increase in productivity brought about by the transnationals is worthy of consideration, no less so is the fact that they transfer a substantial part of the resulting income abroad.

No, the transnationals should not act as a substitute for our own efforts in the matter of capital accumulation and technical progress, but should help us to carry them out. This is not exactly what happens, however; and they are also taking our place in other fields, such as the export of manufactures. It must be recognized that they are making a vigorous drive to open up new avenues, with very positive results. Latin American technicians and entrepreneurs are also doing much. Nevertheless, we could achieve a great deal more, if in the light of past experience decisive impetus were given to the mechanisms of reciprocal trade.

/VII I

VII

I confess that I am feeling disconcerted, or rather, disillusioned, LAFTA is barely skimming the ground in Montevideo, is failing to look higher, and for that very reason is running up against major obstacles which could only be removed by virtue of great farsightedness. Among the possible ways of giving a powerful impulse to inter-Latin American trade, particularly in intermediate and capital goods, where the more advanced industrialized countries are encountering serious difficulties, perhaps the formation of Latin American multinational corporations is the most promising. The ideal would be to combine the technology and organization of the transnationals in cases where this is indispensable with Latin American capital, initiative and markets, and to attract international resources in a framework of political autonomy. In this respect we were hoping that something might come our way out of the financial surpluses of the petroleum-exporting countries. These hopes are languishing, however. Venezuela is an exception because of the vision and dynamism of its President and in particular the encouraging words spoken two days ago by his distinguished Minister of Finance. But no very significant investment is being placed in the periphery. The developed countries continue to attract the petroleum-exporters' investments, while the developing countries continue to wait without showing, it must be admitted, an impressive capacity for obtaining such investment.

VIII

Meanwhile, the transnationals are doing what best suits them in respect of trade in manufactures, and this does not always coincide with what is best for development. They are shrewd as regards exploiting their

/technology and

technology and their constant innovations in our domestic markets and in their export trade with other developing countries, but they scarcely avail themselves at all of the huge market of the industrial centres. Why not? Can this be called internationalization of production?

The situation thus arising in relations between the Latin American periphery and the centres is not so much strange as paradoxical. The goods produced by the transnational corporations have generally enjoyed the benefit of tariff reductions agreed upon by the developed centres and which have contributed to the notable expansion of world trade. Yet the transnationals seem reluctant to export these goods to those centres when they are produced in the periphery, despite the great opportunities which such tariff reductions afford. And in the case of certain processed and semi-processed products in the manufacture of which the Latin American countries have acquired technical capacity and competitive ability, the tariff schedules of the centres raise what are sometimes insurmountable barriers to Latin America's exports.

In this there is flagrant irrationality. The dynamic role of the transnationals in the development of the periphery is blazoned in the centres and they are given incentives to penetrate into the peripheral countries. But at the same time the centres pay no heed to the inescapable necessity of responding positively to those countries' export efforts, in default of which the financial remittances of the transnationals help to aggravate the tendency to external disequilibrium thus creating new factors which slow down the dynamics of peripheral development.

The phenomenon of disequilibrium, of the external bottleneck which some believed had been done away with during the international boom period

/that ended

that ended in 1973, is once again making itself manifest. This is an unquestionably serious matter, for the bottleneck tendency, in conjunction with insufficient capital accumulation, considerably slows down development.

IX

Here I want to stress my profound concern at what these facts imply. We need to reach and maintain high rates of development in order to solve our problems: high rates combined with progressive income redistribution and a different composition of the social product. We have already shown our capacity for more thriving growth than was thought possible a quarter of a century ago. But this growth must be far more intensive still if we are not only to absorb, at rising levels of productivity, the increment in the labour force, but also to bring about the productive incorporation of the lower strata, which are stagnative in an "under-consumer" society, into the system. The task will not be easy, considering that in the last quarter of the present century the labour force will grow faster than the population, and will have doubled by the year 2000.

Thus, a greater effort than in the past will be required in order to cope with this situation, for the moment unmanageable. The rate of economic and social investment must be speeded up, and so must the rate of exports in order to achieve the vital goals of development.

This problem of absorbing the population of economically active age is extremely serious from the social and political standpoint, and if I did not lay the strongest possible emphasis on that fact I should be failing in my intellectual duty: the duty of a man who has always sought to examine objectively, but not without human warmth of feeling, the course of events in Latin America. This is what I do and shall continue to do, eschewing eventide scepticism.

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It is not merely those at the bottom that have to be absorbed, but also those, chiefly in the middle strata of society, who have enjoyed the privilege, denied to the others, of receiving education and vocational training: new generations that in face of the insufficient dynamism of the system find their life horizon seriously restricted.

It is easy, then, to understand their dissatisfaction, their frustration and the spirit of rebellion which leads them to call the whole system in question; not merely its incapacity for productive absorption of the active-age population, but also the stubborn reality of the social exclusion of the lowest strata from the system, and, among those who are within it, the distribution struggle: a struggle which is governed by no regulating principles, and moves farther and farther away from social equilibrium as the productive forces advance for the main purpose of satisfying the consumer society. The distribution struggle thus tends to create disparity between the economic process and the democratic process with very serious consequences. The disparity cannot be remedied by curbing or suppressing the democratic process; instead there must be fundamental change in the economic process so that individual initiative and market forces can become socially effective.

This poses a key problem for us today: the loss of confidence in the values inherent to democracy and some of the major ideas taken from western civilization, both by the countries which find their privileges in jeopardy and by many that are crushed by the burden of daily poverty and by the degradation in their human condition.

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When referring to the nonconformity of the younger generations, I do not want to oversimplify a highly complex psycho-social phenomenon. But I am inclined to believe that if here, in what we used to think of as the Promised Land, certain ideological seeds take root and grow, it is because the great contradictions of development afford favourable conditions for them to bear fruit. Bitter fruit of violence, germinating counter-violence in a tragic spiral.

In these unhappy circumstances, is it not inevitable that human rights should be feelingly invoked? It cheers me to find in all countries and especially in the Northern hemisphere sincere and troubled concern for human rights, eloquent proof of which was the speech delivered yesterday, with such force of conviction and sincerity, by Ambassador Young. A generous irradiation of human solidarity, not to be confused with certain intended acts of punitive hegemony, such as the proposal to give the international credit institutions the unacceptable role for applying sanctions; as if we had not already potent reasons to deplore some of the ways in which great international interests exert political influence in matters that should be our countries' own exclusive province.

I cherish the fervent hope that this demonstration of human solidarity on the part of the centres may signify a vital volte face in the history of their relations with the peripheral countries. However, if this is to be the case, it is not enough to deal with only the symptoms or external manifestations. We must go deeper, right down to the factors responsible for the events that arouse our concern.

Two centuries of belief in the virtues of the unrestricted play of international economic forces have stifled consciousness of the ethical responsibility of those who were first to forge ahead towards those that

have lagged behind, and of their responsibility in trade, financing, technology and the transnationals.

That same faith in the spontaneous play of economic forces, applied to the internal economic forces of our own countries as well, has made us lose sight of supremely important human principles. Ethics is one and indivisible, and we have forgotten that too, in face of the major ills of development whose ethical basis cannot be ignored or denied. We must not forget this at the present crucial moment, when we are on the very verge of a crisis of unexampled nature and magnitude but also a possible utopia once inconceivable: a utopia consisting in the intelligent and socially meaningful use of the great contributions of science and technology to secure the measurable and lasting welfare of our peoples: a utopia which, if we make up our minds to it, will become a reality. What is needed to achieve it is an ethical "big push" in the centres and the periphery alike ..... Ethics, and rationality as well, not only to build a new international order, but also a new internal order, without which measures of international cooperation, however enlightened, will not lead to the great changes for which the periphery clamours at this extraordinary turning-point in history.

STATEMENT BY THE CHAIRMAN AT THE CLOSURE OF
THE SEVENTEENTH SESSION OF THE COMMISSION

Now that the work of the seventeenth session of the Economic Commission for Latin America is drawing to a close, I feel that this is a suitable moment to highlight the main issues dealt with at the Conference and indicate in each case what I consider the main results obtained. For this purpose I have drawn particularly on the important syntheses prepared by the Rapporteur with my own evaluation of the discussions and positions.

The main subject of the seventeenth session was the preparation of the Third Regional Appraisal of the International Development Strategy.

This Appraisal is being made at the end of a generation during which the region has gone through substancial changes in its growth process and its human settlements, while at the same time traditional structures have persisted which in many cases pose obstacles to social progress and integral development, as well as to the full participation of women and of social sectors which are still on the sidelines of the development process.

Furthermore, this Appraisal is being made at a time when it is necessary to carry out a thorough-going review of the system of international economic relations, directed towards achieving a society which is juster and more open to equality of opportunity between men and between nations, this being a vital need for the generation which will see out the end of the twentieth century.

The Appraisal is contained in a document which expresses the unanimous views of the countries of Latin America and the Caribbean regarding their own development and the fulfilment of goals of the strategy.

This document will be circulated through the United Nations system in the various forums where discussions are held on the two central themes of the domestic effort with social equity, and international co-operation. The developed countries have supported the transmission of this Appraisal to the United Nations Economic and Social Council as the position of the developing member countries of the Commission.

Besides the series of specialized topics dealt with here in the context of general development, I should like to pinpoint the main results of the meeting in the three major topics considered.

1. Integral development

Starting from the International Development Strategy, there has been ever-increasing recognition of the idea that development must be integral. This aims to go beyond the more limited conception formerly in fashion, which took development to be equivalent to economic growth. In its Quito and Chaguaramas Appraisals, CEPAL, analysed the scope of the concept of integrated development and contributed important clarifications deriving from regional prospects and experience. These documents sum it up and cover all its relevant aspects: economic, social, political and human. Integrated development is therefore a single indivisible whole.

This idea has been vigorously reasserted during our work at this seventeenth session of CEPAL. The Appraisal has been based on this integral conception, and in making it account has been taken of all the relevant aspects of the process which is going on in Latin America. In this respect, the starting-point was the recognition of the expansion which has taken place in the Latin

American economies, although it must be noted that the increased production has had an uneven impact on society. On the one hand, it has contributed to the dissemination of highly sophisticated life-styles and consumption patterns in the high-income sectors, but at the same time they have failed to give great sectors of society sufficient goods and services to enable them to emerge from their state of critical poverty. In other words, economic growth has not brought social development with it. Low incomes, unemployment and underemployment, malnutrition, unsatisfactory health conditions, illiteracy and the low educational levels of most of the countries have not been eradicated.

This situation has been faced and tackled with frankness and realism. It has been recognized that priority treatment must be given to social policies and that more resources must be assigned to the reduction and elimination of the big pockets of poverty, to expanding education, to offering more and better jobs, and to the improvement of the health services and living conditions of the under privileged sectors of society. All this effort requires ever-increasing resources, which in turn require high and sustained economic growth. This effort, which is primarily domestic, needs favourable conditions as regards international economic relations. It needs more favourable conditions for the sale of exports and the transfer of technology, better prices for their commodities, and less burdensome financing, so as to reduce the external vulnerability of the countries and make possible a bigger and better assignment of resources for social purposes.

The domestic effort is indispensable, but without adequate external co-operation the possibility of achieving specific objectives of integrated development becomes more remote. Such development depends on certain necessary and complementary

conditions which are, briefly, as follows: an efficient national State with a firm political determination to conceive and implement the most suitable strategies for achieving such objectives, and an international economic order which treats with justice the aspirations and needs of the developing countries.

The growing interdependence of the present-day world means that the problems with which the developing countries are struggling are internationalized. These countries are not asking for special benevolent treatment, but only for just and understanding treatment at the hands of the central countries.

The idea of this commonwealth of responsibilities is slowly but surely making headway, and one of its most interesting possibilities is that arising out of the growing conviction that association and co-operation by the developing countries is a potentially very powerful force which only recently began to be put into practice. Confidence in the collective effort, expressed as the commitment to achieve development without strings, i.e., development without abdicating national sovereignty or retreating into sterile isolation, has become the driving force behind the most varied forms of integration, association, complementation or mere co-operation between nations. Latin America is a region which can proudly claim to have carried out novel and visionary experiments in this respect. CEPAL, for its part, has had the honour in the past of conceiving and promoting some of the most important experiments in this field - a job with which it is vigorously continuing at present.

Social justice and growth, together with a rising level of capital formation, at home and fair treatment and co-operation abroad: these are the great objectives which in one way or another arouse the interest of the countries of the region and come together in the programme of work of CEPAL. Both of them represent to the full the deep significance of integral development.

2. Regional Integration

This meeting of CEPAL, doubtless inspired by the fact that it was held in Guatemala, a country which participates fully in what continues to be the most successful integration process in Latin America, provided ample and timely confirmation of the determination of the Latin American countries to achieve integration.

There was a consensus on the need to promote new forms of co-operation, through programmes and projects involving two or more countries, parallel with substantial strengthening of the various integration processes that are going on. With this object in view emphasis was laid on the need to strengthen and support the Latin American Economic System (SELA) in its activities and to use the joint Latin American market to promote the development of industries of key importance to the region and thus increase the capacity of manufactured exports to compete on foreign markets.

Specific recommendations were produced aimed at strengthening economic integration in Central America and the Caribbean.

It was also clear that there is a firm determination to make every effort to find ways and means of revitalizing LAFTA as a general framework for integration forge an extensive and flexible link between the various integration processes, and between them and other countries. There was unanimous recognition of the need to have recourses to new ideas and

courses of action and explore the possibility of establishing industrial complementarity in important manufacturing areas and in other fields of activity.

Great importance was also attached to the smooth operation of regional payments machinery and the Secretariat was asked to carry out the necessary studies in co-operation with the central banks and other agencies competent in the matter.

In short the meeting sought to impart greater substance and dynamism to existing integration processes and to assist them actively with parallel efforts, through specific programmes and projects. This constitutes a search for new courses and procedures leading to closer economic ties, co-operation and integration between the countries of Latin America.

With a view to studying these different possibilities and situations the meeting entrusted the CEPAL Secretariat with the task of organizing a technical seminar on Latin American economic integration and co-operation.

3. External relations

Concerning Latin America's relations the conference focussed attention mainly on trade, financing, the transfer of technology and transnational corporations.

With regard to trade the meeting considered the export of primary commodities and the export of manufactured goods.

Concerning the export of primary commodities it noted that they still make up 85% of the total exports of the region. Special attention was paid to the Integrated Programme of UNCTAD, and particulary to measures relating to the establishment of buffer stocks and of a common fund to support financially. The developing countries stressed the importance of steadly increasing the purchasing power of commodity exports.

Concerning the export of manufactures, the developing countries in the Commission pointed out that it was essential to eliminate or substantially reduce existing tariff and non-tariff restrictions and not to introduce any new restrictions. They also pointed out the need for the developed countries to conform to the contents of the Tokyo Declaration.

It was the consensus of the member countries that the Executive Secretariat should deal with the following specific points in connexion with this topic:

a) The possibility of defining a new concept of exports subsidies enabling the countries of Latin America to apply measures to promote exports within certain limits, without such measures being considered unfair practices and thus subject to the application of compensatory duties.

b) Ways taking account, in international trade negotations of reductions in protection, which the Latin America countries have been and are making, and which amount to genuine anticipated reciprocity, so that, in exchange

these countries can obtain compensatory advantages from the developed countries.

c) The institution of a system for reviewing problems relating to the export of commodities or groups of commodities of particular interest to Latin America. This process of study and consultation on specific cases would help to solve problems of access to the markets of developed countries on mutually acceptable terms.

d) New approaches for diversifying Latin American trade relations with developed countries, including consideration of those aspects of the United States Trade act of 1974 which adversely affect Latin American exports, and consideration of trade relations with EEC, and of new types of co-operation machinery.

e) Diversification of markets through expanded relations with the other developed countries, especially Canada, Japan and the socialist countries.

With regard to the problems of domestic financing and external debt, the developing countries of the region appealed to the developed countries to facilitate access to their capital markets on favourable terms, and to increase their contributions to the International Development Bank and the other international and regional financing institutions. They likewise urged them to step up their economic assistance to the countries of the region through both bilateral and multilateral channels.

With respect to external indebtedness, the developing countries of the region urged the developed countries to support the initiative and measures aimed at alleviating substantially the debt service problem of the countries which are in need of such measures particularly the least developed countries.

The meeting agreed to request the Executive Secretariat of CEPAL to study the region's external financing problems and propose viable means of increasing the financial resources of the subregional, regional and multilateral financing institutions. It also unanimously agreed to request the secretariat to collaborate with the Centre for Latin American Monetary Studies (CEMLA) and the Central Banks of the region in studies and projects related to financing, and to promote regional technical collaboration in the financial field.

The meeting agreed to seek the means to promote the transfer of technology, both from the developed to the developing countries and among the latter. In this connexion, there was agreement on the need to adopt rapidly a suitable code of conduct. Furthermore, the member countries unanimously agreed tu support the preparatory work for the United Nations Conference on Science and Technology for Development to be held in 1979, and requested the secretariat to convene a Latin American conference with a view to the adoption of common positions for the region.

of our own problems which underlie our call for justice at the international level.

the countries agreed on the need to carry into practice a code of conduct governing their operations, along lines which are in bearing with the objectives and priorities of the developing countries. The code should also prevent the recurrence in future of conduct harmful to national interests, and ensure that the transnational corporations comply with the law and regulations of the host country.

Distinguished delegates: as this session draws to a close, I believe that I reflect the view of all the delegates in stressing that the seriousness and objectivity of the work of the Executive Secretariat of CEPAL are a guarantee that the tasks that have been entrusted to it here will be carried out in the efficient and timely manner the circumstances demand. The most important task we have entrusted to it is that it should continue seeking new ideas and paths to achieve the integral development of society and of the individual, by serving as a forum for consultation and discussion of ideas for action both among the Latin American countries and between them and the other members of the Commission. The courage with which the Latin American countries have analysed their own problems is a sign of their determination to overcome them and contribute to the search for those new paths. However, those ideas, and our determination, also call for international collaboration and the implementation at the international level of the same principles of justice and equity which we are defending at the domestic level. We harbour no illusions. We know that a new order cannot be created overnight. At the same time, however, we have the pressing demands

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventeenth session

Guatemala City, Guatemala, 25 April - 5 May 1977

Information Document Nº 2

UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

Background, objectives and regional implications

77-4-860

CONTENTS

/1. Background

1. Background

In December 1970 the United Nations General Assembly requested 1/ the Secretary-General to prepare a study on the action which should be taken to extend the applications of science and technology in economic and social development, particularly in the relatively less developed countries. It further requested the world Organization to formulate a coherent policy in this field, duly based on the resources and experiences available. The time had come to assign a new role to international co-operation.

In compliance with this request, the Secretary-General prepared a document 2/ which presents some considerations on the development and meaning of scientific and technical activity in present-day society and recalls that as long ago as 1963 the United Nations sponsored the Geneva Conference on the Application of Science and Technology for the Benefit of Less Developed Areas. The report recognizes, however, that this meeting had fairly modest projections, since it did not succeed in establishing an effective system of interaction between multilateral co-operation programmes and the national and regional bodies concerned about technological backwardness. The action taken was confined to the establishment in 1964 of the Advisory Committee on the Application of Science and Technology to Development (ACAST), which played an important role in the diagnosis of problems deriving from unequal technological progress.3/ Another important step was the establishment of the intergovernmental Committee on Science, Technology and Development (CSTD) in 1971.

1/ See United Nations General Assembly resolution 2658 (XXV).

2/ Role of modern science and technology in the development of nations and the need to strengthen economic and technico-scientific co-operation among States, Report of the Secretary-General (E/5238).

3/ The Advisory Committee established the World Plan of Action for the Application of Science and Technology to Development (New York, 1971), and the respective version for the developing regions. It was assisted in this task by United Nations organs and agencies.

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It was in this context that the first exploratory investigations concerning the desirability of convening a world conference that would place emphasis on these subjects began to take concrete form. This concern was echoed by the Economic and Social Council,4/ by ACAST, by the Intergovernmental Group on Transfer of Technology of the United Nations Conference on Trade and Development (UNCTAD), and at specialized meetings convened by the regional commissions.5/ In the light of these developments, the General Assembly decided, in December 1976, to hold a United Nations Conference on Science and Technology for Development in the second half of 1979.6/

There were important considerations underlying this decision. One is the conviction that, in principle, science and technology constitute powerful accelerators of economic and social progress; that the present-day industrial régimes have found in these forces the main determining factors of a qualitative progress which is reflected in constant innovations - and a marked flexibility - in production and institutional patterns; that it is possible to extend and transfer the effects of those forces to what are today peripheral economies, which are absorbing the benefits of technological progress in a modest or unilateral manner.

This is not an ingenuous conviction, however: it recognizes that science and technology involve contradictory and ambivalent elements, and that the transplantation of the scientific-industrial revolution comes up against persistent structural obstacles, both internal and external.

4/ See resolutions 2028 (LXI) and 2035 (LXI) adopted by ECOSOC in August 1976. The respective texts appear as annexes to this document.

5/ In Latin America, CEPAL organized the Meeting on Science, Technology and Development in Latin America (Mexico, December 1974), at which the various facets of the subject were examined.

6/ See resolution 31/184, adopted by the General Assembly on 21 December 1976.

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In other words, scientific and technological inadequacy is not an isolated plenomenon but has significant links with other problems of underdevelopment and international economic integration. Hence the fully justified tendency to deal with it at a global level, as in the case of other disequilibria of the same kind already examined at international meetings. Let us recall those on population, the environment, women, food, employment, human settlements and water, among other subjects, which because of their wide-ranging aspects and ramifications have merited the attention of the world Organization.

As in those cases, it is likewise necessary in questions of technological disparity to adopt criteria and launch programmes, on broad international bases, with a view to remedying a type of inadequacy that is of crucial importance in development. The Conference therefore takes account of the guidelines set forth in the New International Economic Order,7/ and aims at crystallizing endeavours which would form the basis for a new development decade.8/

Apart from these general considerations, stress has been laid at intergovernmental and expert meetings 9/ on some specific features of scientific and technical development in countries at an incipient stage of industrialization. Whether as an independent factor or through the action of expansive forces emanating from the market

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7/ See United Nations, Declaration on the Establishment of a New International Economic Order (A/RES/3201-3202) (S-VI), May, 1974.

8/ Resolution 31/184 referred to earlier, anticipates that the results of the Conference will be evaluated at the thirty-fourth session of the General Assembly, which will be responsible for defining the guidelines for international development in the 1980s.

9/ See, for example, Economic and Social Council resolutions 1897 (LVII) and 2028 (LVI), and the Report of the Advisory Committee on the Application of Science and Technology to Development which was presented at the first sesion of the Committee on Science and Technology for Development, New York, 31 January-11 February 1977, E/C.8/46.

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and culture, science and technology affect the extent of the physical and social infrastructure, the production apparatus, and the process of the formation of community values to a varying but always appreciable degree. There is, however, a considerable gap between these possibilities of modern technology and its uncertain and somewhat ambiguous effects in the developing nations. Qualitative differences are thus created or intensified within the international community, and could lead to bitter conflict.

The Conference will have to concern itself with these questions: its frame of reference clearly says so.10/ First, it will have to review general aspects of science, technology and development, with particular attention to the choice and transfer of techniques, the identification and elimination of obstacles hindering the applications of scientific knowledge, and the procedures for integrating processes of structural change. Secondly, it must examine the possible introduction of new forms of international co-operation favouring the exchange of important experience, the improvement of information and research facilities, and the optimum use of available resources. These discussions must lead, on the one hand, to the definition of a coherent United Nations science and technology policy and, on the other hand, to a re-ordering of the criteria governing the direction, pace and transmission of technological change.

2. Philosophy and objectives

The Advisory Committee on the Application of Science and Technology to Development (ACAST) and the Committee on Science and Technology for Development rightly stated 11/ that the Conference will, *inter alia*, raise two cardinal problems: the validity and the viability of development in the present international scenario, taking into account the potentialities and ambiguity of modern science and technology. These are undoubtedly complex questions which are only just beginning to be understood.

10/ See ECOSOC resolution 2028 (LXI) in annex 1.

11/ At meetings held in Geneva (22 November-3 December 1976) and New York (31 January-11 February 1977), respectively.

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The first subject - validity - covers questions related to the quality and direction of the development thus far obtained. For whom and for what purpose? These are two questions stemming from the inadequate or frustrated development experience generally observed in the last few decades. It would be an over-simplification to say that technology has created an imitative consumer society which, in essence, excludes the broad masses. It certainly tends to crystallize that type of society, but this is because of complex circumstances which technology can either modify or perpetuate.

Then there is the question of viability. Assuming that certain ideas concerning the human quality of development take shape at the national or international level, what are the practical possibilities of attaining such a quality, in view of the concentrative tendencies of technological progress? Should the developing countries pursue the course charted by the advanced societies? If so, how can they obtain the technical knowledge and resources which enabled those societies to accumulate their present wealth? Does the technological sequence allow some stages to be omitted? If so, what are the requirements involved? Can they be fulfilled?

Furthermore, if this development pattern is not viable, can the course of technical progress be changed so as to promote self-reliance in the low-income economies? In that event, what linkage would there be between this style of development and the fund of knowledge originated under the former style?

These are singularly important issues for the Conference to consider for two reasons. Although the developing countries took no part in the industrial revolutions of the past two centuries, they are aware today of the possibilities offered by such revolutions in overcoming internal and external bottlenecks. Their aim is to promote the broader applications of science and technology by means of international co-operation and the re-ordering of domestic policies. Secondly, the developing countries share the conviction that the United Nations has mechanisms for giving voice to and containing a widespread discontent that is rooted in the particular forms of accumulation and dissemination assumed by science and technology in the present international context.

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To postulate a new approach to development in the light of scientific and technical progress is therefore one of the guiding principles of the Conference. This will not be its only aim, however. It also proposes to discuss and adopt decisions concerning new arrangements for the transfer of technology, the promotion of research related to agricultural and industrial development questions, easier access to information, and the improvement of multilateral technical co-operation machinery.

These complex tasks do not brook delay, nor can they be confined to the Conference. There are, in fact, already signs - and in some cases tangible achievements - indicating that a process of analysis and review of accepted practices in fields such as the formation of resources, the production and use of materials, trade, and bilateral and multilateral co-operation procedures is under way. Furthermore,12/ the Conference is regarded as a milestone in an ongoing series of actions linked with efforts at the international level and negotiations between regional groups which should culminate in a new style of development and co-existence among nations.

3. Preparatory activities

Viewed from this standpoint, the Conference will necessarily represent a profound educational experience for the member countries. It will, of course, respect their sovereignty in relation to the guidelines they lay down for national development; but it will also attempt to go beyond diplomatic clichés.13/ This task calls for very careful preparation.14/

12/ The Intergovernmental Group of Experts on an International Code of Conduct on Transfer of Technology recently voiced some ideas on the subject. See the Report on its first session, TD/AC.1/4, Geneva, 30 November 1976.

13/ See the statement of Mr. João Da Costa, Secretary General of the United Nations Conference on Science and Technology for Development, in the Committee on Science and Technology (E/C.8/L.75) New York, 1 February 1977.

14/ See Work Programme for the preparatory period, (E/C.8/47), Committee on Science and Technology for Development, 28 January 1977, and resolution 2035 in annex 2.

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In the first place, action must be taken simultaneously at the national, regional and interregional levels, in keeping with the overall goals of the Conference. At the outset it will be particularly important to prepare the agenda more precisely on the basis of the priority areas indicated by the governments in due course. The Conference does not propose to cover all the facets of science, technology and development, nor to restrict itself to a few aspects which are barely representative. The aim is to shed light on a set of problems reflecting specific national experience.

Once the content of the agenda has been agreed upon, the member countries, with the active support of the Secretary-General of the Conference duly seconded by the regional commissions and specialized bodies, should prepare national reports reviewing their goals, policies and programmes in the field of science and technology. This exercise will facilitate a mutual knowledge of their experience and serve as a basis for the following stage: the identification of action to be included in a vast effort of international co-operation in this field.

These preparatory activities will be accompanied by the organization of seminars, study missions and special working groups aimed at complementing national efforts and disseminating more widely the goals and content of the Conference. The regional groups of the Advisory Committee, the United Nations Public Information Office and the regional commissions - properly strengthened - will have an important role to play in these activities. The Secretary-General of the Conference will have to orient them in accordance with the guidelines of the Committee on Science and Technology for Development established as the preparatory body of the Conference. Another necessary step would appear to be the updating of the World Plan of Action for the application of science and technology to development, in keeping with the content of the Conference.15/

15/ See the Report of the Administrative Committee on Co-ordination, Sub-Committee on Science and Technology, twenty-fourth session, New York, 1-11 February 1977.

/4. Regional

4. Regional significance

Various documents prepared by the CEPAL Secretariat,16/ as well as studies by specialized bodies and researchers in this field, indicate that the development and structure of Latin American societies have not greatly favoured the progress of science and technology based on local efforts. Complex circumstances, linked with the pattern of Latin America's incorporation in the world market and with the prevailing styles of development, appear to have hindered a sound, widespread application of technological knowledge, to the detriment of the dynamism and autonomy of the national systems.

This assertion should today be qualified. The region as a whole, despite the evident international and external restrictions, has made significant progress in four areas: the establishment of explicit science and technology policies; the creation of a suitable institutional and legal scaffolding; the implementation of machinery to control and guide technological change; and the fuller use of international co-operation.

The background to these advances is the growth of industrial productivity and, in the bigger countries, of exports of manufactures; and the active government policies aimed at achieving more diversified growth are particularly important.

A brief review of these points is in order. In the first place, there is a more thorough formulation of policies. The governments today believe that they must reduce the technological dependence which leads either to the indiscriminate absorption of imported technology, to high direct and indirect costs of a transfer which inevitably increases the external and internal disequilibria, or to the inappropriate use of

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16/ See for example CEPAL, Consideraciones sobre algunas experiencias recientes en la promoción del desarrollo científico y tecnológico de América Latina, (ST/CEPAL/Conf.53/L.4); CEPAL, La tecnología y el proceso de industrialización latinoamericano (ST/CEPAL/Conf.51/L.2); and CEPAL, The economic and social development and external relations of Latin America (E/CEPAL/AC.70/2) pp. 77-90

/the available

the available infrastructure and resources. Put in positive terms, this means trying to foster autonomous decisions in these fields, in the hope that the national capacity for technological change will increase organically and steadily.

To this end, the majority of the countries of the region have created or are creating institutions and procedures to enable them, in principle, to reorient and absorb more selectively the flow of technology (national councils for science and technology, transfer licenses, local engineering firms, training of human resources, extension services, sectoral technology arrangements and financing). These efforts have been uneven and not entirely satisfactory; but they represent significant steps in what appears to be the right direction.

Thirdly, in approaching this new facet of economic and social policy the governments have begun to set up machinery for the search for and choice, transfer and promotion of technological innovation, both at the national and regional levels. The role of the public sector in these activities is primordial, just as it has been traditionally in other activities.

Finally, technical co-operation links with the exterior have become more diversified in accordance with the priorities established by the governments. There is a general trend to profit from the stock of knowledge and goodwill which exists in the international community. This is not restricted to certain countries or subjects, and has become very wide-ranging.

The progress in these four areas places Latin America, in relation to the purposes and basic substance of the Conference on Science and Technology for Development, in a position which is midway between that of the countries which are significantly cut off from the flows of technological exchange - and for which the problem is more one of choice than of local supply of technology - and those in the front rank. This is a singular position with at least two repercussions of regional interest.

/One of

One of these is the need to define common priority areas in the light of the past experience and the problems of Latin America. This exercise, which in some cases will coincide with concerns raised in other areas of development, will have to focus on three basic aspirations of the region: (a) the growth of productivity, with particular emphasis on the backward branches and sectors; (b) broader economic integration, so as to overcome both the old and new obstacles in the way of mutual co-operation; and (c) the strengthening of Latin American presence in international markets, particularly those of manufactures.

These overall goals could guide the work of different groups - including the Latin American group of ACAST - with a view of spelling out the agenda and the work of the Conference.

In addition, the Latin American viewpoint can make a substantive contribution to this international dialogue on scientific and technological development. In the light of its experience of late industrialization combined with attempts to define national and regional policies on the supply and choice of technologies, Latin America could foster a convergence between the needs and possibilities of regions differently placed in terms of income and industrialization. There is a pressing need to work out a variety of ideas, links and programmes in international technological co-operation, a task in which Latin America should become actively involved.

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Annex 1

2028 (LXI). UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

The Economic and Social Council,

Recalling its resolution 1897 (LVII) of 1 August 1974 on the question of convening a United Nations Conference on science and technology, in which it, inter alia, emphasized the necessity for a conference and recognized that the new needs in the field of science and technology made it imperative for the United Nations to expand international co-operation in the field of science and technology on the basis of principles designed to adjust the scientific and technological relationships among States in a manner compatible with the special requirements and interests of developing countries,

Recalling further that in the same resolution it was also recognized that the conference should be oriented towards the elaboration of methods of action, and affirming that it should make recommendations for concrete action at the national, regional and global levels,

Taking note of the report of the Intergovernmental Working Group of the Committee on Science and Technology for Development,

Stressing that there is a need for the expression of political will to enable all parties to implement the recommended measures,

Bearing in mind the Declaration and the Programme of Action on the Establishment of a New International Economic Order [General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974] and the Charter of Economic Rights and Duties of States [General Assembly resolution 3281 (XXIX) of 14 December 1974],

Recalling General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation, in particular paragraph 7 of section III thereof,

Considering that a substantial contribution could be made by science and technology to the process of economic and social development through concerted action at the international level,

1. Recommends to the General Assembly that it decide at its thirty-first session to convene the United Nations Conference on Science and Technology for Development during 1979 in time for the General Assembly to take action in the light of the results of the Conference at its thirty-fourth session;

2. Also recommends that the main objectives of the Conference should be:

(a) To adopt concrete decisions on ways and means of applying science and technology in establishing a new international economic order, as a strategy aimed at economic and social development within a time frame;

(b) To strengthen the technological capacity of developing countries so as to enable them to apply science and technology to their own development;

(c) To adopt effective means for the utilization of scientific and technological potentials in the solution of problems of development of national, regional and global significance, especially for the benefit of developing countries;

(d) To provide instruments of co-operation to developing countries in the utilization of science and technology for solving socio-economic problems that cannot be solved by individual action, in accordance with national priorities.

3. Further recommends that the Conference should be within the following framework:

I. Agenda

1. Science and technology for development:

(a) The choice and transfer of technology for development;

(b) Elimination of obstacles to the better utilization of knowledge and capabilities in science and technology for the development of all countries, particularly for their use in developing countries;

(c) Methods of integrating science and technology in economic and social development;

(d) New science and technology for overcoming obstacles to development.

2. Institutional arrangements and new forms of international co-operation in the application of science and technology:

(a) The building up and expansion of institutional systems in developing countries for science and technology;

(b) Research and development in the industrialized countries in regard to problems of importance to developing countries;

(c) Mechanisms for the exchange of scientific and technological information and experiences significant to development;

(d) The strengthening of international co-operation among all countries and the design of concrete new forms of international co-operation in the fields of science and technology for development;

(e) The promotion of co-operation among developing countries and the role of developed countries in such co-operation.

3. Utilization of the existing United Nations system and other international organizations;

Utilization of the existing United Nations system and other international organizations to implement the objectives set out above in a co-ordinated and integrated manner.

4. Science and technology for the future:

Debate on the basis of the report of a panel of experts to be convened on this subject.

II. Preparatory period

1. The preparatory period for the Conference should be an integrated and fundamental component of the Conference itself, through preliminary national and regional analysis of relevant socio-economic problems which may be solved with the help of science and technology.

2. The detailed content of the agenda will be determined by the Preparatory Committee, taking into account the deliberations at the national, regional and interregional levels.

3. A limited number of subject areas will be selected with a view to providing important matters for analysis and discussion of the issues listed in the agenda, on the basis of national priorities, through the preparatory process in accordance with the criteria set forth below; the subject areas should:

(a) Be few, with a minimum of five;

(b) Be defined as problem areas with economic and social implications that may be solved by utilizing science and technology;

(c) Require an integrated and interdisciplinary approach and an interagency approach;

(d) Have clear relevance to problems of development in all countries, especially developing countries, and emerge from national priorities through regional consensus;

(e) Be clearly delineated and limited in scope.

4. The preparatory work should ensure that adequate data and practical analyses shall be made available by means of a thorough study by Member States.

4. Requests the Committee on Science and Technology for Development to act as the Preparatory Committee for the Conference, open to the participation of all interested States, and to organize its work in such a way as to ensure the continuity of its preparatory role between its sessions;

5. Requests that a Secretary-General be appointed at the earliest possible time to head a secretariat of the Conference, to be composed of the Office for Science and Technology, which should be strengthened in such a way as to reflect fully the fundamental requirements of development, and of competent personnel from the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the United Nations Educational, Scientific and Cultural

Organization and other bodies and organizations of the United Nations system; competent bodies and organizations of the United Nations system should, for the purposes of the Conference, be prepared to depute high-level specialists to the secretariat of the Conference, in order to give substantive support to the Secretary-General of the Conference in the preparatory work for the Conference and to constitute links between those bodies and organizations and the Secretary-General of the Conference;

6. Invites the Secretary-General to request the Administrative Committee on Co-ordination to promote, through its Sub-Committee on Science and Technology, close and permanent contact with the Secretary-General of the Conference.

7. Requests that, for the preparatory work leading to the Conference, the Advisory Committee on the Application of Science and Technology to Development should advise, on request, the Secretary-General of the Conference and the Preparatory Committee on matters pertaining to the Conference, and assist collaborate, at the request of the Secretary-General of the Conference, in the preparation of the Conference at the regional level;

8. Recommends that:

(a) In accordance with the objectives of the Conference, the preparatory process at the national level should take fully into account the necessity that, in accordance with the national development efforts, the scientific and technological content of the agenda should be integrated with its economic and social content;

(b) The science and technology units of the regional commissions should be strengthened, so that they may participate actively in the preparation and organization of the regional meetings to be held prior to the Conference;

9. Requests the Secretary-General and the Committee on Science and Technology for Development to report on the progress of their respective preparatory work;

10. Requests the Secretary-General of the Conference to seek the co-operation of intergovernmental organizations and non-governmental

organizations in consultative status with the Economic and Social Council which may be in a position to contribute constructively to the preparation of the Conference;

11. Invites Governments to participate fully in the preparation of the Conference.

Annex 2

2305 (LXI). THE PREPARATORY PERIOD FOR THE UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

The Economic and Social Council,

Recalling its resolution 1897 (LVII) of 1 August 1974 on the question of convening a United Nations conference on science and technology,

Recalling General Assembly resolution 3507 (XXX) of 15 December 1975 on institutional arrangements in the field of the transfer of technology,

Recalling General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international co-operation, in particular paragraph 7 of section III thereof,

Recalling resolution 87 (IV) entitled "Strengthening the technological capacity of developing countries", adopted by the United Nations Conference on Trade and Development on 30 May 1976, especially paragraph 26 thereof,

Recalling further resolutions 88 (IV) on industrial property and 89 (IV) entitled "International code of conduct on transfer of technology", also adopted by the Conference on 30 May 1976,

Bearing in mind Economic and Social Council resolution 2028 (LXI) of 4 August 1976 on the United Nations Conference on Science and Technology for Development, in particular section II of paragraph 3 of that resolution, which emphasizes the importance and function of the preparatory period at the national and regional levels,

1. Requests the Secretary-General, in the light of paragraph 1 of resolution C of the Committee on Science and Technology for Development adopted at its third session and relating to the preparation of national papers for the United Nations Conference on Science and Technology for Development, to give attention to the following inter alia:

(a) A general description of the national views, programmes and policies relating to the development of science and technology pertaining particularly to the items on the agenda proposed for that Conference, reproduced in section I of paragraph 3 of Council resolution 2028 (LXI);

(b) Proposals and suggestions concerning different forms of bilateral and multilateral co-operation, with a view to improving present scientific and technological potentials, in accordance with each country's priorities or programmes and policy objectives, with the object of defining the role of Member States and the United Nations system in implementing action-oriented programmes;

(c) The selection, from among the sub-items of the proposed agenda, of specific examples illustrating the different approaches to the applications of science and technology for dealing with the subject areas;

(d) The function of the Secretary-General of the Conference of providing, on specific request and to the extent possible, technical support for the preparation of national papers;

2. Requests the Secretary-General of the Conference to prepare as a matter of urgency a programme of work for the various stages of the preparatory period for the Conference, for consideration by the Preparatory Committee at its first meeting;

3. Requests the Preparatory Committee for the Conference at its first meeting to:

(a) Establish the guidelines for the preparation of national papers;

(b) Finalize the detailed programme of work for the preparatory period for the Conference;

4. Requests the Preparatory Committee for the Conference to prepare at the earliest possible date the final provisional agenda, taking into account the results of the preparatory work done at the national, regional and interregional levels;

5. Recommends that the Secretary-General of the Conference include in the programme of work plans for the seminars, travelling seminars and specialized task forces, which should be organized, with the participation as appropriate of the United Nations bodies concerned, so as to supplement the national efforts with the aim of the full mobilization and participation of national inputs;

6. Recommends further that, before the regional and interregional meetings, the Secretary-General of the Conference, in conjunction with the United Nations specialized agencies and organizations, should co-operate fully in the establishment of seminars, travelling seminars and task forces in subject areas of interest at the regional and interregional levels, such co-operation to involve in particular the regional commissions, as well as regional intergovernmental organizations;

7. Invites non-governmental specialized bodies and experts at the national, regional and interregional levels to support these activities whenever this is deemed beneficial and necessary;

8. Recommends that, in order to ensure an appropriate composition of the secretariat of the Conference, the selection of the personnel to be seconded from the various parts of the United Nations system should be carried out by mutual agreement between the Secretary-General of the Conference and the executive heads of the organizations concerned, taking into account paragraph 5 of Economic and Social Council resolution 2028 (LXI);

9. Recommends further that adequate provision should be made in the Conference budget for these arrangements, particularly as they apply to developing countries;

10. Further calls on the governing bodies of the various organizations concerned to make the necessary provision to enable their organizations to participate to the fullest extent possible in the work of the Conference;

11. Urges the Secretary-General to appoint the Secretary-General of the Conference as soon as possible.

Committee I - Working Paper No. 1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Proposals submitted by Trinidad and Tobago

Amendment to para 175. After sentence beginning "in this connection" and ending "is of particular importance", add new sentence as follows.

"In addition, International Agencies such as the IMF, the IDB, the IBRD, should provide technical assistance to countries wishing to approach international capital markets so as to enable these countries to formulate and present investment proposals in a more effective manner.

New paragraph 184 a

"Recognizing that relevant technical progress has taken place within Latin America, the countries of the region should take steps to actively stimulate the transfer and dissemination of technologies among themselves in areas that would enhance balanced social and economic development".

[illegible]

[illegible]

[illegible]

[illegible]

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 28 April - 3 May 1977

Proposals submitted by Trinidad and Tobago

Amendment to para 175. After sentence beginning "in this connection" and ending "is of particular importance", add new sentence as follows.

"In addition, International Agencies such as the IMF, the IDB, the IBRD, should provide technical assistance to countries wishing to approach international capital markets so as to enable these countries to formulate and present investment proposals in a more effective manner.

New paragraph 184a

"Recognizing that relevant technical progress has taken place within Latin America, the countries of the region should take steps to actively stimulate the transfer and dissemination of technologies among themselves in areas that would enhance balanced social and economic development".

Committee I - Working Paper No.2

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to document E/CEPAL/1025 proposed by Brazil

Add the following at the end of paragraph 118:

"The revision of the Generalized System of Preferences of the United States by the authorities of that country should be carried out at a date to be notified well in advance to the preference-receiving countries, so that those countries can better determine their position on the matter; the United States authorities should also reduce to a minimum their requirements regarding information on the products proposed by the preference-receiving countries for inclusion in the above-mentioned Generalized System of Preferences."

Add the following sentence at the end of paragraph 146:

"The developed countries that have expressed reservations concerning the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order should renew their efforts to withdraw them, thereby showing a firm commitment to the cause of development and international co-operation".

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to E/CEPAL/1025 proposed by the delegation of Bolivia

B. HUMAN DEVELOPMENT AND SOCIAL CHANGE

Add a new paragraph 38a:

The various development styles which have emerged in Latin America, especially over the past 25 years, have determined rapid migrations of population, both within individual countries and at the regional level, and there has been an increasing and sustained exodus of population from rural to urban areas which has given rise to new types of problems in the spheres of employment, housing, services, the environment, etc. These problems require a regional planning approach so that measures can be suggested which would guide governments in devising policies to solve them, in full exercise of their sovereignty.

Committee I - Working Paper No.3/Rev.1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Document E/CEPAL/1025: amendment proposed by the delegation of Bolivia

B. HUMAN DEVELOPMENT AND SOCIAL CHANGE

Insert the following new paragraph after existing paragraph 38:

"The various forms of development which have emerged in Latin America, especially over the past 25 years, have led to rapid migrations of population, both of an internal nature and between countries, with an increasing and sustained exodus of population from rural to urban areas which has given rise to new types of problems in the spheres of employment, housing, services, the environment, etc. These problems call for a regional planning approach, so that measures can be suggested which would guide governments in devising policies to solve them."

Committee I - Working Paper No. 4

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to E/CEPAL/1025 proposed by the delegation of Chile

Add at the end of paragraph 158

'Latin America should try to determine, in a coordinated manner, the contribution it can make to the liberalization of international trade'.

Replace paragraph 165 with the following text:

'The Latin American countries should urge that the Generalized System of Preferences be given a solid statutory base. This could be achieved by elevating the generalized preferences to the same juridical level as the most-favoured-nation treatement in the final reformed text of GATT, thus converting it into a permanent element of the trade policies of the developed countries'.

Committee I - Working Document N° 4/Rev.1.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Document E/CEPAL/1025: amendment proposed by the delegation of Chile

Paragraph 165

Replace the existing paragraph 165 with the following text:

" The Latin American countries must press for the Generalized System of Preferences to be given a solid statutory basis so as to convert it into an effective and permanent instrument of the trade policies of the developed countries".

Committee I - Working Paper No. 5

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to document E/CEPAL/1025 proposed by Guatemala

Add the following after the first sentence of paragraph 182:

"To this end, it is considered necessary to create a Latin American focal point which, in conjunction with the United Nations Centre on Transnational Corporations, will obtain and supply on a regular and systematic basis all information on transnational corporations."

Committee I - Working Paper N°5/Rev.1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Document E/CEPAL/1025: amendment proposed by Guatemala

Add the following after the first sentence of paragraph 182

"To this end, it is considered necessary to strengthen the Latin American focal point which already exists in the form of CEPAL so that, in conjunction with the United Nations Centre on Transnational Corporations, it can obtain and supply on a regular and systematic basis all information on transnational corporations."

Committee I - Working Paper No. 6

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to document E/CEPAL/1025 proposed by Chile

Add a new paragraph 219 a:

" The item 'Co-operation among developing countries and regions' should be kept permanently on the agenda of CEPAL at its regular sessions. CEPAL will also continue to seek out areas of co-operation among developing countries and regions, both within Latin America and in other geographical regions. To this end, the active participation of the countries of Latin America in the Protocol on Trade Negotiations among Developing Countries within the framework of GATT is of great importance."

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Document E/CEPAL/1025: amendment proposed by Chile

Add a new paragraph 219 a:

" The item 'Co-operation among developing countries and regions' should be kept permanently on the agenda of the regular sessions of CEPAL. The CEPAL secretariat should also continue to seek out areas of co-operation among developing countries and regions, both within Latin America and in other geographical regions, and should collaborate with the countries interested in acceding to the Protocol on Trade Negotiations among Developing Countries".

Committee I - Working Paper No.7

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to document E/CEPAL/1025 proposed by Chile and Colombia

Replace paragraphs 155, 156 and 157 by the following text:

"IV. PLAN OF ACTION

A. TRADE AND COMMODITIES

1. The Integrated Programme for Commodities

155. The implementation of the UNCTAD Integrated Programme should constitute one of the main objectives of the developing countries exporting commodities for which trade is not governed by an international agreement. The countries of the region consider that the commodities which are covered by agreements already have the benefit of suitable machinery for holding consultations and taking decisions in connexion with the market trends for each of these commodities, so that any problems that may arise can be discussed and settled within the organizations concerned.

156. The Integrated Programme should be firmly supported by the countries of the region which consider that their main commodities should be included in the Programme because of its importance for solving the problems which affect them. In the face of the decline in the prices of various commodities there is an urgent need to secure the establishment and operation of the Common Fund of the Integrated Programme.

157. In any case, both the Integrated Programme and the Common Fund will have to include only those commodities whose main producers/exporters agree to participate."

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Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to document E/CEPAL/1025 proposed by Argentina

Add a new paragraph 219c:

"Improved utilization of the river systems of the region for transport will strengthen the links between the production and trade sectors, and success in this area will open up ample opportunities for regional co-operation. Among other possibilities mention may be made of co-operation to improve the navigation conditions of rivers, to simplify the documentation required by various authorities, and to facilitate the transport of goods in sealed containers, which reduce customs formalities."

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Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to document E/CEPAL/1025 proposed by Argentina

Add a new paragraph 21b:

"Improved utilization of the river systems of the region for transport will strengthen the links between the production and trade sectors, and success in this area will open up ample opportunities for regional co-operation. Among other possibilities mention may be made of co-operation to improve the navigation conditions of rivers, to simplify the documentation required by various authorities, and to facilitate the transport of goods in sealed containers, which reduce customs formalities."

Appendix I - Working Paper 10/Rev.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to document E/CEPAL 1025 proposed by Colombia

Replace the text of paragraph 168 by the following:

"168. Support should be given to the introduction of a new international monetary system based on special drawing rights (SDR); stable but adjustable exchange rates and the creation of liquidity by means of new issues of special drawing rights, and it must be made clear that these issues should be linked to development financing and, also, that the developing countries should participate more effectively in negotiations and decisions on the reform of the international monetary system and its operation. It is not fair that a small group of developed countries should take decisions concerning the various aspects of the reform without reference to the others."

Committee I - Working Paper No. 11/Rev.1

English only

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to document E/CEPAL 1025 proposed by Colombia

Replace the text of paragraph 168 by the following:

"168. Support should be given to the introduction of a new international monetary system based on special drawing rights (SDR); stable but adjustable exchange rates and the creation of liquidity by means of new issues of special drawing rights, and it must be made clear that these issues should be linked to development financing and, also, that the developing countries should participate more effectively in negotiations and decisions on the reform of the international monetary system and its operation. It is unfair that a small group of developed countries should take decisions concerning the various aspects of the reform without reference to the others."

Committee I - Working Paper No. 12

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendment to document E/CEPAL/1025

At the request of the Committee the Secretariat has drafted the following new text for paragraph 164:

"164. The agreements on "voluntary restrictions on exports should not be extended or increased. In addition, other non-tariff barriers preventing an increase in exports of manufactured goods to developed countries should be avoided. There must be a transfer of industrial technology from the developed countries to the developing countries, subject to prior agreement and under conditions determined by the developing countries themselves".

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Economic Commission for Latin America
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Amendment to E/CEPAL/1025

At the request of the Committee, the Secretariat prepared the following text for a new paragraph 204a:

204a. As part of Latin America's strategy of diversifying its economic relations, studies and consultations should be initiated in the near future on means of increasing trade with other developed countries. In the case of Canada, the growing trade and financial relations offer good prospects which should be systematically explored. These studies and consultations should pay special attention to Canada's trade and financial relations with Latin America which have been substantially strengthened in recent years and could be even further increased in the future.

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Amendments to document E/CEPAL/1025 approved by Committee I

Paragraph 32, lines five and six

The last sentence should read as follows: "Such measures will call for suitable income distribution policies on the part of the State."

Paragraph 36, third line

Delete the words "sanitation services" and substitute "health".

Paragraph 37, third and fourth lines

Delete "segregation, racial discrimination,".

Paragraph 49, first and second lines

In the first sentence replace "the 1976 per capita product... 2.9 per cent" by "The average per capita product of the region in the period 1970-1976 showed an average increase of 2.8 per cent ".

Paragraph 51

Replace the text of paragraph 51 by the following new text:

"51. During the last two years the slowness and irregularity characteristic of the evolution of the agricultural production of the region persisted. Provisional figures for production in 1976 are encouraging, but growth so far during the decade amounts to less than 3.5 per cent, and while half the countries have met the goal of 4 per cent fixed by the IDS, the remainder, which represent 50 per cent of the population of the region, have failed to do so. The sluggishness of growth was influenced by factors which aggravated the traditional structural problems of the sector: the increase in the price of agricultural inputs, the limited capacity in some countries to incorporate new land, and the low average yield of the sector."

Paragraph 55

Line eleven

The words "in the first five years" should read "in the first six years".

Line twelve

The words "Only seven of the 19 countries" should read "Only five of the 19 countries".

Paragraph 93

In the eleventh and twelfth lines delete the words "and the percentages were even higher in the case of Brazil (73 per cent) and Mexico (82 per cent) in 1972".

Paragraph 131a

Add the following at the end of paragraph 131:

"131a.. Co-operation with the developing countries of other areas is a subject which commands increasing attention, as could be seen at the Conference on Economic Co-operation among Developing Countries held in Mexico in September 1976. There are very important possibilities in the spheres of trade, industry and technology which can help accelerate Latin American development and contribute to overcoming its high dependence on the developed countries."

III. LATIN AMERICAN INTEGRATION AND CO-OPERATION

Paragraph 142, line four

After the words "Shipping Company" insert "(NAMUCAR)".

Paragraph 145

This paragraph is deleted since the text has been inserted as paragraph 131a. Thus paragraph 144 is followed by the title "IV. PLAN OF ACTION".

Paragraph 155

Add the following sentence at the end of the paragraph:

"The application of any measures which may refer to international arrangements regarding commodities included in the Integrated Programme shall be decided by the governments within the context of the respective international commodity agreements".

Paragraph 183

Delete the existing sub-paragraph (a) and replace with the following text:

"(a) The adoption of an international Code of Conduct of a binding nature on the transfer of technology, the draft of which was completed in UNCTAD."

Sub-paragraph (b): change "Industrial Property" to "Intellectual Property".

Paragraph 201

In the ninth line of this paragraph, delete "which could be SELA" and replace by "with the assistance of SELA".

Paragraph 203

Delete this paragraph.

Paragraph 209

Replace the existing paragraph 209 by the following text:

"209. The Group of Experts considers it necessary to support the efforts aimed at setting up transport enterprises which, like the Flota Mercante Grancolombiana, the Compañía Anónima Venezolana de Navegación and NAMUCAR, constitute positive achievements of economic importance to the region because they not only contribute to the control by the countries of the region of spheres of activity which have traditionally been in the hands of the transnational corporations, but also reduce

freight costs and increase the negotiating power of the developing countries which export perishable commodities. The countries of the region should support the strengthening and development of the Empresa Naviera Multinacional del Caribe (NAMUCAR) through special measures."

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Amendments to Document E/CEPAL/1025

At the request of the Committee, the Secretariat has prepared the following new text for paragraphs 127 and 128:

127. In 1977 the exports of the other developed countries with market economies represented nearly 14 per cent of world exports, a percentage which was higher than that of the United States and more than twice that of Japan. Their imports constituted nearly 17 per cent of total imports, exceeding those of the United States and Japan together. These figures illustrate the major potential of these markets for Latin America, which has not been sufficiently explored. A number of these countries have shown significant interest in Latin America.

128. In the case of Canada, economic relations between that country and Latin America have been particularly broad. In recent years, for example, the volume of trade between the two regions has reached an approximate annual total of 4 000 million dollars. Furthermore, the Government of Canada has carried out a wide range of financial and technical assistance activities in various Caribbean, Central American and Southern American countries, both on a bilateral basis and through multi-government channels. There are prospects of continuing and growing links between Canada and Latin America in the

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Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to document E/CEPAL/1025 proposed by Guatemala

Add a new paragraph 213a:

"To this end, it is suggested that clearing-house operations for payments between subregional markets and, in special cases, between countries and the said subregions should be established."

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Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

ECONOMIC INTEGRATION AND CO-OPERATION

Draft resolution submitted by the delegations of Argentina, Haiti, Mexico, Peru, Trinidad and Tobago, Dominican Republic and Venezuela

The Economic Commission for Latin America,

Considering:

1. That the countries of the region have made considerable progress in integrating their economies and have been establishing links between their production systems by means of the integration schemes set up during the 1970s within ECCM, LAFTA, the Andean Group and CARICOM,

2. That these efforts have been complemented in recent years by the creation of other useful machinery for economic integration and co-operation such as SELA and others of an intergovernmental nature, and also that the integration movement has expanded, encompassing efforts in very different sectors involving industry, transport, communications, energy and other areas of similar importance,

3. That, despite these advances, the economic potential of integration has not been adequately exploited and, indeed, has tended to lose momentum in recent years. This set back shows the increasing need to take integrated action through co-operation efforts which lend impetus to action by individual countries and strengthen the position of Latin America as a whole in its relation with the rest of the world,

4. That notwithstanding the difficulties which have obstructed various Latin American integration efforts, integration has shown vitality by continuing to promote commodity trade between the countries of the region, encouraging joint investments and giving rise to economies of scale in industry and in major production sectors,

Call attention to the need to strengthen existing integration processes and to promote, by all possible means, speeds and flexible communication between them and to make use of other machinery for Latin American economic co-operation, such as SELA, which can also contribute to the establishment of an integrated economy and thus help to overcome the difficulties experienced in various integration systems;

Express their determination to pay all due attention in their national policies to means of strengthening economic integration and to support, as necessary, the Central American Common Market, LAFTA, the Andean Group and CARICOM in their work and future development;

Recommend that Governments jointly make systematic and continuous efforts to start a new drive sufficiently forceful to make it possible to progress beyond the present situation and enter on a more advanced, practical and effective phase of economic integration;

Request the secretariat of CEPAL to convene, during the first half of 1978, a Latin American Meeting on Economic Integration and Co-operation for the purpose of (a) analyzing

the current situation: (b) making a critical appraisal of Latin American experience in these areas; (c) seeking, at a technical level, ways and means of strengthening integration processes and promoting substantial economic and technical co-operation between the countries of Latin America; (d) suggesting and discussing possible ways to promote increasing trade within Latin America, with special attention to the trade in manufactures and due consideration and incentives for those originating in the countries of less developed regions, and (e) taking into account world economic developments and the role which integration and co-operation among countries can play in offsetting their consequences and making better use of any favourable opportunities that may arise;

Recommend that Governments, as well as integration and economic co-operation bodies, and others whose functions are related to these matters, should extend the fullest possible co-operation to the secretariat of CEPAL in connexion with the work hereby entrusted to it, the results of which will be reported to the above-mentioned Latin American Meeting on Economic Integration and Co-operation.

Committee I - Working Paper No. 21

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

INTERNATIONAL ECONOMIC CO-OPERATION

Draft resolution submitted by the delegation of Venezuela

The Economic Commission for Latin America,

Considering the increasing importance of international economic co-operation as a means of promoting integrated development, and having duly noted the statements made by the developed member countries of CEPAL in the course of the Conference to the effect that neither effort nor political will should be spared to this end,

Considering the importance which the Paris Conference may acquire at the present time because of the significance of the issues considered at it for the developing countries, and particularly for Latin America,

Considering that the Conference has now recommenced its work,

Urges that measures should now be taken which constitute a global programme for the substantive improvement of international economic co-operation on the basis of the proposals made by the developing countries, so as to be able to implement fully the decisions set forth in General Assembly resolution 3515 (XXX).

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

PROVISIONAL AGENDA OF COMMITTEE II

5. Activities of CEPAL

Statement by the Executive Secretary of CEPAL

(a) Activities carried out in the period 1975-1977

(i) Adoption of the draft Annual Report (E/CEPAL/1030)

(ii) Report of the Central American Economic Co-operation Committee

(iii) Report of the Caribbean Development and Co-operation Committee

(iv) Report by the Executive Secretary on the Publications Programme

(b) Programme of Work of the Commission for the period 1977-1979

(i) Food and agriculture (Programme 210)

(ii) International trade (Programme 340)

(iii) Development planning, projections and policies (Programme 240)

(a) Economic development
(b) Projections Centre
(c) ILPES

(iv) Natural resources (Programme 460)

(v) Environment (Programme 270)

(vi) Industrial development (Programme 330)

(vii) Science and technology (Programme 520)

(viii) Transport and communications (Programme 550)

(ix) Statistics (Programme 540)

(x) Library and document services (Programme 780)

(xi) Social development (Programme 530)

(xii) Population (Programme 480)

(xiii) Human settlements (Programme 290)

6. Latin American Institute for Economic and Social Planning (ILPES)

(a) Activities carried out by ILPES in the period 1975-1977

(b) Future activities of ILPES

7. Latin American Demographic Centre (CELADE)

(a) Activities carried out by CELADE in the period 1975-1977

(b) Regional Population Programme

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PROGRAMME OF WORK OF THE COMMISSION, 1977-1979

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LATIN AMERICAN CONFERE

Draft resolution submitted by t
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The Economic Commission for La

Invites the governments
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held in New Delhi in 1979:

Requests CEPAL to convene
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Conference on Industrializatio
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Also requests CEPAL to p
Conference containing an inter
process in Latin America, and
and social determinants of thi

Other recommendations and decisions

LATIN AMERICAN CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

Draft resolution submitted by the delegations of Cuba, Mexico, Panama, Peru, the Dominican Republic and Venezuela

The Economic Commission for Latin America,

Bearing in mind paragraphs 7 and 8(b) of Economic and Social Council resolution 2028(LXI), Part II,

Invites the governments of the region to provide their support for the preparations for the United Nations Conference on Science and Technology for Development, to be held in 1979;

Requests CEPAL to convene, sufficiently far in advance and in any case no later than the end of 1978, a ministerial-level Latin American Conference on Science and Technology for Development, with a view to the adoption of common positions by the region for the United Nations Conference; and

Also requests CEPAL to prepare a paper for submission at the Latin American Conference, containing an interpretative analysis of scientific and technological development in Latin America, and identifying its main political, economic, and social determinants.

Committee II - Working Paper No.6

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

CENTRAL AMERICAN INTEGRATION

Draft resolution submitted by the delegation of Guatemala

The Economic Commission for Latin America,

Recalling CEPAL resolution 315 (XV) which, inter alia, requests the secretariat of CEPAL and ILPES to co-operate in identifying the policies and action programmes which will lead to the restructuring of the Central American Common Market;

Taking into account that the programme of economic integration in Central America continues to be of great importance, despite the obstacles of different kinds which it has had to face;

Bearing in mind that the Central American Economic Co-operation Committee, at its tenth regular meeting in Tegucigalpa, Honduras, in May 1975, adopted a series of resolutions with the firm objective of reactivating Central American economic integration within a short time;

Considering that the potential furnished by economic integration in Central America as an instrument to facilitate the economic and social development of the countries of the region is very great, and that it has not yet been possible to make full use of that potential,

1. Notes with satisfaction the action taken to implement the decisions adopted by the Central American Economic Co-operation Committee, which are described in document E/CEPAL/CCE/381.

2. Urges the Central American governments to redouble their efforts to overcome the obstacles which have hindered the full implementation of the above mentioned decisions, and particularly to pursue the negotiations for the restructuring of the Central American Common Market.

3. Repeats its request that the secretariat of CEPAL should continue to collaborate with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and with the other Central American integration institutions in such activities as will lead to the reactivation and restructuring of the integration process.

4. Requests the United Nations Development Programme (UNDP) to lend active support to Central American integration, taking into account the priorities established by the Central American governments themselves.

Committee II - Working Paper N° 7.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REGIONAL POPULATION PROGRAMME

Draft resolution submitted by the delegation of Nicaragua

The Economic Commission for Latin America,

Recalling that concern with population problems has always been a feature of the activities of the United Nations, as witness the fact that the Population Commission of the Economic and Social Council was set up as long ago as 1948;

Likewise recalling that such activities have contributed significantly to the progressive awareness of the nature of population dynamics in the world of today and the discussion of the determinants and consequences of such dynamics as regards the achievement of development objectives;

Stressing that the World Population Plan of Action adopted at the United Nations World Population Conference held in Bucharest represents a basic consensus of the international community on the importance of population trends for economic and social development and the crucial role played by development in influencing such trends;

Reaffirming that the harmonization of population trends with economic and social development presupposes the existence of integral development, which cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects, as stated in the First

Regional Appraisal of the International Development Strategy, adopted in resolution 320 (XV) of the Economic Commission for Latin America;

Considering that the Second Regional Appraisal of the International Development Strategy, adopted in resolution 347 (XVI) of the Economic Commission for Latin America, links population growth trends, population settlement patterns and internal and international migration with various aspects of economic and social development viewed from the standpoint of integral development;

Bearing in mind CEPAL resolution 310 (XIV) which set up the Committee of High-Level Government Experts (CEGAN) made up of the developing member countries of the Commission, to serve as a forum for analysing the different points connected with the achievement and appraisal of the objectives of the International Development Strategy in Latin America;

Likewise bearing in mind CEPAL resolution 357 (XVI), which instructs CEGAN to carry out functions of orientation, consultation and co-ordination in the field of population at specialized meetings, until suitable final institutional machinery is established;

Taking into account the fact that the report of the Second Latin American Meeting on Population (ST/CEPAL/Conf.54/L.9) recommended governments to formulate global population policies which consider the various components of population dynamics in an integral manner;

Also taking into account the fact that the World Population Plan of Action, in recognizing the importance of the role of governments in the success of the Plan, urged them to make full use of the support available from intergovernmental organizations;

Bearing in mind resolution 346 (AC.68) adopted at the Tenth Extraordinary Session of the Committee of the Whole of CEPAL in March 1975, which provides for the integration of CELADE into the CEPAL system as a permanent institution and requests the Executive Secretary of CEPAL to hold consultations with a view to the incorporation into the regular budget of that organization of a certain number of CELADE directorial and administrative posts;

Noting that it is necessary, in order to sustain this integration and ensure the continuity of the work of CELADE, to consolidate the infrastructure of that agency within the regular budget of CEPAL;

Having taken note of the report on the activities of CELADE and of the contents of the regional population programme for the biennium 1977-1978 which has been entrusted to that agency,

Decides:

1. To support the regional population programme which is being carried out by the Secretariat of CEPAL through the Latin American Demographic Centre;

2. To establish a technical administrative unit under the direct authority of the Executive Secretary of CEPAL, to form the basic infrastructure for the conduct of continuing population activities by CEPAL and to ask the Executive Secretary of CEPAL to take the necessary measures to ensure that this unit can come under the regular budget of CEPAL as from 1978;

3. To recommend that the Committee of High-Level Government Experts, at its next meeting, should establish a standing sub-committee to undertake a sustained examination of matters relating to

population dynamics in the region, with a view to appraising and suggesting measures for the harmonization of population dynamics with economic and social development, within the framework of the International Development Strategy as it applies to Latin America and in conformity with the proposals and recommendations of the World Population Plan of Action;

4. To request the Executive Secretary of CEPAL shortly to convene, in consultation with Governments, the Committee of High-Level Government Experts, with a view to the establishment of the sub-committee mentioned in the foregoing paragraph;

5. To express its gratitude to the United Nations Fund for Population Activities (UNFPA) and to other international financing organizations which are supporting CELADE; and

6. To urge UNFPA to extend its financial assistance to CEPAL's regional population activities, to adjust it to increases due to inflation and to the new and wider responsibilities which CEPAL has to discharge in this field as a result of the decisions and instructions of Governments.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

DRAFT RESOLUTION ON THE REGIONAL POPULATION PROGRAMME

The Economic Commission for Latin America,

Recalling that concern with population problems has always been a feature of the activities of the United Nations, as witness the fact that the Population Commission of the Economic and Social Council was set up as long ago as 1948;

Likewise recalling that such activities have contributed significantly to the progressive awareness of the nature of population dynamics in the world of today and the discussion of the determinants and consequences of such dynamics as regards the achievement of development objectives;

Stressing that the World Population Plan of Action adopted at the United Nations World Population Conference held in Bucharest represents a basic consensus of the international community on the importance of population trends for economic and social development and the crucial role played by development in influencing such trends;

Reaffirming that the harmonization of population trends with economic and social development presupposes the existence of integral development, which cannot be achieved through partial efforts in

particular sectors of the economy or the social system, but only through concerted progress in all aspects, as stated in the First Regional Appraisal of the International Development Strategy, adopted in resolution 320 (XV) of the Economic Commission for Latin America;

Considering that the Second Regional Appraisal of the International Development Strategy, adopted in resolution 347 (XVI) of the Economic Commission for Latin America, links population growth trends, population settlement patterns and internal and international migration with various aspects of economic and social development viewed from the standpoint of integral development;

Bearing in mind resolution 346 (AC.68), paragraph 12, adopted at the Tenth Extraordinary Session of the Committee of the Whole of CEPAL (March 1975);

Noting that it is now necessary, in order to sustain this integration and ensure the continuity of the work of CELADE, to consolidate the infrastructure of that agency within the regular budget of CEPAL;

Having taken note of the report on the activities of CELADE and of the contents of the regional population programme for the biennium 1977-1978 which has been entrusted to that agency;

Bearing in mind that the Executive Secretary of CEPAL will convene a specialized meeting of the Committee of High-Level Government Experts in implementation of the provisions of resolutions 357 (XVI) and 360 (XVI),

Decides:

1. To incorporate the basic infrastructure of CELADE into the Office of the Executive Secretary of CEPAL, under the direct authority of the Executive Secretary, in order to ensure the continuous conduct of CEPAL activities in population matters, and to request the Executive Secretary to take the necessary measures to ensure that this infrastructure can come under the regular budget of CEPAL as from 1978;

2. To recommend to the Committee of High-Level Government Experts that, at the specialized meeting to be convened by the Executive Secretary of CEPAL, it should devise the necessary measures to embark on a sustained examination of matters relating to population in the region with a view to appraising and suggesting action for the harmonization of population dynamics with economic and social development, within the framework of the International Development Strategy as it applies to Latin America and in conformity with the proposals and recommendations of the World Population Plan of Action;

3. To express its gratitude to the United Nations Fund for Population Activities (UNFPA) and to other international financing organizations which are supporting CELADE, and

4. To urge UNFPA to extend its financial assistance to CEPAL's regional population activities, to adjust it to increases due to inflation and to the new and wider responsibilities which CEPAL has to discharge in this field as a result of the decisions and instructions of Governments.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

FISHERY DEVELOPMENT IN THE CARIBBEAN

Draft resolution submitted by Trinidad and Tobago

Considering that the world food supply depends strictly on the results of annual harvests and changeable climatic conditions, so that there is constant uncertainty and insecurity as regards the supplies of food which the countries of the region have to import;

Bearing in mind that large groups of the population in the Caribbean countries are exposed to malnutrition and that it is necessary to improve the quality of their food and its nutritional value, especially as regards its protein content;

Considering that there is a shortage of land for producing food in the Caribbean countries and that the development of fishing for human consumption can be an important element in improving food supplies and nutrition, particularly for the lowest income groups;

Bearing in mind that the CEPAL/FAO Latin American Food Conference stressed the need to spare no effort to develop and fully utilize the fishery potential of the countries of the region,

Requests the Executive Secretary of CEPAL to establish the fullest collaboration with FAO in order to undertake joint activities aimed at developing the fisheries section of the Caribbean. These activities should include:

a) The identification of the factors which hinder the accelerated production of fish whether these be in the area of facilities, equipment, technology or otherwise.

b) Suggestions for removing these constraints.

c) Recommendations of optimal methods for exploitation and management of resources.

d) Identification of opportunities for promotion of industrial processing.

Committee II - Working Paper No. 9

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REGIONAL CO-OPERATION IN THE FIELD OF HUMAN SETTLEMENTS

Draft resolution submitted by the delegations of Cuba, Guatemala and the Dominican Republic.

The Economic Commission for Latin America,

Bearing in mind that the Caracas and Vancouver declarations on human settlements lay down the guidelines and criteria at the international and regional levels in this sphere, and that the Regional Preparatory Conference for Latin America on Human Settlements, held in Mexico, set guidelines for the implementation of the recommendations made in those declarations,

Recognizing that man and the improvement of the quality of life should be the central objectives of integral economic and social development, and that it is the responsibility of the governments to prepare national plans and programmes to these ends,

Also recognizing that these policies must be linked and harmonized with the policies on, inter alia, industrialization, agriculture, employment, housing, population, education, health,

recreation, social security and environmental and cultural preservation, since all these are indispensable elements of a broad development strategy,

Likewise recognizing the efforts being made by CEPAL in the implementation of projects in the field of human settlements,

Aware that the Latin American Economic System (SELA) constitutes the forum for regional consultation on the implementation of efforts in the sphere of international co-operation, and that CEPAL represents a valuable contribution towards realizing these efforts,

Taking into account the pressing need to put into practice a programme of work on research, information and training of human resources during 1977-1978, in accordance with the guidelines set forth by the Latin American Regional Meeting on Human Settlements, and

Bearing in mind the need to convene periodic regional meetings with the participation of the member countries of the region in order to evaluate the results of the programme of work so far implemented and to lay the bases for the creation of a regional intergovernmental committee on human settlements,

Recommends:

1. That the activities aimed at the creation of a world intergovernmental body on human settlements, in accordance with the provisions of resolution 1 on international co-operation programmes adopted by consensus at the United Nations Conference on Human Settlements, should be intensified.

2. That the secretariat of CEPAL should carry out the programme of work given below, in accordance with the following order or of priorities, in the period 1977-1979:

(a) Research

- Economic and social aspects of the human habitat in Latin America, especially in the rural and marginal urban environments.
- Popular participation in the organization and development of rural and urban communities as part of the institutional structure.
- Methodology of territorial planning applicable to strategies of spatial organization and decentralization of economic activity.
- Methodology for evaluating the environmental impact of economic and infrastructural projects on human settlements.

- Methodology for the organization and integrated development of rural and urban communities.

(b) Training of human resources

- Identification of the professional and technical human resources existing in the region and of the installed capacity of the professional training centres in this sphere.
- Identification and facilitation of the access to an organization of seminars and courses oriented towards the requirements of socio-economic development for professionals and technicians connected with institutions which carry out programmes and/or activities in the sphere of human settlements.

(c) Information

- Systematization of the information available and preparation of a glossary for general information.
- Encouragement of the exchange of general and specialized information by the existing national services with a view to integration into a global system of information on human settlements which may be established in the future.

3. That a regional conference, with the partcipation of the member countries of the region, should be convened at the beginning of 1979 in order to evaluate the above programme of work.

4. That in the sphere of technical co-operation CEPAL should collaborate with SELA in the preparation of policies and plans on human settlements, when States so request; in providing support to the action committees created in that field; in assisting national bodies in the preparation of requests for international co-operation; and in co-ordinating that co-operation among the countries of the region.

5. That the secretariat should explore with the international co-operation bodies of the United Nations and with appropriate countries the possibility of obtaining funds for the implementation of the programme of work, including the programmes on human settlements and integrated community development. Support should be requested from the United Nations Habitat Foundation and the United Nations Environment Fund in this connexion.

6. That CEPAL should submit to the next session of the United Nations General Assembly a report on the progress made in carrying out the programme of work and on the timetable for its implementation, including details of the financial resources needed for this purpose.

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Economic Commission for Latin America
Seventeenth Session
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CREATION OF A SYSTEM OF CO-ORDINATION AND CO-OPERATION AMONG PLANNING BODIES OF LATIN AMERICA AND STRENGTHENING OF THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

Draft resolution submitted by Guatemala, Dominican Republic, Venezuela and Colombia.

The Economic Commission for Latin America,

Considering that the Latin American Institute for Economic and Social Planning (ILPES) originally proposed by CEPAL resolution 199 (IX) and established by resolution 220(AC.52) of the Committee of the Whole of CEPAL, has played and continues to play an important role in the development of planning in Latin America, through its basic functions of training, advisory services and research,

Bearing in mind that, in view of its effective contribution to the governments of Latin America, the latter decided in resolution 340(AC.66) of the Committee of the Whole that ILPES should become a permanent agency of the United Nations within the CEPAL system,

Taking into account that recently CEPAL resolution 351 (XVI) provided that ILPES should co-operate in "the exchange of experience and research results on global, sectoral and regional planning between the planning bodies of the member countries, so as to promote collaboration among them",

Noting with satisfaction the holding of the First Conference of Ministers and Heads of Planning in Caracas, Venezuela, from 13 to 16 April 1977, organized jointly by CEPAL and the Government of Venezuela, as well as the report of that Conference and of the Technical Committee of the Latin American Institute for Economic and Social Planning,

1. Endorses the agreements and recommendations contained in Report of the First Conference of Ministers and Heads of Planning of Latin America;

2. Fully supports the System of Co-ordination and Co-operation among Planning Bodies of Latin America which was approved at that Conference, and whose establishment constitutes an important step forward for regional co-operation;

3. Notes with satisfaction the existence of sub-regional machinery -namely that set up within the CDCC for the countries of the Caribbean- for bringing together those in charge of planning;

4. Decides that the ILPES Technical Committee established by resolution 340 (AC.66) be replaced by the Conference of Ministers and Heads of Planning of Latin America, from its next session onwards;

5. Resolves that the Latin American Institute for Economic and Social Planning be made the Technical Secretariat of the System of Co-ordination and Co-operation among Planning Bodies of Latin America, and that it assists governments in the performance of the functions outlined in paragraph 2 of Part III of the report of the Conference;

6. Reaffirms that, as laid down by the Conference, ILPES must have a stable financial basis, as a permanent United Nations agency within the CEPAL system;

7. Supports the recommendation made by the Conference that the temporary budgetary assitance approved by the General Assembly at its thirty-first session be placed on a permanent basis and increased as from January 1978 so that ILPES can carry out its basic functions and its new tasks as Technical Secretariat.

8. Fully supports the recommendations of the Conference relating to the financing of ILPES in the short term, requests the Executive Secretary of CEPAL to negotiate with UNDP a six-month extension of Phase Four of the ILPES project from 30 June 1977, and further requests the countries to make available for that period the voluntary contributions they have offered;

9. Requests the Executive Secretary of CEPAL to negotiate with UNDP a Phase Five for ILPES to begin on 1 January 1978, in which connexion it is recalled that countries should make a collective effort to contribute to the financing of ILPES, as indicated at the Conference of Ministers and Heads of Planning of Latin America;

10. Thanks UNDP for the valuable contribution which it has made to ILPES hitherto, while requesting it to continue giving ILPES the greatest possible support;

11. Requests the Executive Secretary to continue exploring other sources of financing and co-operation in order to broaden the activities of ILPES;

12. Requests the Executive Secretary to foster the co-ordination of ILPES programmes with similar programmes of CEPAL and other United Nations bodies;

13. Urges the relevant United Nations bodies and the governments to channel through ILPES a suitable proportion of the funds allocated to planning in technical co-operation programmes;

14. Requests CEPAL and ILPES to convene annually, after consultation with governments, a Conference of Ministers and Heads of Planning of Latin America.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

NATURAL RESOURCES AND THE LATIN AMERICAN DEVELOPMENT PROCESS

Draft resolution submitted by the delegation of Colombia

The Economic Commission for Latin America,

Aware of the fundamental importance of the development and utilization of natural resources in the economic and social development process,

Recognizing the urgent need to accelerate progress in research and the integrated management of these resources with a view to their effective utilization and protection,

Recalling its resolutions 302 (XIV) of 5 May 1971 and 337 (XV) of 30 March 1973 on natural resources,

Bearing in mind Economic and Social Council resolution 572(L), which provides that the Council's Committee on Natural Resources should deal with the development of all forms of natural resources, with particular attention to the development of water, energy and mineral resources, and which urges the secretariats of the regional economic commissions to co-operate in the relevant studies,

Also bearing in mind the provisions on natural resources contained in General Assembly resolutions 3201(S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a

New International Economic Order and on Economic and Social Council resolutions 1956 (LIX) on permanent sovereignty over natural resources and 1957 (LIX) on the comprehensive plan of action and co-ordination of programmes within the United Nations system in the field of natural resources development,

Taking note of resolution VI of the United Nations Water Conference requesting the Economic and Social Council, in considering the restructuring of the economic and social sectors of the United Nations system, to ensure that the regional commissions play a central role within their respective regions, in promoting inter-governmental co-operation in the management and integrated development of water resources,

Considering that the recommendation of that Conference on "Action at the regional level - Special recommendations for particular regions" took note of the "Lima Consensus on Water Problems", adopted at the regional preparatory meeting held from 30 August to 3 September 1976, and transmitted it to CEPAL so that it could take appropriate measures,

Considering that the Economic and Social Council, at its sixty-third session, is to study the recommendations of the Water Conference which, after approval, will be transmitted to the General Assembly, taking into account the process of restructuring of the economic and social sectors of the United Nations system,

Recognizing the work which the Secretariat has been doing in recent years in the sphere of research on non-renewable natural resources, water and energy,

1. Requests the Executive Secretary:

a) To intensify the work being done by the secretariat in the field of natural resources, and particularly water, mineral and energy resources, such as:

i) collection and dissemination of technical and economic information on the identification and development of these resources;

ii) helping to improve statistical information systems and systems of vocational training for government technical personnel participating in the formulation of strategies and plans in the above-mentioned sectors;

iii) regional and sub-regional prospective surveys of the demand for and supply of natural resources, as well as other research helping to identify the role of these resources in development and environmental protection;

iv) facilitative mutual co-operation between developing countries and between public enterprises in the developing countries of the region in matters of common interest;

v) collaboration with Governments in the preparation of studies aimed at developing these resources in the countries of the region;

b) To co-ordinate CEPAL's work and co-operate, when necessary, with the United Nations Centre for Natural Resources, Energy and Transport, the United Nations Development Programme, the

United Nations Environment Programme, regional intergovernmental bodies, and the Secretariat of the Organization of American States and the Latin American Energy Organization;

c) To take note of and carry out, as far as possible, the recommendations made to CEPAL in the "Lima Consensus on water problems".

2. Endorses the request made in resolution VI of the United Nations Water Conference to the Economic and Social Council to the effect that the General Assembly should consider the possibility of allocating additional funds for the secretariat of CEPAL in the United Nations budget, for the purposes mentioned in the above paragraphs with regard to water resources.

C E P A L
Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

SUPPORT FOR THE CEPAL PUBLICATIONS PROGRAMME

Draft Resolution submitted by the Dominican Republic

The Economic Commission for Latin America

Recalling resolution 324 adopted at its fifteenth session concerning the CEPAL publications programme,

Reaffirming the importance of giving appropriate publicity to the research and intellectually creative work done by the secretariat, and of informing to an even broader public the concerns and goals of the bodies which make up the CEPAL system,

Recognizing what the secretariat is doing to improve the quality of both the content and the presentation of its publications, ensuring at the same time that the prices are within the means of Latin American readers in general,

Aware of the approaches made to publishing houses and distributors in various Latin American countries for the promotion and distribution of CEPAL publications, and also of the action taken to rationalize this distribution by means of computer techniques,

Approves the measures taken by the secretariat to promote its Publications Programme, and particularly the establishment of a clearly structured programme and the creation of an Advisory Committee and a Publications Committee responsible, respectively, for the general orientation of the programme and the selection of material,

Takes note with satisfaction of the report by the Executive Secretary of CEPAL on the publications programme (E/CEPAL/1038) and, in particular, the publication in 1976 of the first issues of the CEPAL Review under the able direction of Dr. Raúl Prebisch;

Also takes note with satisfaction of the initiation at the end of 1975, of the new series Cuadernos de la CEPAL and Cuadernos Estadísticos de la CEPAL, in which a total of 22 titles have now been published, 18 in Spanish and four in English;

Urges the secretariat to continue publishing and disseminating the results of its institutional work and that of its collaborators, as a means of encouraging intellectual creativity and high-level discussion of the problems besetting Latin America;

Supports the gradual replacement of mimeographed documents by printed publications which are more attractive in presentation and more easily distributed;

Expresses its concern over the limited resources which prevent the secretariat from issuing more publications in English and initiating publications in French;

Requests the Secretary-General of the United Nations to consider what measures might be taken to ensure that adequate resources are available to enable the publication programme of CEPAL to continue developing at a suitable pace.

Committee II - Working Paper No. 13

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

DRAFT REPORT OF COMMITTEE II TO THE MEETING AT THE TECHNICAL LEVEL

I

ORGANIZATION OF WORK

1. Committee II was responsible for considering items 5, 6 and 7 of the agenda of the seventeenth session of the Commission and also considered the respective draft resolutions. It held six working meetings between 26 and 29 April 1977, and at its last meeting it approved its report and 9 draft resolutions for consideration by the Plenary of the Meeting at the Technical Level.

2. The Meeting at the Technical Level elected Mr. Luis Mejía González (Nicaragua) as Chairman of Committee II. At its first meeting the Committee completed its Officers by unanimously electing the following:

First Vice-Chairman: Mr. Ramiro León Torras (Cuba)

Second Vice-Chairman: Mr. John Grantham (Canada)

Rapporteur: Mr. Renán Oquendo (Ecuador).

3. The following agenda was adopted for guiding the discussions of the Committee:

Item 5. Activities of CEPAL

Statement by the Executive Secretary of CEPAL

(a) Activities carried out in the period 1975-1977

(i) Adoption of the draft Annual Report

(ii) Report of the Central American Economic Co-operation Committee

(iii) Report of the Caribbean Development and Co-operation Committee

/(iv) Report

(iv) Report by the Executive Secretary on the Publications Programme

(b) Programme of Work of the Commission for the period 1977-1979

(i) Food and agriculture (Programme 210)

(ii) International trade (Programme 340)

(iii) Development planning, projections and policies (Programme 240)

(a) Economic development

(b) Projections Centre

(c) ILPES

(iv) Natural resources (Programme 460)

(v) Environment (Programme 270)

(vi) Industrial development (Programme 330)

(vii) Science and technology (Programme 520)

(viii) Transport and communications (Programme 550)

(ix) Statistics (Programme 540)

(x) Library and document services (Programme 780)

(xi) Social development (Programme 530)

(xii) Population (Programme 480)

(xiii) Human settlements (Programme 290)

Item 6. Latin American Institute for Economic and Social Planning (ILPES)

(a) Activities carried out by ILPES in the period 1975-1977

(b) Future activities of ILPES

/Item 7.

Item 7. Latin American Demographic Centre (CELADE)

(a) Activities carried out by CELADE in the period 1975-1977

(b) Regional Population Programme

II

SUMMARY OF THE DISCUSSIONS

4. The Executive Secretary, in presenting Item 5, gave a complete account of the activities carried out by the secretariat since the fifteenth session up to 20 March 1977, stressing the expansion which there had been in the activities of the Commission with the introduction of new themes such as technical and economic co-operation among developing countries and regions, the integration of women in development, the environment, human settlements and science and technology.

5. He stated that, during the period described, a formal agreement on co-operation had been reached with the United Nations Industrial Development Organization under which it had been decided, inter alia, to establish within the secretariat of the Commission a Joint CEPAL/UNIDO Industrial Development Division. During the same period, agreements on co-operation had also been signed with the United Nations Environment Programme, the United Nations Educational, Scientific and Cultural Organization, the UNCTAD/GATT International Trade Centre, the Inter-American Development Bank and the Latin American Energy Organization.

6. He pointed out that the expansion of the activities of the Commission, the recent establishment of the Caribbean Development and Co-operation Committee, and the signing of agreements on co-operation with regional organizations and agencies of the

/United Nations

United Nations system, together with the incorporation of ILPES and CELADE into the CEPAL system as permanent institutions with their own identity, had required the strengthening of some regional offices of CEPAL in order to carry out its increased programme of work. For this purpose, apart from the additional resources obtained from the United Nations regular budget, generous contributions had been received from the Governments of Argentina, Brazil, Jamaica, Mexico, Trinidad and Tobago, Canada, the Netherlands, the Federal Republic of Germany, Sweden and Italy, and also from the United Nations Development Programme, the United Nations Fund for Population Activities, the United Nations Environment Programme, the United Nations Centre on Transnational Enterprises and the Andean Development Corporation. The Governments of Spain and Japan had recently been approached with a view to obtaining funds for financing some priority activities of the programme of work of the Commission.

7. Lastly, he stated that the Commission and the secretariat would have to study the institutional implications of what he had said in the light of the whole process of reorganization of the United Nations. He indicated that the matter would be discussed at a special ministerial-level meeting of Heads of Delegations.

8. After hearing the statement made by the Executive Secretary, the Committee decided to recommend the adoption of document E/CEPAL/1030 "Draft Annual Report".

/9. Before

9. Before starting on the consideration of the programmes of activities, the Chairman said that if no express objections were made to the suggestions put forward by delegations and by the secretariat it would be assumed that the Committee was in agreement with them.

10. The Director of the CEPAL Office for the Caribbean described the activities carried out by the Caribbean Development and Co-operation Committee, recently set up as a subsidiary organ of the Commission. This report of activities covered the period from the first to the second session of the CDCC (31 October 1975 to 22 March 1977).

11. The Director of the CEPAL Mexico Office made a statement on the activities carried out by the Committee on Central American Economic Co-operation since its tenth session (Tegucigalpa, 28-30 May 1975). He also outlined the work done by the Inter-Institutional Commission, made up of the Directors of the Central American integration institutions, in order to facilitate the implementation of specific action designed to secure the rapid reactivation of the integration process in Central America.

12. The secretariat then presented the Publications Programme of the Commission (document E/CEPAL/1030), which was noted without comments, and a draft resolution was adopted with a view to the implementation of the Programme.

13. The Committee next studied the Programme of Work of the Commission for the period 1977-1979 (document E/CEPAL/1032).

/14. During

14. During the general debate, one delegation pointed out that the document in question made no mention of the size or source of the funds available and allocated to each of the programmes and subprogrammes, nor of the priorities assigned to each of them. Another delegation stated that it agreed with this observation and asked that future presentations of the Programme of Work should indicate the resources earmarked for such programme.

Food and Agriculture

15. After hearing the report by the secretariat on the Food and Agriculture Programme, in which mention was made of the particular importance attached to co-operation among Latin American countries, and examination of potential agricultural output, a Caribbean delegation requested that this Programme should consider fishing an important means of improving the food supply and nutrition.

International Trade

16. In the presentation of the programme on International Trade, a description was given of ongoing and planned studies on the economic relations of Latin America with other regions such as Europe, the socialist countries, Canada, the United States, Japan and Africa; the evolution of the world economic situation; external trade policies; the international monetary system and the external financing of Latin America. Special mention was made of the continuing studies being carried out in respect of sub-regional and regional economic integration and the

/co-operation

co-operation provided by the secretariat to the integration agencies of the region.

17. One delegation made a request, which received general support, that the secretariat should continue to study means of promoting the region's exports and should proceed with its analysis of the reform of the international monetary system, with a view to facilitating a common Latin American position in international forums.

Development Planning, Projections and Policies

18. The valuable contribution made by the countries of the region in the preparation of the annual Economic Survey of Latin America received very special mention by the secretariat. Research work in the field of development covered a very wide section of the problems raised in the region, but attention was directed in particular towards a few main topics, such as development styles or models, population and labour force growth prospects, public enterprises, development financing and the study of the recent inflation in Latin America.

19. One delegation requested that the study on the role of public enterprises in the development of Latin America be continued.

20. Emphasis was placed on the activities being carried out, in respect of issues connected with transnational corporations, through the valuable contributions of the Government of Canada and the United Nations Centre on Transnational Corporations, with which a joint unit had been established in the secretariat.

21. Special mention was made of the main guidelines governing the prospective studies of the secretariat connected with the International Development Strategy and the New International Economic Order. It was also noted that the projection models and methods were based on national studies for whose preparation it was considered essential to maintain links with the countries. The studies included projections on international trade and finance and projections of a national nature on such matters as sectoral expansion, income distribution, employment, critical poverty and the balance of payments.

/Natural

Natural Resources and Environment

22. In the description of the subprogrammes included in these two programmes, special mention was made by the secretariat of the studies to be carried out as a result of the United Nations Water Conference, in respect of which a contribution was expected from the United Nations Environment Programme, together with co-operation from other agencies such as FAO, WHO, PAHO, etc.

23. The secretariat stated that final results had not yet been reached in the project"Water, Development and the Environment in Latin America" (project ADEMA), and that the project was therefore among those which were programmed to be continued in the forthcoming biennium. Various other studies were scheduled for assisting the formulation by governments of the region of strategies and plans for the development of mining resources and energy.

24. Particular attention would be attached in those studies to issues relating to the protection of the environment. In that connexion, mention was made of the agreement entered into with the United Nations Environment Programme whereby UNEP would support the secretariat activities relating to the environment, and particularly the unit to be set up in the secretariat to promote consideration of the environment in the various activities studied. Furthermore, UNEP had recently approved the necessary financing for preparing the outlines of an action programme on environmental management in the Greater Caribbean area.

/25. One

25. One delegation requested that a study should be included on the effects of the unsuitable use of resources and its impact on development in Latin America.

Industrial Development

26. In presenting the activities envisaged in this programme, the secretariat reported the recent creation of a joint CEPAL/UNIDO Industrial Development Division and described the studies to be carried out on the analysis and appraisal of policies and strategies for industrial development in Latin America, as well as sectoral studies on the chemical, capital goods, forestry and agriculture-based industries.

27. The secretariat stated that those sectoral studies were being carried out in collaboration with the Latin American Economic System.

28. A representative of a developed member country of the Commission asked for details of the role to be played by the Latin American Economic System in those studies and the degree of co-ordination existing between the secretariats of SELA and CEPAL in that sector. He was informed that a technical co-operation agreement existed between the two secretariats and that the CEPAL Secretariat was providing technical support for various SELA activities.

29. The representative of the United Nations Industrial Development Organization recalled that the United Nations General Assembly had decided to convene the Third General Conference of UNIDO in

/that the

that the General Conference should be preceded by regional preparatory meetings to be held in 1978, and it was hoped that the regional economic commissions would co-operate and participate in organizing them, especially through the preparation of an evaluation of the industrialization process in their respective regions.

30. He also suggested the possibility of convening a meeting of Ministers of Industry of the countries of the region to consider the study of the industrialization process in Latin America.

31. One delegation asked whether all members of the Commission would participate in the Latin American Industrialization Conference. The secretariat explained that since it was a CEPAL regional meeting all the member countries must be included as had happened in other fields.

32. One delegation requested that the Commission's work programme should include a study on the effects of international subcontracting and another on mechanisms for the marketing of manufactures for the countries of the region.

Science and Technology

33. The secretariat stressed the importance of science and technology in development and indicated that the countries of the region were becoming fully aware of their insufficient technological capacity and the limitations which this involved for their economic development.

/34. The

34. The secretariat was embarking on the preparation of basic studies on the technological development of Latin America studies on technology in specific industries of the region, and a document on Latin American policy on science and technology to be submitted to the regional preparatory meeting of the World Conference on Science and Technology to be held in the second half of 1979.

35. The activities of the secretariat in this field received financial support from the regular budget of the United Nations, the World Conference, the Inter-American Development Bank and the Mexican Government.

36. The representative of UNESCO said that his organization was fully prepared to collaborate with the CEPAL Secretariat in the field of science and technology.

Transport and Communications

37. In introducing the programme the secretariat laid particular emphasis on the need to create an institutional infrastructure in the field of international transport facilitation. In response to requests from Governments, CEPAL was preparing a draft Latin American convention laying down uniform terms and conditions regarding the liabilities of companies operating international transport and related services. Document E/CEPAL/L.153 describing the scope of the project, was distributed.

38. One delegation requested that greater emphasis should be placed on regional integration in the transport programme.

/39. The

39. The secretariat explained that it was in close contact with the Board of the Cartagena Agreement and the Andean Development Corporation (CAF), and that a study on transport in the region would be presented at the next meeting of the Physical Integration Committee of the Andean Group.

40. One delegation asked whether the transport problems of land-locked countries were being studied, to which the secretariat replied that it was always ready to heed requests to that effect.

41. Another delegation supported the preceding question, and requested that a study be made of transport problems in the Caribbean.

Statistics

42. The secretariat stressed the importance of providing a regional framework of statistical data on the economic and social situation of Latin America for use in all the studies carried out by CEPAL.

43. Financial difficulties had hitherto prevented the creation of machinery for consultation with Governments and other regional and sub-regional bodies with a view to promoting the implementation of statistical development programmes. In addition, it was important that CEPAL should have its own computer, which would increase its data processing capacity.

44. It was agreed that the secretariat should be asked to do its utmost to establish machinery for consultation with the Governments and regional and sub-regional bodies, in order to

/promote

promote the implementation of statistical development programmes. The secretariat could request UNDP and other relevant United Nations bodies to increase their support for regional and sub-regional technical co-operation activities relating to statistics.

45. The secretariat was also requested to pursue its efforts to secure the installation of a suitable computer at CEPAL headquarters for meeting efficiently the computer requirements included in the programme, while at the same time strengthening the capacity of its computation centre and taking into account the needs of CEPAL, ILPES and CELADE as a whole.

46. One delegation stressed the need to lay greater emphasis on statistics and indicators of a social nature, bearing in mind that macroeconomic indicators alone did not reflect the economic and social situation of the countries of Latin America.

47. A number of delegations stated that many of the difficulties in the field of statistics stemmed from problems within the countries which the latter should help to solve, and proposed that CEPAL advisory services should be increased to that end and that horizontal co-operation should also be put into practice.

Library and Document Services

48. The secretariat stated that owing to recent technological changes and the demand for fuller services, an important change had taken place in information and documentation science. As a

/result

result, CEPAL and particularly CLADES had had to make, and would continue to have to make a great effort.

49. CLADES was engaged in technical training, integration work and assistance to countries and institutions, as well as data processing and the provision of support for national documentation centres. It received financial assistance for two projects from the International Development Research Centre (IDRC).

Social Development

50. The secretariat presented its programme of work in this sector, which centres on the concept of integrated development defined in the international development strategy and in the Quito Evaluation. This gave rise to studies focussing on the idea of development styles, keeping within the unified approach to development with reference to the major problems and areas of social change in Latin America.

51. Methodological and theoretical aspects of the unified approach to development are studied, and an analysis is made of the problems arising from employment, underemployment and unemployment, problems of income distribution and accelerated urbanization, and the integration of women in the development effort. In connexion with this last mentioned field, a brief account was given of the activities carried out in accordance with the instructions and recommendations received by the secretariat.

/52. One

52. One delegate drew attention to the need to make a study of the problems of unemployment in the Caribbean area, exploring its causes, proposing solutions, and emphasizing the analysis of self-employment in services and small scale manufacturing activities.

53. Some delegations mentioned the importance of consideration by the secretariat, in connexion with rural development, of the influence of forms of land tenure on agricultural output and on social aspects. They also considered it important that the secretariat should give attention to advances in the processes of agrarian reform in the region.

54. One of those delegations considered that it would be useful to study the process of accelerated urbanization in connexion with the problem of centralism in the countries of the region, and would be desirable to study the use of labour-intensive technology, viewed not so much from the stand point of production and basically from the social angle.

55. Several countries considered that emphasis should be placed on social problems in the agricultural sector, especially those connected with food production, employment and technology.

56. With regard to the tasks related to the integration of women in the development process, one delegate, supported by several countries, proposed that a regional conference should be held in Havana, as a matter of urgency at the governmental level, in order to give final approval to a regional plan of action on the subject.

/57. Other

57. Other countries took the view that, although that Latin American regional conference should be held, in order to avoid duplication of efforts the tasks should be co-ordinated with international bodies not belonging to the United Nations which have been doing work on the subject.

58. The secretariat observed that CEPAL has received expressed instructions to organize a regional conference and that it was for Governments to decide on the nature of the conference and participation in it.

59. There was a consensus:

- That CEPAL should convene the regional conference at the governmental level which would be held in Havana at the earliest possible date;
- That, for the purpose of that conference, the secretariat of CEPAL should complete the governmental consultations in progress on the draft regional plan of action by including in them United Nations agencies and all regional and inter-regional, intergovernmental, public and private bodies which are working on the subject. The secretariat would thus obtain all the necessary data to enable the representatives to decide on the execution of the programme.
- That the secretariat, when subsequently implementing the Regional Programme of Action, should establish forms of co-ordination and co-operation with the above-mentioned bodies.

/60. The

60. The representative of Brazil requested that it should be mentioned in the report that at the Technical Consultative Meeting, held in Mexico in January 1977, the representative of Brazil had expressed a reservation of a general nature concerning the draft regional plan of action for the integration of women in development, which was contained in the text of that document.

61. The representative of UNESCO briefly outlined the tasks which that body is carrying out jointly with CEPAL, particularly in education and social development.

Population

62. The Director of CELADE reported on the population programme, which forms part of the Programme of Work of CEPAL and is carried out in conjunction with the activities of CELADE and is designed to lay the foundations for the preparation of diagnoses, projections and policies in respect of population.

63. One delegate expressed concern about the decline in the contributions of the United Nations Fund for Population Activities particularly for training, at a time when countries needed larger numbers of qualified personnel specializing in demography.

64. The representative of PREALC reported on the joint activities carried out with CEPAL on employment and population policies.

Human Settlements

65. The secretariat reported on the work carried out in this field as a result of the World Conference held in Vancouver and the regional conference in Mexico.

/66. Reference

66. Reference was made to the recommendations made by CEGAN at its recent meeting and it was pointed out that the programme of work decided upon at that meeting had substantial financial implications and could not be implemented in less than two years.

67. The secretariat indicated that some of the tasks mentioned could be carried out with the co-operation of the United Nations specialized agencies, of other agencies dealing with international co-operation and of the countries of the region. It suggested that it would be useful if countries could give an indication of priorities so that, in the meantime, the secretariat could explore financial alternatives for the implementation of the programme. It then outlined various projects which had already been initiated, all with extra-budgetary financing, namely:

- Social aspects of human settlements in Latin America, with financing from the Canadian International Development Agency;
- Technology of human settlements, in co-operation with UNEP;
- Vocational training, through an agreement with the International Centre for Training in Environmental Sciences (CIFCA).

68. Delegations requested that the process of accelerated urbanization and the utilization of human settlements technology, as well as its effects on the problem of employment, should be studied.

69. The Committee recommended the approval of the secretariat's programme of work for 1977-1979, contained in document E/CEPAL/1032, with the amendments introduced in the course of its deliberations.

/70. The

Latin American Institute

70. The Committee then considered the activities of the Latin American Institute for Economic and Social Planning (ILPES). It had before it the following documents: "Activities of the Latin American Institute for Economic and Social Planning, 1975-1977" (E/CEPAL/1033), and "Report of the Conference of Ministers and Heads of Planning of Latin America and of the Technical Committee of the Latin American Institute for Economic and Social Planning" (E/CEPAL/1034).

71. The representative of the Dominican Republic, who was the Rapporteur for the Conference of Ministers and Heads of Planning of Latin America, described, on behalf of the Chairman of the Technical Sub-Committee, the efforts and recommendations made at the Conference, which was held at Caracas, Venezuela, from 13 to 16 April 1977.

72. He emphasized the support received from the President of the Republic of Venezuela. He also reported the decision to create a system of co-ordination and co-operation between planning bodies of Latin America. He also reported the establishment of the Conference of Ministers and Heads of Planning, of an Executive Committee and a Technical Secretariat, and read out the relevant agreements of the Conference.

73. The Director of ILPES stressed the importance to co-operation and the economic and social development of countries of the creation of the System of Co-ordination and Co-operation among Planning Bodies of Latin America and its significance for ILPES, which will be the Technical Secretariat of the System.

/74. He

74. He described the financial effort made to overcome the difficult situation of the past few years, and stated that, beginning with the current year, and for the first time in the 15 years of its existence, ILPES was receiving, through CEPAL, and thanks to the firm support of Governments, funds from the regular United Nations budget.

75. He mentioned other agreements concluded with Governments within and outside the region, for the financing of planning activities, and in that connexion mentioned the contribution made by the Government of the Netherlands and by the Government of Brazil on behalf of three Brazilian states. He also mentioned that the Government of Canada was studying a project for the relatively less developed countries. He also called attention to the agreements that would be concluded with IBRD for an integrated rural development programme, and with IDB regarding financing for higher education.

76. He further reported that, as the result of a decision of the Conference, held at Caracas, the Basic Planning Course would henceforth be held in different countries of the region.

77. One delegation proposed that ILPES should promote the establishment of planning centres in relatively less developed countries, through the system of horizontal co-operation.

78. The representative of the United Nations Development Programme reported that UNDP had been associated with ILPES since its preparatory phase, and that it would continue its co-operation with the

/Institute

Institute, and therefore hoped that Governments would make a larger contribution. He also said that UNDP considered that part of the contributions from Governments could come from the indicative planning figure, in the case of the countries that so wished.

79. The financing of ILPES was discussed and emphasis was placed on the recommendation of the Caracas Conference concerning the need for a collective effort by Governments to contribute at least 600 000 dollars a year.

80. It was stated that the contribution of Governments could come from three sources, as individual Governments saw fit:

- Contributions from national budgets;
- Indicative planning figure;
- Regional planning funds.

81. Since the indicative planning figure is used by Governments to meet their needs and priorities, and there are regional funds for planning which Governments wished to channel into particular activities, it was agreed that UNDP should be asked to review its regional priorities to enable a larger proportion of such funds to be allocated for use by ILPES.

82. On the proposal of the Chairman, the Committee entrusted a working group with the preparation of a draft resolution on co-ordination and co-operation among Latin American planning bodies and the strengthening of ILPES. It was agreed that this draft resolution should be submitted directly to the Plenary of the Ministerial-level phase of the session.

Latin American Demographic Centre

83. The Committee then considered the activities of the "Latin American Demographic Centre (CELADE)".

84. It had before it the following documents: Report on the activities of CELADE during the period 1975-1977 (E/CEPAL/1035) Regional Population Programme, 1977-1978, and projections for 1979-1980 (E/CEPAL/1036).

85. The Director of CELADE reported to the members of the Committee on the activities for the period 1975-1976, described in document E/CEPAL/1035, and the programme of activities for 1977-1978 (E/CEPAL/1036). He made particular reference to past and future activities of CELADE in the monitoring of population trends in Latin America, activities in the field of population and development, electronic processing of population data, teaching and training and technical advice on population matters. He also referred to the financial aspects of the Programme, including the substantial contribution made to it by the United Nations Fund for Population Activities and the efforts to secure the support of the General Assembly with a view to obtaining financing for the infrastructure of CELADE from the regular CEPAL budget.

86. A number of delegations requested that the Latin American Population Programme should include continuing study of the phenomenon of international migration, migration from the country to the city and the problems arising as a result of concentration of the population in metropolitan areas.

III. RESOLUTIONS

IV. RESERVATIONS

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

ACTIVITIES OF THE CARIBBEAN DEVELOPMENT
AND CO-OPERATION COMMITTEE

Draft resolution submitted by the delegations of Cuba, Dominican Republic, Grenada, Jamaica, Surinam and Trinidad and Tobago

The Economic Commission for Latin America,

Recalling resolution 358(XVI) of the Economic Commission for Latin America which in its operative paragraph 1 invited the Governments of the countries within the sphere of action of the ECLA Office for the Caribbean 1/ and the Governments of Cuba, the Dominican Republic and Haiti and other Caribbean countries as they achieve independence, to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of ECLA,

Reaffirming the special historical, geographical and cultural identity of the Caribbean countries and the importance of economic co-operation in order to achieve economic and social progress,

Noting with satisfaction the prompt response of the Governments in implementing resolution 358(XVI) and that the Caribbean Development and Co-operation Committee has already held

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1/ In resolution 358(XVI) it is referred to by its earlier name of ECLA Office in Port of Spain.

two sessions, one in Havana, Cuba, from 31 October to 4 November 1975, and one in Santo Domingo, Dominican Republic, from 16 to 22 March 1977,

Considering that the achievement of the aspirations of the countries of the Caribbean, within the framework of Latin American co-operation, can make a positive contribution to the economic development of Latin America,

1. Takes note of the report of the Caribbean Development and Co-operation Committee (E/CEPAL/1010) on its first session, held in Havana, Cuba, and of the report of the second session (E/CEPAL/1039) held in Santo Domingo, Dominican Republic;

2. Endorses the Constituent Declaration of the Caribbean Development and Co-operation Committee and the Work Programme contained in E/CEPAL/1010;

3. Notes with satisfaction the progress already achieved in the implementation of the Work Programme approved at the first session;

4. Endorses the programme of activities approved at the second session;

5. Requests the CDCC Secretariat to proceed with the implementation of the tasks assigned for the period between the second and third sessions of the CDCC, observing the priorities decided by the Committee and in particular the proposals for the Caribbean Documentation Centre, the removal of language barriers, and for science and technology for development;

6. Requests the Executive Secretary of ECLA to make the necessary representations for consideration at the forthcoming session of the General Assembly of the additional resources identified by the Committee so that the tasks can be undertaken expeditiously.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION

Draft resolution submitted by the delegations of Cuba, Mexico, Panama Peru, the Dominican Republic and Venezuela

The Economic Commission for Latin America,

1. Invites the governments of the region to provide their support for the preparations for the Third General Conference of UNIDO, to be held in New Delhi in 1979;

2. Requests the Secretariat of CEPAL to convene, sufficiently far in advance and during 1978, a ministerial-level or suitably high-level Latin American Conference on Industrialization with a view to the adoption of common positions by the region for the UNIDO General Conference; and

3. Also requests the Secretariat of CEPAL to prepare a paper for submission at the Conference containing an interpretative analysis of the industrialization process in Latin America, and identifying the main political, economic and social determinants of this process, to be submitted to Governments sufficiently far in advance.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

LATIN AMERICAN CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT

Draft resolution submitted by the delegations of Cuba, Mexico, Panama Peru the Dominican Republic and Venezuela

The Economic Commission for Latin America,

Bearing in mind paragraphs 7 and 8(b) of Economic and Social Council resolution 2028(LXI), Part II,

1. Invites the Governments of the region to provide their support for the preparations for the United Nations Conference on Science and Technology for Development, to be held in 1979;

2. Requests the Secretariat of CEPAL to convene, sufficiently far in advance and in any case no later than the end of 1978, a ministerial-level or suitably high-level Latin American Conference on Science and Technology for Development, with a view to the adoption of common positions by the region for the United Nations Conference; and

3. Also requests the Secretariat of CEPAL to prepare a paper for submission at the Latin American Conference, containing an interpretative analysis of scientific and technological development in Latin America,

and identifying its main political, economic and social determinants, to be submitted to Governments sufficiently far in advance;

4. Likewise requests the General Assembly at its thirty-second session to authorize the United Nations Conference on Science and Technology for Development to be held in a developing country.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

CENTRAL AMERICAN INTEGRATION

Draft resolution submitted by Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua

The Economic Commission for Latin America,

Bearing in mind CEPAL resolution 315 (XV) which, inter alia, requests the secretariat of CEPAL and ILPES, with the assistance of UNDP, "to co-operate with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) in identifying the policies and programmes of action which will lead to the restructuring of the Central American Common Market, and bearing in mind the priorities established by the Central American countries";

Taking into account the fact that the Programme of Economic Integration in Central America continues to be an important means of stimulating the economic and social development of the member countries of the Central American Common Market, whose considerable potential has not yet been fully tapped,

Considering that in the past few years significant progress has been made, inter alia, in: (i) the consideration of the main factors which could determine the scope of the restructuring of the Central American Common Market, whose first phase culminated in the submission to Gobernments by the High-Level Committee in 1976, of a draft Treaty for the Establishment of the Central American Social and Economic Community; (ii) the review of

Central American tariff and customs policies; and (iii) the strengthening of the regional decision-making process connected with the operation of the Common Market,

Bearing in mind that the Central American Economic Co-operation Committee, at its tenth regular meeting in Tegucigalpa, Honduras, in May 1975, adopted a series of resolutions with the firm objective of reactivating Central American economic integration within a short time,

Considering the importance of the technical co-operation, provided by the United Nations through its various organizations and agencies, to the Central American Economic Integration Programme,

1. Takes note with satisfaction of the main advances made by the Central American Common Market, noted in the preambular part of this resolution, and also of the action taken to implement the decisions of the Central American Economic Co-operation Committee, reported in document E/CEPAL/CCE/381,

2. Urges the Central American governments to redouble their efforts to overcome the obstacles which have hindered the full implementation of the above-mentioned decisions, and particularly to speed up the negotiations for the improvement and restructuring of the Central American Common Market,

3. Repeats its request that the secretariat of CEPAL should continue to collaborate with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), and with the other Central American integration institutions, in such activities as will lead to the reactivation and restructuring of the regional integration process,

4. Requests the United Nations Development Programme (UNDP) to lend active support to the Central American Integration Programme, particularly with respect to tariff, energy, industrial, agricultural and foreign trade questions, to which the Governments concerned attach the highest priority at the regional level.

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REGIONAL POPULATION PROGRAMME

Draft resolution submitted by the delegations of Nicaragua and the Dominican Republic

The Economic Commission for Latin America,

Recalling that concern with population problems has always been a feature of the activities of the United Nations, as witness the fact that the Population Commission of the Economic and Social Council was set up as long ago as 1948;

Likewise recalling that such activities have contributed significantly to the progressive awareness of the nature of population dynamics in the world of today and the discussion of the determinants and consequences of such dynamics as regards the achievement of development objectives;

Stressing that the World Population Plan of Action adopted at the United Nations World Population Conference held in Bucharest represents a basic consensus of the international community on the importance of population trends for economic and social development and the crucial role played by development in influencing such trends;

Reaffirming that the harmonization of population trends with economic and social development presupposes the existence of integral development, which cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects, as stated in the First Regional Appraisal of the International Development Strategy, adopted in resolution 320(XV) of the Commission;

Considering that the Second Regional Appraisal of the International Development Strategy, adopted in resolution 347(XVI) of the Commission, links population growth trends, population settlement patterns and internal and international migration with various aspects of economic and social development viewed from the standpoint of integral development;

Bearing in mind resolution 346(AC.68) adopted at the Tenth Extraordinary Session of the Committee of the Whole of CEPAL in March 1975, which requests the Executive Secretary of CEPAL to hold the necessary consultations with a view to the incorporation into the regular budget of that organization of a certain number of key CELADE directorial and administrative posts, in order to ensure the continuity of CELADE's work;

Taking note of the report on the activities of CELADE and of the contents of the regional population programme for the biennium 1977-1978;

Bearing in mind that the Executive Secretary of CEPAL is to convene a special meeting of the Committee of High-Level Government Experts in order to comply with the provisions of CEPAL resolutions 357 (XVI) and 360 (XVI).

1. Decides to incorporate the basic infrastructure of CELADE into the Secretariat of CEPAL in order to ensure the continuous conduct of its activities in population matters, and to request the Executive Secretary to take the necessary measures, as described in resolution 346 (AC.68), to ensure that this infrastructure comes under the regular budget of the CEPAL Secretariat as from 1978;

2. Recommends to the Committee of High-Level Government Experts that, at the specialized meeting to be convened by the Executive Secretary of CEPAL, it should consider matters relating to population in the region within the framework of the International Development Strategy as it applies to Latin America and in conformity with the proposals for the New International Economic Order and the recommendations of the World Population Plan of Action, paying due regard to national policies.

3. Expresses its gratitude to the United Nations Fund for Population Activities to the Government of the Netherlands, to the Government of Canada, and to other organizations which are supporting the activities of CELADE;

4. Urges the United Nations Fund for Population Activities to extend its financial assistance to the Secretariat's population activities, in keeping with the new and wider responsibilities of the secretariat in this field resulting from the decisions and instructions of the governments of the region.

Committee II - Working Paper No. 8/Rev.1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

FISHERY DEVELOPMENT IN THE CARIBBEAN

Draft resolution submitted by Trinidad and Tobago, Cuba, Dominican Republic, Haiti, Grenada and Jamaica

The Economic Commission for Latin America,

Considering that the world food supply depends to a large extent on variable natural conditions that constitute a constant uncertainty and insecurity as regards the supplies of food which the countries of the region have to import;

Bearing in mind that large groups of the population in the Caribbean countries are exposed to malnutrition and that it is necessary to improve the quality of their food and its nutritional value, especially as regards its protein content;

Considering that there is a shortage of land for producing food in the Caribbean countries and that the development of fishing for human consumption can be an important element in improving food supplies and nutrition, particularly for the lowest income groups;

Bearing in mind that the CEPAL/FAO Latin American Food Conference stressed the need to spare no effort to develop and fully utilize the fishery potential of the countries of the region;

Requests the Executive Secretary of CEPAL to establish the fullest collaboration with FAO in order to undertake joint activities aimed at developing the fisheries sector of the Caribbean. These activities should include:

a) The identification of the factors which hinder the accelerated production of fish whether these be in the area of facilities, equipment, technology or otherwise.

b) Suggestions for removing these constraints.

c) Recommendations of optimal methods for exploitation and management of resources.

d) Identification of opportunities for promotion of industrial processing.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REGIONAL CO-OPERATION IN THE FIELD OF HUMAN SETTLEMENTS

Draft resolution submitted by the delegations of Cuba, Guatemala and the Dominican Republic

The Economic Commission for Latin America,

Bearing in mind that the Caracas and Vancouver declarations on human settlements lay down the guidelines and criteria at the international and regional levels in this sphere, and that the Regional Preparatory Conference for Latin America on Human Settlements, held in Mexico, set guidelines for the implementation of the recommendations made in those declarations,

Recognizing that man and the improvement of the quality of life should be the central objectives of integral economic and social development, and that it is the responsibility of the governments to prepare national plans and programmes to these ends,

Also recognizing that these policies must be linked and harmonized with the policies on, inter alia, industrialization, agriculture, employment, housing, population, education, health, recreation, social security and environmental and cultural preservation, since all these are indispensable elements of a broad development strategy,

Likewise recognizing the efforts being made by CEPAL in the implementation of projects in the field of human settlements,

Aware that the Latin American Economic System (SELA) constitutes an important forum for regional consultation on the implementation of efforts in the sphere of international co-operation, and that CEPAL represents a valuable contribution towards realizing these efforts,

Taking into account the pressing need to put into practice a programme of work on research, information and training of human resources during 1977-1978, in accordance with the guidelines set forth by the Latin American Regional Meeting on Human Settlements, and

Bearing in mind the eventual need to convene periodic regional meetings with the participation of the member countries of the region in order to evaluate the results of the programme of work so far implemented.

Recommends:

1. That the activities aimed at the creation of a regional intergovernmental body on human settlements, in accordance with the provisions of resolution 1 on international co-operation programmes adopted by consensus at the United Nations Conference on Human Settlements, should be intensified.

2. That the secretariat of CEPAL should carry out the programme of work given below, in accordance with the following order or of priorities, in the period 1977-1979:

(a) Research

- Economic and social aspects of the human habitat in Latin America, especially in the rural and marginal urban environments.
- Popular participation in the organization and development of rural and urban communities as part of the institutional structure.
- Methodology of territorial planning applicable to strategies of spatial organization and decentralization of economic activity.
- Methodology for evaluating the environmental impact of economic and infrastructural projects on human settlements.
- Methodology for the organization and integrated development of rural and urban communities.

(b) Training of human resources

- Identification of the professional and technical human resources existing in the region and of the installed capacity of the professional training centres in this sphere.
- Identification and facilitation of the access to an organization of seminars and courses oriented towards the requirements of socio-economic development for professionals and technicians connected with institutions which carry out programmes and/or activities in the sphere of human settlements.

(c) Information

- Systematization of the information available and preparation of a glossary for general information.
- Encouragement of the exchange of general and specialized information by the existing national services with a view to integration into a global system of information on human settlements which may be established in the future.

3. That a regional conference, with the participation of the member countries of the region, should be convened at the beginning of 1979 in order to evaluate the programme of work described in paragraph 2 of this resolution.

4. That in the sphere of technical co-operation CEPAL should collaborate with SELA in the preparation of policies and plans on human settlements, when States so request; in providing support to the action committees created in that field; in assisting national bodies in the preparation of requests for international co-operation; and in co-ordinating that co-operation among the countries of the region.

5. That the secretariat should explore with the international co-operation bodies of the United Nations and with appropriate countries the possibility of obtaining funds for the implementation of the programme of work, including the programmes on human settlements and integrated community development. Support should be requested from the United Nations Habitat Foundation and the United Nations Environment Fund in this connexion.

6. That the Secretariat of CEPAL should submit to the next session of the United Nations General Assembly a report on the progress made in carrying out the programme of work and on the timetable for its implementation, including details of the financial resources needed for this purpose.

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

NATURAL RESOURCES AND THE LATIN AMERICAN DEVELOPMENT PROCESS

Draft resolution submitted by the delegation of Colombia

The Economic Commission for Latin America,

Aware of the fundamental importance of the development and utilization of natural resources in the economic and social development process,

Recognizing the urgent need to accelerate progress in research and the integrated management of these resources with a view to their effective utilization and protection,

Recalling its resolutions 302 (XIV) of 5 May 1971 and 337 (XV) of 30 March 1973 on natural resources,

Bearing in mind Economic and Social Council resolution 572(L), which provides that the Council's Committee on Natural Resources should deal with the development of all forms of natural resources, with particular attention to the development of water, energy and mineral resources, and which urges the secretariats of the regional economic commissions to co-operate in the relevant studies,

Also bearing in mind the provisions on natural resources contained in General Assembly resolutions 3201(S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a

New International Economic Order and on Economic and Social Council resolutions 1956 (LIX) on permanent sovereignty over natural resources and 1957 (LIX) on the comprehensive plan of action and co-ordination of programmes within the United Nations system in the field of natural resources development.

Taking note of resolution VI of the United Nations Water Conference requesting the Economic and Social Council, in considering the restructuring of the economic and social sectors of the United Nations system, to ensure that the regional commissions play a central role within their respective regions, in promoting inter-governmental co-operation in the management and integrated development of water resources,

Considering that the recommendation of that Conference on "Action at the regional level - Special recommendations for particular regions" took note of the "Lima Consensus on Water Problems", adopted at the regional preparatory meeting held from 30 August to 3 September 1976, and transmitted it to CEPAL so that it could take appropriate measures,

Considering that the Economic and Social Council, at its sixty-third session, is to study the recommendations of the Water Conference which, subject to its approval, will be transmitted to the General Assembly, taking into account the process of restructuring of the economic and social sectors of the United Nations system,

Recognizing the work which the Secretariat has been doing in recent years in the sphere of research on non-renewable natural resources, water and energy,

1. Requests the Executive Secretary:

a) To intensify the work being done by the secretariat in the field of natural resources, and particularly water, mineral and energy resources, such as:

i) collection and dissemination of technical and economic information on the identification and development of these resources;

ii) helping to improve statistical information systems and systems of vocational training for government technical personnel participating in the formulation of strategies and plans in the above-mentioned sectors;

iii) regional and sub-regional prospective surveys of the demand for and supply of natural resources, as well as other research helping to identify the role of these resources in development and environmental protection;

iv) facilitative mutual co-operation between developing countries and between public enterprises in the developing countries of the region in matters of common interest;

v) collaboration with Governments in the preparation of studies aimed at developing these resources in the countries of the region;

b) To co-ordinate CEPAL's work and co-operate, when necessary, with the United Nations Centre for Natural Resources, Energy and Transport, the United Nations Development

Programme, the Committee on Natural Resources of the Economic and Social Council, the United Nations Environment Programme and regional intergovernmental bodies;

c) To take note of and carry out, as far as possible, the recommendations made to CEPAL in the "Lima Consensus on water problems".

d) To make further studies in co-operation with UNEP, with a view to ensuring the rational utilization of natural resources in Latin America, thereby avoiding the destruction of resources which could reduce the productive capacity of the region.

2. Endorses the request made in resolution VI of the United Nations Water Conference to the Economic and Social Council to the effect that the General Assembly should consider the possibility of allocating additional funds for the secretariat of CEPAL in the United Nations budget, for the purposes mentioned in the above paragraphs with regard to water resources.

C E P A L
Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

SUPPORT FOR THE CEPAL PUBLICATIONS PROGRAMME

Draft Resolution submitted by the Dominican Republic

The Economic Commission for Latin America

Recalling resolution 324 adopted at its fifteenth session concerning the CEPAL publications programme,

Reaffirming the importance of giving appropriate publicity to the research and intellectually creative work done by the secretariat, and of informing to an even broader public the concerns and goals of the bodies which make up the CEPAL system,

Recognizing what the secretariat is doing to improve the quality of both the content and the presentation of its publications, ensuring at the same time that the prices are within the means of Latin American readers in general,

Aware of the approaches made to publishing houses and distributors in various Latin American countries for the promotion and distribution of CEPAL publications, and also of the action taken to rationalize this distribution by means of computer techniques,

Approves the measures taken by the secretariat to promote its Publications Programme, and particularly the establishment of a clearly structured programme and the creation of an Advisory Committee and a Publications Committee responsible, respectively, for the general orientation of the programme and the selection of material,

Takes note with satisfaction of the report by the Executive Secretary of CEPAL on the publications programme (E/CEPAL/1038) and, in particular, the publication in 1976 of the first issues of the CEPAL Review under the able direction of Dr. Raúl Prebisch;

Also takes note with satisfaction of the initiation at the end of 1975, of the new series Cuadernos de la CEPAL and Cuadernos Estadísticos de la CEPAL, in which a total of 22 titles have now been published, 18 in Spanish and four in English;

Urges the secretariat to continue publishing and disseminating the results of its institutional work and that of its collaborators, as a means of encouraging intellectual creativity and high-level discussion of the problems besetting Latin America;

Supports the gradual replacement of mimeographed documents by printed publications for purposes of easier distribution;

Expresses its concern over the limited resources which prevent the secretariat from issuing more publications in English and initiating publications in French;

Requests the Secretary-General of the United Nations to consider what measures might be taken to ensure that adequate resources are available to enable the publication programme of CEPAL to continue developing at a suitable pace.

IV. RESERVATIONS

Committee II - Working Paper No. 7/Rev.2, operative paragraph 2

The Delegations of the United States and the United Kingdom recorded reservations on the mention made of the New International Economic Order in this paragraph.

The Delegation of the United States expressed its reservations on the holding of a meeting of a subsidiary body of a Commission of the United Nations in which not all member countries of the Commission could participate.

Committee II - Working Paper No. 9, operative paragraph 1

The Delegation of Canada reserved its position because that Government did not view with favour the proliferation of intergovernmental organizations.

Conference Room paper N° 1

C E P A L

Economic Commission for Latin America

Seventeenth session

Guatemala City, 25 April - 5 May 1977

DECLARATION

The Economic Commission for Latin America, meeting at the technical level in the first part of its seventeenth session, attended by the representatives of 32 countries and observers from a number of other countries and international bodies, resolved at its first meeting and as its first decision, in a gesture totally devoid of any political content,

To express its profound concern at the perilous situation menacing the life of Mr. Mauricio Borgonovo Pohl, a distinguished Latin American and Minister of Foreign Affairs of the Republic of El Salvador, and

To make an urgent public appeal on essentially humanitarian grounds that his life be spared.

Conference Room paper No.2

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REPORT OF COMMITTEE I

Part one

I. ORGANIZATION AND CONDUCT OF WORK

1. Committee I, set up by the Commission at the technical stage of its seventeenth session, dealt with agenda items 3 (Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order) and 4 (Co-operation among developing countries and regions).

It met between 25 and 29 April 1977.

2. The technical plenary elected Mr. Fabio Herrera Roa (Dominican Republic) as Chairman of Committee I. The Committee elected the other officers as follows:

First Vice-Chairman:	Leonel Torres (Colombia)
Second Vice-Chairman:	Gustavo R. González (Panama)
Rapporteur:	Ruben A. Chelle (Uruguay)

3. At the decision of the plenary, the Committee first discussed a proposed declaration put forward by the delegation of Guatemala on the situation faced by the Foreign Minister of the Republic of El Salvador, Mr. Mauricio Borgonovo Pohl, which was unanimously approved at a plenary meeting.

/Item 3:

Item 3: Regional appraisal of the International Development Strategy and the establishment of a New International Economic Order

4. With regard to agenda item 3, the Committee decided to base its discussions on the Report of the Third Meeting of the Committee of High-Level Government Experts (CEGAN).1/ It was made clear that this decision aimed to give greater order to the work without preventing delegations from making such changes or additions as they saw fit.

5. It was likewise decided to use the reference documents "The economic and social development and external relations of Latin America" (E/CEPAL/1024) and "Long-term trends and projections of Latin American economic development" (E/CEPAL/1027) as supporting material.

6. The delegation of Argentina informed the Committee that it supported the report of CEGAN and that therefore the statement which appears in paragraph 11 of that report (E/CEPAL/1025) was no longer valid.

7. After a wide-ranging discussion on the report and on the basis of the documents already mentioned, the Committee prepared and adopted the Third Regional Appraisal of the International Development Strategy and the establishment of a New International Economic Order which appears in part two A of this report.

/8. In the

8. In the course of the discussions the Latin American and Caribbean countries reiterated that the appraisal document constituted a statement of their position on the subjects included in it.

9. The delegations of Canada, France, the Netherlands, the United Kingdom and the United States communicated in writing the declarations with regard to that document which are reproduced in part two, C of this report.

10. The representatives of the following bodies also participated in the debate on agenda item 3: the Latin American Free Trade Association, the International Monetary Fund, the International Bank for Reconstruction and Development and the European Economic Community.

11. With regard to the document adopted, reservations were made by the delegations of Chile and Colombia to paragraphs 86, 89, 146 and 147 and by the delegation of El Salvador to paragraphs 86 and 146. The three delegations postponed the decision on these paragraphs until the ministerial stage of the CEPAL session. The delegation of Chile made a statement regarding paragraphs 170 and 174. The complete texts of these reservations and statement appear in part two, B, of this report.

/Item 4.

Item 4. Co-operation among developing countries and regions

12. For this item the Committee had before it the secretariat document entitled "Co-operation among developing countries and regions of different geographical areas" (E/CEPAL/1029) and a draft resolution.

13. During the discussions a number of delegations referred to the increasing importance of mutual co-operation programmes among developing countries and regions of different geographical areas, which represented one of the ways of accelerating the development process of the countries concerned at the subregional, regional and interregional levels, in accordance with the principle of collective self-sufficiency and the establishment of a new international economic order.

14. Representatives of the Department of Economic and Social Affairs and the Office and Technical Co-operation of the United Nations and representatives of the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the International Civil Aviation Organization (ICAO) also participated in the proceedings.

15. The resolution, as amended, was adopted by the Committee, and its text appears in the third part of this report.

/Other resolutions

Other resolutions

16. The Committee also considered a series of resolutions submitted by delegations of Latin American and Caribbean countries on the following subjects:

Instruments of payment;

Economic integration and co-operation;

Long-term trends and projections of Latin American economic development;

Human resources;

Relations with the European Communities;

International economic co-operation;

External economic relations.

17. The afore-mentioned resolutions, with some amendments, were adopted unanimously by the Committee, with the exception of the resolution entitled "International economic co-operation", which was adopted by 20 votes to none, with 5 abstentions.

18. During the discussions some delegations stated their positions on the resolutions adopted.

(a) The representatives of France, the United Kingdom and the United States, speaking with reference to the first preambular paragraph of the resolution on external economic relations, stated that the reference therein to the Third Regional Appraisal of the International Development Strategy reflected the position of the

/Latin American

Latin American and Caribbean countries.

(b) The representative of the United States declined to take a position on the resolution dealing with Relations with the European Communities on the ground that the subject was not of direct concern to his delegation.

19. The texts of the resolutions adopted by the Committee for submission to the Plenary of the Technical Meeting appear in the third part of this report.

Part Two

THE INTERNATIONAL DEVELOPMENT STRATEGY AND THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

A. Third Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order

I. THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA

A. THE APPRAISALS OF THE IDS AND THE CHALLENGE OF INTEGRATED DEVELOPMENT

1. The Economic Commission for Latin America (CEPAL), considering the efforts made in the Quito and Chaguaramas Appraisals to secure the fulfilment of the objectives established for the Second Decade of the International Development Strategy, believes that the time has come to reaffirm the essence of the basic concepts set forth therein, in the light of the establishment of the New International Economic Order and the Charter of Economic Rights and Duties of States. The Commission therefore reaffirms, in particular, the validity of certain fundamental concepts of the Quito Appraisal:

(a) The phenomenon of economic growth is not equivalent to development itself, although accelerated and independent economic growth is a prerequisite of integrated development. Growth, in itself, has frequently failed to bring with it qualitative changes which have a decisive influence on such fundamental objectives of the IDS, as human well-being and social justice, since the system of production has continued to prove incapable of providing an answer and solution to urgent problems such as those of mass poverty, growing unemployment, the inadequacy of basic social services and the scant participation of broad strata of the population in the economic and social life of their countries.

(b) The traditional structures, inasmuch as they put obstacles in the way of change, hinder social progress and economic development. Accordingly, even more strenuous efforts must be made to effect the qualitative and structural changes mentioned in the IDS, which are indispensable to establish the bases

/that will

that will permit the achivement of the social and economic objectives of the Strategy. Failure to stress the vital importance of this aspect of development and to put these qualitative and structural changes into practice largely explains the unsatisfactory results achieved by many Latin American countries. These structural changes, which are an essential condition for any integrated process of development, especially one set out in the broad human and social terms in which the IDS states this objective, include: the control and sovereign utilization of natural resources and of all economic activities, including the right to nationalization in accordance with national legislations; the reform of land tenure systems as required in order to promote both social justice and agricultural efficiency; the establishment of such forms of public or mixed ownership of property as each country may consider appropriate in those activities which, in its view, require such measures in order to promote self-sustaining independent economic development; and any other type of substantive reform needed to secure that objective. At the same time, accelerated, harmonious and independent growth is essential to the success of these qualitative and structural changes, and consequently, of the objectives of the Strategy, since accelerated growth of the economy as a whole makes it easier to obtain the resources necessary for the investments required for human development.

(c) Integrated development cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects. It is exceedingly difficult to make an appraisal of the development process thus defined, since it is not sufficient to refer to one or more indicators, but it is necessary to observe to what extent concerted progress in all sectors is helping to promote a new type of society oriented towards rapid human development.

2. The Commission also reaffirms the importance of enhancing these concepts with the most recent decisions of the United Nations in the context of the establishment of the New International Economic Order, such as the resolutions adopted at the Sixth Special Session of the

/General Assembly,

General Assembly, the Charter of Economic Rights and Duties of States, and the agreements reached at the Seventh Special Session of the General Assembly.

3. The decade of the 1970s, now two-thirds completed, has been for Latin America a period of some achievements but also of major frustrations and dangers. A study such as the present, looking towards the challenges of the immediate future, could justifiably place more emphasis on the latter than on the former. It is evident that Latin America as a whole has not been able to transform its economic growth into the integrated development which was envisaged.

4. The analysis of Latin American economic growth made in the Quito Appraisal remains valid. The conditions prevailing in Latin America during the early years of the 1970s present significant variations in respect of the intensity of the rates of inflation, devaluation and increases of indebtedness, among other things. During the biennium 1975-1976, the growth rate of the product was clearly insufficient. In reality, only a very small number of countries secured the objectives, and the majority failed to attain them. Similarly, only a few countries attained the goal for the sectoral growth of industry set forth in the IDS, while the agricultural situation remained precarious. These facts show that the region has not overcome the difficulty of attaining satisfactory growth rates, and this jeopardizes the integrated development process. Likewise, most cases show the characteristics of uneven development which the unsuitable structures impose on the region.

5. The economic recession in the majority of the developed countries and the spread of inflation in Latin America caused by external factors, which aggravated chronic existing inflationary processes, was one of the most important elements of the many-sided world crisis which reached the region in 1975.

6. Prospects for the remainder of the 1970s are problematical and excessively dependent on the trends in the industrialized countries. The prevailing situation in Latin America in recent years has confirmed the judgment in the Chaguaramas Appraisal that the

/relatively high

relatively high rate of growth of Latin America in the early 1970s was due to "certain precarious trends in the international economy, particularly in raw material prices, rather than to the fulfilment of commitments under the IDS". This circumstance was worsened by the failure of the developed countries to live up to their commitments, both under the IDS and in connexion with the creation of a New International Economic Order. This confirms that the critical situation faced by Latin America in recent years is the product both of structural problems of the domestic economy which must be solved, and of deeply unjust international economic relations, and the lack of political will on the part of the developed countries to carry into practice the recognized principles which should prevail.

7. The character of the policy instruments available to the State, the economic conceptions governing the use of these instruments, the conditions set by external sources of financing, and the wide differences in the ability of large population groups to defend themselves mean that the brunt of the measures taken to cope with crises continues to fall on ever broader strata of the national population, through stagnating or declining real incomes and prospects of employment.

8. Various international economic indicators have placed the countries of the region at what is described as an intermediate level, and it is supposed that the magnitude of the region's problems and development co-operation needs is midway between those of the poorer countries and the industrialized countries. This has led to unfair treatment of the region, because its effect has been to cause various international forums to take measures which in practice restrict access to sources of multilateral financing on the assumption that the region does not require maximum attention.

9. It must be reaffirmed that economic growth, experience in the incorporation of advanced technology, progress in education and the cumulative experience of the public sector have not alone been able to generate factors which could place the region in a favourable position to achieve integral development, while the short-term problems

/caused by

caused by the unbalanced state of the international economy have nullified the results of regional and national efforts to achieve such development. If this type of approach is to achieve operational meaning and advance beyond the reiteration and addition of purely theoretical objectives, it must meet the realities of internally heterogeneous and conflictive societies confronting external shocks and constraints which, in the absence of more concrete progress towards the new International Economic Order, will be even more formidable than in the recent past. To deal with them will require greater innovations in economic policy and a much stronger commitment to social objectives.

B. HUMAN DEVELOPMENT AND SOCIAL CHANGE

10. As has been stated on other occasions, "the ultimate objective of development must be to bring about sustained improvement in the well-being of the individual and bestow benefits on all" and "if undue privileges, extremes of wealth and social injustices persist, then development fails in its essential purpose". It has also been said that "as the ultimate purpose of development is to provide increasing opportunities to all people for a better life, it is essential to bring about a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, to raise substantially the level of employment, to achieve a greater degree of income security, to expand and improve facilities for education, health, nutrition, housing and social welfare, and to safeguard the environment".2/

11. In view of the serious problems and shortcomings which exist as regards human development and social change, where different legitimate objectives and aspirations are in conflict and new restrictions arise, the changing conditions call for a continuous review of national and regional policies, since in Latin America there has not been the coincidence of political determination to programme economic and social development activities at the country and regional levels.

2/ Preamble of the International Development Strategy, paras. 7 and 18, and the Quito Appraisal, para. 12.

/12. Various

12. Various public sector social programmes, particularly in education, health, housing and social security, have assembled considerable public resources, acquired complex administrative structures, and exerted a major influence on the levels of living and expectations of broad sectors of the population. These programmes, basically as a consequence of financing crises, now confront the need for major reforms, especially of an administrative nature, which each country will carry out in different ways and with different priorities.

13. The greater part of the rural population has not benefited from the prevailing processes of economic growth and agricultural modernization, and their situation has been aggravated by the partial disintegration of previous sources of livelihood and security. This situation gives rise to mass migration movements to the cities, which intensify the maldistribution of income, underemployment, low productivity of much of the labour force and inability of the masses of the population to participate meaningfully in the integral development process.

14. The faulty distribution of income in Latin America has remained a constant both in crisis and in boom periods. The figures for the decade 1960-1970 show that the poorer half of the population obtained only 14 per cent of total income, the following 20 per cent received a similar percentage and the 30 per cent with the highest income received the remaining 72 per cent.

15. The situation grew worse in the first half of the 1970s. In addition to the negative impact of the inflationary spiral which has affected much of the region, in many countries the effects of some stabilization and anti-inflationary measures have fallen precisely on the lowest income sectors of the population, thus reducing their standard of living.

16. The structure of ownership of wealth has also tended to become more unfavourable for the deprived strata. Concentration has increased, even in branches where it was hitherto low, favouring foreign investment and the so-called middle and upper sectors.

/17. In

17. In other words, poverty and extreme poverty in Latin America remain at relatively high levels in urban and rural areas. While the most important source of extreme poverty is considered to be the countryside, with the increasing marginalization of the weaker sectors of the rural population, the phenomenon of urban marginality has increased as a result of inflationary pressures and the exodus from rural to urban areas under the unbearable pressure of chronic abject poverty.

18. As the Quito Appraisal pointed out, the region's achievements in the field of agrarian reform cannot be considered satisfactory, since the systems of land tenure, use and exploitation continue to be largely inadequate to meet the growing needs stemming from the economic and social development of the Latin American countries.

19. The effects of inflation, contraction of employment, and declining real wages have had a serious impact on the lower-income groups. Open unemployment has reached very high levels in a good many cities, and the opportunities for obtaining employment continue to be limited.

20. More vigorous and innovative methods, which go much further than assistance or relief policies, must be found to enable the marginalized strata to meet their basic needs, contribute to production and organize themselves to defend their own interests. Such measures will call for suitable income distribution policies on the part of the State.

21. Although fundamentally the problems which continue to hinder the participation of women in the economic, political, social and cultural life of the region are closely linked with the general conditions of underdevelopment, it is necessary to promote measures to guarantee the full equality of women with men and thus bring about their integration in the present development processes of their own countries. To this end, a series of actions must be taken to overcome, inter alia, the problems of employment, underemployment and working conditions which are particularly unfavourable to women, especially in the rural

/sector, while

sector, while also ensuring their fuller access to all levels and types of education and to the public health services, especially in the area of mother and child welfare, which together with other social services and adequate housing, should enable Latin American women to participate in and contribute fully to the economic and social development of their countries.

22. It is also essential to eradicate the distortion of the image of women which is still rife in the region as a result of the prevailing cultural patterns and the influence of the mass communications media. The role of Latin American women in society and in the family must therefore be revalued so as to ensure that they occupy the active place which corresponds to them and work to change the socio-economic structures which have subjected and marginalized them.

23. The problems of human settlements cannot be divorced from the economic and social development of our countries and, therefore, from the prevailing situation of underdevelopment.

24. The state of human settlements largely determines the quality of life, the improvement of which is essential for the full satisfaction of basic needs such as employment, housing, health, education and recreation.

25. Instead, however, the situation is aggravated by the existing social, economic, ecological and environmental deterioration, exemplified by unequal living conditions, acute unemployment, illiteracy, disease and poverty, the breakdown of social relations and of traditional cultural values and the increased degradation of the resources necessary for life in the air, water and land.

26. The human settlements policies followed must therefore take into account not only the proper use and tenure of land, but also the growth and distribution of the population, the disparities - including disparities in income - between rural and urban zones, and the consequent migration, and such policies must be linked with those on industrialization, agriculture, social welfare and environmental and

/cultural conservation,

cultural conservation, so that all these elements mutually support each other in the progressive improvement of human well-being and at the same time enable an end to be put to the misuse of resources and the social and cultural deterioration of the countries of the region.

27. The various forms of development which have emerged in Latin America especially over the past 25 years, have led to rapid migrations of population, both of an internal nature and between countries, with an increasing and sustained exodus of population from rural to urban areas which has given rise to new types of problems in the spheres of employment, housing, services, the environment, etc. These problems call for a regional planning approach, so that measures can be suggested which would guide governments in devising policies to solve them.

C. ECONOMIC EVOLUTION AND CHANGES IN THE BALANCE-OF-PAYMENTS SITUATION

28. The economic development of Latin America continues to be conditioned by international economic structures devised by the developed countries in accordance with their characteristics and needs, without taking into account the interests of the developing countries.

29. The lack of flexibility of these structures, as revealed in the situation of the international trade in raw materials and the trend toward a decline in the purchasing power of the developing countries, and also in the functioning of a monetary

/system

system which favours the developed countries, gave rise to the current economic crisis of the Latin American countries and the other developing countries.

30. During the 1970s Latin America as a whole has tended to step up the transformation of the production and technological aspects of its economy and to increase its production capacity, while at the same time broadening and diversifying its external economic and financial relations. The rate of development has varied widely between countries and between years, and has undergone strong fluctuations manifested in the marked surge of economic dynamism during the first years of the decade, followed by a significant contraction and weakening in the last two years.

31. Although during the biennium 1972-1973 the gross domestic product of the region registered a relatively high growth rate of approximately 7 per cent a year, in many countries the slow growth of previous years persisted and in some the levels of activity even declined. The increase and diversification of exports and the rise in the index of the terms of trade had a significant influence on this evolution. Thus, the economy was able to function free of the external bottleneck

/which had

which had affected it in the past. Unfortunately, however, as foreseen in the Chaguaramas Appraisal, the period of boom was to be short-lived, as the course of events soon showed.

32. In 1974, most of the countries were confronted with a slackening in the growth rate of external demand, in many cases accompanied by a fall in the prices of primary products and greater costs of fuels and of products imported from developed countries, all of which was reflected in a significant deterioration of the terms of trade. In these circumstances the serious balance-of-payments problem was aggravated, with subsequent adverse effects on the rate of economic growth. As a result of the unfavourable external effects, many countries were obliged, in order to maintain their growth rate, to resort to financing with foreign capital, primarily from private international banks.

33. In 1975, as a result of the international economic recession, the unfavourable trends in the external sector became acute for most of the countries. The volume of exports tended to diminish and the deterioration of the terms of trade was aggravated. Both these factors contributed to the decline in external purchasing power. The countries were obliged to limit or suspend their imports, and in these circumstances the rate of economic growth and of investment fell to such an extent that the per capita product in real terms diminished in absolute figures.

34. Despite the contraction in imports of goods and services, the trade deficits and balance-of-payments deficits remained at high levels, and the current account deficit of the non-oil-exporting countries of the region exceeded 16,000 million dollars.

35. The terms of trade of the oil-exporting countries also began to fall from the levels they had attained with the increase in prices over the two previous years.

36. In 1976 some trends towards recovery emerged, although the [illegible] product recorded at the beginning of the decade

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sluggishness of growth was influenced by factors which aggravated the

of the fluctuating commodity prices and the slow rate of economic recovery in the industrial countries.

37. Thus, if the levels of the domestic product attained in 1976 are compared with those of 1970 it can be seen that the growth of the region as a whole during the present decade, despite the period of boom, has maintained a trend similar to that of the past. Among the countries for which complete statistical information is available, only five countries secured an average increase of 6 per cent or more, which was the goal fixed in the International Development Strategy. The 14 other countries, which account for about half the population of Latin America, recorded lower rates, giving rise to situations of relative stagnation and even contraction in absolute levels.

38. The per capita product of the region for the period 1970-1976 shows an average increase of 2.8 per cent, which is less than that secured by Latin America as a whole in the second half of the past decade. In a large number of countries the increase was much lower than this average, while in some cases the absolute level of the gross per capita product declined.

39. It therefore seems clear that in the majority of the Latin American countries the global evolution has been manifestly unsatisfactory, especially taking into account the need to accelerate the rate of economic growth in order to augment the levels of productive employment, promote a better distribution of income and confront in a more direct manner the situations of extreme poverty which prevail in the region.

40. During the last two years the slowness and irregularity characteristic of the evolution of the agricultural production of the region persisted. Provisional figures for production in 1976 are encouraging, but growth so far during the decade amounts to less than 3.5 per cent, and while half the countries have met the goal of 4 per cent fixed by the IDS, the remainder, which represent 50 per cent of the population of the region, have failed to do so. The

traditional structural problems of the sector: the increase in the price of agricultural inputs, the limited capacity in some countries to incorporate new land, and the low average yield of the sector.

41. Climatic conditions, prices of inputs and price fluctuations in world markets have contributed to the irregular growth of the domestic prices of various foods, which began to be more closely related to the prices prevailing in the world markets. Thus the short-term flexibility of Latin American agriculture resulted in sharp production swings associated with changes in international market prices.

42. In a number of countries the slow growth of agriculture has had an adverse effect on the export position, and has in some cases caused imports to rise sharply. The share of Latin American exports in world agricultural markets continued to fall, from 17 per cent in 1950 to 13 per cent in 1974-1975, with sharp drops in important products such as coffee, cocoa, wheat and, to a lesser extent, bananas and sugar.

43. The region has continued to be particularly affected by the restrictive conditions and protectionist measures imposed by the major external markets, which further increase the instability of the demand for imports in the markets of the developed countries.

44. The process of industrial transformation grew stronger in the 1970s, although with appreciable differences from country to country. The rate at which change took place was particularly influenced by the international economic situation and the internal structural problems of each country. The strong industrial growth of the period 1972-1973 was followed by a downturn in the following year, while the industrial production of the region virtually stagnated in 1975, with a growth rate of a mere 1.5 per cent. This rising and falling movement affected most of the countries of Latin America to a varying degree. The impact of the slump in 1975 was such that the average growth rate of industrial production in the first six years of the present decade was under 7 per cent annually. Only five of the 19 countries considered reached the growth target of 8 per cent or more fixed by the International Development Strategy.

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45. The preliminary data available for 1976 show a slight recovery in the growth of industrial production. Nevertheless, the average growth rate of industrial production recorded so far in the decade has been somewhat lower than in the second half of the 1960s.

46. The problems of the agricultural and industrial sectors of the region have been substantially increased by the actions of the transnational enterprises, which have in the great majority of cases hindered the effective mobilization and use of the resources of Latin America, thus causing considerable lags in the achievement of integrated development.

47. The high level of indebtedness and the magnitude of the balance-of-payments problems which have afflicted many Latin American countries despite the measures and controls which have been introduced to contain imports and promote exports have given rise to an external bottleneck situation which is likely to have repercussions in the future. The situation varies from one country to another, not only in the magnitude of the problems but also in the prospects of solution. These countries will continue to require a major flow of external financing to ensure given levels of imports and avoid a reduction in the growth rate which would seriously affect employment and income distribution.

48. In these circumstances it is essential to secure a rapid and sustained increase in export income, on remunerative terms, in order to contribute to the solution of the balance-of-payments problems. It is necessary, on the one hand, to adopt policies and measures in the developed countries to broaden and diversify access to their markets for commodities, manufactures and semi-manufactures and, on the other, to expand trade among Latin American countries. Co-operation at the regional level, economic integration and the various policies and measures and specific projects for expanding and diversifying reciprocal trade will tend to play a more important role than in the past.

/49. The

49. The terms of trade with the exterior have varied significantly since 1970. The non-petroleum-exporting countries secured a significant improvement only in the biennium 1972-1973, after which there was a serious deterioration in the following two years. Despite a certain marginal improvement in 1976, the index of the terms of trade of the non-petroleum-exporting countries is still below the 1970 level, and even lower than the levels which prevailed during the early years of the 1950s. The petroleum-exporting countries, for their part, also experienced a deterioration in their terms of trade with the exterior in 1975 and 1976.

D. THE DOMESTIC EFFORT

50. The differences between countries and strategies in the mobilization of domestic resources are even more complex than in other areas of the development process. On the whole, and primarily through the financial machinery, significant progress has been made in the process of capital formation in important productive branches, in the definition and implementation of global and sectoral economic policies, in the organization of financial markets and in fiscal activity.

51. Higher levels of staff training are enabling most governments to progress in the planning of their activities. Although it is not always possible to frame government action within a formal plan, broadly speaking it is becoming more coherent and clear in its goals. Progress is being made in the implementation of economic policies which reorganize the instruments of productive development in new conditions, incorporate an increasing anti-inflationary element as an integral part of overall policies, and reorganize the financial markets to promote greater capital formation and a better insertion in the international setting.

/ 52. Some

52. Some governments and public corporations are mobilizing large proportions of the resources of the economy and gaining great control over the key sectors of the infrastructure and basic resources. The bigger public enterprises of some countries are acquiring the operating capacity and the necessary size to play an important role in world markets.

53. In the agricultural sector, State support policies have been implemented, particularly in connexion with obtaining more credit and alleviating the strong pressures on the food supply systems and above all on the industrial processing of agricultural products.

54. The processes of agrarian reform have encountered many obstacles. Owing to their high costs and slow realization, many of the potential beneficiaries of these processes are excluded from them. Thus the capacity to use the land and the human resources of the rural sector remains low, and a large part of the increases in production are achieved through the modern agribusiness sector.

55. State action in energy, petroleum and mining has been strengthened both through the nationalization of deposits and installations and through significant increases in productive capacity.

56. The growth rates of investment rose steeply, indicating a great potential for capital formation. Gross domestic investment represented 24 per cent of the product in 1974-1975, a very high figure in comparison with the previous decade. Many countries, unable to gain access to suitable technical and financial resources, or for other reasons, had low levels of investment. Thus, side by side with the countries which exceeded 24 per cent, there are others which failed to reach 20 per cent.

57. National saving followed similar lines to investment. The national saving ratios, already over 20 per cent, rose still further, but the difference between countries is once again evident: some countries failed to reach 15 per cent. The ratio of national saving to investment tended to rise in the early years of the decade, reaching levels close to 95 per cent in 1973 and 1974. These figures show a big potential for domestic saving, which could be increased greatly, if suitable income distribution policies are adopted and the high consumption levels of the upper strata reduced.

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II. THE EXTERNAL ECONOMIC RELATIONS OF LATIN AMERICA

A. LATIN AMERICA'S PLACE IN THE WORLD ECONOMY

58. The study of Latin American external relations must start from a number of basic general considerations. In the first place, international economic relations have been characterized by a worsening of the phenomena of slumps and booms in the main industrialized countries; higher prices of manufactures from the developed countries; food shortages; higher oil prices; changes in the structure of world trade, and widespread inflation.

59. Secondly, Latin America's place in the world economy should be defined in the light of the degree of development and transformation of foreign trade achieved by the countries of the region, bearing in mind the opportunities and problems corresponding to this stage of development.

60. Thirdly, long-term needs and policies must be combined with the handling of the short-term situation, which is presenting difficulties for many of the countries of the region. It is essential to overcome these difficulties, since on the one hand the prospects of growth of exports of manufactures by Latin America are poor, while on the other there is a considerable rise in the balance-of-payments deficit, which has been financed by external loans on increasingly hard terms.

61. Fourthly, it is important to stress that the region has specified its position on the construction of the New International Economic Order in accordance with the guidelines of United Nations General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX). The primary task of the developing countries is to overcome the resistance encountered in the struggle for the new order, since although its principles are gaining increasing importance the progress made so far in its implementation has been insignificant. The disappointment with which the Latin American countries view the scant progress made in the main forums of international negotiation, and the unfavourable attitude of the major developed countries, cannot be ignored. There is

/an imperative

an imperative need to reach concrete results in those negotiations, not only because of the favourable effects they would have on international economic relations but also because the absence of such results could precipitate a collapse in the attitude of dialogue and negotiation which has prevailed since the seventh special session of the United Nations General Assembly, at great cost to international economic co-operation, as pointed out at the Conference on International Economic Co-operation.

1. The world setting

62. During the last three decades there has been intense growth in the developed countries with market economies. There has also been a diversification of the centres. The relative importance of the European Economic Community and Japan increased in comparison with the United States, both in the gross domestic product and in trade and international investment; the relative importance in world trade of the European countries with centrally planned economies also increased. The diversification of the centres, and the greater vigour of the new ones, enhance the advantages of a multilateral approach to international relations to enable the developing countries - particularly those of Latin America - to take advantage of the greater dynamism of some of these centres.

63. Trade, production and financial relations among the developed countries have also grown very greatly. The creation of a vast economic area comprising the developed market economies has been consolidated. Besides the absolute and relative growth of the trade flows within groups of developed countries (EEC, EFTA, and Canada and Japan with the United States), trade among the different groups has greatly increased at the same time as the barriers to trade of industrialized products have been reduced. Thus the developed countries increased their share of world exports from 60.2 to 66.3 per cent between 1950 and 1975.

64. The composition of world trade changed profoundly between 1950 and 1975. The relative importance of manufactures increased from

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43.7 per cent in 1950 to 60.4 in 1975, while food and raw materials dropped from 46.4 to 19.1 per cent. This structural change has hurt the developing countries which produce raw materials. The share in world exports of the non-oil-exporting developing countries fell sharply from 24.4 to 10.5 per cent over the same period, and that of the Latin American members of this group fell still further, from 10.4 to 3.9 per cent. There was at the same time an increase in their share of the purchase of manufactured products from the developed countries.

65. Over the last 25 years the developed countries have been replacing imports from the developing countries of basic products and semi-manufactures derived from renewable natural resources. They have also accelerated the substitution of primary goods produced and exported by the Latin American countries and other developing countries through an increase in the production of substitutes and synthetics.

66. Their own production of food and agricultural raw materials increased, as did trade among them in those products, at the expense of imports from developing countries. They adopted domestic support price policies for their producers, which contrast with their opposition to the attempts to apply similar policies at the world level in favour of the exporters of primary products among the developing countries. In this way they stimulated their own supply and gave their producers the necessary means to increase capitalization and technological innovation. At the same time they imposed tariff and non-tariff barriers on imports from developing countries, while there was a systematic effort to reduce such barriers among groups of developed countries.

67. Furthermore, the developed countries have preferred to import non-renewable resources from the developing countries at more advantageous prices, with the clear aim of preserving their own resources and making substitutive investment profitable. This has not resulted, however, in a sustained improvement in the export prices of those resources.

68. The developing countries as a whole have had a steadily increasing deficit throughout the last 25 years in their trade relations with

/the developed

the developed countries. For the developing countries this has meant using external resources in order to achieve a somewhat higher economic growth rate than their own exports would have permitted. For most of the developed countries, it represented more active promotion of their exports and production, and a better balance-of-payments position. In the case of the Latin American countries, the major disequilibria in the trade balance and the balance-of-payments were the results of their efforts to maintain as far as possible their economic growth rates.

2. The new international economic relations of Latin America

69. Latin America is faced with the need to define the new forms of insertion of its economy in the efforts to achieve the implementation of the emergent New International Economic Order, in order to be able to regain and increase its relative importance in international relations, in accordance with the needs of the present stage of development of the countries of the region.

70. New trends are appearing as a result of the process of reorganization of the world economy, and these are beginning to acquire great importance side-by-side with the old trends which still persist. As a result, Latin America must implement a series of policies and actions capable of dealing with all the forces in play.

71. Major elements in the new international economic relations of Latin America are the struggle for sustained growth of the purchasing power of export earnings of traditional products, a greater share in the world trade of manufactures and semi-manufactures, the reduction of the balance-of-payments disequilibria and access to international financing on suitable terms.

72. In addition to these elements, the transnationalization of capital, the new industrial structures and the reform of the international monetary system are beginning to assume great importance as a result of the growing globalization of the economy.

73. Consequently, Latin America should foster action to ensure more active participation in the world economy, to which end the following lines of action should be adopted, inter alia:

/(a) Better

(a) Better prices for the raw materials produced and exported by the developing countries, as a means of increasing the resources available for their internal development processes, through the speedy implementation of the Integrated Programme for Commodities and the definition of machinery to protect the purchasing power of those raw materials.

(b) Adoption of formulas whereby the developed countries will fulfil before 1980 their commitment under the IDS to contribute 0.7 per cent of their GNP as official aid to the developing countries.

(c) Removal of obstacles and instrumentation of international support mechanisms for the expansion of the exports of manufactures of the region as a means of securing an effective redistribution of world industrialization opportunities. In this field Latin America has the right and opportunity to play a dynamic role.

(d) Creation of appropriate machinery to facilitate the transfer of technology towards Latin America on terms which interest the countries of the region at their current stage of development.

(e) In order to secure these objectives it is essential that Latin America should have active and effective participation in the decision-making process in all the monetary, financial and trade negotiation fora.

74. The existing international monetary situation has been characterized by severe disequilibria caused, inter alia, by the lack of a rational, just and universal system, by the wide fluctuations in currencies, by the disordered growth of international liquidity, and by the system's lack of adaptation to the needs of the developing countries and the preponderance of certain developed countries in the adoption of decisions.

75. The current developments regarding international economic co-operation make it increasingly necessary for the region to carry out specific action aimed at modifying the disequilibrium which characterizes Latin America's economic and social relations with

/the industrialized

the industrialized countries. Attempts should be made to concentrate efforts on the co-ordination of measures based on the political will and capacity for action of the Latin American countries, which would thus not depend on decisions from outside the region.

76. The Latin American Economic System (SELA) offers an opportunity to meet this situation through, for example, actions related to trade promotion, such as enterprises in the fields of marketing, transport, insurance, services and management, etc.

3. External financing and indebtedness

77. The deficit on current account of the non-oil-exporting countries of Latin America rose from a little over 1,500 million dollars annually in the period 1965-1970 (less than 15 per cent of exports of goods and services) to a little over 4,000 million in 1971-1973 (22 per cent of exports), while it jumped to almost 14,000 million annually in 1974-1976 (45 per cent of exports). This growth of the deficit was influenced by the deterioration of the terms of trade caused, inter alia, by the higher prices of imports of capital goods, intermediate inputs, and raw materials, the drop in the growth rate of exports owing to the world recession, higher oil prices, exchange instability, the rise in the servicing of external financing, the increasing remittances of profits from direct foreign investments, and the hardening of the terms of external financing.

78. It is important to note that in the middle of the 1960s external financing derived mainly from official sources. At the same point in the present decade, however, the greater part of financing stems from private sources. This has had important consequences: external financing has become dearer; the terms and conditions have worsened and are not in step with development needs, and the problems of access to the international capital markets and those of the industrialized countries faced by many Latin American nations have been aggravated.

79. The indebtedness of these countries has also increased enormously. The State-guaranteed debt (excluding the debt to the International

/Monetary Fund

Monetary Fund, credit for less than one year and private loans without official guarantees) rose from 8,700 million dollars in 1965 to 42,000 million in 1975. Non-guaranteed private bank loans rose from 2,500 to 25,000 million dollars in the same period and continued to soar in early 1976. Guaranteed and non-guaranteed loans from private banks thus accounted for two-thirds of the total in 1975: almost double their relative importance ten years earlier.

80. With regard to the criteria of creditworthiness and indebtedness it should be pointed out that the current account deficit of the non-oil-exporting countries of Latin America has climbed steeply in comparison with their exports. The same is true of the ratio of debt service to earnings of exports of goods and services, while the ratio of international reserves to imports has fallen considerably.

81. The criteria used to judge the creditworthiness of a country, however, while useful in the consideration of the individual country, are less so in the appreciation of a wider situation. The reason is that, taking the problem as a whole, it would help the recovery of the world economy in a recession such as the recent one if specific groups of countries with balance-of-payments problems decided to lay greater emphasis on financing than on adjustment. Furthermore, the problem of external debt and its servicing cannot be considered in isolation from trade issues. The dynamic growth and diversification of exports, better access to the markets of the developed countries for those exports, and better prices and quantities of commodities are highly important factors if the developing countries are to be able to reduce the high cost of external financing.

4. Transnational corporations

82. The transnational corporations have gained enormous influence in the economic activity of the developed countries and their links with each other and with the developing countries. According to United States Department of Commerce figures, in 1970 the United States transnationals and their foreign affiliates were responsible for 24 per cent of world exports of goods, and the percentages for the United States, Canada and Latin America were significant. A high proportion

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of the exports of transnational corporations is comprised of transactions between branches of the same corporation. In the case of the United States, such intra-company transactions accounted for 49 per cent of exports of manufactures, and the percentages were even higher in the case of Brazil (73 per cent) and Mexico (82 per cent) in 1972. The activities of the transnational corporations in the region have given rise to much well-known concern in the countries, regarding firstly the way in which prices are fixed in intra-company transactions, the extent to which they correspond to the competitive conditions of the market, and the implications for the country exporting or importing goods in such conditions; secondly, the dependence on the exterior in respect of capital and technology; and thirdly, as a resulf of the foregoing, the fact that the technology introduced by these transnationals is capital intensive and frequently not adapted to the conditions of the countries which receive it.

83. A further concern is that such enterprises tap some of the limited resources available for financing in the domestic financial markets and compete in the external centres of consumption with the products of the national firms of the Latin American countries.

84. The actions of the transnational corporations confirm a recent trend in the international economy: because of the industrial pollution and congestion in the developed countries and the need for access to raw materials and cheap labour, they encourage the implantation of industrial activities in the developing countries in order to take maximum advantage of the resources available at the world level.

85. The flow of trade and capital between the affiliates of transnational corporations considerably limits the capacity of States to orient their national economies, since it reduces the efficiency of instruments to control the balance of payments and also causes upheavals in the international monetary and financial sphere.

/B. LATIN

B. LATIN AMERICA AND THE INTERNATIONAL NEGOTIATIONS

1. Integrated Programme for Commodities

85. The Integrated Programme for Commodities is an element of vital importance for the restructuring of the international trade in raw materials which aims to solve commodity problems because of their importance in the generation of foreign exchange for the integrated development of the countries of the region.

87. Resolution 93 (IV) adopted by UNCTAD IV sets out the guidelines to be followed in implementing the Integrated Programme for Commodities. This resolution sets out and specifies the main action elements of the Programme.

88. In September 1976 preparatory negotiations began on some of the products mentioned by way of example in the resolution, as did work on the preparation of the conference on the negotiation of the Common Fund.

89. So far, the meetings on specific products have in some cases made it possible to advance in the specifications and technical aspects required for the subsequent decisions. However the positions adopted by the industrialized countries at the preparatory meetings seem to indicate that the programme of activities envisaged in UNCTAD resolution 93 (IV) will not be fully implemented.

2. Multilateral trade negotiations

90. During the course of the current multilateral trade negotiations there has not so far been any sign of a clear desire on the part of the industrialized countries to implement the principles of non-reciprocity through preferential and non-discriminatory treatment for developing countries. A clear example of this can be seen in the scant results obtained so far in the case of tropical products, a sector to which it had been agreed to give special priority treatment.

91. The foregoing is reflected particularly in the way in which the work is being carried out in the various groups and sub-groups of the Trade Negotiation Committee of GATT. The industrialized countries have

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tended to ignore the various problems and different solutions proposed by the developing countries and confined themselves to resolving their own difficulties.

92. The role played by Latin America in the negotiations is particularly noteworthy, since a number of countries of the region have advocated and proposed various mechanisms for the implementation of the Tokyo Declaration. As a reflection of the foregoing, mention should be made of the establishment and proposal of the Group on the reform of the juridical framework of the General Agreement on Tariffs and Trade, which would deal in particular with aspects relating to differential and more favourable treatment for the developing countries (especially the most-favoured-nation clause); with the safeguard clauses for reasons of the balance of payments and economic development; with the questions of interest to the developing countries in respect of consultation procedure, solution of disputes and supervisory machinery, in accordance with articles XXII and XXIII of the General Agreement; and with the failure to apply the principle of reciprocity.

93. However, if the positions of the industrialized countries continue along the same course, the efforts of the Latin American and other developing countries participating in the negotiations will again be frustrated.

3. Conference of International Economic Co-operation (the Paris Conference)

94. Analysis of the international economic negotiations underway reveals the potential importance at the present time of the Paris Conference because of the importance for the developing countries of the topics dealt with and also because of the particular features of the negotiating structure of the Conference.

95. The Conference is the product of an unprecedented international situation in which a group of developing countries has acquired unusual bargaining power, with the support of the other developing countries for the adoption of the measures from which that bargaining power stems, and have in turn placed that power at the service of the other developing countries. The Conference is being held in a context of widespread

/economic crisis

economic crisis, characterized by a process of inflation and stagnation of economic growth in the industrialized countries, whose effects have been transmitted intensely to the developing countries.

96. It has been interesting to note the importance attached at the Paris Conference not only to the question of energy but also to a set of issues which tend towards the definition of a new global approach, particularly in seeking decisions on commodities, co-operation for development and financing. In the great majority of cases, those decisions will be implemented within the framework of the competent international bodies.

97. In this connexion, the positions and attitude taken by the Group of the 19 developing countries participating in the Conference are noteworthy, especially with regard to support for the Integrated Programme, including the Common Fund, and defence of the purchasing power of the exports of raw materials of the developing countries; the improvement of the present machinery for food aid and security and the promotion of agriculture in the developing countries; the expansion and consolidation of industrial co-operation with a view to making possible the attainment of the goals of the Lima Declaration on industrialization; the need to provide a suitable framework for the activities of transnational corporations; support for the objectives of the developing countries participating in the Multinational Trade Negotiations, particularly with a view to bringing about a rapid improvement of the conditions of access of the products of the developing countries to the markets of the industrialized countries; and the establishment of new machinery designed to accelerate and reduce the cost of the transfer of technology to the developing countries.

98. Since, in the present international economic situation, the majority of the developing countries continue to depend, often heavily, on the transfer of external financial resources, it was considered particularly important that the Paris Conference should give priority attention to substantially increasing the transfer of official resources for development, to access to capital markets, and to the search for

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solutions to the problems of indebtedness of the developing countries and of maintaining the purchasing power of their export earnings.

99. If, after more than a year of dialogue and negotiations, the Conference on International Economic C-operation has not yet managed to reach results which might be considered satisfactory, the reason lies basically in the lack of political determination of the developed countries and their reluctance to accept the modification of a system of international economic relations created in the light of their own interests. The magnitude of some of the differences which separate those countries, and the fact that important changes have occurred in the governments of some of them, have considerably restricted the powers of their representatives to participate in negotiations of this kind.

100. In the light of this situation, at the thirty-first session of the General Assembly, held at the end of 1976, a resolution on the Conference was adopted which expressed deep concern and disappointment at the failure so far to reach concrete results in the Conference on International Economic Co-operation, and profound concern at the advserse effects which the failure of the Conference would have on international economic co-operation.

101. In order to overcome this situation, the developing countries participating in the Conference have proposed that it should resume its work in April and conclude the Ministerial Meeting not later than the end of May 1977, with the adoption of measures which form a global programme of substantive improvements in international economic co-operation.

C. RELATIONS WITH SOME DEVELOPED AREAS

1. Relations with the United States

102. Despite the changes which have taken place in the centres of the world economy, the United States continues to occupy a predominant position in it. As far as Latin America is concerned, the United States

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continues to occupy first place in the export trade in primary products and manufactures, in investment flows and in the transfer of technology.

103. One extremely important feature of the changes which have occurred in the world economy is the presence of transnational enterprises as a new economic power, to the detriment of the economies of the developing countries.

104. In the specific relations of Latin America with the United States the discouraging trends and prospects observed at the beginning of the decade have worsened. The chronic imbalance between imports and exports has increased, leading to the further aggravation of the region's growing and costly trade deficit, while exports to the United States continue to be the most sluggish sector of Latin American trade.

105. A new element has joined the obstacles to the liberalization of trade which have traditionally hindered the access of products of Latin American countries to the United States market: namely, the restrictions stemming from the Trade Act adopted by the United States in 1975.

106. Besides the discriminatory restrictions imposed against three countries of the region (Venezuela, Ecuador and Cuba), this legislation contains provisions which give rise to some of the main limitations to the access of Latin American exports. In this connexion, particular mention should be made of the competitive need formula and the rules of origin. According to the first of these restrictive measures, when the annual exports to the United States by a developing country of an item in which it enjoys preference exceed 25 million dollars or 50 per cent of the total United States imports of that item, those exports cease to enjoy preferential treatment. Many countries of Latin America have been affected by this provision, which is aggravated by the fact that the tariff schedule for Latin American products subject to the competitive need formula is higher than the average United States customs tariff.

107. With regard to the rules of origin, the United States Trade Act provides that a product shall receive preferential treatment only if

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at least 35 per cent of its value added originated in the exporting country. Besides being restrictive, this measure will hinder access to United States markets for many products originating in the schemes for industrial co-operation or complementarity among Latin American countries and between them and other developing countries, which are undergoing a process of considerable growth.

108. Besides these restrictions, there are other measures with a negative impact on exports to the United States market of products which are important for Latin America, such as the compulsory exclusion from the Generalized System of Preferences of products considered "sensitive"; the discretionary power of the President of the United States, under the Trade Act, to exclude from the lists other products which are felt to have an unfavourable effect on industry or employment in the United States; and the products temporarily subject to non-tariff barriers.

109. It should be pointed out that the exports which fall into these categories are generally manufactures and semi-manufactures of Latin American countries. This is not only contrary to the long-standing demand of the region that access for this kind of goods to the markets of the developed countries should be improved, but also curbs industrial growth and diversification in the countries of Latin America.

2. Relations with the European Economic Community (EEC)

110. The EEC has continued to organize progressively a system of commercial and economic co-operation on a preferential basis with the countries of Africa, the Caribbean and the Pacific (Lomé Convention) and with the countries of the Mediterranean basin. As a result of the entry of the United Kingdom, special responsibilities have also been undertaken with respect to the Asian countries which belonged to the British Commonwealth. For the non-associated countries, i.e., those of Latin America and Asia, the EEC has begun to implement a so-called "global policy of co-operation for development".

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111. As a result of the extension of preferential régimes for access to the EEC market, the traditional most-favoured-nation clause has become the exception and the preferential régime the rule - a régime from which much of Latin America is excluded.

112. The fact that Latin America, with the exception of the countries of the Caribbean sub-region which belong to the British Commonwealth, is not one of the EEC's top priorities, and hence that the Community has no explicit political commitment in this respect, has led to a weakening of the dialogue between the two regions initiated in 1971, and the search for a collective instrument of co-operation with the EEC has been checked.

113. Latin America should reaffirm its collective political determination to press on with the organization of a system of economic co-operation with the EEC.

114. An analysis of the results achieved so far for most of Latin America through the Community's global policy of co-operation for development reveals the following:

(a) In the trade sector:

- the regulations of the common agricultural policy have continued to restrict access to the EEC market for important agricultural products exported by most Latin American countries;
- the tropical products exported by those countries continue to receive discriminatory treatment in their access to the Community market in comparison with similar exports from the countries associated with the EEC, which receive preferential treatment;
- the use of the Generalized System of Preferences has been increasing, but the unilateral and temporary nature of the system, i.e., the lack of security in its use, limits its benefits. Furthermore, it is the practice to exclude from it the products in items 1 to 24 of the Common External Tariff, which include the main agricultural products exported by Latin America;

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- the bilateral trade agreements entered into by three Latin American countries (Argentina, Brazil and Uruguay) with the aim of facilitating reciprocal trade taking into account some aspects of the agricultural regulations, were inoperative in the latest crisis affecting EEC imports of beef from those countries. The general agreement signed by Mexico in 1975 however, which deals with complementary questions of mutual interest, is a positive step towards broader economic co-operation linked with trade;
- co-operation to promote trade financed by the EEC has been advancing and various Latin American countries have already benefited from it;
- the trade balance between the EEC and Latin America, which was substantially in the latter's favour until the beginning of 1970, dwindled to a surplus of only a few tens of millions of dollars. This surplus rose slightly in 1973 due to the slightly higher prices of the main raw materials, but in 1974, for the first time, Latin America recorded a trade deficit of 390 million dollars, which grew rapidly to 1,142 million dollars at the end of 1975. This deterioration has certainly been influenced by the closing of the EEC market for two years to certain products exported by Latin America. The EEC policy of subsidies to domestic production of some agricultural products is a depressive factor affecting the market in the commodities of the developing countries.

(b) In the case of the commodities of the developing countries excluded from the preferential régimes, no regulatory machinery has yet been established to ensure free access to the EEC and regular growth in earnings. Consequently, from this standpoint, the competitiveness of the main exports of Latin America in the EEC market has been weakening.

(c) EEC support has begun to be extended to some regional integration bodies, and LAFTA, SIECA, the Cartagena Agreement and CARICOM have begun to receive some technical assistance.

/(d) Financial

(d) Financial and technical co-operation in favour of the non-associated countries of Latin America and Asia has begun to be implemented, with the allocation by the EEC Council of Ministers of 20 million units of account (about 25 million dollars) in the budget for 1976, intended for agricultural projects, one in a Latin American country (Bolivia). However, bearing in mind specific criteria on levels of development and the lack of a clear policy with regard to Latin America, the practical possibilities of deriving full benefit from that co-operation are limited. In addition, financial contributions have recently been made by most of the EEC countries and by other developed countries to the Inter-American Development Bank and the Caribbean Development Bank.

(e) No progress has been made in the institutional structure of economic co-operation between Latin America and the EEC in contrast with the progress made with other geographic areas (The Lomé Convention signatories and the Mediterranean countries).

3. Relations with Japan

115. Despite marked declines in 1975 and 1976 caused by the recession which hit the Japanese economy and the fall in prices of Latin America's export products recorded during this period, Latin American's trade relations with Japan have broadened considerably in recent years. Nevertheless, Latin American purchases from Japan have grown faster than the flows in the opposite direction, and so far it is not possible to discern any significant

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impact of the Generalized System of Preferences on the composition of Latin American exports to Japan, which still consist mainly of primary products. This is due both to coverage by products and to the quotas which limit the access on preferential terms, Furthermore, products of great interest to the Latin American countries, mainly in the manufacturing and semi-manufacturing sectors, still remain subject to non-tariff restrictions. These aspects greatly hinder the operation of the Generalized System of Preferences.

4. Relations with other developed market economy countries

116. In 1975 the exports of the other developed countries with market economies represented nearly 14 per cent of world exports, a percentage which was higher than that of the United States and more than twice that of Japan, while their imports constituted nearly 17 per cent of total world imports, exceeding those of the United States and Japan together. These figures illustrate the potential importance of these markets for Latin America, which has not been sufficiently explored. A number of these countries have shown significant interest in Latin America.

117. In the case of Canada, economic relations, between that country and Latin America have been particularly substantial. In recent years, for example, the volume of trade between them has reached an approximate annual total of 4 billion dollars. Furthermore, the Government of Canada has carried out a wide range of financial and technical assistance activities in various Caribbean, Central American and South American countries, both on a bilateral basis and through multilateral channels. There are prospects of continuing and growing links between Canada and Latin America in the future.

/5. Relations with

5. Relations with Eastern European socialist countries

118. The European countries with centrally planned economies offer an interesting possibility for the diversification of markets because of the stage of development of their economies, their high degree of industrial, technological and financial progress, and their need for basic products from Latin America.

119. The increase in trade relations between these countries and the Latin American countries was affected in the past by factors of a political and economic nature, in the latter case especially on account of the system of payments used. These difficulties have now diminished; trade is tending to become free of ideological limitations and the European countries with centrally planned economies are showing a strong trend towards multilateralism among themselves and favouring a system of payments in convertible currency in the agreements signed with the Latin American countries.

120. An important feature in the agreements which contain a commitment to make purchases in the Latin American countries for the same value as the purchases of those countries in the European countries with centrally planned economies is the high percentage of manufactured products included in them.

121. Furthermore, these agreements have transcended the purely commercial field and have become effective instruments of technological and economic co-operation in general. As a result of this process a constant expansion of trade between the two areas has been recorded in recent years, although for the time being it is concentrated in a few Latin American countries.

122. This expansion has not, however, reached the levels it could attain. Furthermore, there have been gaps and difficulties in the application of the agreements both as regard decisions to purchase Latin American products and in the co-ordination of possible purchases in the European countries with centrally planned economies and the utilization of other complementary instruments of financial co-operation. The contacts and agreements with the Council for Mutual Economic Assistance (CMEA), of which some Latin American countries have experience, have proved extremely useful in this connexion.

/6. Co-operation

6. Co-operation with the rest of the developing world

123. Co-operation with the developing countries of other areas is a subject which commands increasing attention, as could be seen at the Conference on Economic Co-operation among Developing Countries held in Mexico in September 1976. There are very important possibilities in the sphere of trade, industry and technology which can help accelerate Latin American development and contribute to overcoming its high dependence on the developed countries.

III. LATIN AMERICAN INTEGRATION AND CO-OPERATION

124. In order to evaluate the economic integration of Latin America correctly it is necessary to take into account simultaneously two main points: on the one hand, the course of the integration processes as institutional mechanisms, and on the other, the advances which have been made in trade and co-operation among countries of the region, whether or not they result directly from the operation of those processes. Efforts are currently being made to find a solution to the problems which the advance of the integration processes has been creating, and attempts are being made, inter alia, to introduce into the operation of the agreements a greater degree of flexibility and preciseness regarding the mechanisms which can make possible greater allowances for the varying needs and degrees of development of the countries which are party to them.

125. Some of the problems of various kinds which have retarded the integration process arise from imperfections in the original integration mechanisms; from the uncontrolled activity of the transnationals, and from the lack of joint political decisions to advance more forcefully in autonomous integration processes.

126. In respect of trade it should be noted that intra-regional exports grew at higher rates than those to countries outside Latin America, especially during the first stages of integration. Although in subsequent stages exports outside the region were more dynamic in global quantitative terms, exports to the region generally continued to have a greater relative content of added value. From this

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point of view the regional market provides a supporting base for industries during the period of consolidation of their entry into the international market.

127. In recent years, when the world recession hit Latin American external trade, the dynamism of exports within the region has shown a greater degree of stability, playing a major compensating role during this period of difficulties.

128. In relation to the preceding point note should be taken of the new forms of co-operation which have arisen parallel to the integration processes, both in the form of industrial and infrastructure projects and in that of trade agreements which intensify the relations between pairs or groups of countries.

129. Despite the deterioration which has occurred in Latin America's external relations and the difficulties which have arisen in some integration processes, the region's capacity for utilizing its resources has broadened and it has increasingly asserted its own personality and its desire to act in common both in the domestic and in the external spheres. The creation of the Latin American Economic System (SELA), of which the basic pillars are the principles of individual effort and intraregional co-operation, is a clear manifestation of this evolution.

130. The creation of SELA as a new form of co-operation in Latin America is an important step for promoting specific action aimed at designing and implementing programmes and projects which would intensify co-operation among Latin American countries in such matters as industrial and infrastructure projects and trade agreements which secure closer relations between countries or groups of countries. These new forms of co-operation should operate in a complementary way to the integration processes and parallel to them. The convergence of the integration processes among each other and with the new types of co-operation mentioned should make it possible to advance towards broader and more far-reaching Latin American co-operation which could play an important role in the development of the region.

131. The function of co-ordinating the positions of the countries of the region in international negotiations on specific themes and with third countries and groups of countries which the Latin American countries has entrusted to SELA

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should be made more dynamic so as to help make the System an increasingly effective instrument for tracing the main lines of the external economic policy of the region as a whole and facilitating the use of its broad negotiating power to improve its external economic relations. There are also other co-operation bodies which are of great importance for Latin America.

132. The Group of Latin American and Caribbean Sugar-Exporting Countries (GEPLACEA) is a body of fundamental importance for the region, as it not only constitutes its broadest association of raw material producer-exporter countries and sets the tone for the usefulness of such entities for Latin American development, but also occupies a leading place in the protection of a basic product of interest to the region as a whole, while at the same time favouring the development of technologial co-operation and the joint adoption of positions in international negotiations.

133. The Caribbean Development and Co-operation Committee, created by CEPAL, constitutes a means of accelerating co-operation in an area united by common interests and removing the artificial barriers which in the past have obstructed the links between the countries which are members of it. This makes it an important body for accelerating the implementation of projects and programmes to benefit the peoples of the sub-region as a whole and the rest of the Latin American countries.

134. The struggle which the region has waged against the predominance of the transnational shipping companies and for the reduction of its export costs has led to the creation of the Caribbean Multinational Shipping Company (NAMUCAR) as a first step towards securing more effective development of co-operation in this sphere at the regional level.

135. The strengthening and development of the Latin American Energy Organization (OLADE) will bring significant benefits for Latin American energy development by, inter alia, providing effective support for the struggle of the Latin American countries to exercise permanent sovereignt over their natural resources, implementing energy projects in countries of the region, facilitating the exchange of information and contributing to the solution of their energy problems.

136. The establishment of the Union of Banana-Exporting Countries has modified the marketing process of this product in the face of the control exercised over it by the transnational corporations, by initiating an effective process designed to guarantee better prices to the producer countries.

IV. PLAN OF ACTION

Introduction

137. The Quito and Chaguaramas Appraisals and the analyses made by the Committee of High-Level Government Experts in Santo Domingo clearly indicate that the objectives and targets of the Programme of Action for the Establishment of a New International Economic Order, of the Charter of Economic Rights and Duties of States, of the IDS and of other resolutions, recommendations and programmes adopted by the United Nations General Assembly and Economic and Social Council are far from having been attained, despite the fundamental importance of their full and speedy implementation to achieve a better and more effective system of international co-operation through which to eliminate the existing disparities in the world, ensure the prosperity of all and thus strengthen international peace and security. The developed countries that have expressed reservations concerning the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order should renew their efforts to withdraw them, thereby showing a firm commitment to the cause of development and international co-operation.

138. The developments and new problems which have occurred both inside and outside the region in the last decade have greatly affected its economic and social evolution and it is therefore all the more clear that international co-operation for development should be truly in step with the magnitude of the challenge posed by the increasing interdependence among all countries and peoples of the world.

139. It is increasingly clear that partial, sporadic and indifferent efforts, however well-intentioned, will not be enough. Economic and social progress is the joint, shared responsibility of the whole international community and calls for united and effective action.

140. In this connexion, the Quito and Chaguaramas Appraisals and the analyses made in Santo Domingo make it clear that, in general terms, while the developing countries have adopted domestic policies and made national, sub-regional and regional efforts to attain the established goals and targets, they have not received from the developed countries the necessary concrete co-operation to complement those efforts, particularly in international trade and monetary and financial co-operation, industrial co-operation, the transfer of technology and other important spheres.

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141. Without in any way evading the responsibility for development which primarily falls to them, or forfeiting their sovereign right to control and develop their own natural resources and economic activities in the form they consider appropriate, the developing countries of the region are aware that they need international co-operation, in addition to their own efforts, to attain the desired goals of integral development with the necessary rapidity. To this end it will be necessary to effect a real transfer of resources and to obtain just and equitable treatment in their economic and trade relations with the developed countries within the spirit of the New International Economic Order and in a manner which respects and strengthens the principles and orientations imparted by each country to its development.

142. Policy measures must be placed in their dynamic context and be subject to constant review so as to ensure their effective application and adaptation in the light of new developments, including the broad repercussions of the rapid advance of technology, and so as to try and find new areas of agreement and broaden the existing areas. The organizations of the United Nations system, including the regional economic commissions such as CEPAL, should provide adequate assistance in the application of these measures and in the search for new forms of international co-operation for development.

143. At the national level it is for each country to establish its own appraisal machinery, or to strengthen that already in existence, as appropriate; when necessary, it should request international assistance for this purpose.

144. With regard to the process of periodic appraisal at the regional level, the United Nations General Assembly and the Economic and Social Council have entrusted the main responsibility to the regional economic commissions, taking into account not only what is already laid down in this respect in the IDS but also the resolutions on the implementation of the Programme of Action for the establishment of

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the New International Economic Order, the Charter of Economic Rights and Duties of States and other resolutions, and programmes approved by the General Assembly and the Economic and Social Council. Consequently, the Committee of High-Level Government Experts approved the following decisions and recommendations.

A. TRADE AND COMMODITIES

145. It is essential to support the restructuring of the current system on which world trade is based, through an improvement of the terms of trade to secure just and remunerative prices for Latin American exports and through measures to ensure full access to the markets of the developed countries with a view to promoting an adequate participation of the region in world trade, transport, and the marketing and distribution of its export products.

1. The Integrated Programme for Commodities

146. The implementation of the UNCTAD Integrated Programme should constitute one of the main objectives of the developing countries. The Integrated Programme should be firmly supported by the countries of the region because of its importance for solving the problems which affect the international commodity trade of the Latin American countries. The application of any measures which may refer to international arrangements regarding commodities included in the Integrated Programme shall be decided by the governments within the context of the respective international commodity agreements.

147. In the face of the decline in the prices of various commodities there is an urgent need to secure the establishment and operation of the Common Fund of the Integrated Programme. In order to protect the purchasing power of the developing countries, indexation machinery should be created to set the reference prices of the raw materials they export in relation to the prices of the manufactured goods imported from developed countries.

/2. Producers'

2. Producers' associations

148. Action should be taken to promote the creation of associations or groups of producers of commodities and raw materials so as to facilitate the presentation of a common front regarding export products with a view to securing greater negotiating power in respect of prices, access to markets and co-ordination of policies, among other aspects. Support for and participation in existing groups should also be encouraged. Support should be given to the creation of a Council of Producers' Associations in which the bodies established on the initiative of the developing countries would participate.

3. Multilateral trade negotiations

149. In view of the lack of progress in the multilateral trade negotiations taking place in the framework of GATT, Latin America should concentrate on the preparation of a common strategy through which to demand the effective implementation of the Tokyo Declaration and the rapid instrumentation of the proposals put forward by the developing countries in the various fields of negotiation.

150. With respect to the juridical reform of GATT, every effort should be made to secure differential and more favourable treatment for the developing countries in a binding basis, taking account of their new trade circumstances, interests and problems; those principles should be extended to both existing and future codes. Both the developing countries which belong to GATT and those which do not should participate in the reform.

4. Subsidies and compensatory duties

151. The Latin American countries consider it legitimate to apply subsidies to promote their exports. They likewise consider that international action in this field should concentrate particularly on the review of the rules currently in force. This review should also cover the application of compensatory duties.

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152. This action should be implemented on the basis of the proposals made by the developing countries in this respect in the course of the current GATT multilateral trade negotiations.

153. Similarly, subsidies intended to offset the effect of tariffs and other forms of protection which affect inputs needed for the production of export goods, or of temporarily overvalued exchange rates, should be accepted immediately. The application of subsidies or other traditional incentives in limited amounts and within reasonable margins and limited periods by the developing countries should also be accepted.

5. Other barriers to trade

154. With regard to other types of barriers to trade, special and differential treatment should be given to the developing countries, both in the review of the juridical framework of GATT and during the present multilateral trade negotiations.

155. The agreements on "voluntary restrictions" on exports should not be extended or increased. In addition, other non-tariff barriers preventing an increase in exports of manufactured goods to developed countries should be avoided. There must be a transfer of industrial technology from the developed countries to the developing countries, subject to prior agreement and under conditions determined by the developing countries themselves.

6. The Generalized System of Preferences

156. The Latin American countries must press for the Generalized System of Preferences to be given a solid statutory basis so as to convert it into an effective and permanent instrument of the trade policies of the developed countries.

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157. The measures taken by some of the main developed countries in adopting their generalized systems of preferences contradict the main provisions of UNCTAD resolution 21 (II) and are clearly detrimental to the developing countries.

158. Latin America should carry forward the proposals it has made on the System through action which, by means of more practical mechanisms, would make it possible to limit the current provisions in various systems of preferences which affect the developing countries. This action should be implemented within the framework of SELA, with the collaboration of the secretariat of CEPAL.

B. THE INTERNATIONAL MONETARY SYSTEM, FINANCING AND DEBT

159. Support should be given to the introduction of a new international monetary system based on: special drawing rights (SDR); stable but adjustable exchange rates and the creation of liquidity by means of new issues of special drawing rights, and it must be made clear that these issues should be linked to development financing and, also, that the developing countries should participate more effectively in negotiations and decisions on the reform of the international monetary system and its operation.

160. As regards financing and debt, international co-operation activities should be carried out in two areas: that of resources deriving from public sources, and that of private sources.

161. With regard to official co-operation for development, the developed countries must honour the commitment made in the IDS of attaining the goal of 0.7 per cent of their GDP as soon as possible and at the latest by 1980, and they must make the necessary changes including those needed to increase the concessionary component of co-operation.

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162. In this respect there are some aspects which are of particular importance for Latin America. In the first place, the Latin American countries need and will continue to need access to financing from official sources on concessionary terms. In these circumstances the efforts made by governments, especially those of the industrialized countries, to support the increases in capital of the multilateral financing institutions are of importance. In the particular case of the financial institutions of the region, they should enjoy the participation and fullest contribution of the developed countries and of the developing countries outside the region which are in a position to provide such assistance, in order to ensure appropriate strengthening of their concessionary and conventional loan services. Similarly, the resources of UNDP should be broadened rapidly and significantly in order to secure a stable and firm financial base and obtain the aid so necessary for all Latin American countries without prejudice to that provided to the less developed countries.

163. It is necessary to support the initiatives aimed at utilizing part of the resources freed by disarmament and the end of the arms race for the advancement of the developing countries. Studies must be prepared in order to determine the way in which the Latin American countries could benefit from such a transfer of resources, and an analysis should be made of the way in which the measures aimed at such a transfer could contribute to reducing

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the inequality between the developed and the developing countries and, in particular, Latin America.

164. Bearing in mind that the financial resources for development are very limited in relation to the serious current and foreseeable balance-of-payments disequilibria, it is essential that the financial bodies of the region should receive a strong extra-regional financial contribution and the firm support of the region.

165. In view of the heightened difficulties in international economic relations and the unfavourable outlook for Latin American international trade, the already scant international reserves of the region should not be fragmented further. Future efforts by Latin America should be directed towards reaffirming its support for measures designed to obtain additional resources for development within the shortest possible time.

166. The Latin American countries need greater access to capital markets, especially the international capital markets and those of the developed countries. A special effort must be made on behalf of the countries which have not yet managed to gain access to those markets. In this connexion, technical co-operation among Latin American countries with different degrees of experience in gaining access to the international bond markets of the developed countries is of particular importance. In addition, international agencies such as IMF, IDB and IBRD should provide technical assistance to countries wishing to approach international

/capital markets

capital markets so as to enable these countries to formulate and present investment proposals in a more effective manner. The necessary measures should be taken in the appropriate international forums to achieve greater stability in the national and international financial markets and facilitate the participation of the Latin American countries on terms better suited to their needs.

167. Without prejudice to the current international negotiations aimed at lightening the burden of accumulated debt of the developing countries, the Central Banks and economic authorities of the region should continue to explore more active and technically viable forms of collective financial co-operation at the world and regional level, with a view to expanding financial support facilities through contributions from developed countries or those developing countries in a position to help, so as to mitigate the problem of external indebtedness by whatever means each country considers appropriate.

168. In this connexion, the Executive Secretary of CEPAL, together with the secretariat of the Centre for Latin American Monetary Studies (CEMLA) and other competent bodies should continue to prepare initiatives for consideration by the Central Banks in their respective forums.

C. TRANSNATIONAL CORPORATIONS

169. Strong encouragement should be given to the work aimed at preparing an International Code of Conduct governing the activities of transnational corporations.

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170. The Latin American countries should maintain the position which the developing countries have defended in many forums that the Code of Conduct should be binding and should be governed by the following principles, inter alia:

(a) Transnational corporations must comply with the laws and regulations of the host country and, in the case of litigation, they must submit to the exclusive jurisdiction of the courts of the country in which they operate;

(b) They must refrain from any interference in the internal affairs of the States in which they operate;

(c) They must refrain from interference in or disruption of the relations between the Government of the host country and other States;

(d) They must not serve as instruments of the foreign policy of another State or as a means to extend to the host country legal provisions of their country of origin;

(e) They shall be subject to the permanent sovereignty exercised by the host country over all its wealth, natural resources and economic activities;

(f) They must comply with national development policies, goals and priorities and make a positive contribution to attaining them;

(g) They must supply the Government of the host country with the relevant information on their activities in order

/to ensure

to ensure that these are in keeping with the national development policies, goals and priorities of the host country;

(h) They must carry on their operations in such a way that these result in a net inflow of financial resources for the host country;

(i) They must contribute to the development of the domestic scientific and technological capacity of the host country;

(j) They must abstain from restrictive commercial practices.

171. The countries of Latin America have agreed that efforts of co-ordination should be made in the framework of SELA to organize discussions on the Code of Conduct in the course of which they will prepare the joint Latin American positions on the definitions, principles, sphere of action and the other elements entering into the Code of Conduct. The CEPAL secretariat should contribute to these activities. The Latin American countries will participate actively in the activities of the United Nations Committee on Transnational Corporations and in its working groups on the Code of Conduct and on the corrupt practices of transnational corporations.

172. At the same time it is important to prepare action guidelines for the future negotiations on direct investment between the governments and the transnational corporations, on the basis of the recent experience gained in this field both in Latin America

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and in other regions of the world. High priority is attached to the fuller use of the potential bargaining power of the Latin American countries, which has so far been used to only a limited extent.

173. The Latin American countries must make efforts to exchange among themselves and with other developing countries the information they possess on negotiations with transnational corporations, in order to increase their individual and collective bargaining power. To this end, it is considered necessary to strengthen the Latin American focal point which already exists in the form of CEPAL so that, in conjunction with the United Nations Centre on Transnational Corporations, it can obtain and supply on a regular and systematic basis all information on transnational corporations.

D. TRANSFER OF TECHNOLOGY

174. On this subject Latin America considers it of fundamental importance to stress the urgency of the following, in view of the forthcoming United Nations Conference on Science and Technology for Development;

(a) The adoption of an international Code of Conduct of a binding nature on the transfer of technology, the draft of which was completed in UNCTAD;

(b) The revision of the Paris Convention for the Protection of Intellectual Property.

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175. It is worth reiterating the agreement reached by the developing countries in New York and Geneva that the Conference should be held in a developing country and that at the Conference, on the basis of the national reports prepared for it, efforts should be made to accelerate action on such matters as:

(a) The establishment in the countries of the region of appropriate institutional machinery: especially national centres for development and the transfer of technology;

(b) The strengthening of the region's own capacity for technological adaptation and creation, an objective which, together with that of the transfer of technology from outside, should be brought about in the conditions required by the development of each country and in accordance with the guidelines laid down at the national level;

(c) The establishment and improvement of mechanism in the public sector which will contribute to the location and dissemination of technologies suited to these conditions and will enable the State to fulfil its responsibility to secure suitable technologies for development on the world market;

(d) The preparation of preferential agreements for the development and transfer of technology between Latin America and other developing regions;

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(e) The establishment in Latin America or strengthening of subregional and regional centres for the development and transfer of technology which can serve as a link with the national centres of the other developing countries;

(f) The establishment or strengthening of sub-regional, regional and interregional centres in Latin America for the development and transfer of technology in specific and critical sectors.

176. Recognizing that relevant technical progress has taken place within Latin America, the countries of the region should take steps to actively stimulate the transfer and dissemination of technologies among themselves in areas that would enhance balanced social and economic development.

/E. INDUSTRIALIZATION

E. INDUSTRIALIZATION

177. The Committee of High-Level Government Experts reiterates its support for the decisions on regional industrial co-operation adopted by the Latin American Conference on Industrialization at its meeting held in Mexico City in November 1974 - especially the recommendation to develop industrial complementation schemes - and recommends that the co-operation between the Economic Commission for Latin America and the Latin American Economic System should be strengthened.

178. It is necessary to adopt measures to promote the restructuring of the industrial production of the world by securing greater access for the manufactured products of the developing countries, the transfer of technology on favourable terms, the harmonization of the production of synthetic and substitute articles in the developed countries with the supply of natural products by the developing countries, the elimination of restrictive trade practices, and effective control over transnational corporations.

179. There is also a need to establish international norms and conditions for industrial redeployment, in keeping with the interests of the developing countries.

F. RELATIONS WITH SOME DEVELOPED AREAS

180. In addition to the aspects considered in the negotiations of a general nature mentioned above in respect of trade, financing and debt, transnational corporations and technology and industrialization, there are other matters on which action could be taken in relation with each of these areas.

1. Relations with the United States

181. A long, medium- and short-term strategy must be designed and implemented regarding Latin America's relations with the United States.

182. This strategy must be founded on a new political determination: without this the technical formulas to find solutions to existing problems will be of no avail. Such determination on the part of the

/United States

United States is essential not only in its direct relations with Latin America but also because of its influence on the attitude of other developed countries with market economies.

183. The change of administration in the United States offers an opportunity to discover whether or not this political determination exists. Meanwhile, Latin America, while seeking a positive and fruitful dialogue with the United States, should deepen intra-regional co-operation in all areas and stregthen its solidarity with the rest of the Third World.

184. The medium- and long-term strategy should find an answer to the problems affecting bilateral relations between the United States and each country of the region. Bilateral and regional relations are not exclusive, but rather mutually complement and support each other.

185. The new negotiation machinery should take this situation into account and tackle the great problems of trade and financial and technological co-operation in the future.

186. Latin America, for its part, should reformulate its negotiating position in the framework of SELA in the light of the positions already taken, prior to negotiations in any forum. CEPAL can and should play an important role in reflexion and proposals in this context.

187. As far as immediate action is concerned, Latin America should lay emphasis on the United States Trade Act and the other obstacles to its export trade.

188. The most harmful aspects of the Trade Act are those regarding competitive need, rules of origin, safeguard clauses, compensatory duties or tariffs and the exclusion of Latin American countries.

189. At the same time, a systematic case-by-case analysis should be made of products of interest to Latin America which are affected by the United States Generalized System of Preferences, the Trade Act or any pre-existing obstacles.

/190. Meanwhile

[illegible]. Meanwhile, the United States should refrain from applying further tariff or other types of barriers to Latin American products. A recent example of the policy followed in this field by the United States is the tripling of the duty levied on sugar imports (mainly from Latin America) and the possible application of other restrictive measures.

[illegible]. The success of these efforts would provide pragmatic proof of the existence of the above-mentioned political determination. Their failure would nullify any longer-term strategy, with consequent danger to relations with the United States with Latin America.

2. Relations with the European Economic Community (EEC)

The unsatisfactory progress of economic co-operation between Latin America and the EEC is due, on the one hand, to the manifest lack of political will on the part of the Community, which can be clearly seen in the broad range of working arrangements which the EEC is developing with large groups of countries such as those of the Lomé Convention and of the Mediterranean area. This lack of political will is all the more surprising in view of the fact that Latin America is the developing area which absorbs the highest proportion of direct investment from EEC countries and purchases the biggest share of the most dynamic exports of the European countries.

[illegible]. At the same time, there is a similar shortcoming on the part of Latin America which, since the meeting of the Special Committee on Latin American Co-ordination (CECLA) in Buenos Aires in 1970, has not again affirmed in an unequivocal way its collective political will to intensify economic co-operation between the two regions, thus depriving itself of the possibility of effectively using the negotiating power it would potentially gain from the size of its purchases from the EEC. The region must therefore forge an instrument - which could be SELA - to enable it to negotiate and act in a unified way and show readiness, when necessary, to carry out specific action to balance the amount of purchases from the EEC with that of the sales which the region can make to the Community.

194. If this political will materializes, there are many ways in which it could be put into practice, as has been and is being shown by the EEC every day in its relations with the main areas and countries of the world. These possibilities progressively increase as the Member States of the Community broaden its sphere of action of the organization by ceding part of the competence they still have in the sphere of economic relations.

3. Relations with Japan

195. Bearing in mind that in its trade with Japan Latin America's exports have increased at a lower rate than its imports, it is necessary to broaden the coverage of products and remove the obstacles that limit access. Japan's generalized system of preferences should be fully implemented and improved, and specific agreements should be secured to increase exports of commodities. Agreements should also be concluded in the sphere of technology.

4. Relations with other developed market economy countries

196. As part of Latin America's strategy of diversifying its economic relations, studies and consultations should be initiated in the near future on means of increasing trade with other developed countries. In the case of Canada, the growing trade and financial relations offer good prospects which should be systematically explored. These studies and consultations should pay special attention to Canada's trade and financial relations with Latin

/America which

America which have been substantially strengthened in recent years and could be even further increased in the future,

5. Relations with the socialist countries of Eastern Europe

197. With regard to the socialist countries of Eastern Europe, analysis of the prospects offered by the international markets gives rise to the firm conviction that it is essential to intensify to the utmost the efforts to diversify markets, seeking the possibility of securing broader economic cooperation.

198. For these reasons, this is an extremely opportune moment to make a combined analysis of this experience and to explore the role which can be played both by the CMEA itself and by the financial system of the European countries with centrally planned economies. The project for which CEPAL is responsible in this sphere is of high priority from this

/point of

point of view. As this subject of the trade relations of the Latin American countries with the European countries with centrally planned economies also appears in the work programme of SELA, suitable co-ordination is called for. This is another sphere in which CEPAL can provide strong support to the Latin American Economic System.

G. CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION (THE PARIS CONFERENCE)

199. As proposed by the Group of 19 developing countries participating in it, the Conference should resume its work in April and conclude the negotiations with a Ministerial Meeting to be held no later than the end of May 1977, in order to comply fully with the decisions in General Assembly resolution 3515 (XXX), especially the decision that the General Assembly should receive the final report of the Conference for its consideration.

200. On this occasion measures should be adopted which would constitute a global programme for a substantive improvement in international economic co-operation on the basis of the proposals made by the developing countries.

H. MARITIME TRANSPORT

201. The Group of Experts considers it necessary to support the efforts aimed at setting up transport enterprises which, like the Flota Mercante Grancolombiana, the Compañía Anónima Venezolana de

/205. This forums.

control by the countries of the region of spheres of activity which have traditionally been in the hands of the transnational corporations, but also reduce freight costs and increase the negotiating power of the developing countries which export perishable commodities. The countries of the region should support the strengthening and development of the Empresa Naviera Multinacional del Caribe (NAMUCAR) through special measures.

202. Furthermore, it is necessary to stress the importance that all the countries should ratify the Code of Conduct for Shipping Conferences.

203. With regard to multimodal transport, the efforts being made in UNCTAD to secure an international agreement should be redoubled.

I. LATIN AMERICAN INTEGRATION AND CO-OPERATION, AND CO-OPERATION WITH THE OTHER DEVELOPING COUNTRIES

204. It is necessary to promote specific forms of co-operation between two or more countries in such spheres as industrial and agricultural programmes and projects, trade agreements and joint infrastructure projects. The Latin American Economic System (SELA) is an extremely important instrument for this purpose, and therefore the countries of the region should strengthen and support it, by participating actively in the measures it proposes in different areas of co-operation, in the creation and strengthening of action committees and the establishment of multinacional enterprises. They should likewise support its work of consultation and co-ordination between the countries of Latin America and third countries or groups of countries and international bodies and

205. This action should be complementary to parallel progress in the integration processes already in existence (Andean Pact, Central American Common Market, CARICOM and LAFTA), which should continue to be given support in the entire region, with a view to strengthening them.

206. To this end, it is suggested that clearing house operations for payments between subregional markets and, in special cases, between countries and the said subregions should be established.

207. These programmes and projects can also help to remedy the imbalances between countries due to their different degrees of development, which are reflected both in the trade deficits or surpluses of the different countries of the region, and also in the varying structures of the export and import trade between them.

208. It is desirable to promote the adoption of a regional policy of economic co-operation, with special emphasis on the agricultural, industrial and trade sectors, in order to promote or strengthen national agricultural policies so as to increase the social productivity of that sector and raise the nutritional levels of the population; to foster the development of such industries as those of chemicals, non-electrical and electrical machinery and transport equipment, on the basis of the Latin American common market; and to conclude regional and joint marketing agreements in order to strengthen the capacity to participate in external markets, taking into account the commitments entered into within the

/existing

existing integration schemes in the region, as well as the new machinery which may be implemented within the framework of SELA.

209. As regards reciprocal credit agreements, progress can be sought along various complementary lines, so that it is advisable to encourage studies on possible formulas for the broadening and deepening of the current agreements.

210. Co-operation with the developing countries of the rest of the world offers big prospects, especially in the spheres of agriculture, industry, trade, technology and transport.

211. In this respect, Latin America should support the measures and actions agreed on at the Conference on Economic Co-operation among Developing Countries held in Mexico in 1976, and promote and participate actively in the Conference on Technical Co-operation among Developing Countries to be held in Buenos Aires in 1978. The activities which SELA carries out in this sphere are of great value to the region and should consequently be developed.

212. As regards the negotiation of a new International Sugar Convention it is recommended - bearing in mind that for 22 countries of the region sugar is one of their main export products - that a common Latin American position should be adopted in the discussion and establishment of this Convention, taking as a basis the results obtained at the Sixth Meeting of the Group of Latin American and Caribbean Suger-Exporting Countries (GEPLACEA) held recently in Havana, so that this instrument will be in keeping with norms of true equity and will at the same time be effective in

/stabilizing

stabilizing the world sugar market at adequate price levels on terms which provide a stimulus for the economic and social development of the countries of the region.

213. The item "Co-operation among developing countries and regions" should be kept permanently on the agenda of the regular sessions of CEPAL. The CEPAL secretariat should also continue to seek out areas of co-operation among developing countries and regions, both within Latin America and in other geographical regions, and should collaborate with the countries interested in acceding to the Protocol on Trade Negotiations among Developing Countries.

214. Improved utilization of the river systems of the region for transport will strengthen the links between the production and trade sectors, and success in this area will open up ample opportunities for regional co-operation. Among other possibilities mention may be made of co-operation to improve the navigational conditions of rivers; to simplify the documentation required by various authorities, and to facilitate the transport of goods in sealed containers, which reduce customs formalities.

B. Reservations and statements of position

Reservations

The Delegation of Colombia wishes to express its reservations concerning the statements made in connexion with the Integrated Programme for Commodities in paragraphs 97, 100, 155 and 156 of document E/CEPAL/1025[1] and intends to defer its decision on this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of Chile supports both the Integrated Programme for Commodities and the Common Fund because it believes that these instruments can serve the economic and social development of many countries of the region that need stable prices for their commodities.

Since these instruments are not equally suited to all the commodities produced in the region, however, it maintains that for such an initiative to operate effectively for the common good, which is the main aspiration that unites us in this matter and is the basis of the strength which our recommendations may have, both the Integrated Programme and the Common Fund must cover only those products in respect of which the main producer-exporter countries have consented to participate.

The Chilean delegation therefore wishes to express its reservations concerning the statements made in connexion with

1/ Paragraphs 88, 89, 146 and 147 of Part Two of the present report.

/the Integrated

the integrated Programme for Commodities in paragraphs 97, 100 155 and 156[1/] of document E/CEPAL/1025 and intends to defer its decision on this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of El Salvador wishes to express its reservations concerning the statements made in connexion with the Integrated Programme for Commodities in paragraphs 97 and 155[2/] of document E/CEPAL/1025 and intends to defer its decision of this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of Chile wishes to point out, with respect to paragraph 179[3/] of document E/CEPAL/1025, that the binding nature of the Code of Conduct for transnational corporations referred to therein must respect each country's sovereignty as regards the treatment to be given to such corporation located and/or trading in its territory.

This being understood, the first of the principles listed regarding such enterprises is of fundamental importance, and in the light of the foregoing no reservations are entered in respect of it.

1/ Paragraphs 86, 89, 146 and 147 of Part Two of the present report.
2/ Paragraphs 86 and 146 of Part Two of the present report.
3/ Paragraph 170 of Part Two of the present report.

/Because

Because of the similarity of the questions involved, the Chilean delegation wishes to express the same views with respect to the binding nature of the Code of Conduct on the transfer of technology referred to in paragraph 183. 1/

C. Declarations

Declaration by the Canadian Delegation

The Delegation of Canada referred to the assistance being given by its Government to Latin American organizations for economic and social development projects, through the Canadian International Development Agency. Canada is actively participating with Latin America in the dialogue between North and South, and in international negotiations on commodities, as well as in financing some of the activities carried out by CEPAL and SELA. It urged the governments of the region to make a formal commitment which would make it possible to maintain and increase the assistance given by Canada, whose trade with Latin America in 1976 amounted to approximately 4 000 million dollars. It noted that the documents presented by the Secretariat did not include Latin American relations with Canada.

Canada is, in many ways, a developing country. At the same time, it is a developed country that has achieved substantial progress owing to the inflow of capital and technology. It noted

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1/ Paragraph 174 of Part Two of the present report.

/ that, to

that, to a certain extent, the report of CECAN was pessimistic since it did not record the progress made by developing countries in other international fora. Canada is fully committed to the efforts being made on behalf of Latin American economic and social development.

Declaration by the French Delegation

During the discussion of document E/CEPAL/1025 containing the report of the Committee of High-Level Government Experts which met in Santo Domingo and the amendments to it proposed by the developing countries of the region, the French delegation pointed out that in its opinion the texts together represented the general positions of these countries on the evaluation of the regional economic situation, on the implementation of the International Development Strategy, and on the proposed plan of action.

With reference to paragraph 18 1/ of the document, the delegation stressed that France had repeatedly shown by its efforts its desire to work towards the establishment of a more just and equitable international economic order. In order to achieve this, only a courageous and lucid dialogue would have any chance of success.

1/ Paragraph 6 of Part Two of the present report.

/Although

Although the negotiations entered into in the different forums, particularly in the United Nations, may not have enabled all the problems to be resolved, they have at any rate helped to put them clearly.

Despite economic vicissitudes, France had never let up in its efforts in favour of the developing countries. In this connexion, the delegation recalled that France devoted 0.62 per cent of its GDP in 1976 to public aid to development, a figure close to the 0.70 per cent fixed by the International Development Strategy.

Declaration by the United States Delegation

President Carter's speeches at the United Nations, of which ECLA is a part, and at the Organization of American States demonstrate that what we are doing clearly falls within a priority interest of the President.

In the speech at the OAS, the President noted the important and creative role of ECLA and mentioned the leadership role which Latin American countries play on global issues. Because of Latin America's stage of development and the leadership role it plays, the forums for US-Latin American negotiations are largely global. The President put important emphasis on US-Latin American consultations on global issues. This session of the ECLA is part of that consultative process.

We found document E/CEPAL/1025 an interesting and useful expression of the views of the developing-country members of ECLA. There are, however, parts of this document with which the US is not in accord.

/We assume

We assume document 1025 will be transmitted to ECOSOC as a statement of the developing country members of ECLA, and we will in that case be prepared to support its transmittal.

On the new International Economic Order and the Charter of Economic Rights and Duties of States, we have well-known reservations and do not regard them as legally binding committments.

President Carter's speech to United Nations demonstrates clearly that the US is not locked into the status quo. He said the US would "promote a new system of international progress and co-operation," and he spoke of "molding a global economic system which will bring greater prosperity to all the people of all countries." The decisions the President has made since coming into office, including for example his decision on the problems of the US footwear industry, have shown his co-operative approach to international economic problems.

E/CEPAL/1025 forthrightly recognizes the importance of population and employment problems and recognizes that growth is not equivalent to economic development. It is particularly interesting because Latin America has enjoyed substantial growth even in the difficult period recently. In partial recognition of these problems of income distribution and poverty, the US has paid particular attention to the poorest people in its development assistance in the last few years.

/In a spirit

In a spirit of frankness, we would like to make a few comments on two paragraphs. The first is paragraph 18.[1/] We agree that we should have as a goal a new system of economic progress and co-operation in the world. We are, therefore, participating in international negotiations and consultations in ECLA and other forums. We recognize the international economic interdependence of all countries, including the US. We consult in many places in attempts to cope with these aspects of our mutual interdependence. The current situation requires that both developed and developing countries give extensive attention to the world economic situation and the negotiations currently underway. Each of us enters these negotiations on the basis of our own interests, but we recognize our common interests, as the US recognizes that Latin American social and economic development is very much in the US interest.

Paragraph 57[2/] has elements which, speaking quite candidly, we simply do not believe. We recognize that it represents the viewpoint held by many, but we believe that transnational enterprises are an important vehicle for the use of managerial expertise, capital management, and technology to the benefit of development. We have in the recent past seen new flexibility on the parts of both transnational enterprises and host governments in finding ways to fit transnational enterprises into the economic and social plans and aspirations of the host country, and we hope this process will continue.

1/ Paragraph 6 of Part Two of the present report.
2/ Paragraph 45 of Part Two of the present report.

/Commodity

Commodity trade is important to all of us and to Latin America, in particular, in spite of increases in its exports of industrial products. The US believe the most appropriate way to approach commodities question is through consumer/producer forums. We have demonstrated our good will in pursuing solutions to these problems with the signature and ratification of three commodities agreements in the last few months, and we will continue to negotiate on commodities of importance to the US and Latin America in the future. We would cite, as an example, the active US role in the sugar negotiations currently underway in Geneva.

The US Government finds the idea of indexation undesirable. It would introduce rigidities into the commodities trade, it would be technically extremely difficult to implement, and it is not at all clear which would be the beneficiary countries.

Exports to the world economy are very important for Latin America, and a stable, reliable system governing trading relationship is, therefore, critical to the region. We are pleased that Latin American countries have taken an active role in the multilateral trade negotiations. The Carter Administration has indicated its desire to give them a new impetus.

We found the Secretariat proposal in document E/CEPAL/1024 with respect to anticipated reciprocity an interesting one. Steps taken recently by Latin American governments to liberalize their trading systems might well be acceptable to the United States as contributions to the MTN.

/Subsidies

Subsidies and countervailing duties are of great interest to Latin American countries. The US law has been invoked very sparingly. We recognize the importance of the issue and the need for an international solution in the MTN. We recognize the need for special and differential treatment in the subsidies/CVD code under negotiation.

We believe our Generalized System of Preferences is a good system and offers a great deal of stability. The suggestions for improvements made in the ECLA documents are among those being reviewed by the US Government. Imports of eligible products from beneficiary countries increased 65 percent from 1975 to 1976, as compared to a 25 percent increase for non-eligible products. We would be interested in learning the experiences of the Latin American governments with our GSP in its first year of operation.

We find the proposals in E/CEPAL/1024 for a Standards Institute and for Secretariat studies of particular products of export interest to Latin American countries interesting and believe they merit further examination.

The US agrees that whether there will be adequate international financing available in the future is a critical issue and should be addressed. President Carter has requested of the Congress a total of $7.5 billion for bilateral and multilateral aid. The President has also put his influence behind pledges which the United States has made to multilateral financial institutions, including the Inter-American Development Bank. The President has also indicated that he favors an increase in US resources to the UNDP.

/You are all

You are all aware of US doubts with respect to the SDR-development assistance link. The need for the creation of SDRs to augment international liquidity is quite different from the need to augment international assistance. We agree the large amounts of debt which certain developing countries have built up in the recent past deserve our attention. However, debt is only one aspect of larger issues of development and resource availability and cannot be examined in isolation from other relevant factors. The President has made clear his support for fuller developing-country participation in the global economic decision-making process. The developing countries already are well represented in the IMF Executive Directors and Interim Committee and hold over 30 percent of the total IMF voting power.

There are limits to what the United States Government can undertake in the area of technology co-operation because most technology, particularly industrial technology, is privately owned in our economic system. We have, however, put forward certain suggestions and are participating in the OAS exercise to find new ways of transferring, adapting and applying technology to the benefit of development.

Declaration by the Netherlands Delegation

The Delegation of the Netherlands considers that the spirit of Santo Domingo is admirably reflected in document E/CEPAL/1025.

However Part Two of the document, which has just been approved, contains some generalizations which in our opinion are

/not wholly

not wholly warranted. For example paragraph 18[1/] contains such phrases as "the failure of the developed countries to live up to their commitments, both under the IDS and in connexion with the creation of a New International Economic Order" and "the lack of political will on the part of the developed countries to carry into practice the recognized principles which should prevail".

To those who are familiar with the political and economic situation in the Kingdom of the Netherlands it is obvious that not only is there no lack of political will to live up to its commitments, both under the IDS and in connexion with the creation of a New International Economic Order, but that the Government, Parliament and public opinion have shown and are continuing to show willingness to go as far as the budget and the economy permit in assisting and co-operating with the developing countries.

This attitude and willingness are consistently reflected in the position taken by the Kingdom of the Netherlands in international negotiations.

Declaration by the United Kingdom Delegation

When UK delegation considered how to express its attitude towards the CEGAN report contained in document E/CEPAL/1025, it realized that its views were conditioned by the knowledge that the document, when it reached the UN General Assembly, would not merely represent the views of the members of the ECLA region but would constitute a seminal force in the UN's international Review and Appraisal process. It was tempted to seek to modify the report,

1/ Paragraph 6 of Part Two of the present report.

/but recognized

but recognized that it risked causing more confusion and confrontation than understanding . It will not therefore seek to do so, but will continue to pursue the policy adopted with regard to the Quito Appraisal and the Chaguaramas Appraisal. It feels that the authors of document E/CEPAL/1024 and 1025 are to be congratulated for the unusual frankness and forthrightness with which they approached their tasks.

With regard to the mood of the evaluation contained in Part Two of document 1025, the UK delegation takes issue with its negativeness and suggests that an analysis of the past which we designed to show the way to the future needs a positive attitude as well. It points out that, for example, the references to exogenous inflation in paragraph 17[1/] are viewed rather differently in paragraph 113 of document 1024. It also argues against the idea that the UK, as a developed country, is guilty as charged in paragraph 18[2/] of the report of a lack of political will. Events have demonstrated clearly that the political will manifestly does exist-what is in shorter supply are the resources necessary to put that will into effect. This same shortage of resources has dictated the necessity to establish those priorities which have led to what the report describes as the unfair treatment of the Latin American region. The UK delegation feels sure that all will agree that the primary responsibility of the international community is to help those least able to help themselves.

1/ Parag . 5 of Part Two of the present report.
2/ Paragraph 6 of Part Two of the present report.

/Regarding

Regarding the Plan of Action, the UK delegation reiterates the attitude with which it accepted the CEGAN report and intends to make its specific reservations in the plenary.

Regarding paragraphs 200 - 202[1/] of document 1025, the UK suggests that there might be some illogicalities in the argumentation which it might be in the interests of both sides to correct, but in view of the comments of some delegations it does not seek to press any amendments.

1/ Paragraphs 188-190 of Part Two of the present report.

Part Three

RESOLUTIONS

Draft resolution I/1

CO-OPERATION AMONG DEVELOPING COUNTRIES AND REGIONS OF DIFFERENT GEOGRAPHICAL AREAS

The Economic Commission for Latin America

Noting General Assembly resolutions 3177 (XXVIII), 3241 (XXIX), 3442 (XXX) and 31/119 on economic co-operation among developing countries, and resolutions 3202 (S-VI) and 3362 (S-VIII), particularly sections VII and VI, respectively, as well as resolutions 2974 (XXVII), 3251 (XXIX) and 3461 (XXX) on technical co-operation among developing countries and resolutions 31/179 concerning the United Nations Conference on Technical Co-operation among Developing Countries,

Noting also Economic and Social Council resolutions 1963 (LIX) on technical co-operation among developing countries and 2023 (LXI) concerning the United Nations Conference on Technical Co-operation among Developing Countries, as well as resolution 2043 (LXI) on strengthening of the regional commissions for regional and inter-regional co-operation, particularly operative paragraph 5 recommending the co-operation of United Nations organizations and specialized agencies with the regional economic commissions "with a view to making them centres for

the formulation, co-ordination and implementation of programmes for the promotion of co-operation among States members of the respective commissions",

Noting further decision 142 (XVI) adopted by the Trade and Development Board of the United Nations Conference on Trade and Development, establishing a Committee on Economic Co-operation among Developing Countries, and particularly its functions of strengthening the mutual co-operation among developing countries at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas and 354 (XVI) of 13 May 1975 on technical co-operation among developing countries,

Mindful of the Manila Declaration and Programme of Action adopted at the Third Ministerial Meeting of the Group of Seventy-seven (2 to 7 February 1977), and in particular of part two, section C, which stresses the need to foster mutual co-operation among developing countries,

Bearing in mind the Measures for Economic Co-operation among Developing Countries adopted at the Conference of the Group of Seventy-seven (Mexico City, 13 to 22 September 1976), in particular the requests for assistance on different aspects of these Measures addressed by the Conference to the regional economic commissions,

Convinced that the concept of collective self-reliance represents a renewed effort of co-operation among developing countries aimed at achieving forms of mutual support and

complementarity in the development of their respective economies and societies,

Recognizing the increasing importance of programmes of mutual co-operation among developing countries and regions of different geographical areas as a strategy for accelerating their development on the basis of the principle of collective self-reliance,

Conscious of the role that the Commission should play in the mobilization and more effective utilization of domestic resources at the subregional and regional levels to reinforce the unity and capacity of the developing countries of the region for joint action and for self-reliant national development.

1. Takes note of the final report of the Regional Intergovernmental Meeting on Technical Co-operation among Developing Countries convened by the United Nations Development Programme in co-operation with the Economic Commission for Latin America in Lima, Peru, from 10 to 15 May 1976 (DP/TCDC/RBLA/10);

2. Requests the Executive Secretary to:

(a) Expedite the necessary institutional arrangements to establish within the secretariat, in close co-operation with the competent bodies of the United Nations system, a special unit to promote mutual co-operation among developing countries of the region, paying particular attention to geographically disadvantaged and land-locked countries, and between those countries and the countries of other geographical areas, with the objective of integrating this activity fully within the

programme of work of the Commission in order to implement without delay the recommendations addressed to the regional economic commissions in the report of the Working Group on Technical Co-operation among Developing Countries (DP/69), in the relevant General Assembly and Economic and Social Council resolutions on economic and technical co-operation among developing countries, and in other United Nations fora;

(b) Take the necessary measures to develop and intensify mutual co-operation with the secretariats of other regional economic commissions with a view to promoting programmes and projects for the mobilization of economic and technical co-operation at the regional and interregional levels, including the organization and holding of seminars and meetings of working groups, if required and in co-ordination with other competent bodies of the United Nations system, in which a technical dialogue and exchange of experience can be effected;

(c) Invite the Executive Secretary of the Economic Commission for Africa to organize jointly a meeting at the technical level on interregional horizontal co-operation between the secretariats of both regional commissions and to convene in due course an interregional meeting at governmental level to discuss appropriate measures for the implementation of concrete projects of co-operation among the African and Latin American regions;

(d) Assist the United Nations Development Programme, as required, in the preparatory activities concerned with the forthcoming United Nations Conference on Technical Co-operation

among Developing Countries to be held in Buenos Aires from 27 March to 7 April 1978;

(e) Take all appropriate measures to assist the developing member countries of the Commission and the United Nations Development Programme in the implementation of the recommendations contained in the final report of the Regional Intergovernmental Meeting on Technical Co-operation among Developing Countries held in Lima, Peru;

(f) Assist the developing member countries of the Commission, as appropriate, in their preparations for the Buenos Aires Conference;

3. Urges all developing member nations of the region to establish appropriate mechanisms for promoting technical co-operation activities among themselves;

4. Requests the Secretary-General to make adequate provision in order to enable the secretariat of the Commission to carry out its activities effectively in the sphere of co-operation among developing countries and regions of different geographical areas in compliance with operative paragraphs 6 and 7 of Economic and Social Council resolutions 2043 (LXI);

5. Decides to include an item on co-operation among developing countries and regions of different geographical areas in the agenda of all the biennial sessions of the Commission as a permanent question to be examined by the Member Governments.

DRAFT RESOLUTION I/2
INSTRUMENTS OF PAYMENT

The Economic Commission for Latin America,

Considering that the intensification of Latin American trade makes it necessary to improve the instruments of payment which facilitate financial operations in connexion with intra-regional transactions,

Instructs the Executive Secretary of CEPAL, in co-ordination with the appropriate bodies of the Central Banks of Latin America and the Caribbean, to carry out a study designed to improve intra-regional instruments of payment so as to promote the optimum use of the region's own resources.

Draft resolution I/3

ECONOMIC INTEGRATION AND CO-OPERATION

The Economic Commission for Latin America,

Considering:

1. That the countries of the region have made considerable progress in integrating their economies and have been establishing links between their production systems by means of the integration schemes set up during the 1960s, viz. CACM, LAFTA, the Andean Group and CARICOM;

2. That these efforts have been complemented in recent years by the creation of other useful machinery for economic integration and co-operation such as the Latin American Economic System, the Caribbean Development and Co-operation Committee, and others of an intergovernmental nature, and also that the integration movement has expanded to encompass efforts in very different sectors involving industry, transport, communications, energy and other areas of similar importance;

3. That, despite these advances, the economic potential of integration has not been adequately exploited and, indeed, has tended to lose momentum in recent years, thus showing how necessary it is to take integrated action through co-operation efforts designed to lend impetus to the action of the individual countries and strengthen the position of Latin America as a whole in its relations with the rest of the world;

4. That notwithstanding the difficulties which have obstructed various Latin American integration efforts, integration has shown its vitality by continuing to promote trade between the countries of the region, encouraging joint investments and giving rise to economies of scale in industry and in major production sectors;

Affirms the need to strengthen the existing integration processes, to promote speedy and flexible communication between them by all possible means, and to make use of other machinery for Latin American economic co-operation -such as SELA- which can also contribute to the establishment of an integrated economy and thus help to overcome the difficulties facing several of the integration systems;

Expresses the determination of the countries of Latin America to pay all due attention in their national policies to means of strengthening economic integration and supporting the Central American Common Market, LAFTA, the Andean Group and CARICOM, as appropriate, in their work and future development;

Recommends Governments to make joint systematic and continuous efforts to impart a new impulse sufficiently forceful to enable the region to progress beyond the present situation and enter on a more advanced, practical and effective phase of economic integration;

Requests the secretariat of CEPAL to organize in the course of 1978 a technical seminar on Latin American integration and co-operation for the purpose of (a) analysing the current situation; (b) making a critical appraisal of Latin American experience in these areas; (c) studying, at the technical level, ways and means of strengthening the integration processes and promoting substantial economic and technical o-operation between the countries of Latin America; (d) suggesting and discussing possible ways to promote increasing trade within Latin America, with special attention to the trade in manufactures and due consideration and incentives for manufactures originating in the countries of the Central American Common Market and CARICOM, the LAFTA countries described as relatively less developed, Haiti and the Dominican Republic; and (e) taking into account world economic prospects and the role which integration and co-operation among countries can play in offsetting their consequences and making better use

/of any

of any favourable opportunities that may arise. The results of the seminar will subsequently be submitted to the member countries of CEPAL for their consideration;

Recommends governments, economic integration and co-operation bodies, and others whose functions are related to these matters, to extend the fullest possible co-operation to the secretariat of CEPAL in connexion with the work hereby entrusted to it, the results of which will be reported to the above-mentioned seminar on economic integration.

Draft resolution I/4

LONG-TERM TRENDS AND PROJECTIONS OF LATIN AMERICAN ECONOMIC DEVELOPMENT

The Economic Commission for Latin America,

Considering that General Assembly resolution 3508 (XXX) entitled "Examination of long-term trends in the economic development of the regions of the world", provides that the regional commissions should prepare studies on the long-term trends in and forecasts of the economic development of their respective regions, taking into account the national development programmes of individual countries of the regions and the particular characteristics and priorities of the regions,

Bearing in mind the third regional appraisal prepared by the Commission at the current (seventeenth) session, and specially the proposals on the concept of integral development, the need to expand regional co-operation and the proposals on the need for international co-operation in the fields of commerce, financing and science and technology in the context of a new international economic order,

Taking note with satisfaction of the fact that the secretariat of CEPAL is investigating long-term trends and prospects for Latin American economic development in its research project "Latin American development: its appraisal and long-term prospects" (the preliminary summary outline of which is annexed to document (E/CEPAL/1027))

Recommends that the secretariat intensify its efforts to carry forward the prospective studies and economic projections for the next decade, or with a longer frame of reference if analysis of the variables suggest that this is more appropriate, and that it examine, within the framework of the prospective studies, the implications deriving from the concept of development and the proposals on regional economic co-operation and integration and on international co-operation contained in the third regional appraisal made at this session,

Decides that, for the said purposes, special attention should be paid to the following tasks:

1. Making medium-term and long-term projections of demographic and economic growth in the light of the options and scenarios selected for presentation, studying in particular the implications for employment trends, improved income distribution and the elimination of pockets of extreme poverty in the countries of Latin America;

2. Evaluating the amount and availability of natural resources in agriculture, energy and minerals of the countries of the region in relation to their potential capacity for attaining specific goals in social development, economic growth, domestic consumption and investment and external trade;

3. Determining to what extent and in what way the mobilization of national resources and particularly internal capital formation should be achieved, so as to ensure the consistent attainment of social and economic objectives and the necessary acceleration of development;

4. To progress further in the preparation and study of sectoral projections, paying particular attention to agriculture, mining, manufacturing industry, construction and basic services and studying the changes in production and in the composition and allocation of investments which need to be made in order to meet the global aims and social goals of development.

5. Studying the prospects and making consistent projections for Latin America's foreign trade, taking into account, inter alia, the following factors: a) the effects which persistence of the prevailing trends in foreign trade would have on the development of the Latin American countries, b) the structural changes which would need to be made in international trade and economic policy

in the context of a new international economic order, c) the prospects for trade with the developed countries, d) the expansion of regional co-operation and trade, e) the prospects for trade with other developing areas and f) projections of trade with the centrally planned countries;

6. Making projections of trade with the developed countries and studying the rhythm, magnitude and composition of trade flows, and also the implications of these projections concerning the policies and measures which should be adopted.

7. Making special projections of regional trade and trade between countries under integration agreements, in order to establish goals and action targets which would vigorously promote the expansion of Latin American economic co-operation. Studying in particular the projections of the composition of reciprocal flows of goods and services, and on the changes which could occur in them.

8. Analysing the prospects for trade with other developing areas, undertaking, as far as possible, a study of new trade flows which could be created.

9. Preparing projections of external financing, taking particular account of the problems of debts and debt servicing, which can facilitate the study of alternative policies that could be proposed

in order to situate these variables within the context of the global development goals of countries.

Urges the Secretariat to enter into closer contact with the governments of the countries of the region in order to give overall consideration to the methodological bases, objectives and goals of their development plans and policies so that these can be taken into account in preparing regional projections together with the work done in this field by other relevant regional bodies.

Draft resolution I/5

HUMAN RESOURCES

The Economic Commission for Latin America,

Considering that Latin America attaches vital importance to skilled human resources, which constitute an asset built up with great effort;

Mindful that the loss of this important asset can seriously retard the continued development of the countries of the region;

Recognizing that there is a pressing need to take steps to reduce the emigration of this human asset;

Instructs the Executive Secretary of CEPAL to appraise as rapidly as possible, in co-ordination with other bodies of the United Nations, the effects of the emigration of skilled human resources to countries outside the region, specify its causes and determine its effects on Latin American economic and social development, and propose measures aimed at ensuring that the human capital of the Latin American countries remains in, returns to and increases in the region.

Draft resolution I/6

RELATIONS WITH THE EUROPEAN ECONOMIC COMMUNITIES

The Economic Commission for Latin America,

Considering the mutual interest which exists in the developing countries of Latin America and in the European Communities to strengthen their relations through a more effective dialogue at the highest level, and taking into account the fact that SELA has already taken steps to achieve this objective,

Instructs the Executive Secretary of CEPAL to hold the necessary consultations, with the assistance of the Permanent Secretariat of SELA to hold as soon as possible a joint meeting at the highest level between the Latin American States and the States Members of the European Economic Communities in order to identify the areas where there could be a genuinely improved relationship between the two regions.

Draft resolution I/7

INTERNATIONAL ECONOMIC CO-OPERATION

The Economic Commission for Latin America,

Considering the increasing importance of international economic co-operation as a means of promoting integrated development, and having duly noted the statements made by the developed member countries of CEPAL in the course of the Conference to the effect that neither effort nor political will should be spared to this end.

Considering the importance which the Paris Conference has at the present time because of the significance of the issues considered at it for the developing countries, and particularly for Latin America,

Considering that the Conference has now recommenced its work,

Urges the developed countries to adopt a broad enough range of those measures submitted by the developing countries as would constitute a global programme for the substantive improvement of international economic co-operation and so allow the full implementation of the decisions set forth in General Assembly resolution 3515 (XXX).

Draft resolution I/8

EXTERNAL ECONOMIC RELATIONS

The Economic Commission for Latin America,

Considering that the Third Regional Appraisal of the International Development Strategy clearly states the fundamental problems of Latin America as regards its external relations and the essential elements of a plan of action in this connexion;

Considering further that CEPAL is a suitable instrument for the analysis of the problems and for the elaboration of solutions, and an extremely useful forum for consultation and co-operation among its developing and developed member countries in the search for solutions,

Instructs the Executive Secretary, insofar as the resources available to him permit, to:

1. Analyse some of the essential elements for a new policy on international co-operation for development, in the area of trade, such as:

a) New concepts appropriate to the countries of Latin America as regards subsidies, advance reciprocity, safeguards and industrial relocation;

b) The gradual reduction of protection by developed countries as regards products of interest to Latin American countries:

c) The approach to be taken in specific cases of products and sectors which face export barriers in the markets of developed countries:

d) Consideration of the interests of specific Latin American countries in the international negotiations on the UNCTAD Integrated Programme for Commodities:

2. Analyse the economic relations of Latin America with other areas, in particular:

a) Relations with OECD countries. New forms of co-operation in trade, investment, financial flows and technology. Access of Latin American commodities and manufactures to the markets of the United States, the EEC and other developed countries, especially Canada and Japan. The Generalized System of Preferences. The United States Trade Act:

b) Relations with the socialist countries of Europe. Ways to expand economic relations:

c) Relations with the developing countries of other areas, beginning with relations with African countries.

3. Examine the foreign trade policies of the Latin American countries and the experience gained in the handling of instruments for the promotion of non-traditional exports.

4. Analyse the external financing problems of the countries of the region, bearing in mind primarily:

a) The need to study, in consultation with the appropriate fora and the central banks of the region, the workings of the international monetary system and its effects on Latin America, and propose viable forms of increasing the financial resources of the subregional, regional and multilateral development financing institutions;

b) The desirability of studying viable measures designed to obtain as rapidly as possible further resources for development;

c) The desirability of improving the access of the countries of the region to external sources of financing, especially medium and long-term financing, taking advantage, to this end, of the experience already acquired by some countries of the region;

d) The importance of strengthening technical collaboration in the financial field in the region;

e) The desirability of close co-operation with the central banks of the region and with CEMLA in studies and projects related to financing;

5. Pay special attention to integration and co-operation among Latin American countries along the lines described in the Working Paper No. 20/Rev. 2 of Committee I on economic integration and co-operation.

6. Establish the order in which these matters are to be dealt with, in the light of the resources of the secretariat and the progress of international negotiations.

Conference Room paper No. 2/Add.1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REPORT OF COMMITTEE I

Financial and administrative implications of the draft resolutions prepared by Committee I

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/1:
Co-operation among developing countries and regions of different geographical areas

1. The above draft resolution requests the Executive Secretary of CEPAL:

(a) to establish within the secretariat a special unit;

(b) to promote programmes and projects for the mobilization of horizontal economic and technical co-operation, including the holding of seminars and meetings of working groups.

2. The Executive Secretary has considered the staff resources available for redeployment to create the special unit, and has concluded that the following additional posts would be required:

1 economic affairs officer (P-4)

1 programme officer (P-3)

1 economic information and documents officer (P-2)

2 research assistants/documentalists (GS-8)

1 research assistant/economist (GS-8)

1 bilingual secretary (GS-5)

Estimated cost in 1978-1979 $ 162,800

3. On the assumption that there would be two meetings of ad-hoc expert groups during 1978-1979 to implement operative paragraph 2(b) of the draft resolution, the first to be held at ECA headquarters and the second at CEPAL headquarters, that each would be of a duration of one week, that each would be attended by 16 experts (8 from each region) and by three staff from the other Commission, the following estimates are made:

	Africa 1978	Santiago 1979	Total $
Travel and subsistence of experts	18,600	19,900	38,500
Travel and subsistence of staff	4,900	4,900	9,800
Interpretation English/Spanish a/	-	4,500	4,500
General operating expenses, freight of documentation, communications, etc.	5,000	5,000	10,000
	28.500	34.300	62.800

a/ assumes that any interpretation required in Africa can be met from staff resources.

4. It is believed that other requirements of the draft resolution can be met by redeployment of resources and, in the case of staff travel for technical discussions, from normal budgetary appropriations. The financial implications of the invitation to the Executive Secretary of ECA to organise jointly with CEPAL a technical meeting between the Commission, and an inter-regional meeting at intergovernmental level, cannot be quantified at this time.

5. In summary, it is estimated that the total additional resources required in 1978-1979 to implement the draft resolution would amount to $ 225,600.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/2:
Instruments of payment

The above draft resolution instructs the Executive Secretary to carry out a study to improve intra regional instruments of payment. The Executive Secretary intends to carry out this study from within existing resources, and therefore the draft resolution has no financial implications.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/3:
Economic integration and co-operation

The above draft resolution requests the secretariat of CEPAL to organize in the course of 1978 a technical seminar on Latin American integration and co-operation. No provision for this meeting exists in the Secretary-General's proposals for the programme budget 1978-1979. On the assumption that a host government will defray the costs in excess of the costs of holding the meeting at CEPAL headquarters and that the duration would be of one week, the additional budgetary provision required would be $ 14,000 for salaries, travel and subsistence of interpreters, $ 2,000 for general temporary assistance, and $ 3,000 for operating expenses.

STATEMENT OF ADMINISTRATIVE AND FINANCIAL IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/4:
Long-term trends and projections of Latin American economic development

The Executive Secretary considers that the extended work programme outlined in the above draft resolution can be accomplished by redeployment of existing resources. The draft resolution therefore has no administrative or financial implications.

STATEMENT OF ADMINISTRATIVE AND FINANCIAL IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/5:
Human resources

The above draft resolution instructs the Executive Secretary of CEPAL to appraise the effects of the emigration of skilled human resources to countries outside the region. As this task may be carried out by CELADE from within existing resources, no financial implications arise from the draft resolution.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/6:
Relations with the European Economic Communities

The above draft resolution calls for a joint meeting at the highest level between the Latin American States and the Member States of the European Economic Communities. The financial responsibility of CEPAL for such meetings should not, under General Assembly Resolution 31/140, exceed the costs of holding the meeting at CEPAL headquarters. Accordingly, the financial implications of the draft resolution, on the assumption that the meeting would last five days and would require interpretation in three languages, would be limited to $14,000 for salary, travel and subsistence of interpreters, $2,000 for general temporary assistance, and $3,000 for operating expenses.

STATEMENT OF ADMINISTRATIVE AND FINANCIAL IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/7:
International economic co-operation

No administrative or financial implications arise from this draft resolution.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution I/8:
External economic relations

The extended work programme outlined in the above draft resolution will be accomplished by redeployment of existing resources to the extent feasible. Therefore there are no financial implications arising from the draft resolution.

Conference Room paper No.2/Rev.1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REPORT OF COMMITTEE I

Part One

I. ORGANIZATION AND CONDUCT OF WORK

1. Committee I, set up by the Commission at the technical stage of its seventeenth session, dealt with agenda items 3 (Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order) and 4 (Co-operation among developing countries and regions).

It met between 25 and 29 April 1977.

2. The technical plenary elected Mr. Fabio Herrera Roa (Dominican Republic) as Chairman of Committee I. The Committee elected the other officers as follows:

First Vice-Chairman	Leonel Torres (Colombia)
Second Vice-Chairman	Gustavo R. González (Panamá)
Rapporteur:	Ruben A. Chelle (Uruguay)

3. At the decision of the plenary, the Committe discussed and approved by consensus at its meeting on 25 April the following declaration put forward by the delegation of Guatemala:

"The Economic Commission for Latin America meeting at the technical level during its seventeenth session, resolved at its first meeting and as its first decision, in a gesture totally devoid of any political content, to express its profound concern at the perilous situation menacing the life of Mr. Mauricio Borgonovo Pohl, a distinguished Latin American and Minister of Foreign Affairs of the Republic of El Salvador, and to make an urgent public appeal that his life be spared."

/Item 3.

Item 3: Regional appraisal of the International Development Strategy and the establishment of a New International Economic Order

4. With regard to agenda item 3, the Committee decided to base its discussions on the Report of the Third Meeting of the Committee of High-Level Government Experts (CEGAN).1/ It was made clear that this decision aimed to give greater order to the work without preventing delegations from making such changes or additions as they saw fit.

5. It was likewise decided to use the reference documents "The economic and social development and external relations of Latin America" (E/CEPAL/1024) and "Long-term trends and projections of Latin American economic development" (E/CEPAL/1027) as supporting material.

6. The delegation of Argentina informed the Committee that it supported the report of CEGAN and that therefore the statement which appears in paragraph 11 of that report (E/CEPAL/1025) was no longer valid.

7. After a wide-ranging discussion on the report and on the basis of the documents already mentioned, the Committee prepared and adopted the Third Regional Appraisal of the International Development Strategy and the establishment of a New International Economic Order which appears in part two A of this report.

/8. In the

8. In the course of the discussions the Latin American and Caribbean countries reiterated that the appraisal document constituted a statement of their position on the subjects included in it.

9. The delegations of Canada, France, the Netherlands, the United Kingdom and the United States communicated in writing the declarations with regard to that document which are reproduced in part two, C of this report.

10. The representatives of the following bodies also participated in the debate on agenda item 3: the Latin American Free Trade Association, the International Monetary Fund, the International Bank for Reconstruction and Development and the European Economic Community.

11. With regard to the document adopted, reservations were made by the delegations of Chile and Colombia to paragraphs 86, 89, 146 and 147 and by the delegation of El Salvador to paragraphs 86 and 146. The three delegations postponed the decision on these paragraphs until the ministerial stage of the CEPAL session. The delegation of Chile made a statement regarding paragraphs 170 and 174. The complete texts of these reservations and statement appear in part two, B, of this report.

/Item 4.

Item 4. Co-operation among developing countries and regions

12. For this item the Committee had before it the secretariat document entitled "Co-operation among developing countries and regions of different geographical areas" (E/CEPAL/1029) and a draft resolution.

13. During the discussions a number of delegations referred to the increasing importance of mutual co-operation programmes among developing countries and regions of different geographical areas, which represented one of the ways of accelerating the development process of the countries concerned at the subregional, regional and interregional levels, in accordance with the principle of collective self-sufficiency and the establishment of a new international economic order.

14. Representatives of the Department of Economic and Social Affairs and the Office and Technical Co-operation of the United Nations and representatives of the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO) and the International Civil Aviation Organization (ICAO) also participated in the proceedings.

15. The resolution, as amended, was adopted by the Committee, and its text appears in the third part of this report.

/Other resolutions

Other resolutions

16. The Committee also considered a series of resolutions submitted by delegations of Latin American and Caribbean countries on the following subjects:

Instruments of payment;

Economic integration and co-operation;

Long-term trends and projections of Latin American economic development;

Human resources;

Relations with the European Communities;

International economic co-operation;

External economic relations.

17. The afore-mentioned resolutions, with some amendments, were adopted unanimously by the Committee, with the exception of the resolution entitled "International economic co-operation", which was adopted by 20 votes to none, with 5 abstentions.

18. During the discussions some delegations stated their positions on the resolutions adopted.

(a) The representatives of Canada, France, the United Kingdom and the United States, speaking with reference to the first preambular paragraph of the resolution on external economic relations, stated that the reference therein to the Third Regional Appraisal of the International Development Strategy reflected the position of the

/Latin American

Latin American and Caribbean developing countries.

(b) The representative of the United States declined to take a position on the resolution dealing with Relations with the European Communities on the ground that the subject was not of direct concern to his delegation.

19. The texts of the resolutions adopted by the Committee for submission to the Plenary of the Technical Meeting appear in the third part of this report.

Part Two

THE INTERNATIONAL DEVELOPMENT STRATEGY AND THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER

A. Third Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order

I. THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA

A. THE APPRAISALS OF THE IDS AND THE CHALLENGE OF INTEGRATED DEVELOPMENT

1. The Economic Commission for Latin America (CEPAL), considering the efforts made in the Quito and Chaguaramas Appraisals to secure the fulfilment of the objectives established for the Second Decade of the International Development Strategy, believes that the time has come to reaffirm the essence of the basic concepts set forth therein, in the light of the establishment of the New International Economic Order and the Charter of Economic Rights and Duties of States. The Commission therefore reaffirms, in particular, the validity of certain fundamental concepts of the Quito Appraisal:

(a) The phenomenon of economic growth is not equivalent to development itself, although accelerated and independent economic growth is a prerequisite of integrated development. Growth, in itself, has frequently failed to bring with it qualitative changes which have a decisive influence on such fundamental objectives of the IDS, as human well-being and social justice, since the system of production has continued to prove incapable of providing an answer and solution to urgent problems such as those of mass poverty, growing unemployment, the inadequacy of basic social services and the scant participation of broad strata of the population in the economic and social life of their countries.

(b) The traditional structures, inasmuch as they put obstacles in the way of change, hinder social progress and economic development. Accordingly, even more strenuous efforts must be made to effect the qualitative and structural changes mentioned in the IDS, which are indispensable to establish the bases

/that will

that will permit the achivement of the social and economic objectives of the Strategy. Failure to stress the vital importance of this aspect of development and to put these qualitative and structural changes into practice largely explains the unsatisfactory results achieved by many Latin American countries. These structural changes, which are an essential condition for any integrated process of development, especially one set out in the broad human and social terms in which the IDS states this objective, include: the control and sovereign utilization of natural resources and of all economic activities, including the right to nationalization in accordance with national legislations; the reform of land tenure systems as required in order to promote both social justice and agricultural efficiency; the establishment of such forms of public or mixed ownership of property as each country may consider appropriate in those activities which, in its view, require such measures in order to promote self-sustaining independent economic development; and any other type of substantive reform needed to secure that objective. At the same time, accelerated, harmonious and independent growth is essential to the success of these qualitative and structural changes, and consequently, of the objectives of the Strategy, since accelerated growth of the economy as a whole makes it easier to obtain the resources necessary for the investments required for human development.

(c) Integrated development cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects. It is exceedingly difficult to make an appraisal of the development process thus defined, since it is not sufficient to refer to one or more indicators, but it is necessary to observe to what extent concerted progress in all sectors is helping to promote a new type of society oriented towards rapid human development.

2. The Commission also reaffirms the importance of enhancing these concepts with the most recent decisions of the United Nations in the context of the establishment of the New International Economic Order, such as the resolutions adopted at the Sixth Special Session of the

/General Assembly,

General Assembly, the Charter of Economic Rights and Duties of States, and the agreements reached at the Seventh Special Session of the General Assembly.

3. The decade of the 1970s, now two-thirds completed, has been for Latin America a period of some achievements but also of major frustrations and dangers. A study such as the present, looking towards the challenges of the immediate future, could justifiably place more emphasis on the latter than on the former. It is evident that Latin America as a whole has not been able to transform its economic growth into the integrated development which was envisaged.

4. The analysis of Latin American economic growth made in the Quito Appraisal remains valid. The conditions prevailing in Latin America during the early years of the 1970s present significant variations in respect of the intensity of the rates of inflation, devaluation and increases of indebtedness, among other things. During the biennium 1975-1976, the growth rate of the product was clearly insufficient. In reality, only a very small number of countries secured the objectives, and the majority failed to attain them. Similarly, only a few countries attained the goal for the sectoral growth of industry set forth in the IDS, while the agricultural situation remained precarious. These facts show that the region has not overcome the difficulty of attaining satisfactory growth rates, and this jeopardizes the integrated development process. Likewise, most cases show the characteristics of uneven development which the unsuitable structures impose on the region.

5. The economic recession in the majority of the developed countries and the spread of inflation in Latin America caused by external factors, which aggravated chronic existing inflationary processes, was one of the most important elements of the many-sided world crisis which reached the region in 1975.

6. Prospects for the remainder of the 1970s are problematical and excessively dependent on the trends in the industrialized countries. The prevailing situation in Latin America in recent years has confirmed the judgment in the Chaguaramas Appraisal that the

/relatively high

relatively high rate of growth of Latin America in the early 1970s was due to "certain precarious trends in the international economy, particularly in raw material prices, rather than to the fulfilment of commitments under the IDS". This circumstance was worsened by the failure of the developed countries to live up to their commitments, both under the IDS and in connexion with the creation of a New International Economic Order. This confirms that the critical situation faced by Latin America in recent years is the product both of structural problems of the domestic economy which must be solved, and of deeply unjust international economic relations, and the lack of political will on the part of the developed countries to carry into practice the recognized principles which should prevail.

7. The character of the policy instruments available to the State, the economic conceptions governing the use of these instruments, the conditions set by external sources of financing, and the wide differences in the ability of large population groups to defend themselves mean that the brunt of the measures taken to cope with crises continues to fall on ever broader strata of the national population, through stagnating or declining real incomes and prospects of employment.

8. Various international economic indicators have placed the countries of the region at what is described as an intermediate level, and it is supposed that the magnitude of the region's problems and development co-operation needs is midway between those of the poorer countries and the industrialized countries. This has led to unfair treatment of the region, because its effect has been to cause various international forums to take measures which in practice restrict access to sources of multilateral financing on the assumption that the region does not require maximum attention.

9. It must be reaffirmed that economic growth, experience in the incorporation of advanced technology, progress in education and the cumulative experience of the public sector have not alone been able to generate factors which could place the region in a favourable position to achieve integral development, while the short-term problems

/caused by

caused by the unbalanced state of the international economy have nullified the results of regional and national efforts to achieve such development. If this type of approach is to achieve operational meaning and advance beyond the reiteration and addition of purely theoretical objectives, it must meet the realities of internally heterogeneous and conflictive societies confronting external shocks and constraints which, in the absence of more concrete progress towards the new International Economic Order, will be even more formidable than in the recent past. To deal with them will require greater innovations in economic policy and a much stronger commitment to social objectives.

B. HUMAN DEVELOPMENT AND SOCIAL CHANGE

10. As has been stated on other occasions, "the ultimate objective of development must be to bring about sustained improvement in the well-being of the individual and bestow benefits on all" and "if undue privileges, extremes of wealth and social injustices persist, then development fails in its essential purpose". It has also been said that "as the ultimate purpose of development is to provide increasing opportunities to all people for a better life, it is essential to bring about a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, to raise substantially the level of employment, to achieve a greater degree of income security, to expand and improve facilities for education, health, nutrition, housing and social welfare, and to safeguard the environment".2/

11. In view of the serious problems and shortcomings which exist as regards human development and social change, where different legitimate objectives and aspirations are in conflict and new restrictions arise, the changing conditions call for a continuous review of national and regional policies, since in Latin America there has not been the coincidence of political determination to programme economic and social development activities at the country and regional levels.

2/ Preamble of the International Development Strategy, paras. 7 and 18, and the Quito Appraisal, para. 12.

12. Various public sector social programmes, particularly in education, health, housing and social security, have assembled considerable public resources, acquired complex administrative structures, and exerted a major influence on the levels of living and expectations of broad sectors of the population. These programmes, basically as a consequence of financing crises, now confront the need for major reforms, especially of an administrative nature, which each country will carry out in different ways and with different priorities.

13. The greater part of the rural population has not benefited from the prevailing processes of economic growth and agricultural modernization, and their situation has been aggravated by the partial disintegration of previous sources of livelihood and security. This situation gives rise to mass migration movements to the cities, which intensify the maldistribution of income, underemployment, low productivity of much of the labour force and inability of the masses of the population to participate meaningfully in the integral development process.

14. The faulty distribution of income in Latin America has remained a constant both in crisis and in boom periods. The figures for the decade 1960-1970 show that the poorer half of the population obtained only 14 per cent of total income, the following 20 per cent received a similar percentage and the 30 per cent with the highest income received the remaining 72 per cent.

15. The situation grew worse in the first half of the 1970s. In addition to the negative impact of the inflationary spiral which has affected much of the region, in many countries the effects of some stabilization and anti-inflationary measures have fallen precisely on the lowest income sectors of the population, thus reducing their standard of living.

16. The structure of ownership of wealth has also tended to become more unfavourable for the deprived strata. Concentration has increased, even in branches where it was hitherto low, favouring foreign investment and the so-called middle and upper sectors.

/17. In

17. In other words, poverty and extreme poverty in Latin America remain at relatively high levels in urban and rural areas. While the most important source of extreme poverty is considered to be the countryside, with the increasing marginalization of the weaker sectors of the rural population, the phenomenon of urban marginality has increased as a result of inflationary pressures and the exodus from rural to urban areas under the unbearable pressure of chronic abject poverty.

18. As the Quito Appraisal pointed out, the region's achievements in the field of agrarian reform cannot be considered satisfactory, since the systems of land tenure, use and exploitation continue to be largely inadequate to meet the growing needs stemming from the economic and social development of the Latin American countries.

19. The effects of inflation, contraction of employment, and declining real wages have had a serious impact on the lower-income groups. Open unemployment has reached very high levels in a good many cities, and the opportunities for obtaining employment continue to be limited.

20. More vigorous and innovative methods, which go much further than assistance or relief policies, must be found to enable the marginalized strata to meet their basic needs, contribute to production and organize themselves to defend their own interests. Such measures will call for suitable income distribution policies on the part of the State.

21. Although fundamentally the problems which continue to hinder the participation of women in the economic, political, social and cultural life of the region are closely linked with the general conditions of underdevelopment, it is necessary to promote measures to guarantee the full equality of women with men and thus bring about their integration in the present development processes of their own countries. To this end, a series of actions must be taken to overcome, inter alia, the problems of employment, underemployment and working conditions which are particularly unfavourable to women, especially in the rural

/sector, while

sector, while also ensuring their fuller access to all levels and types of education and to the public health services, especially in the area of mother and child welfare, which together with other social services and adequate housing, should enable Latin American women to participate in and contribute fully to the economic and social development of their countries.

22. It is also essential to eradicate the distortion of the image of women which is still rife in the region as a result of the prevailing cultural patterns and the influence of the mass communications media. The role of Latin American women in society and in the family must therefore be revalued so as to ensure that they occupy the active place which corresponds to them and work to change the socio-economic structures which have subjected and marginalized them.

23. The problems of human settlements cannot be divorced from the economic and social development of our countries and, therefore, from the prevailing situation of underdevelopment.

24. The state of human settlements largely determines the quality of life, the improvement of which is essential for the full satisfaction of basic needs such as employment, housing, health, education and recreation.

25. Instead, however, the situation is aggravated by the existing social, economic, ecological and environmental deterioration, exemplified by unequal living conditions, acute unemployment, illiteracy, disease and poverty, the breakdown of social relations and of traditional cultural values and the increased degradation of the resources necessary for life in the air, water and land.

26. The human settlements policies followed must therefore take into account not only the proper use and tenure of land, but also the growth and distribution of the population, the disparities - including disparities in income - between rural and urban zones, and the consequent migration, and such policies must be linked with those on industrialization, agriculture, social welfare and environmental and

/cultural conservation,

cultural conservation, so that all these elements mutually support each other in the progressive improvement of human well-being and at the same time enable an end to be put to the misuse of resources and the social and cultural deterioration of the countries of the region.

27. The various forms of development which have emerged in Latin America especially over the past 25 years, have led to rapid migrations of population, both of an internal nature and between countries, with an increasing and sustained exodus of population from rural to urban areas which has given rise to new types of problems in the spheres of employment, housing, services, the environment, etc. These problems call for a regional planning approach, so that measures can be suggested which would guide governments in devising policies to solve them.

C. ECONOMIC EVOLUTION AND CHANGES IN THE BALANCE-OF-PAYMENTS SITUATION

28. The economic development of Latin America continues to be conditioned by international economic structures devised by the developed countries in accordance with their characteristics and needs, without taking into account the interests of the developing countries.

29. The lack of flexibility of these structures, as revealed in the situation of the international trade in raw materials and the trend toward a decline in the purchasing power of the developing countries, and also in the functioning of a monetary

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system which favours the developed countries, gave rise to the current economic crisis of the Latin American countries and the other developing countries.

30. During the 1970s Latin America as a whole has tended to step up the transformation of the production and technological aspects of its economy and to increase its production capacity, while at the same time broadening and diversifying its external economic and financial relations. The rate of development has varied widely between countries and between years, and has undergone strong fluctuations manifested in the marked surge of economic dynamism during the first years of the decade, followed by a significant contraction and weakening in the last two years.

31. Although during the biennium 1972-1973 the gross domestic product of the region registered a relatively high growth rate of approximately 7 per cent a year, in many countries the slow growth of previous years persisted and in some the levels of activity even declined. The increase and diversification of exports and the rise in the index of the terms of trade had a significant influence on this evolution. Thus, the economy was able to function free of the external bottleneck

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which had affected it in the past. Unfortunately, however, as foreseen in the Chaguaramas Appraisal, the period of boom was to be short-lived, as the course of events soon showed.

32. In 1974, most of the countries were confronted with a slackening in the growth rate of external demand, in many cases accompanied by a fall in the prices of primary products and greater costs of fuels and of products imported from developed countries, all of which was reflected in a significant deterioration of the terms of trade. In these circumstances the serious balance-of-payments problem was aggravated, with subsequent adverse effects on the rate of economic growth. As a result of the unfavourable external effects, many countries were obliged, in order to maintain their growth rate, to resort to financing with foreign capital, primarily from private international banks.

33. In 1975, as a result of the international economic recession, the unfavourable trends in the external sector became acute for most of the countries. The volume of exports tended to diminish and the deterioration of the terms of trade was aggravated. Both these factors contributed to the decline in external purchasing power. The countries were obliged to limit or suspend their imports, and in these circumstances the rate of economic growth and of investment fell to such an extent that the per capita product in real terms diminished in absolute figures.

34. Despite the contraction in imports of goods and services, the trade deficits and balance-of-payments deficits remained at high levels, and the current account deficit of the non-oil-exporting countries of the region exceeded 16,000 million dollars.

35. The terms of trade of the oil-exporting countries also began to fall from the levels they had attained with the increase in prices over the two previous years.

36. In 1976 some trends towards recovery emerged, although the growth rates of the product recorded at the beginning of the decade were not attained. These trends were affected by the marked instability

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of the fluctuating commodity prices and the slow rate of economic recovery in the industrial countries.

37. Thus, if the levels of the domestic product attained in 1976 are compared with those of 1970 it can be seen that the growth of the region as a whole during the present decade, despite the period of boom, has maintained a trend similar to that of the past. Among the countries for which complete statistical information is available, only five countries secured an average increase of 6 per cent or more, which was the goal fixed in the International Development Strategy. The 14 other countries, which account for about half the population of Latin America, recorded lower rates, giving rise to situations of relative stagnation and even contraction in absolute levels.

38. The per capita product of the region for the period 1970-1976 shows an average increase of 2.8 per cent, which is less than that secured by Latin America as a whole in the second half of the past decade. In a large number of countries the increase was much lower than this average, while in some cases the absolute level of the gross per capita product declined.

39. It therefore seems clear that in the majority of the Latin American countries the global evolution has been manifestly unsatisfactory, especially taking into account the need to accelerate the rate of economic growth in order to augment the levels of productive employment, promote a better distribution of income and confront in a more direct manner the situations of extreme poverty which prevail in the region.

40. During the last two years the slowness and irregularity characteristic of the evolution of the agricultural production of the region persisted. Provisional figures for production in 1976 are encouraging, but growth so far during the decade amounts to less than 3.5 per cent, and while half the countries met the goal of 4 per cent fixed by the IDS, the remainder

traditional structural problems of the sector: the increase in the price of agricultural inputs, the limited capacity in some countries to incorporate new land, and the low average yield of the sector.

41. Climatic conditions, prices of inputs and price fluctuations in world markets have contributed to the irregular growth of the domestic prices of various foods, which began to be more closely related to the prices prevailing in the world markets. Thus the short-term flexibility of Latin American agriculture resulted in sharp production swings associated with changes in international market prices.

42. In a number of countries the slow growth of agriculture has had an adverse effect on the export position, and has in some cases caused imports to rise sharply. The share of Latin American exports in world agricultural markets continued to fall, from 17 per cent in 1950 to 13 per cent in 1974-1975, with sharp drops in important products such as coffee, cocoa, wheat and, to a lesser extent, bananas and sugar.

43. The region has continued to be particularly affected by the restrictive conditions and protectionist measures imposed by the major external markets, which further increase the instability of the demand for imports in the markets of the developed countries.

44. The process of industrial transformation grew stronger in the 1970s, although with appreciable differences from country to country. The rate at which change took place was particularly influenced by the international economic situation and the internal structural problems of each country. The strong industrial growth of the period 1972-1973 was followed by a downturn in the following year, while the industrial production of the region virtually stagnated in 1975, with a growth rate of a mere 1.5 per cent. This rising and falling movement affected most of the countries of Latin America to a varying degree. The impact of the slump in 1975 was such that the average growth rate of industrial production in the first six years of the present decade was under 7 per cent annually. Only five of the 19 countries considered reached the growth target of 8 per cent or more fixed by the International Development Strategy.

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45. The preliminary data available for 1976 show a slight recovery in the growth of industrial production. Nevertheless, the average growth rate of industrial production recorded so far in the decade has been somewhat lower than in the second half of the 1960s.

46. The problems of the agricultural and industrial sectors of the region have been substantially increased by the actions of the transnational enterprises, which have in the great majority of cases hindered the effective mobilization and use of the resources of Latin America, thus causing considerable lags in the achievement of integrated development.

47. The high level of indebtedness and the magnitude of the balance-of-payments problems which have afflicted many Latin American countries despite the measures and controls which have been introduced to contain imports and promote exports have given rise to an external bottleneck situation which is likely to have repercussions in the future. The situation varies from one country to another, not only in the magnitude of the problems but also in the prospects of solution. These countries will continue to require a major flow of external financing to ensure given levels of imports and avoid a reduction in the growth rate which would seriously affect employment and income distribution.

48. In these circumstances it is essential to secure a rapid and sustained increase in export income, on remunerative terms, in order to contribute to the solution of the balance-of-payments problems. It is necessary, on the one hand, to adopt policies and measures in the developed countries to broaden and diversify access to their markets for commodities, manufactures and semi-manufactures and, on the other, to expand trade among Latin American countries. Co-operation at the regional level, economic integration and the various policies and measures and specific projects for expanding and diversifying reciprocal trade will tend to play a more important role than in the past.

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49. The terms of trade with the exterior have varied significantly since 1970. The non-petroleum-exporting countries secured a significant improvement only in the biennium 1972-1973, after which there was a serious deterioration in the following two years. Despite a certain marginal improvement in 1976, the index of the terms of trade of the non-petroleum-exporting countries is still below the 1970 level, and even lower than the levels which prevailed during the early years of the 1950s. The petroleum-exporting countries, for their part, also experienced a deterioration in their terms of trade with the exterior in 1975 and 1976.

D. THE DOMESTIC EFFORT

50. The differences between countries and strategies in the mobilization of domestic resources are even more complex than in other areas of the development process. On the whole, and primarily through the financial machinery, significant progress has been made in the process of capital formation in important productive branches, in the definition and implementation of global and sectoral economic policies, in the organization of financial markets and in fiscal activity.

51. Higher levels of staff training are enabling most governments to progress in the planning of their activities. Although it is not always possible to frame government action within a formal plan, broadly speaking it is becoming more coherent and clear in its goals. Progress is being made in the implementation of economic policies which reorganize the instruments of productive development in new conditions, incorporate an increasing anti-inflationary element as an integral part of overall policies, and reorganize the financial markets to promote greater capital formation and a better insertion in the international setting.

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52. Some governments and public corporations are mobilizing large proportions of the resources of the economy and gaining great control over the key sectors of the infrastructure and basic resources. The bigger public enterprises of some countries are acquiring the operating capacity and the necessary size to play an important role in world markets.

53. In the agricultural sector, State support policies have been implemented, particularly in connexion with obtaining more credit and alleviating the strong pressures on the food supply systems and above all on the industrial processing of agricultural products.

54. The processes of agrarian reform have encountered many obstacles. Owing to their high costs and slow realization, many of the potential beneficiaries of these processes are excluded from them. Thus the capacity to use the land and the human resources of the rural sector remains low, and a large part of the increases in production are achieved through the modern agribusiness sector.

55. State action in energy, petroleum and mining has been strengthened both through the nationalization of deposits and installations and through significant increases in productive capacity.

56. The growth rates of investment rose steeply, indicating a great potential for capital formation. Gross domestic investment represented 24 per cent of the product in 1974-1975, a very high figure in comparison with the previous decade. Many countries, unable to gain access to suitable technical and financial resources, or for other reasons, had low levels of investment. Thus, side by side with the countries which exceeded 24 per cent, there are others which failed to reach 20 per cent.

57. National saving followed similar lines to investment. The national saving ratios, already over 20 per cent, rose still further, but the difference between countries is once again evident: some countries failed to reach 15 per cent. The ratio of national saving to investment tended to rise in the early years of the decade, reaching levels close to 95 per cent in 1973 and 1974. These figures show a big potential for domestic saving, which could be increased greatly, if suitable income distribution policies are adopted and the high consumption levels of the upper strata reduced.

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II. THE EXTERNAL ECONOMIC RELATIONS OF LATIN AMERICA

A. LATIN AMERICA'S PLACE IN THE WORLD ECONOMY

58. The study of Latin American external relations must start from a number of basic general considerations. In the first place, international economic relations have been characterized by a worsening of the phenomena of slumps and booms in the main industrialized countries; higher prices of manufactures from the developed countries; food shortages; higher oil prices; changes in the structure of world trade, and widespread inflation.

59. Secondly, Latin America's place in the world economy should be defined in the light of the degree of development and transformation of foreign trade achieved by the countries of the region, bearing in mind the opportunities and problems corresponding to this stage of development.

60. Thirdly, long-term needs and policies must be combined with the handling of the short-term situation, which is presenting difficulties for many of the countries of the region. It is essential to overcome these difficulties, since on the one hand the prospects of growth of exports of manufactures by Latin America are poor, while on the other there is a considerable rise in the balance-of-payments deficit, which has been financed by external loans on increasingly hard terms.

61. Fourthly, it is important to stress that the region has specified its position on the construction of the New International Economic Order in accordance with the guidelines of United Nations General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX). The primary task of the developing countries is to overcome the resistance encountered in the struggle for the new order, since although its principles are gaining increasing importance the progress made so far in its implementation has been insignificant. The disappointment with which the Latin American countries view the scant progress made in the main forums of international negotiation, and the unfavourable attitude of the major developed countries, cannot be ignored. There is

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an imperative need to reach concrete results in those negotiations, not only because of the favourable effects they would have on international economic relations but also because the absence of such results could precipitate a collapse in the attitude of dialogue and negotiation which has prevailed since the seventh special session of the United Nations General Assembly, at great cost to international economic co-operation, as pointed out at the Conference on International Economic Co-operation.

1. The world setting

62. During the last three decades there has been intense growth in the developed countries with market economies. There has also been a diversification of the centres. The relative importance of the European Economic Community and Japan increased in comparison with the United States, both in the gross domestic product and in trade and international investment; the relative importance in world trade of the European countries with centrally planned economies also increased. The diversification of the centres, and the greater vigour of the new ones, enhance the advantages of a multilateral approach to international relations to enable the developing countries - particularly those of Latin America - to take advantage of the greater dynamism of some of these centres.

63. Trade, production and financial relations among the developed countries have also grown very greatly. The creation of a vast economic area comprising the developed market economies has been consolidated. Besides the absolute and relative growth of the trade flows within groups of developed countries (EEC, EFTA, and Canada and Japan with the United States), trade among the different groups has greatly increased at the same time as the barriers to trade of industrialized products have been reduced. Thus the developed countries increased their share of world exports from 60.2 to 66.3 per cent between 1950 and 1975.

64. The composition of world trade changed profoundly between 1950 and 1975. The relative importance of manufactures increased from

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43.7 per cent in 1950 to 60.4 in 1975, while food and raw materials dropped from 46.4 to 19.1 per cent. This structural change has hurt the developing countries which produce raw materials. The share in world exports of the non-oil-exporting developing countries fell sharply from 24.4 to 10.5 per cent over the same period, and that of the Latin American members of this group fell still further, from 10.4 to 3.9 per cent. There was at the same time an increase in their share of the purchase of manufactured products from the developed countries.

65. Over the last 25 years the developed countries have been replacing imports from the developing countries of basic products and semi-manufactures derived from renewable natural resources. They have also accelerated the substitution of primary goods produced and exported by the Latin American countries and other developing countries through an increase in the production of substitutes and synthetics.

66. Their own production of food and agricultural raw materials increased, as did trade among them in those products, at the expense of imports from developing countries. They adopted domestic support price policies for their producers, which contrast with their opposition to the attempts to apply similar policies at the world level in favour of the exporters of primary products among the developing countries. In this way they stimulated their own supply and gave their producers the necessary means to increase capitalization and technological innovation. At the same time they imposed tariff and non-tariff barriers on imports from developing countries, while there was a systematic effort to reduce such barriers among groups of developed countries.

67. Furthermore, the developed countries have preferred to import non-renewable resources from the developing countries at more advantageous prices, with the clear aim of preserving their own resources and making substitutive investment profitable. This has not resulted, however, in a sustained improvement in the export prices of those resources.

68. The developing countries as a whole have had a steadily increasing deficit throughout the last 25 years in their trade relations with

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the developed countries. For the developing countries this has meant using external resources in order to achieve a somewhat higher economic growth rate than their own exports would have permitted. For most of the developed countries, it represented more active promotion of their exports and production, and a better balance-of-payments position. In the case of the Latin American countries, the major disequilibria in the trade balance and the balance-of-payments were the results of their efforts to maintain as far as possible their economic growth rates.

2. The new international economic relations of Latin America

69. Latin America is faced with the need to define the new forms of insertion of its economy in the efforts to achieve the implementation of the emergent New International Economic Order, in order to be able to regain and increase its relative importance in international relations, in accordance with the needs of the present stage of development of the countries of the region.

70. New trends are appearing as a result of the process of reorganization of the world economy, and these are beginning to acquire great importance side-by-side with the old trends which still persist. As a result, Latin America must implement a series of policies and actions capable of dealing with all the forces in play.

71. Major elements in the new international economic relations of Latin America are the struggle for sustained growth of the purchasing power of export earnings of traditional products, a greater share in the world trade of manufactures and semi-manufactures, the reduction of the balance-of-payments disequilibria and access to international financing on suitable terms.

72. In addition to these elements, the transnationalization of capital, the new industrial structures and the reform of the international monetary system are beginning to assume great importance as a result of the growing globalization of the economy.

73. Consequently, Latin America should foster action to ensure more active participation in the world economy, to which end the following lines of action should be adopted, inter alia:

/(a) Better

(a) Better prices for the raw materials produced and exported by the developing countries, as a means of increasing the resources available for their internal development processes, through the speedy implementation of the Integrated Programme for Commodities and the definition of machinery to protect the purchasing power of those raw materials.

(b) Adoption of formulas whereby the developed countries will fulfil before 1980 their commitment under the IDS to contribute 0.7 per cent of their GNP as official aid to the developing countries.

(c) Removal of obstacles and instrumentation of international support mechanisms for the expansion of the exports of manufactures of the region as a means of securing an effective redistribution of world industrialization opportunities. In this field Latin America has the right and opportunity to play a dynamic role.

(d) Creation of appropriate machinery to facilitate the transfer of technology towards Latin America on terms which interest the countries of the region at their current stage of development.

(e) In order to secure these objectives it is essential that Latin America should have active and effective participation in the decision-making process in all the monetary, financial and trade negotiation fora.

74. The existing international monetary situation has been characterized by severe disequilibria caused, inter alia, by the lack of a rational, just and universal system, by the wide fluctuations in currencies, by the disordered growth of international liquidity, and by the system's lack of adaptation to the needs of the developing countries and the preponderance of certain developed countries in the adoption of decisions.

75. The current developments regarding international economic co-operation make it increasingly necessary for the region to carry out specific action aimed at modifying the disequilibrium which characterizes Latin America's economic and social relations with

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the industrialized countries. Attempts should be made to concentrate efforts on the co-ordination of measures based on the political will and capacity for action of the Latin American countries, which would thus not depend on decisions from outside the region.

76. The Latin American Economic System (SELA) offers an opportunity to meet this situation through, for example, actions related to trade promotion, such as enterprises in the fields of marketing, transport, insurance, services and management, etc.

3. External financing and indebtedness

77. The deficit on current account of the non-oil-exporting countries of Latin America rose from a little over 1,500 million dollars annually in the period 1965-1970 (less than 15 per cent of exports of goods and services) to a little over 4,000 million in 1971-1973 (22 per cent of exports), while it jumped to almost 14,000 million annually in 1974-1976 (45 per cent of exports). This growth of the deficit was influenced by the deterioration of the terms of trade caused, inter alia, by the higher prices of imports of capital goods, intermediate inputs, and raw materials, the drop in the growth rate of exports owing to the world recession, higher oil prices, exchange instability, the rise in the servicing of external financing, the increasing remittances of profits from direct foreign investments, and the hardening of the terms of external financing.

78. It is important to note that in the middle of the 1960s external financing derived mainly from official sources. At the same point in the present decade, however, the greater part of financing stems from private sources. This has had important consequences: external financing has become dearer; the terms and conditions have worsened and are not in step with development needs, and the problems of access to the international capital markets and those of the industrialized countries faced by many Latin American nations have been aggravated.

79. The indebtedness of these countries has also increased enormously. The State-guaranteed debt (excluding the debt to the International

/Monetary Fund

Monetary Fund, credit for less than one year and private loans without official guarantees) rose from 8,700 million dollars in 1965 to 42,000 million in 1975. Non-guaranteed private bank loans rose from 2,500 to 25,000 million dollars in the same period and continued to soar in early 1976. Guaranteed and non-guaranteed loans from private banks thus accounted for two-thirds of the total in 1975: almost double their relative importance ten years earlier.

80. With regard to the criteria of creditworthiness and indebtedness it should be pointed out that the current account deficit of the non-oil-exporting countries of Latin America has climbed steeply in comparison with their exports. The same is true of the ratio of debt service to earnings of exports of goods and services, while the ratio of international reserves to imports has fallen considerably.

81. The criteria used to judge the creditworthiness of a country, however, while useful in the consideration of the individual country, are less so in the appreciation of a wider situation. The reason is that, taking the problem as a whole, it would help the recovery of the world economy in a recession such as the recent one if specific groups of countries with balance-of-payments problems decided to lay greater emphasis on financing than on adjustment. Furthermore, the problem of external debt and its servicing cannot be considered in isolation from trade issues. The dynamic growth and diversification of exports, better access to the markets of the developed countries for those exports, and better prices and quantities of commodities are highly important factors if the developing countries are to be able to reduce the high cost of external financing.

4. Transnational corporations

82. The transnational corporations have gained enormous influence in the economic activity of the developed countries and their links with each other and with the developing countries. According to United States Department of Commerce figures, in 1970 the United States transnationals and their foreign affiliates were responsible for 24 per cent of world exports of goods, and the percentages for the United States, Canada and Latin America were significant. A high proportion

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of the exports of transnational corporations is comprised of transactions between branches of the same corporation. In the case of the United States, such intra-company transactions accounted for 49 per cent of exports of manufactures, and the percentages were even higher in the case of Brazil (73 per cent) and Mexico (82 per cent) in 1972. The activities of the transnational corporations in the region have given rise to much well-known concern in the countries, regarding firstly the way in which prices are fixed in intra-company transactions, the extent to which they correspond to the competitive conditions of the market, and the implications for the country exporting or importing goods in such conditions; secondly, the dependence on the exterior in respect of capital and technology; and thirdly, as a resulf of the foregoing, the fact that the technology introduced by these transnationals is capital intensive and frequently not adapted to the conditions of the countries which receive it.

83. A further concern is that such enterprises tap some of the limited resources available for financing in the domestic financial markets and compete in the external centres of consumption with the products of the national firms of the Latin American countries.

84. The actions of the transnational corporations confirm a recent trend in the international economy: because of the industrial pollution and congestion in the developed countries and the need for access to raw materials and cheap labour, they encourage the implantation of industrial activities in the developing countries in order to take maximum advantage of the resources available at the world level.

85. The flow of trade and capital between the affiliates of transnational corporations considerably limits the capacity of States to orient their national economies, since it reduces the efficiency of instruments to control the balance of payments and also causes upheavals in the international monetary and financial sphere.

B. LATIN AMERICA AND THE INTERNATIONAL NEGOTIATIONS

1. Integrated Programme for Commodities

86. The Integrated Programme for Commodities is an element of vital importance for the restructuring of the international trade in raw materials which aims to solve commodity problems because of their importance in the generation of foreign exchange for the integrated development of the countries of the region.

87. Resolution 93 (IV) adopted by UNCTAD IV sets out the guidelines to be followed in implementing the Integrated Programme for Commodities. This resolution sets out and specifies the main action elements of the Programme.

88. In September 1976 preparatory negotiations began on some of the products mentioned by way of example in the resolution, as did work on the preparation of the conference on the negotiation of the Common Fund.

89. So far, the meetings on specific products have in some cases made it possible to advance in the specifications and technical aspects required for the subsequent decisions. However the positions adopted by the industrialized countries at the preparatory meetings seem to indicate that the programme of activities envisaged in UNCTAD resolution 93 (IV) will not be fully implemented.

2. Multilateral trade negotiations

90. During the course of the current multilateral trade negotiations there has not so far been any sign of a clear desire on the part of the industrialized countries to implement the principles of non-reciprocity through preferential and non-discriminatory treatment for developing countries. A clear example of this can be seen in the scant results obtained so far in the case of tropical products, a sector to which it had been agreed to give special priority treatment.

91. The foregoing is reflected particularly in the way in which the work is being carried out in the various groups and sub-groups of the Trade Negotiation Committee of GATT. The industrialized countries have

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tended to ignore the various problems and different solutions proposed by the developing countries and confined themselves to resolving their own difficulties.

92. The role played by Latin America in the negotiations is particularly noteworthy, since a number of countries of the region have advocated and proposed various mechanisms for the implementation of the Tokyo Declaration. As a reflection of the foregoing, mention should be made of the establishment and proposal of the Group on the reform of the juridical framework of the General Agreement on Tariffs and Trade, which would deal in particular with aspects relating to differential and more favourable treatment for the developing countries (especially the most-favoured-nation clause); with the safeguard clauses for reasons of the balance of payments and economic development; with the questions of interest to the developing countries in respect of consultation procedure, solution of disputes and supervisory machinery, in accordance with articles XXII and XXIII of the General Agreement; and with the failure to apply the principle of reciprocity.

93. However, if the positions of the industrialized countries continue along the same course, the efforts of the Latin American and other developing countries participating in the negotiations will again be frustrated.

3. Conference of International Economic Co-operation (the Paris Conference)

94. Analysis of the international economic negotiations underway reveals the potential importance at the present time of the Paris Conference because of the importance for the developing countries of the topics dealt with and also because of the particular features of the negotiating structure of the Conference.

95. The Conference is the product of an unprecedented international situation in which a group of developing countries has acquired unusual bargaining power, with the support of the other developing countries for the adoption of the measures from which that bargaining power stems, and have in turn placed that power at the service of the other developing countries. The Conference is being held in a context of widespread

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economic crisis, characterized by a process of inflation and stagnation of economic growth in the industrialized countries, whose effects have been transmitted intensely to the developing countries.

96. It has been interesting to note the importance attached at the Paris Conference not only to the question of energy but also to a set of issues which tend towards the definition of a new global approach, particularly in seeking decisions on commodities, co-operation for development and financing. In the great majority of cases, those decisions will be implemented within the framework of the competent international bodies.

97. In this connexion, the positions and attitude taken by the Group of the 19 developing countries participating in the Conference are noteworthy, especially with regard to support for the Integrated Programme, including the Common Fund, and defence of the purchasing power of the exports of raw materials of the developing countries; the improvement of the present machinery for food aid and security and the promotion of agriculture in the developing countries; the expansion and consolidation of industrial co-operation with a view to making possible the attainment of the goals of the Lima Declaration on industrialization; the need to provide a suitable framework for the activities of transnational corporations; support for the objectives of the developing countries participating in the Multinational Trade Negotiations, particularly with a view to bringing about a rapid improvement of the conditions of access of the products of the developing countries to the markets of the industrialized countries; and the establishment of new machinery designed to accelerate and reduce the cost of the transfer of technology to the developing countries.

98. Since, in the present international economic situation, the majority of the developing countries continue to depend, often heavily, on the transfer of external financial resources, it was considered particularly important that the Paris Conference should give priority attention to substantially increasing the transfer of official resources for development, to access to capital markets, and to the search for

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solutions to the problems of indebtedness of the developing countries and of maintaining the purchasing power of their export earnings.

99. If, after more than a year of dialogue and negotiations, the Conference on International Economic C-operation has not yet managed to reach results which might be considered satisfactory, the reason lies basically in the lack of political determination of the developed countries and their reluctance to accept the modification of a system of international economic relations created in the light of their own interests. The magnitude of some of the differences which separate those countries, and the fact that important changes have occurred in the governments of some of them, have considerably restricted the powers of their representatives to participate in negotiations of this kind.

100. In the light of this situation, at the thirty-first session of the General Assembly, held at the end of 1976, a resolution on the Conference was adopted which expressed deep concern and disappointment at the failure so far to reach concrete results in the Conference on International Economic Co-operation, and profound concern at the advserse effects which the failure of the Conference would have on international economic co-operation.

101. In order to overcome this situation, the developing countries participating in the Conference have proposed that it should resume its work in April and conclude the Ministerial Meeting not later than the end of May 1977, with the adoption of measures which form a global programme of substantive improvements in international economic co-operation.

C. RELATIONS WITH SOME DEVELOPED AREAS

1. Relations with the United States

102. Despite the changes which have taken place in the centres of the world economy, the United States continues to occupy a predominant position in it. As far as Latin America is concerned, the United States

/continues to

continues to occupy first place in the export trade in primary products and manufactures, in investment flows and in the transfer of technology.

103. One extremely important feature of the changes which have occurred in the world economy is the presence of transnational enterprises as a new economic power, to the detriment of the economies of the developing countries.

104. In the specific relations of Latin America with the United States the discouraging trends and prospects observed at the beginning of the decade have worsened. The chronic imbalance between imports and exports has increased, leading to the further aggravation of the region's growing and costly trade deficit, while exports to the United States continue to be the most sluggish sector of Latin American trade.

105. A new element has joined the obstacles to the liberalization of trade which have traditionally hindered the access of products of Latin American countries to the United States market: namely, the restrictions stemming from the Trade Act adopted by the United States in 1975.

106. Besides the discriminatory restrictions imposed against three countries of the region (Venezuela, Ecuador and Cuba), this legislation contains provisions which give rise to some of the main limitations to the access of Latin American exports. In this connexion, particular mention should be made of the competitive need formula and the rules of origin. According to the first of these restrictive measures, when the annual exports to the United States by a developing country of an item in which it enjoys preference exceed 25 million dollars or 50 per cent of the total United States imports of that item, those exports cease to enjoy preferential treatment. Many countries of Latin America have been affected by this provision, which is aggravated by the fact that the tariff schedule for Latin American products subject to the competitive need formula is higher than the average United States customs tariff.

107. With regard to the rules of origin, the United States Trade Act provides that a product shall receive preferential treatment only if

/at least

at least 35 per cent of its value added originated in the exporting country. Besides being restrictive, this measure will hinder access to United States markets for many products originating in the schemes for industrial co-operation or complementarity among Latin American countries and between them and other developing countries, which are undergoing a process of considerable growth.

108. Besides these restrictions, there are other measures with a negative impact on exports to the United States market of products which are important for Latin America, such as the compulsory exclusion from the Generalized System of Preferences of products considered "sensitive"; the discretionary power of the President of the United States, under the Trade Act, to exclude from the lists other products which are felt to have an unfavourable effect on industry or employment in the United States; and the products temporarily subject to non-tariff barriers.

109. It should be pointed out that the exports which fall into these categories are generally manufactures and semi-manufactures of Latin American countries. This is not only contrary to the long-standing demand of the region that access for this kind of goods to the markets of the developed countries should be improved, but also curbs industrial growth and diversification in the countries of Latin America.

2. Relations with the European Economic Community (EEC)

110. The EEC has continued to organize progressively a system of commercial and economic co-operation on a preferential basis with the countries of Africa, the Caribbean and the Pacific (Lomé Convention) and with the countries of the Mediterranean basin. As a result of the entry of the United Kingdom, special responsibilities have also been undertaken with respect to the Asian countries which belonged to the British Commonwealth. For the non-associated countries, i.e., those of Latin America and Asia, the EEC has begun to implement a so-called "global policy of co-operation for development".

111. As a result of the extension of preferential régimes for access to the EEC market, the traditional most-favoured-nation clause has become the exception and the preferential régime the rule - a régime from which much of Latin America is excluded.

112. The fact that Latin America, with the exception of the countries of the Caribbean sub-region which belong to the British Commonwealth, is not one of the EEC's top priorities, and hence that the Community has no explicit political commitment in this respect, has led to a weakening of the dialogue between the two regions initiated in 1971, and the search for a collective instrument of co-operation with the EEC has been checked.

113. Latin America should reaffirm its collective political determination to press on with the organization of a system of economic co-operation with the EEC.

114. An analysis of the results achieved so far for most of Latin America through the Community's global policy of co-operation for development reveals the following:

(a) In the trade sector:

- the regulations of the common agricultural policy have continued to restrict access to the EEC market for important agricultural products exported by most Latin American countries;
- the tropical products exported by those countries continue to receive discriminatory treatment in their access to the Community market in comparison with similar exports from the countries associated with the EEC, which receive preferential treatment;
- the use of the Generalized System of Preferences has been increasing, but the unilateral and temporary nature of the system, i.e., the lack of security in its use, limits its benefits. Furthermore, it is the practice to exclude from it the products in items 1 to 24 of the Common External Tariff, which include the main agricultural products exported by Latin America;

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- the bilateral trade agreements entered into by three Latin American countries (Argentina, Brazil and Uruguay) with the aim of facilitating reciprocal trade taking into account some aspects of the agricultural regulations, were inoperative in the latest crisis affecting EEC imports of beef from those countries. The general agreement signed by Mexico in 1975 however, which deals with complementary questions of mutual interest, is a positive step towards broader economic co-operation linked with trade;
- co-operation to promote trade financed by the EEC has been advancing and various Latin American countries have already benefited from it;
- the trade balance between the EEC and Latin America, which was substantially in the latter's favour until the beginning of 1970, dwindled to a surplus of only a few tens of millions of dollars. This surplus rose slightly in 1973 due to the slightly higher prices of the main raw materials, but in 1974, for the first time, Latin America recorded a trade deficit of 390 million dollars, which grew rapidly to 1,142 million dollars at the end of 1975. This deterioration has certainly been influenced by the closing of the EEC market for two years to certain products exported by Latin America. The EEC policy of subsidies to domestic production of some agricultural products is a depressive factor affecting the market in the commodities of the developing countries.

(b) In the case of the commodities of the developing countries excluded from the preferential régimes, no regulatory machinery has yet been established to ensure free access to the EEC and regular growth in earnings. Consequently, from this standpoint, the competitiveness of the main exports of Latin America in the EEC market has been weakening.

(c) EEC support has begun to be extended to some regional integration bodies, and LAFTA, SIECA, the Cartagena Agreement and CARICOM have begun to receive some technical assistance.

/(d) Financial

(d) Financial and technical co-operation in favour of the non-associated countries of Latin America and Asia has begun to be implemented, with the allocation by the EEC Council of Ministers of 20 million units of account (about 25 million dollars) in the budget for 1976, intended for agricultural projects, one in a Latin American country (Bolivia). However, bearing in mind specific criteria on levels of development and the lack of a clear policy with regard to Latin America, the practical possibilities of deriving full benefit from that co-operation are limited. In addition, financial contributions have recently been made by most of the EEC countries and by other developed countries to the Inter-American Development Bank and the Caribbean Development Bank.

(e) No progress has been made in the institutional structure of economic co-operation between Latin America and the EEC in contrast with the progress made with other geographic areas (The Lomé Convention signatories and the Mediterranean countries).

3. Relations with Japan

115. Despite marked declines in 1975 and 1976 caused by the recession which hit the Japanese economy and the fall in prices of Latin America's export products recorded during this period, Latin American's trade relations with Japan have broadened considerably in recent years. Nevertheless, Latin American purchases from Japan have grown faster than the flows in the opposite direction, and so far it is not possible to discern any significant

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impact of the Generalized System of Preferences on the composition of Latin American exports to Japan, which still consist mainly of primary products. This is due both to coverage by products and to the quotas which limit the access on preferential terms. Furthermore, products of great interest to the Latin American countries, mainly in the manufacturing and semi-manufacturing sectors, still remain subject to non-tariff restrictions. These aspects greatly hinder the operation of the Generalized System of Preferences.

4. Relations with other developed market economy countries

116. In 1975 the exports of the other developed countries with market economies represented nearly 14 per cent of world exports, a percentage which was higher than that of the United States and more than twice that of Japan, while their imports constituted nearly 17 per cent of total world imports, exceeding those of the United States and Japan together. These figures illustrate the potential importance of these markets for Latin America, which has not been sufficiently explored. A number of these countries have shown significant interest in Latin America.

117. In the case of Canada, economic relations, between that country and Latin America have been particularly substantial. In recent years, for example, the volume of trade between them has reached an approximate annual total of 4 billion dollars. Furthermore, the Government of Canada has carried out a wide range of financial and technical assistance activities in various Caribbean, Central American and South American countries, both on a bilateral basis and through multilateral channels. There are prospects of continuing and growing links between Canada and Latin America in the future.

/5. Relations with

5. Relations with Eastern European socialist countries

118. The European countries with centrally planned economies offer an interesting possibility for the diversification of markets because of the stage of development of their economies, their high degree of industrial, technological and financial progress, and their need for basic products from Latin America.

119. The increase in trade relations between these countries and the Latin American countries was affected in the past by factors of a political and economic nature, in the latter case especially on account of the system of payments used. These difficulties have now diminished; trade is tending to become free of ideological limitations and the European countries with centrally planned economies are showing a strong trend towards multilateralism among themselves and favouring a system of payments in convertible currency in the agreements signed with the Latin American countries.

120. An important feature in the agreements which contain a commitment to make purchases in the Latin American countries for the same value as the purchases of those countries in the European countries with centrally planned economies is the high percentage of manufactured products included in them.

121. Furthermore, these agreements have transcended the purely commercial field and have become effective instruments of technological and economic co-operation in general. As a result of this process a constant expansion of trade between the two areas has been recorded in recent years, although for the time being it is concentrated in a few Latin American countries.

122. This expansion has not, however, reached the levels it could attain. Furthermore, there have been gaps and difficulties in the application of the agreements both as regard decisions to purchase Latin American products and in the co-ordination of possible purchases in the European countries with centrally planned economies and the utilization of other complementary instruments of financial co-operation. The contacts and agreements with the Council for Mutual Economic Assistance (CMEA), of which some Latin American countries have experience, have proved extremely useful in this connexion.

/6. Co-operation

6. Co-operation with the rest of the developing world

123. Co-operation with the developing countries of other areas is a subject which commands increasing attention, as could be seen at the Conference on Economic Co-operation among Developing Countries held in Mexico in September 1976. There are very important possibilities in the sphere of trade, industry and technology which can help accelerate Latin American development and contribute to overcoming its high dependence on the developed countries.

III. LATIN AMERICAN INTEGRATION AND CO-OPERATION

124. In order to evaluate the economic integration of Latin America correctly it is necessary to take into account simultaneously two main points: on the one hand, the course of the integration processes as institutional mechanisms, and on the other, the advances which have been made in trade and co-operation among countries of the region, whether or not they result directly from the operation of those processes. Efforts are currently being made to find a solution to the problems which the advance of the integration processes has been creating, and attempts are being made, inter alia, to introduce into the operation of the agreements a greater degree of flexibility and preciseness regarding the mechanisms which can make possible greater allowances for the varying needs and degrees of development of the countries which are party to them.

125. Some of the problems of various kinds which have retarded the integration process arise from imperfections in the original integration mechanisms; from the uncontrolled activity of the transnationals, and from the lack of joint political decisions to advance more forcefully in autonomous integration processes.

126. In respect of trade it should be noted that intra-regional exports grew at higher rates than those to countries outside Latin America, especially during the first stages of integration. Although in subsequent stages exports outside the region were more dynamic in global quantitative terms, exports to the region generally continued to have a greater relative content of added value. From this

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point of view the regional market provides a supporting base for industries during the period of consolidation of their entry into the international market.

127. In recent years, when the world recession hit Latin American external trade, the dynamism of exports within the region has shown a greater degree of stability, playing a major compensating role during this period of difficulties.

128. In relation to the preceding point note should be taken of the new forms of co-operation which have arisen parallel to the integration processes, both in the form of industrial and infrastructure projects and in that of trade agreements which intensify the relations between pairs or groups of countries.

129. Despite the deterioration which has occurred in Latin America's external relations and the difficulties which have arisen in some integration processes, the region's capacity for utilizing its resources has broadened and it has increasingly asserted its own personality and its desire to act in common both in the domestic and in the external spheres. The creation of the Latin American Economic System (SELA), of which the basic pillars are the principles of individual effort and intraregional co-operation, is a clear manifestation of this evolution.

130. The creation of SELA as a new form of co-operation in Latin America is an important step for promoting specific action aimed at designing and implementing programmes and projects which would intensify co-operation among Latin American countries in such matters as industrial and infrastructure projects and trade agreements which secure closer relations between countries or groups of countries. These new forms of co-operation should operate in a complementary way to the integration processes and parallel to them. The convergence of the integration processes among each other and with the new types of co-operation mentioned should make it possible to advance towards broader and more far-reaching Latin American co-operation which could play an important role in the development of the region.

131. The function of co-ordinating the positions of the countries of the region in international negotiations on specific themes and with third countries and groups of countries which the Latin American countries has entrusted to SELA

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should be made more dynamic so as to help make the System an increasingly effective instrument for tracing the main lines of the external economic policy of the region as a whole and facilitating the use of its broad negotiating power to improve its external economic relations. There are also other co-operation bodies which are of great importance for Latin America.

132. The Group of Latin American and Caribbean Sugar-Exporting Countries (GEPLACEA) is a body of fundamental importance for the region, as it not only constitutes its broadest association of raw material producer-exporter countries and sets the tone for the usefulness of such entities for Latin American development, but also occupies a leading place in the protection of a basic product of interest to the region as a whole, while at the same time favouring the development of technologial co-operation and the joint adoption of positions in international negotiations.

133. The Caribbean Development and Co-operation Committee, created by CEPAL, constitutes a means of accelerating co-operation in an area united by common interests and removing the artificial barriers which in the past have obstructed the links between the countries which are members of it. This makes it an important body for accelerating the implementation of projects and programmes to benefit the peoples of the sub-region as a whole and the rest of the Latin American dountries.

134. The struggle which the region has waged against the predominance of the transnational shipping companies and for the reduction of its export costs has led to the creation of the Caribbean Multinational Shipping Company (NAMUCAR) as a first step towards securing more effective development of co-operation in this sphere at the regional level.

135. The strengthening and development of the Latin American Energy Organization (OLADE) will bring significant benefits for Latin American energy development by, inter alia, providing effective support for the struggle of the Latin American countries to exercise permanent sovereignt over their natural resources, implementing energy projects in countries of the region, facilitating the exchange of information and contributing to the solution of their energy problems.

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136. The establishment of the Union of Banana-Exporting Countries has modified the marketing process of this product in the face of the control exercised over it by the transnational corporations, by initiating an effective process designed to guarantee better prices to the producer countries.

IV. PLAN OF ACTION

Introduction

137. The Quito and Chaguaramas Appraisals and the analyses made by the Committee of High-Level Government Experts in Santo Domingo clearly indicate that the objectives and targets of the Programme of Action for the Establishment of a New International Economic Order, of the Charter of Economic Rights and Duties of States, of the IDS and of other resolutions, recommendations and programmes adopted by the United Nations General Assembly and Economic and Social Council are far from having been attained, despite the fundamental importance of their full and speedy implementation to achieve a better and more effective system of international co-operation through which to eliminate the existing disparities in the world, ensure the prosperity of all and thus strengthen international peace and security. The developed countries that have expressed reservations concerning the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order should renew their efforts to withdraw them, thereby showing a firm commitment to the cause of development and international co-operation.

138. The developments and new problems which have occurred both inside and outside the region in the last decade have greatly affected its economic and social evolution and it is therefore all the more clear that international co-operation for development should be truly in step with the magnitude of the challenge posed by the increasing interdependence among all countries and peoples of the world.

139. It is increasingly clear that partial, sporadic and indifferent efforts, however well-intentioned, will not be enough. Economic and social progress is the joint, shared responsibility of the whole international community and calls for united and effective action.

140. In this connexion, the Quito and Chaguaramas Appraisals and the analyses made in Santo Domingo make it clear that, in general terms, while the developing countries have adopted domestic policies and made national, sub-regional and regional efforts to attain the established goals and targets, they have not received from the developed countries the necessary concrete co-operation to complement those efforts, particularly in international trade and monetary and financial co-operation, industrial co-operation, the transfer of technology and other important spheres.

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141. Without in any way evading the responsibility for development which primarily falls to them, or forfeiting their sovereign right to control and develop their own natural resources and economic activities in the form they consider appropriate, the developing countries of the region are aware that they need international co-operation, in addition to their own efforts, to attain the desired goals of integral development with the necessary rapidity. To this end it will be necessary to effect a real transfer of resources and to obtain just and equitable treatment in their economic and trade relations with the developed countries within the spirit of the New International Economic Order and in a manner which respects and strengthens the principles and orientations imparted by each country to its development.

142. Policy measures must be placed in their dynamic context and be subject to constant review so as to ensure their effective application and adaptation in the light of new developments, including the broad repercussions of the rapid advance of technology, and so as to try and find new areas of agreement and broaden the existing areas. The organizations of the United Nations system, including the regional economic commissions such as CEPAL, should provide adequate assistance in the application of these measures and in the search for new forms of international co-operation for development.

143. At the national level it is for each country to establish its own appraisal machinery, or to strengthen that already in existence, as appropriate; when necessary, it should request international assistance for this purpose.

144. With regard to the process of periodic appraisal at the regional level, the United Nations General Assembly and the Economic and Social Council have entrusted the main responsibility to the regional economic commissions, taking into account not only what is already laid down in this respect in the IDS but also the resolutions on the implementation of the Programme of Action for the establishment of

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the New International Economic Order, the Charter of Economic Rights and Duties of States and other resolutions, and programmes approved by the General Assembly and the Economic and Social Council. Consequently, the Committee of High-Level Government Experts approved the following decisions and recommendations.

A. TRADE AND COMMODITIES

145. It is essential to support the restructuring of the current system on which world trade is based, through an improvement of the terms of trade to secure just and remunerative prices for Latin American exports and through measures to ensure full access to the markets of the developed countries with a view to promoting an adequate participation of the region in world trade, transport, and the marketing and distribution of its export products.

1. The Integrated Programme for Commodities

146. The implementation of the UNCTAD Integrated Programme should constitute one of the main objectives of the developing countries. The Integrated Programme should be firmly supported by the countries of the region because of its importance for solving the problems which affect the international commodity trade of the Latin American countries. The application of any measures which may refer to international arrangements regarding commodities included in the Integrated Programme shall be decided by the governments within the context of the respective international commodity agreements.

147. In the face of the decline in the prices of various commodities there is an urgent need to secure the establishment and operation of the Common Fund of the Integrated Programme. In order to protect the purchasing power of the developing countries, indexation machinery should be created to set the reference prices of the raw materials they export in relation to the prices of the manufactured goods imported from developed countries.

/2. Producers'

2. Producers' associations

148. Action should be taken to promote the creation of associations or groups of producers of commodities and raw materials so as to facilitate the presentation of a common front regarding export products with a view to securing greater negotiating power in respect of prices, access to markets and co-ordination of policies, among other aspects. Support for and participation in existing groups should also be encouraged. Support should be given to the creation of a Council of Producers' Associations in which the bodies established on the initiative of the developing countries would participate.

3. Multilateral trade negotiations

149. In view of the lack of progress in the multilateral trade negotiations taking place in the framework of GATT, Latin America should concentrate on the preparation of a common strategy through which to demand the effective implementation of the Tokyo Declaration and the rapid instrumentation of the proposals put forward by the developing countries in the various fields of negotiation.

150. With respect to the juridical reform of GATT, every effort should be made to secure differential and more favourable treatment for the developing countries in a binding basis, taking account of their new trade circumstances, interests and problems; those principles should be extended to both existing and future codes. Both the developing countries which belong to GATT and those which do not should participate in the reform.

4. Subsidies and compensatory duties

151. The Latin American countries consider it legitimate to apply subsidies to promote their exports. They likewise consider that international action in this field should concentrate particularly on the review of the rules currently in force. This review should also cover the application of compensatory duties.

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152. This action should be implemented on the basis of the proposals made by the developing countries in this respect in the course of the current GATT multilateral trade negotiations.

153. Similarly, subsidies intended to offset the effect of tariffs and other forms of protection which affect inputs needed for the production of export goods, or of temporarily overvalued exchange rates, should be accepted immediately. The application of subsidies or other traditional incentives in limited amounts and within reasonable margins and limited periods by the developing countries should also be accepted.

5. Other barriers to trade

154. With regard to other types of barriers to trade, special and differential treatment should be given to the developing countries, both in the review of the juridical framework of GATT and during the present multilateral trade negotiations.

155. The agreements on "voluntary restrictions" on exports should not be extended or increased. In addition, other non-tariff barriers preventing an increase in exports of manufactured goods to developed countries should be avoided. There must be a transfer of industrial technology from the developed countries to the developing countries, subject to prior agreement and under conditions determined by the developing countries themselves.

6. The Generalized System of Preferences

156. The Latin American countries must press for the Generalized System of Preferences to be given a solid statutory basis so as to convert it into an effective and permanent instrument of the trade policies of the developed countries.

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157. The measures taken by some of the main developed countries in adopting their generalized systems of preferences contradict the main provisions of UNCTAD resolution 21 (II) and are clearly detrimental to the developing countries.

158. Latin America should carry forward the proposals it has made on the System through action which, by means of more practical mechanisms, would make it possible to limit the current provisions in various systems of preferences which affect the developing countries. This action should be implemented within the framework of SELA, with the collaboration of the secretariat of CEPAL.

B. THE INTERNATIONAL MONETARY SYSTEM, FINANCING AND DEBT

159. Support should be given to the introduction of a new international monetary system based on: special drawing rights (SDR); stable but adjustable exchange rates and the creation of liquidity by means of new issues of special drawing rights, and it must be made clear that these issues should be linked to development financing and, also, that the developing countries should participate more effectively in negotiations and decisions on the reform of the international monetary system and its operation.

160. As regards financing and debt, international co-operation activities should be carried out in two areas: that of resources deriving from public sources, and that of private sources.

161. With regard to official co-operation for development, the developed countries must honour the commitment made in the IDS of attaining the goal of 0.7 per cent of their GDP as soon as possible and at the latest by 1980, and they must make the necessary changes including those needed to increase the concessionary component of co-operation.

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162. In this respect there are some aspects which are of particular importance for Latin America. In the first place, the Latin American countries need and will continue to need access to financing from official sources on concessionary terms. In these circumstances the efforts made by governments, especially those of the industrialized countries, to support the increases in capital of the multilateral financing institutions are of importance. In the particular case of the financial institutions of the region, they should enjoy the participation and fullest contribution of the developed countries and of the developing countries outside the region which are in a position to provide such assistance, in order to ensure appropriate strengthening of their concessionary and conventional loan services. Similarly, the resources of UNDP should be broadened rapidly and significantly in order to secure a stable and firm financial base and obtain the aid so necessary for all Latin American countries without prejudice to that provided to the less developed countries.

163. It is necessary to support the initiatives aimed at utilizing part of the resources freed by disarmament and the end of the arms race for the advancement of the developing countries. Studies must be prepared in order to determine the way in which the Latin American countries could benefit from such a transfer of resources, and an analysis should be made of the way in which the measures aimed at such a transfer could contribute to reducing

/the inequality

the inequality between the developed and the developing countries and, in particular, Latin America.

164. Bearing in mind that the financial resources for development are very limited in relation to the serious current and foreseeable balance-of-payments disequilibria, it is essential that the financial bodies of the region should receive a strong extra-regional financial contribution and the firm support of the region.

165. In view of the heightened difficulties in international economic relations and the unfavourable outlook for Latin American international trade, the already scant international reserves of the region should not be fragmented further. Future efforts by Latin America should be directed towards reaffirming its support for measures designed to obtain additional resources for development within the shortest possible time.

166. The Latin American countries need greater access to capital markets, especially the international capital markets and those of the developed countries. A special effort must be made on behalf of the countries which have not yet managed to gain access to those markets. In this connexion, technical co-operation among Latin American countries with different degrees of experience in gaining access to the international bond markets of the developed countries is of particular importance. In addition, international agencies such as IMF, IDB and IBRD should provide technical assistance to countries wishing to approach international

/capital markets

capital markets so as to enable these countries to formulate and present investment proposals in a more effective manner. The necessary measures should be taken in the appropriate international forums to achieve greater stability in the national and international financial markets and facilitate the participation of the Latin American countries on terms better suited to their needs.

167. Without prejudice to the current international negotiations aimed at lightening the burden of accumulated debt of the developing countries, the Central Banks and economic authorities of the region should continue to explore more active and technically viable forms of collective financial co-operation at the world and regional level, with a view to expanding financial support facilities through contributions from developed countries or those developing countries in a position to help, so as to mitigate the problem of external indebtedness by whatever means each country considers appropriate.

168. In this connexion, the Executive Secretary of CEPAL, together with the secretariat of the Centre for Latin American Monetary Studies (CEMLA) and other competent bodies should continue to prepare initiatives for consideration by the Central Banks in their respective forums.

C. TRANSNATIONAL CORPORATIONS

169. Strong encouragement should be given to the work aimed at preparing an International Code of Conduct governing the activities of transnational corporations.

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170. The Latin American countries should maintain the position which the developing countries have defended in many forums that the Code of Conduct should be binding and should be governed by the following principles, inter alia:

(a) Transnational corporations must comply with the laws and regulations of the host country and, in the case of litigation, they must submit to the exclusive jurisdiction of the courts of the country in which they operate;

(b) They must refrain from any interference in the internal affairs of the States in which they operate;

(c) They must refrain from interference in or disruption of the relations between the Government of the host country and other States;

(d) They must not serve as instruments of the foreign policy of another State or as a means to extend to the host country legal provisions of their country of origin;

(e) They shall be subject to the permanent sovereignty exercised by the host country over all its wealth, natural resources and economic activities;

(f) They must comply with national development policies, goals and priorities and make a positive contribution to attaining them;

(g) They must supply the Government of the host country with the relevant information on their activities in order

/to ensure

to ensure that these are in keeping with the national development policies, goals and priorities of the host country;

(h) They must carry on their operations in such a way that these result in a net inflow of financial resources for the host country;

(i) They must contribute to the development of the domestic scientific and technological capacity of the host country;

(j) They must abstain from restrictive commercial practices.

171. The countries of Latin America have agreed that efforts of co-ordination should be made in the framework of SELA to organize discussions on the Code of Conduct in the course of which they will prepare the joint Latin American positions on the definitions, principles, sphere of action and the other elements entering into the Code of Conduct. The CEPAL secretariat should contribute to these activities. The Latin American countries will participate actively in the activities of the United Nations Committee on Transnational Corporations and in its working groups on the Code of Conduct and on the corrupt practices of transnational corporations.

172. At the same time it is important to prepare action guidelines for the future negotiations on direct investment between the governments and the transnational corporations, on the basis of the recent experience gained in this field both in Latin America

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and in other regions of the world. High priority is attached to the fuller use of the potential bargaining power of the Latin American countries, which has so far been used to only a limited extent.

173. The Latin American countries must make efforts to exchange among themselves and with other developing countries the information they possess on negotiations with transnational corporations, in order to increase their individual and collective bargaining power. To this end, it is considered necessary to strengthen the Latin American focal point which already exists in the form of CEPAL so that, in conjunction with the United Nations Centre on Transnational Corporations, it can obtain and supply on a regular and systematic basis all information on transnational corporations.

D. TRANSFER OF TECHNOLOGY

174. On this subject Latin America considers it of fundamental importance to stress the urgency of the following, in view of the forthcoming United Nations Conference on Science and Technology for Development;

(a) The adoption of an international Code of Conduct of a binding nature on the transfer of technology, the draft of which was completed in UNCTAD;

(b) The revision of the Paris Convention for the Protection of Intellectual Property.

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175. It is worth reiterating the agreement reached by the developing countries in New York and Geneva that the Conference should be held in a developing country and that at the Conference, on the basis of the national reports prepared for it, efforts should be made to accelerate action on such matters as:

(a) The establishment in the countries of the region of appropriate institutional machinery: especially national centres for development and the transfer of technology;

(b) The strengthening of the region's own capacity for technological adaptation and creation, an objective which, together with that of the transfer of technology from outside, should be brought about in the conditions required by the development of each country and in accordance with the guidelines laid down at the national level;

(c) The establishment and improvement of mechanism in the public sector which will contribute to the location and dissemination of technologies suited to these conditions and will enable the State to fulfil its responsibility to secure suitable technologies for development on the world market;

(d) The preparation of preferential agreements for the development and transfer of technology between Latin America and other developing regions;

/(e) The

(e) The establishment in Latin America or strengthening of subregional and regional centres for the development and transfer of technology which can serve as a link with the national centres of the other developing countries;

(f) The establishment or strengthening of sub-regional, regional and interregional centres in Latin America for the development and transfer of technology in specific and critical sectors.

176. Recognizing that relevant technical progress has taken place within Latin America, the countries of the region should take steps to actively stimulate the transfer and dissemination of technologies among themselves in areas that would enhance balanced social and economic development.

E. INDUSTRIALIZATION

177. The Committee of High-Level Government Experts reiterates its support for the decisions on regional industrial co-operation adopted by the Latin American Conference on Industrialization at its meeting held in Mexico City in November 1974 - especially the recommendation to develop industrial complementation schemes - and recommends that the co-operation between the Economic Commission for Latin America and the Latin American Economic System should be strengthened.

178. It is necessary to adopt measures to promote the restructuring of the industrial production of the world by securing greater access for the manufactured products of the developing countries, the transfer of technology on favourable terms, the harmonization of the production of synthetic and substitute articles in the developed countries with the supply of natural products by the developing countries, the elimination of restrictive trade practices, and effective control over transnational corporations.

179. There is also a need to establish international norms and conditions for industrial redeployment, in keeping with the interests of the developing countries.

F. RELATIONS WITH SOME DEVELOPED AREAS

180. In addition to the aspects considered in the negotiations of a general nature mentioned above in respect of trade, financing and debt, transnational corporations and technology and industrialization, there are other matters on which action could be taken in relation with each of these areas.

1. Relations with the United States

181. A long, medium- and short-term strategy must be designed and implemented regarding Latin America's relations with the United States.

182. This strategy must be founded on a new political determination: without this the technical formulas to find solutions to existing problems will be of no avail. Such determination on the part of the

/United States

United States is essential not only in its direct relations with Latin America but also because of its influence on the attitude of other developed countries with market economies.

183. The change of administration in the United States offers an opportunity to discover whether or not this political determination exists. Meanwhile, Latin America, while seeking a positive and fruitful dialogue with the United States, should deepen intra-regional co-operation in all areas and stregthen its solidarity with the rest of the Third World.

184. The medium- and long-term strategy should find an answer to the problems affecting bilateral relations between the United States and each country of the region. Bilateral and regional relations are not exclusive, but rather mutually complement and support each other.

185. The new negotiation machinery should take this situation into account and tackle the great problems of trade and financial and technological co-operation in the future.

186. Latin America, for its part, should reformulate its negotiating position in the framework of SELA in the light of the positions already taken, prior to negotiations in any forum. CEPAL can and should play an important role in reflexion and proposals in this context.

187. As far as immediate action is concerned, Latin America should lay emphasis on the United States Trade Act and the other obstacles to its export trade.

188. The most harmful aspects of the Trade Act are those regarding competitive need, rules of origin, safeguard clauses, compensatory duties or tariffs and the exclusion of Latin American countries.

189. At the same time, a systematic case-by-case analysis should be made of products of interest to Latin America which are affected by the United States Generalized System of Preferences, the Trade Act or any pre-existing obstacles.

/190. Meanwhile

190. Meanwhile, the United States should refrain from applying further tariff or other types of barriers to Latin American products. A recent example of the policy followed in this field by the United States is the tripling of the duty levied on sugar imports (mainly from Latin America) and the possible application of other restrictive measures.

191. The success of these efforts would provide pragmatic proof of the existence of the above-mentioned political determination. Their failure would nullify any longer-term strategy, with consequent danger to relations with the United States with Latin America.

2. Relations with the European Economic Community (EEC)

192. The unsatisfactory progress of economic co-operation between Latin America and the EEC is due, on the one hand, to the manifest lack of political will on the part of the Community, which can be clearly seen in the broad range of working arrangements which the EEC is developing with large groups of countries such as those of the Lomé Convention and of the Mediterranean area. This lack of political will is all the more surprising in view of the fact that Latin America is the developing area which absorbs the highest proportion of direct investment from EEC countries and purchases the biggest share of the most dynamic exports of the European countries.

193. At the same time, there is a similar shortcoming on the part of Latin America which, since the meeting of the Special Committee on Latin American Co-ordination (CECLA) in Buenos Aires in 1970, has not again affirmed in an unequivocal way its collective political will to intensify economic co-operation between the two regions, thus depriving itself of the possibility of effectively using the negotiating power it would potentially gain from the size of its purchases from the EEC. The region must therefore forge an instrument - which could be SELA - to enable it to negotiate and act in a unified way and show readiness, when necessary, to carry out specific action to balance the amount of purchases from the EEC with that of the sales which the region can make to the Community.

/194. If

194. If this political will materializes, there are many ways in which it could be put into practice, as has been and is being shown by the EEC every day in its relations with the main areas and countries of the world. These possibilities progressively increase as the Member States of the Community broaden its sphere of action of the organization by ceding part of the competence they still have in the sphere of economic relations.

3. Relations with Japan

195. Bearing in mind that in its trade with Japan Latin America's exports have increased at a lower rate than its imports, it is necessary to broaden the coverage of products and remove the obstacles that limit access. Japan's generalized system of preferences should be fully implemented and improved, and specific agreements should be secured to increase exports of commodities. Agreements should also be concluded in the sphere of technology.

4. Relations with other developed market economy countries

196. As part of Latin America's strategy of diversifying its economic relations, studies and consultations should be initiated in the near future on means of increasing trade with other developed countries. In the case of Canada, the growing trade and financial relations offer good prospects which should be systematically explored. These studies and consultations should pay special attention to Canada's trade and financial relations with Latin

/America which

America which have been substantially strengthened in recent years and could be even further increased in the future,

5. Relations with the socialist countries of Eastern Europe

197. With regard to the socialist countries of Eastern Europe, analysis of the prospects offered by the international markets gives rise to the firm conviction that it is essential to intensify to the utmost the efforts to diversify markets, seeking the possibility of securing broader economic cooperation.

198. For these reasons, this is an extremely opportune moment to make a combined analysis of this experience and to explore the role which can be played both by the CMEA itself and by the financial system of the European countries with centrally planned economies. The project for which CEPAL is responsible in this sphere is of high priority from this

/point of

point of view. As this subject of the trade relations of the Latin American countries with the European countries with centrally planned economies also appears in the work programme of SELA, suitable co-ordination is called for. This is another sphere in which CEPAL can provide strong support to the Latin American Economic System.

G. CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION (THE PARIS CONFERENCE)

199. As proposed by the Group of 19 developing countries participating in it, the Conference should resume its work in April and conclude the negotiations with a Ministerial Meeting to be held no later than the end of May 1977, in order to comply fully with the decisions in General Assembly resolution 3515 (XXX), especially the decision that the General Assembly should receive the final report of the Conference for its consideration.

200. On this occasion measures should be adopted which would constitute a global programme for a substantive improvement in international economic co-operation on the basis of the proposals made by the developing countries.

H. MARITIME TRANSPORT

201. The Group of Experts considers it necessary to support the efforts aimed at setting up transport enterprises which, like the Flota Mercante Grancolombiana, the Compania Anonima Venezolana de Navegación and NAMUCAR, constitute positive achievements of economic importance to the region because they not only contribute to the

/control

control by the countries of the region of spheres of activity which have traditionally been in the hands of the transnational corporations, but also reduce freight costs and increase the negotiating power of the developing countries which export perishable commodities. The countries of the region should support the strengthening and development of the Empresa Naviera Multinacional del Caribe (NAMUCAR) through special measures.

202. Furthermore, it is necessary to stress the importance that all the countries should ratify the Code of Conduct for Shipping Conferences.

203. With regard to multimodal transport, the efforts being made in UNCTAD to secure an international agreement should be redoubled.

I. LATIN AMERICAN INTEGRATION AND CO-OPERATION, AND CO-OPERATION WITH THE OTHER DEVELOPING COUNTRIES

204. It is necessary to promote specific forms of co-operation between two or more countries in such spheres as industrial and agricultural programmes and projects, trade agreements and joint infrastructure projects. The Latin American Economic System (SELA) is an extremely important instrument for this purpose, and therefore the countries of the region should strengthen and support it, by participating actively in the measures it proposes in different areas of co-operation, in the creation and strengthening of action committees and the establishment of multinacional enterprises. They should likewise support its work of consultation and co-ordination between the countries of Latin America and third countries or groups of countries and international bodies and forums.

/205. This

205. This action should be complementary to parallel progress in the integration processes already in existence (Andean Pact, Central American Common Market, CARICOM and LAFTA), which should continue to be given support in the entire region, with a view to strengthening them.

206. To this end, it is suggested that clearing house operations for payments between subregional markets and, in special cases, between countries and the said subregions should be established.

207. These programmes and projects can also help to remedy the imbalances between countries due to their different degrees of development, which are reflected both in the trade deficits or surpluses of the different countries of the region, and also in the varying structures of the export and import trade between them.

208. It is desirable to promote the adoption of a regional policy of economic co-operation, with special emphasis on the agricultural, industrial and trade sectors, in order to promote or strengthen national agricultural policies so as to increase the social productivity of that sector and raise the nutritional levels of the population; to foster the development of such industries as those of chemicals, non-electrical and electrical machinery and transport equipment, on the basis of the Latin American common market; and to conclude regional and joint marketing agreements in order to strengthen the capacity to participate in external markets, taking into account the commitments entered into within the

/existing

existing integration schemes in the region, as well as the new machinery which may be implemented within the framework of SELA.

209. As regards reciprocal credit agreements, progress can be sought along various complementary lines, so that it is advisable to encourage studies on possible formulas for the broadening and deepening of the current agreements.

210. Co-operation with the developing countries of the rest of the world offers big prospects, especially in the spheres of agriculture, industry, trade, technology and transport.

211. In this respect, Latin America should support the measures and actions agreed on at the Conference on Economic Co-operation among Developing Countries held in Mexico in 1976, and promote and participate actively in the Conference on Technical Co-operation among Developing Countries to be held in Buenos Aires in 1978. The activities which SELA carries out in this sphere are of great value to the region and should consequently be developed.

212. As regards the negotiation of a new International Sugar Convention it is recommended - bearing in mind that for 22 countries of the region sugar is one of their main export products - that a common Latin American position should be adopted in the discussion and establishment of this Convention, taking as a basis the results obtained at the Sixth Meeting of the Group of Latin American and Caribbean Suger-Exporting Countries (GEPLACEA) held recently in Havana, so that this instrument will be in keeping with norms of true equity and will at the same time be effective in

/stabilizing

stabilizing the world sugar market at adequate price levels on terms which provide a stimulus for the economic and social development of the countries of the region.

213. The item "Co-operation among developing countries and regions" should be kept permanently on the agenda of the regular sessions of CEPAL. The CEPAL secretariat should also continue to seek out areas of co-operation among developing countries and regions, both within Latin America and in other geographical regions, and should collaborate with the countries interested in acceding to the Protocol on Trade Negotiations among Developing Countries.

214. Improved utilization of the river systems of the region for transport will strengthen the links between the production and trade sectors, and success in this area will open up ample opportunities for regional co-operation. Among other possibilities mention may be made of co-operation to improve the navigational conditions of rivers, to simplify the documentation required by various authorities, and to facilitate the transport of goods in sealed containers, which reduce customs formalities.

B. Reservations and statements of position

Reservations

The Delegation of Colombia wishes to express its reservations concerning the statements made in connexion with the Integrated Programme for Commodities in paragraphs 97, 100, 155 and 156 of document E/CEPAL/1025[1/] and intends to defer its decision on this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of Chile supports both the Integrated Programme for Commodities and the Common Fund because it believes that these instruments can serve the economic and social development of many countries of the region that need stable prices for their commodities.

Since these instruments are not equally suited to all the commodities produced in the region, however, it maintains that for such an initiative to operate effectively for the common good, which is the main aspiration that unites us in this matter and is the basis of the strength which our recommendations may have, both the Integrated Programme and the Common Fund must cover only those products in respect of which the main producer-exporter countries have consented to participate.

The Chilean delegation therefore wishes to express its reservations concerning the statements made in connexion with

1/ Paragraphs 86, 89, 146 and 147 of Part Two of the present report.

/the Integrated

the integrated Programme for Commodities in paragraphs 97, 100 155 and 156[1/] of document E/CEPAL/1025 and intends to defer its decision on this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of El Salvador wishes to express its reservations concerning the statements made in connexion with the Integrated Programme for Commodities in paragraphs 97 and 155[2/] of document E/CEPAL/1025 and intends to defer its decision of this matter until the final Ministerial-level phase of the present CEPAL session.

The Delegation of Chile wishes to point out, with respect to paragraph 179[3/] of document E/CEPAL/1025, that the binding nature of the Code of Conduct for transnational corporations referred to therein must respect each country's sovereignty as regards the treatment to be given to such corporation located and/or trading in its territory.

This being understood, the first of the principles listed regarding such enterprises is of fundamental importance, and in the light of the foregoing no reservations are entered in respect of it.

1/ Paragraphs 86, 89, 146 and 147 of Part Two of the present report.
2/ Paragraphs 86 and 146 of Part Two of the present report.
3/ Paragraph 170 of Part Two of the present report.

/Because

Because of the similarity of the questions involved, the Chilean delegation wishes to express the same views with respect to the binding nature of the Code of Conduct on the transfer of technology referred to in paragraph 183. 1/

C. Declarations

Declaration by the Canadian Delegation

The Delegation of Canada referred to the assistance being given by its Government to Latin American organizations for economic and social development projects, through the Canadian International Development Agency. Canada is actively participating with Latin America in the dialogue between North and South, and in international negotiations on commodities, as well as in financing some of the activities carried out by CEPAL and SELA. It urged the governments of the region to make a formal commitment which would make it possible to maintain and increase the assistance given by Canada, whose trade with Latin America in 1976 amounted to approximately 4 000 million dollars. It noted that the documents presented by the Secretariat did not include Latin American relations with Canada.

Canada is, in many ways, a developing country. At the same time, it is a developed country that has achieved substantial progress owing to the inflow of capital and technology. It noted

1/ Paragraph 174 of Part Two of the present report.

/ that, to

that, to a certain extent, the report of CEGAN was pessimistic since it did not record the progress made by developing countries in other international fora. Canada is fully committed to the efforts being made on behalf of Latin American economic and social development.

Declaration by the French Delegation

During the discussion of document E/CEPAL/1025 containing the report of the Committee of High-Level Government Experts which met in Santo Domingo and the amendments to it proposed by the developing countries of the region, the French delegation pointed out that in its opinion the texts together represented the general positions of these countries on the evaluation of the regional economic situation, on the implementation of the International Development Strategy, and on the proposed plan of action.

With reference to paragraph 18 1/ of the document, the delegation stressed that France had repeatedly shown by its efforts its desire to work towards the establishment of a more just and equitable international economic order. In order to achieve this, only a courageous and lucid dialogue would have any chance of success.

1/ Paragraph 6 of Part Two of the present report.

/Although

Although the negotiations entered into in the different forums, particularly in the United Nations, may not have enabled all the problems to be resolved, they have at any rate helped to put them clearly.

Despite economic vicissitudes, France had never let up in its efforts in favour of the developing countries. In this connexion, the delegation recalled that France devoted 0.62 per cent of its GDP in 1976 to public aid to development, a figure close to the 0.70 per cent fixed by the International Development Strategy.

Declaration by the United States Delegation

President Carter's speeches at the United Nations, of which ECLA is a part, and at the Organization of American States demonstrate that what we are doing clearly falls within a priority interest of the President.

In the speech at the OAS, the President noted the important and creative role of ECLA and mentioned the leadership role which Latin American countries play on global issues. Because of Latin America's stage of development and the leadership role it plays, the forums for US-Latin American negotiations are largely global. The President put important emphasis on US-Latin American consultations on global issues. This session of the ECLA is part of that consultative process.

We found document E/CEPAL/1025 an interesting and useful expression of the views of the developing-country members of ECLA. There are, however, parts of this document with which the US is not in accord.

/We assume

We assume document 1025 will be transmitted to ECOSOC as a statement of the developing country members of ECLA, and we will in that case be prepared to support its transmittal.

On the new International Economic Order and the Charter of Economic Rights and Duties of States, we have well-known reservations and do not regard them as legally binding committments.

President Carter's speech to United Nations demonstrates clearly that the US is not locked into the status quo. He said the US would "promote a new system of international progress and co-operation," and he spoke of "molding a global economic system which will bring greater prosperity to all the people of all countries." The decisions the President has made since coming into office, including for example his decision on the problems of the US footwear industry, have shown his co-operative approach to international economic problems.

E/CEPAL/1025 forthrightly recognizes the importance of population and employment problems and recognizes that growth is not equivalent to economic development. It is particularly interesting because Latin America has enjoyed substantial growth even in the difficult period recently. In partial recognition of these problems of income distribution and poverty, the US has paid particular attention to the poorest people in its development assistance in the last few years.

/In a spirit

In a spirit of frankness, we would like to make a few comments on two paragraphs. The first is paragraph 18.[1/] We agree that we should have as a goal a new system of economic progress and co-operation in the world. We are, therefore, participating in international negotiations and consultations in ECLA and other forums. We recognize the international economic interdependence of all countries, including the US. We consult in many places in attempts to cope with these aspects of our mutual interdependence. The current situation requires that both developed and developing countries give extensive attention to the world economic situation and the negotiations currently underway. Each of us enters these negotiations on the basis of our own interests, but we recognize our common interests, as the US recognizes that Latin American social and economic development is very much in the US interest.

Paragraph 57[2/] has elements which, speaking quite candidly, we simply do not believe. We recognize that it represents the viewpoint held by many, but we believe that transnational enterprises are an important vehicle for the use of managerial expertise, capital management, and technology to the benefit of development. We have in the recent past seen new flexibility on the parts of both transnational enterprises and host governments in finding ways to fit transnational enterprises into the economic and social plans and aspirations of the host country, and we hope this process will continue.

1/ Paragraph 6 of Part Two of the present report.
2/ Paragraph 45 of Part Two of the present report.

/Commodity

Commodity trade is important to all of us and to Latin America, in particular, in spite of increases in its exports of industrial products. The US believe the most appropriate way to approach commodities question is through consumer/producer forums. We have demonstrated our good will in pursuing solutions to these problems with the signature and ratification of three commodities agreements in the last few months, and we will continue to negotiate on commodities of importance to the US and Latin America in the future. We would cite, as an example, the active US role in the sugar negotiations currently underway in Geneva.

The US Government finds the idea of indexation undesirable. It would introduce rigidities into the commodities trade, it would be technically extremely difficult to implement, and it is not at all clear which would be the beneficiary countries.

Exports to the world economy are very important for Latin America, and a stable, reliable system governing trading relationship is, therefore, critical to the region. We are pleased that Latin American countries have taken an active role in the multilateral trade negotiations. The Carter Administration has indicated its desire to give them a new impetus.

We found the Secretariat proposal in document E/CEPAL/1024 with respect to anticipated reciprocity an interesting one. Steps taken recently by Latin American governments to liberalize their trading systems might well be acceptable to the United States as contributions to the MTN.

/Subsidies

Subsidies and countervailing duties are of great interest to Latin American countries. The US law has been invoked very sparingly. We recognize the importance of the issue and the need for an international solution in the MTN. We recognize the need for special and differential treatment in the subsidies/CVD code under negotiation.

We believe our Generalized System of Preferences is a good system and offers a great deal of stability. The suggestions for improvements made in the ECLA documents are among those being reviewed by the US Government. Imports of eligible products from beneficiary countries increased 65 percent from 1975 to 1976, as compared to a 25 percent increase for non-eligible products. We would be interested in learning the experiences of the Latin American governments with our GSP in its first year of operation.

We find the proposals in E/CEPAL/1024 for a Standards Institute and for Secretariat studies of particular products of export interest to Latin American countries interesting and believe they merit further examination.

The US agrees that whether there will be adequate international financing available in the future is a critical issue and should be addressed. President Carter has requested of the Congress a total of $7.5 billion for bilateral and multilateral aid. The President has also put his influence behind pledges which the United States has made to multilateral financial institutions, including the Inter-American Development Bank. The President has also indicated that he favors an increase in US resources to the UNDP.

/You are all

You are all aware of US doubts with respect to the SDR-development assistance link. The need for the creation of SDRs to augment international liquidity is quite different from the need to augment international assistance. We agree the large amounts of debt which certain developing countries have built up in the recent past deserve our attention. However, debt is only one aspect of larger issues of development and resource availability and cannot be examined in isolation from other relevant factors. The President has made clear his support for fuller developing-country participation in the global economic decision-making process. The developing countries already are well represented in the IMF Executive Directors and Interim Committee and hold over 30 percent of the total IMF voting power.

There are limits to what the United States Government can undertake in the area of technology co-operation because most technology, particularly industrial technology, is privately owned in our economic system. We have, however, put forward certain suggestions and are participating in the OAS exercise to find new ways of transferring, adapting and applying technology to the benefit of development.

Declaration by the Netherlands Delegation

The Delegation of the Netherlands considers that the spirit of Santo Domingo is admirably reflected in document E/CEPAL/1025.

However Part Two of the document, which has just been approved, contains some generalizations which in our opinion are

/not wholly

not wholly warranted. For example paragraph 18[1/] contains such phrases as "the failure of the developed countries to live up to their commitments, both under the IDS and in connexion with the creation of a New International Economic Order" and "the lack of political will on the part of the developed countries to carry into practice the recognized principles which should prevail".

To those who are familiar with the political and economic situation in the Kingdom of the Netherlands it is obvious that not only is there no lack of political will to live up to its commitments, both under the IDS and in connexion with the creation of a New International Economic Order, but that the Government, Parliament and public opinion have shown and are continuing to show willingness to go as far as the budget and the economy permit in assisting and co-operating with the developing countries.

This attitude and willingness are consistently reflected in the position taken by the Kingdom of the Netherlands in international negotiations.

Declaration by the United Kingdom Delegation

When UK delegation considered how to express its attitude towards the CEGAN report contained in document E/CEPAL/1025, it realized that its views were conditioned by the knowledge that the document, when it reached the UN General Assembly, would not merely represent the views of the members of the ECLA region but would constitute a seminal force in the UN's international Review and Appraisal process. It was tempted to seek to modify the report,

1/ Paragraph 6 of Part Two of the present report.

/but recognized

but recognized that it risked causing more confusion and confrontation than understanding . It will not therefore seek to do so, but will continue to pursue the policy adopted with regard to the Quito Appraisal and the Chaguaramas Appraisal. It feels that the authors of document E/CEPAL/1024 and 1025 are to be congratulated for the unusual frankness and forthrightness with which they approached their tasks.

With regard to the mood of the evaluation contained in Part Two of document 1025, the UK delegation takes issue with its negativeness and suggests that an analysis of the past which we designed to show the way to the future needs a positive attitude as well. It points out that, for example, the references to exogenous inflation in paragraph 17[1/] are viewed rather differently in paragraph 118 of document 1024. It also argues against the idea that the UK, as a developed country, is guilty as charged in paragraph 18[2/] of the report of a lack of political will. Events have demonstrated clearly that the political will manifestly does exist-what is in shorter supply are the resources necessary to put that will into effect. This same shortage of resources has dictated the necessity to establish those priorities which have led to what the report describes as the unfair treatment of the Latin American region. The UK delegation feels sure that all will agree that the primary responsibility of the international community is to help those least able to help themselves.

1/ Parag 5 of Part Two of the present report.
2/ Paragraph 6 of Part Two of the present report.

/Regarding

Regarding the Plan of Action, the UK delegation reiterates the attitude with which it accepted the CEGAN report and intends to make its specific reservations in the plenary.

Regarding paragraphs 200 - 202[1/] of document 1025, the UK suggests that there might be some illogicalities in the argumentation which it might be in the interests of both sides to correct, but in view of the comments of some delegations it does not seek to press any amendments.

1/ Paragraphs 188-190 of Part Two of the present report.

Part Three

RESOLUTIONS

Draft resolution I/1

CO-OPERATION AMONG DEVELOPING COUNTRIES AND REGIONS OF DIFFERENT GEOGRAPHICAL AREAS

The Economic Commission for Latin America

Noting General Assembly resolutions 3177 (XXVIII), 3241 (XXIX), 3442 (XXX) and 31/119 on economic co-operation among developing countries, and resolutions 3202 (S-VI) and 3362 (S-VIII), particularly sections VII and VI, respectively, as well as resolutions 2974 (XXVII), 3251 (XXIX) and 3461 (XXX) on technical co-operation among developing countries and resolutions 31/179 concerning the United Nations Conference on Technical Co-operation among Developing Countries,

Noting also Economic and Social Council resolutions 1963 (LIX) on technical co-operation among developing countries and 2023 (LXI) concerning the United Nations Conference on Technical Co-operation among Developing Countries, as well as resolution 2043 (LXI) on strengthening of the regional commissions for regional and inter-regional co-operation, particularly operative paragraph 5 recommending the co-operation of United Nations organizations and specialized agencies with the regional economic commissions "with a view to making them centres for

the formulation, co-ordination and implementation of programmes for the promotion of co-operation among States members of the respective commissions",

Noting further decision 142 (XVI) adopted by the Trade and Development Board of the United Nations Conference on Trade and Development, establishing a Committee on Economic Co-operation among Developing Countries, and particularly its functions of strengthening the mutual co-operation among developing countries at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas and 354 (XVI) of 13 May 1975 on technical co-operation among developing countries,

Mindful of the Manila Declaration and Programme of Action adopted at the Third Ministerial Meeting of the Group of Seventy-seven (2 to 7 February 1977), and in particular of part two, section C, which stresses the need to foster mutual co-operation among developing countries,

Bearing in mind the Measures for Economic Co-operation among Developing Countries adopted at the Conference of the Group of Seventy-seven (Mexico City, 13 to 22 September 1976), in particular the requests for assistance on different aspects of these Measures addressed by the Conference to the regional economic commissions,

Convinced that the concept of collective self-reliance represents a renewed effort of co-operation among developing countries aimed at achieving forms of mutual support and

complementarity in the development of their respective economies and societies,

Recognizing the increasing importance of programmes of mutual co-operation among developing countries and regions of different geographical areas as a strategy for accelerating their development on the basis of the principle of collective self-reliance,

Conscious of the role that the Commission should play in the mobilization and more effective utilization of domestic resources at the subregional and regional levels to reinforce the unity and capacity of the developing countries of the region for joint action and for self-reliant national development.

1. Takes note of the final report of the Regional Intergovernmental Meeting on Technical Co-operation among Developing Countries convened by the United Nations Development Programme in co-operation with the Economic Commission for Latin America in Lima, Peru, from 10 to 15 May 1976 (DP/TCDC/RBLA/10);

2. Requests the Executive Secretary to:

(a) Expedite the necessary institutional arrangements to establish within the secretariat, in close co-operation with the competent bodies of the United Nations system, a special unit to promote mutual co-operation among developing countries of the region, paying particular attention to geographically disadvantaged and land-locked countries, and between those countries and the countries of other geographical areas, with the objective of integrating this activity fully within the

programme of work of the Commission in order to implement without delay the recommendations addressed to the regional economic commissions in the report of the Working Group on Technical Co-operation among Developing Countries (DP/69), in the relevant General Assembly and Economic and Social Council resolutions on economic and technical co-operation among developing countries, and in other United Nations fora;

(b) Take the necessary measures to develop and intensify mutual co-operation with the secretariats of other regional economic commissions with a view to promoting programmes and projects for the mobilization of economic and technical co-operation at the regional and interregional levels, including the organization and holding of seminars and meetings of working groups, if required and in co-ordination with other competent bodies of the United Nations system, in which a technical dialogue and exchange of experience can be effected;

(c) Invite the Executive Secretary of the Economic Commission for Africa to organize jointly a meeting at the technical level on interregional horizontal co-operation between the secretariats of both regional commissions and to convene in due course an interregional meeting at governmental level to discuss appropriate measures for the implementation of concrete projects of co-operation among the African and Latin American regions;

(d) Assist the United Nations Development Programme, as required, in the preparatory activities concerned with the forthcoming United Nations Conference on Technical Co-operation

among Developing Countries to be held in Buenos Aires from 27 March to 7 April 1978;

(e) Take all appropriate measures to assist the developing member countries of the Commission and the United Nations Development Programme in the implementation of the recommendations contained in the final report of the Regional Intergovernmental Meeting on Technical Co-operation among Developing Countries held in Lima, Peru;

(f) Assist the developing member countries of the Commission, as appropriate, in their preparations for the Buenos Aires Conference;

3. Urges all developing member nations of the region to establish appropriate mechanisms for promoting technical co-operation activities among themselves;

4. Requests the Secretary-General to make adequate provision in order to enable the secretariat of the Commission to carry out its activities effectively in the sphere of co-operation among developing countries and regions of different geographical areas in compliance with operative paragraphs 6 and 7 of Economic and Social Council resolutions 2043 (LXI);

5. Decides to include an item on co-operation among developing countries and regions of different geographical areas in the agenda of all the biennial sessions of the Commission as a permanent question to be examined by the Member Governments.

DRAFT RESOLUTION I/2

INSTRUMENTS OF PAYMENT

The Economic Commission for Latin America,

Considering that the intensification of Latin American trade makes it necessary to improve the instruments of payment which facilitate financial operations in connexion with intra-regional transactions,

Instructs the Executive Secretary of CEPAL, in co-ordination with the appropriate bodies of the Central Banks of Latin America and the Caribbean, to carry out a study designed to improve intra-regional instruments of payment so as to promote the optimum use of the region's own resources.

Draft resolution I/3

ECONOMIC INTEGRATION AND CO-OPERATION

The Economic Commission for Latin America,

Considering:

1. That the countries of the region have made considerable progress in integrating their economies and have been establishing links between their production systems by means of the integration schemes set up during the 1960s, viz. CACM, LAFTA, the Andean Group and CARICOM;

2. That these efforts have been complemented in recent years by the creation of other useful machinery for economic integration and co-operation such as the Latin American Economic System, the Caribbean Development and Co-operation Committee, and others of an intergovernmental nature, and also that the integration movement has expanded to encompass efforts in very different sectors involving industry, transport, communications, energy and other areas of similar importance;

3. That, despite these advances, the economic potential of integration has not been adequately exploited and, indeed, has tended to lose momentum in recent years, thus showing how necessary it is to take integrated action through co-operation efforts designed to lend impetus to the action of the individual countries and strengthen the position of Latin America as a whole in its relations with the rest of the world;

4. That notwithstanding the difficulties which have obstructed various Latin American integration efforts, integration has shown its vitality by continuing to promote trade between the countries of the region, encouraging joint investments and giving rise to economies of scale in industry and in major production sectors;

Affirms the need to strengthen the existing integration processes, to promote speedy and flexible communication between them by all possible means, and to make use of other machinery for Latin American economic co-operation -such as SELA- which can also contribute to the establishment of an integrated economy and thus help to overcome the difficulties facing several of the integration systems;

Expresses the determination of the countries of Latin America to pay all due attention in their national policies to means of strengthening economic integration and supporting the Central American Common Market, LAFTA, the Andean Group and CARICOM, as appropriate, in their work and future development;

Recommends Governments to make joint systematic and continuous efforts to impart a new impulse sufficiently forceful to enable the region to progress beyond the present situation and enter on a more advanced, practical and effective phase of economic integration;

Requests the secretariat of CEPAL to organize in the course of 1978 a technical seminar on Latin American integration and co-operation for the purpose of (a) analysing the current situation; (b) making a critical appraisal of Latin American experience in these areas; (c) studying, at the technical level, ways and means of strengthening the integration processes and promoting substantial economic and technical o-operation between the countries of Latin America; (d) suggesting and discussing possible ways to promote increasing trade within Latin America, with special attention to the trade in manufactures and due consideration and incentives for manufactures originating in the countries of the Central American Common Market and CARICOM, the LAFTA countries described as relatively less developed, Haiti and the Dominican Republic; and (e) taking into account world economic prospects and the role which integration and co-operation among countries can play in offsetting their consequences and making better use

/of any

of any favourable opportunities that may arise. The results of the seminar will subsequently be submitted to the member countries of CEPAL for their consideration;

Recommends governments, economic integration and co-operation bodies, and others whose functions are related to these matters, to extend the fullest possible co-operation to the secretariat of CEPAL in connexion with the work hereby entrusted to it, the results of which will be reported to the above-mentioned seminar on economic integration.

Draft resolution I/4

LONG-TERM TRENDS AND PROJECTIONS OF LATIN AMERICAN ECONOMIC DEVELOPMENT

The Economic Commission for Latin America,

Considering that General Assembly resolution 3508 (XXX) entitled "Examination of long-term trends in the economic development of the regions of the world", provides that the regional commissions should prepare studies on the long-term trends in and forecasts of the economic development of their respective regions, taking into account the national development programmes of individual countries of the regions and the particular characteristics and priorities of the regions,

Bearing in mind the third regional appraisal prepared by the Commission at the current (seventeenth) session, and specially the proposals on the concept of integral development, the need to expand regional co-operation and the proposals on the need for international co-operation in the fields of commerce, financing and science and technology in the context of a new international economic order,

Taking note with satisfaction of the fact that the secretariat of CEPAL is investigating long-term trends and prospects for Latin American economic development in its research project "Latin American development: its appraisal and long-term prospects" (the preliminary summary outline of which is annexed to document (E/CEPAL/1027))

Recommends that the secretariat intensify its efforts to carry forward the prospective studies and economic projections for the next decade, or with a longer frame of reference if analysis of the variables suggest that this is more appropriate, and that it examine, within the framework of the prospective studies, the implications deriving from the concept of development and the proposals on regional economic co-operation and integration and on international co-operation contained in the third regional appraisal made at this session,

Decides that, for the said purposes, special attention should be paid to the following tasks:

1. Making medium-term and long-term projections of demographic and economic growth in the light of the options and scenarios selected for presentation, studying in particular the implications for employment trends, improved income distribution and the elimination of pockets of extreme poverty in the countries of Latin America;

2. Evaluating the amount and availability of natural resources in agriculture, energy and minerals of the countries of the region in relation to their potential capacity for attaining specific goals in social development, economic growth, domestic consumption and investment and external trade;

3. Determining to what extent and in what way the mobilization of national resources and particularly internal capital formation should be achieved, so as to ensure the consistent attainment of social and economic objectives and the necessary acceleration of development;

4. To progress further in the preparation and study of sectoral projections, paying particular attention to agriculture, mining, manufacturing industry, construction and basic services and studying the changes in production and in the composition and allocation of investments which need to be made in order to meet the global aims and social goals of development.

5. Studying the prospects and making consistent projections for Latin America's foreign trade, taking into account, inter alia, the following factors: a) the effects which persistence of the prevailing trends in foreign trade would have on the development of the Latin American countries, b) the structural changes which would need to be made in international trade and economic policy

in the context of a new international economic order, c) the prospects for trade with the developed countries, d) the expansion of regional co-operation and trade, e) the prospects for trade with other developing areas and f) projections of trade with the centrally planned countries;

6. Making projections of trade with the developed countries and studying the rhythm, magnitude and composition of trade flows, and also the implications of these projections concerning the policies and measures which should be adopted.

7. Making special projections of regional trade and trade between countries under integration agreements, in order to establish goals and action targets which would vigorously promote the expansion of Latin American economic co-operation. Studying in particular the projections of the composition of reciprocal flows of goods and services, and on the changes which could occur in them.

8. Analysing the prospects for trade with other developing areas, undertaking, as far as possible, a study of new trade flows which could be created.

9. Preparing projections of external financing, taking particular account of the problems of debts and debt servicing, which can facilitate the study of alternative policies that could be proposed

in order to situate these variables within the context of the global development goals of countries.

Urges the Secretariat to enter into closer contact with the governments of the countries of the region in order to give overall consideration to the methodological bases, objectives and goals of their development plans and policies so that these can be taken into account in preparing regional projections together with the work done in this field by other relevant regional bodies.

Draft resolution I/5

HUMAN RESOURCES

The Economic Commission for Latin America,

Considering that Latin America attaches vital importance to skilled human resources, which constitute an asset built up with great effort;

Mindful that the loss of this important asset can seriously retard the continued development of the countries of the region;

Recognizing that there is a pressing need to take steps to reduce the emigration of this human asset;

Instructs the Executive Secretary of CEPAL to appraise as rapidly as possible, in co-ordination with other bodies of the United Nations, the effects of the emigration of skilled human resources to countries outside the region, specify its causes and determine its effects on Latin American economic and social development, and propose measures aimed at ensuring that the human capital of the Latin American countries remains in, returns to and increases in the region.

Draft resolution I/6

RELATIONS WITH THE EUROPEAN ECONOMIC COMMUNITIES

The Economic Commission for Latin America,

Considering the mutual interest which exists in the developing countries of Latin America and in the European Communities to strengthen their relations through a more effective dialogue at the highest level, and taking into account the fact that SELA has already taken steps to achieve this objective,

Instructs the Executive Secretary of CEPAL to hold the necessary consultations, with the assistance of the Permanent Secretariat of SELA to hold as soon as possible a joint meeting at the highest level between the Latin American States and the States Members of the European Economic Communities in order to identify the areas where there could be a genuinely improved relationship between the two regions.

Draft resolution I/7

INTERNATIONAL ECONOMIC CO-OPERATION

The Economic Commission for Latin America,

Considering the increasing importance of international economic co-operation as a means of promoting integrated development, and having duly noted the statements made by the developed member countries of CEPAL in the course of the Conference to the effect that neither effort nor political will should be spared to this end.

Considering the importance which the Paris Conference has at the present time because of the significance of the issues considered at it for the developing countries, and particularly for Latin America,

Considering that the Conference has now recommenced its work,

Urges the developed countries to adopt a broad enough range of those measures submitted by the developing countries as would constitute a global programme for the substantive improvement of international economic co-operation and so allow the full implementation of the decisions set forth in General Assembly resolution 3515 (XXX).

Draft resolution I/8

EXTERNAL ECONOMIC RELATIONS

The Economic Commission for Latin America,

Considering that the Third Regional Appraisal of the International Development Strategy clearly states the fundamental problems of Latin America as regards its external relations and the essential elements of a plan of action in this connexion;

Considering further that CEPAL is a suitable instrument for the analysis of the problems and for the elaboration of solutions, and an extremely useful forum for consultation and co-operation among its developing and developed member countries in the search for solutions,

Instructs the Executive Secretary, insofar as the resources available to him permit, to:

1. Analyse some of the essential elements for a new policy on international co-operation for development, in the area of trade, such as:

a) New concepts appropriate to the countries of Latin America as regards subsidies, advance reciprocity, safeguards and industrial relocation;

b) The gradual reduction of protection by developed countries as regards products of interest to Latin American countries;

c) The approach to be taken in specific cases of products and sectors which face export barriers in the markets of developed countries;

d) Consideration of the interests of specific Latin American countries in the international negotiations on the UNCTAD Integrated Programme for Commodities;

2. Analyse the economic relations of Latin America with other areas, in particular:

a) Relations with OECD countries. New forms of co-operation in trade, investment, financial flows and technology. Access of Latin American commodities and manufactures to the markets of the United States, the EEC and other developed countries, especially Canada and Japan. The Generalized System of Preferences. The United States Trade Act;

b) Relations with the socialist countries of Europe. Ways to expand economic relations;

c) Relations with the developing countries of other areas, beginning with relations with African countries.

3. Examine the foreign trade policies of the Latin American countries and the experience gained in the handling of instruments for the promotion of non-traditional exports.

4. Analyse the external financing problems of the countries of the region, bearing in mind primarily:

a) The need to study, in consultation with the appropriate fora and the central banks of the region, the workings of the international monetary system and its effects on Latin America, and propose viable forms of increasing the financial resources of the subregional, regional and multilateral development financing institutions;

b) The desirability of studying viable measures designed to obtain as rapidly as possible further resources for development;

c) The desirability of improving the access of the countries of the region to external sources of financing, especially medium and long-term financing, taking advantage, to this end, of the experience already acquired by some countries of the region;

d) The importance of strengthening technical collaboration in the financial field in the region;

e) The desirability of close co-operation with the central banks of the region and with CEMLA in studies and projects related to financing;

5. Pay special attention to integration and co-operation among Latin American countries along the lines described in the Working Paper No. 20/Rev. 2 of Committee I on economic integration and co-operation.

6. Establish the order in which these matters are to be dealt with, in the light of the resources of the secretariat and the progress of international negotiations.

Conference Room Paper No. 3

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REPORT OF COMMITTEE II

I

ORGANIZATION OF WORK

1. Committee II was responsible for considering items 5, 6 and 7 of the agenda of the seventeenth session of the Commission and also considered the respective draft resolutions. It held six working meetings between 26 and 29 April 1977, and at its last meeting it approved its report and 9 draft resolutions for consideration by the Plenary of the Meeting at the Technical Level.

2. The Meeting at the Technical Level elected Mr. Luis Mejía González (Nicaragua) as Chairman of Committee II. At its first meeting the Committee completed its Officers by unanimously electing the following:

First Vice-Chairman: Mr. Ramiro León Torras (Cuba)

Second Vice-Chairman: Mr. John Grantham (Canada)

Rapporteur: Mr. Renán Oquendo (Ecuador).

3. The following agenda was adopted for guiding the discussions of the Committee:

Item 5. Activities of CEPAL

Statement by the Executive Secretary of CEPAL

(a) Activities carried out in the period 1975-1977

(i) Adoption of the draft Annual Report

(ii) Report of the Central American Economic Co-operation Committee

(iii) Report of the Caribbean Development and Co-operation Committee

/(iv) Report

(iv) Report on the Publications Programme

(b) Programme of Work of the Commission for the period 1977-1979

(i) Food and agriculture (Programme 210)

(ii) International trade (Programme 340)

(iii) Development planning, projections and policies (Programme 240)

(a) Economic development

(b) Projections Centre

(c) ILPES

(iv) Natural resources (Programme 460)

(v) Environment (Programme 270)

(vi) Industrial development (Programme 330)

(vii) Science and technology (Programme 520)

(viii) Transport and communications (Programme 550)

(ix) Statistics (Programme 540)

(x) Library and document services (Programme 780)

(xi) Social development (Programme 530)

(xii) Population (Programme 480)

(xiii) Human settlements (Programme 290)

Item 6. Latin American Institute for Economic and Social Planning (ILPES)

(a) Activities carried out by ILPES in the period 1975-1977

(b) Future activities of ILPES

/Item 7.

Item 7. Latin American Demographic Centre (CELADE)

(a) Activities carried out by CELADE in the period 1975-1977

(b) Regional Population Programme

4. At the conclusion of the Committee's proceedings, the representative of Argentina, speaking on behalf of all the participating delegations, warmly congratulated the Chairman on his outstanding work.

II

SUMMARY OF THE DISCUSSIONS

5. The Executive Secretary, in presenting Item 5, gave a complete account of the activities carried out by the secretariat since the sixteenth session up to 20 March 1977, stressing the expansion which there had been in the activities of the Commission with the introduction of new themes such as technical and economic co-operation among developing countries and regions, the integration of women in development, the environment, human settlements and science and technology.

6 He stated that, during the period described, a formal agreement on co-operation had been reached with the United Nations Industrial Development Organization under which it had been decided, inter alia, to establish within the secretariat of the Commission a Joint CEPAL/UNIDO Industrial Development Division. During the same period, agreements on co-operation had also been signed with the United Nations Environment Programme, the United Nations Educational, Scientific and Cultural Organization, the UNCTAD/GATT International Trade Centre, the Latin American Economic System, the Inter-American Development Bank and the Latin American Energy Organization.

7. He pointed out that the expansion of the activities of the Commission, the recent establishment of the Caribbean Development and Co-operation Committee, and the signing of agreements on co-operation with regional organizations and agencies of the

/United Nations

United Nations system, together with the incorporation of ILPES and CELADE into the CEPAL system as permanent institutions with their own identity, had required the strengthening of some regional offices of CEPAL in order to carry out its increased programme of work. For this purpose, apart from the additional resources obtained from the United Nations regular budget, generous contributions had been received from the Governments of Argentina, Brazil, Jamaica, Mexico, Trinidad and Tobago, Canada, the Netherlands, the Federal Republic of Germany, Sweden and Italy, and also from the United Nations Development Programme, the United Nations Fund for Population Activities, the United Nations Environment Programme, the United Nations Centre on Transnational Corporations and the Andean Development Corporation. The Governments of Spain and Japan had recently been approached with a view to obtaining funds for financing some priority activities of the programme of work of the Commission.

8. Lastly, he stated that the Commission and the secretariat would have to study the institutional implications of what he had said in the light of the whole process of restructuring of the United Nations. He indicated that the matter would be discussed at a special ministerial-level meeting of Heads of Delegations.

9. After hearing the statement made by the Executive Secretary, the Committee decided to recommend the adoption of document E/CEPAL/1030 "Draft Annual Report".

/10. Before

10. Before starting on the consideration of the programmes of activities, the Chairman said that if no express objections were made to the suggestions put forward by delegations and by the secretariat it would be assumed that the Committee was in agreement with them.

11. The Director of the CEPAL Office for the Caribbean described the activities carried out by the Caribbean Development and Co-operation Committee, recently set up as a subsidiary organ of the Commission. This report of activities covered the period starting from the sixteenth session of CEPAL and including the first and second sessions of the CDCC.

12. The Director of the CEPAL Mexico Office made a statement on the activities carried out by the Committee on Central American Economic Co-operation since its tenth session (Tegucigalpa, 28-30 May 1975). He also outlined the work done by the Inter-Institutional Commission, made up of the Directors of the Central American integration institutions, in order to facilitate the implementation of specific action designed to secure the rapid reactivation of the integration process in Central America.

13. The secretariat then presented the Publications Programme of the Commission (document E/CEPAL/1033), which was noted without comments, and a draft resolution was adopted with a view to the implementation of the Programme.

14. The Committee next studied the Programme of Work of the Commission for the period 1977-1979 (document E/CEPAL/1032).

/15. During

15. During the general debate, one delegation pointed out that the document in question made no mention of the magnitude or source of the resources available and allocated to each of the programmes and subprogrammes, nor of the priorities assigned to each of them. Another delegation stated that it agreed with this observation and asked that future presentations of the Programme of Work should indicate the resources earmarked for each programme.

Food and Agriculture

16. After hearing the report by the secretariat on the Food and Agriculture Programme, in which mention was made of the particular importance attached to co-operation among Latin American countries, and examination of potential agricultural output, a Caribbean delegation requested that this Programme should consider fishing an important means of improving the food supply and nutrition.

International Trade

17. In the presentation of the programme on International Trade, a description was given of ongoing and planned studies on the economic relations of Latin America with other regions and countries, such as Europe, the socialist countries, Canada, the United States, Japan and Africa; the evolution of the world economic situation; external trade policies; the international monetary system and the external financing of Latin America. Special mention was made of the continuing studies being carried out in respect of sub-regional and regional economic integration and the

/co-operation

co-operation provided by the secretariat to the integration agencies of the region.

18. One delegation made a request that the secretariat should continue to study means of promoting exports within and outside the region and also measures for the substitution of imports which have proved succesful. It was also requested to study joint marketing of the products of the region, and to study in greater depth the reforms in the international monetary system with a view to strengthening the common position of Latin America in international fora.

/Development

Development Planning, Projections and Policies

19. The valuable contribution made by the countries of the region in the preparation of the annual Economic Survey of Latin America received very special mention by the secretariat. Research work in the field of development covered a very wide section of the problems raised in the region, but attention was directed in particular towards a few topics, such as development styles or models, population and labour force growth prospects, public enterprises, development financing and the study of the recent inflation in Latin America.

20. One delegation requested that the study on the role of public enterprises in the development of Latin America be continued.

21. Emphasis was placed on the activities being carried out, in respect of issues connected with transnational corporations, through the valuable contributions of the Government of Canada and the United Nations Centre on Transnational Corporations, with which a joint unit had been established in the secretariat.

22. Special mention was made of the main guidelines governing the prospective studies of the secretariat connected with the International Development Strategy and the New International Economic Order. It was also noted that the projection models and methods were based on national studies for whose preparation it was considered essential to maintain links with the countries. The studies included projections on international trade and finance and projections of a national nature on such matters as sectoral expansion, income distribution, employment, critical poverty and the balance of payments.

/Natural

Natural Resources and Environment

23. In the description of the subprogrammes included in these two programmes, special mention was made by the secretariat of the studies to be carried out as a result of the United Nations Water Conference, in respect of which co-operation was expected from the United Nations Environment Programme, and from other agencies such as FAO, WHO/PAHO, CEPIS (Pan American Centre for Sanitary Engineering and Environmental Sciences),

24. The secretariat stated that final results had not yet been reached in the project "Water, Development and the Environment in Latin America" (project ADEMA), and that it was planned to continue this study and to carry out various others in the forthcoming biennium, to assist the formulation by governments of the region of strategies and plans for the development of mining resources and energy.

25. Particular attention would be attached in those studies to issues relating to the protection of the environment. In that connexion, mention was made of the agreement entered into with the United Nations Environment Programme whereby UNEP would support the secretariat activities relating to the environment, and particularly the unit to be set up in the secretariat to promote consideration of the environment in the various activities of the secretariat. Furthermore, UNEP had recently approved the necessary financing for preparing the outlines of an action programme on environmental management in the Greater Caribbean area.

/26. One

26. One delegation requested that a study should be included on the effects of the unsuitable use of natural resources and its impact on development in Latin America.

Industrial Development

27. In presenting the activities envisaged in this programme, the secretariat reported the recent creation of a joint CEPAL/UNIDO Industrial Development Division and described the studies to be carried out on the analysis and appraisal of policies and strategies for industrial development in Latin America, as well as sectoral studies on the chemical, capital goods, forestry and agriculture-based industries.

28. The secretariat stated that those sectoral studies were being carried out in collaboration with the Latin American Economic System.

29. A representative of a developed member country of the Commission asked for details of the role to be played by the Latin American Economic System in those studies and the degree of co-ordination existing between the secretariats of SELA and CEPAL in the sector. He was informed that a technical co-operation agreement existed between the two secretariats.

30. The representative of the United Nations Industrial Development Organization recalled that the United Nations General Assembly had decided to convene the Third General Conference of UNIDO in 1979 and that, in that connexion, the secretariat of the UNIDO Industrial Development Board recommended that the General

/Conference should

Conference should be preceded by regional preparatory meetings, and it was hoped that the regional economic commissions would co-operate and participate in organizing them, especially through the preparation of an evaluation of the industrialization process in their respective regions.

31. He also suggested the possibility of convening a meeting of Ministers of Industry of the countries of the region to consider the study of the industrialization process in Latin America and to determine the joint position to be taken by the region at the UNIDO General Conference.

32. One delegation asked whether all members of the Commission would participate in the Latin American Industrialization Conference. The secretariat explained that since it was a CEPAL regional meeting all the member countries should be included as had happened in other fields.

33. One delegation requested that the Commission's work programme would include a study on the effects of international subcontracting and another on mechanisms for the marketing of manufatures for the countries of the region.

Science and Technology

34. The secretariat stressed the importance of science and technology in development and indicated that the countries of the region were becoming fully aware of their insufficient technological capacity and the limitations which this involved for their economic development.

/35. The secretariat

35. The secretariat was embarking on the preparation of basic studies on the technological development of Latin America, studies on technology in specific industries of the region, and a document on Latin American policy on science and technology to be submitted to a regional preparatory meeting of the World Conference on Science and Technology to be held in the second half of 1979.

36. The activities of the secretariat in this field received financial support from the regular budget of the United Nations, the World Conference, the Inter-American Development Bank and the Mexican Government.

37. The representative of UNESCO said that his organization was fully prepared to collaborate with the CEPAL secretariat in the field of science and technology and indicated specific areas of joint action. The representative of the World Intellectual Property Organization (WIPO) also stated that his organization would be entirely willing to co-operate with the secretariat in its activities relating to science and technology.

Transport and Communications

38. In introducing the programme the secretariat laid particular emphasis on the need to create an institutional infrastructure in the field of international transport facilitation. In response to requests from Governments, CEPAL was preparing a draft Latin American convention laying down uniform terms and conditions regarding the liability of companies offering international transport and related services. Document E/CEPAL/L.153 describing

40. The secretariat explained that it was in close contact with the Board of the Cartagena Agreement and the Andean Development Corporation (CAF), and that a study on transport in the region would be presented at the next meeting of the Physical Integration Committee of the Andean Group.

41. One delegation asked whether the transport problems of land-locked countries were being studied, to which the secretariat replied that it was always ready to heed requests to that effect.

42. Another delegation supported the preceding question, and requested that a study be made of transport problems in the Caribbean.

Statistics

43. The secretariat stressed the importance of providing a regional framework of statistical data on the economic and social situation of Latin America for use in all the studies carried out by CEPAL.

44. Financial difficulties had hitherto prevented the creation of machinery for consultation with Governments and other regional and sub-regional bodies with a view to promoting the implementation of statistical development programmes. In addition, it was important that CEPAL should have its own computer, which would increase its data processing capacity.

45. It was agreed that the secretariat should be asked to do its utmost to establish machinery for consultation with the Governments and regional and sub-regional bodies, in order to

/promote

promote the implementation of statistical development programmes. The secretariat could request UNDP and other relevant United Nations bodies to increase their support for regional and sub-regional technical co-operation activities relating to statistics.

46. The secretariat was also requested to pursue its efforts to secure the installation of a suitable computer at CEPAL headquarters for meeting efficiently the computer requirements included in the programme, while at the same time strengthening the capacity of its computation centre and taking into account the needs of CEPAL, ILPES and CELADE as a whole.

47. One delegation stressed the need to lay greater emphasis on statistics and indicators of a social nature, bearing in mind that macroeconomic indicators alone did not reflect the economic and social situation of the countries of Latin America.

48. A number of delegations stated that many of the difficulties in the field of statistics stemmed from problems within the countries which the latter should help to solve, and proposed that CEPAL advisory services should be increased to that end and that horizontal co-operation should also be put into practice.

Library and Document Services

49. The secretariat stated that owing to recent technological changes and the demand for fuller services, an important change had taken place in information and documentation science. As a

/result

result, CEPAL and particularly CLADES had had to make, and would continue to have to make a great effort.

50. CLADES was engaged in technical training, integration work and assistance to countries and institutions, as well as information processing and the provision of support for national documentation centres. It received financial assistance for two projects from the International Development Research Centre (IDRC) of Canada.

Social Development

51. The secretariat presented its programme of work in this sector, which centres on the concept of integrated development defined in the International Development Strategy and in the Quito Evaluation. This gave rise to studies focusing on the idea of development styles, keeping within the unified approach to development with reference to the major problems and areas of social change in Latin America.

52. Methodological and theoretical aspects of the unified approach to development are studied, and an analysis is made of the problems arising from employment, underemployment and unemployment, problems of income distribution and accelerated urbanization, and the integration of women in the development effort. In connexion with this last mentioned field, a brief account was given of the activities carried out in accordance with the instructions and recommendations received by the secretariat.

/53. One

53. One delegate drew attention to the need to make a study of the problems of unemployment in the Caribbean area, exploring its causes, proposing solutions, and emphasizing the analysis of self-employment in services and small-scale manufacturing activities.

54. Some delegations mentioned the importance of consideration by the secretariat, in connexion with rural development, of the influence of forms of land tenure on agricultural output and on other social and economic aspects. They also considered it important that the secretariat should give attention to advances in the processes of agrarian reform in the region.

55. One of those delegations considered that it would be useful to study the process of accelerated urbanization in connexion with the problem of centralism in the countries of the region, and would be desirable to study the use of labour-intensive technology, viewed not so much from the standpoint of production as basically from the social angle.

56. Several countries considered that emphasis should be placed on social problems in the agricultural sector, especially those connected with food production, employment and technology.

57. With regard to the tasks related to the integration of women in the development process, one delegate, supported by several countries, proposed that a regional conference should be held in Havana, as a matter of urgency, at the governmental level, in order to give final approval to a regional plan of action on the subject.

/58. Other

58. Other countries took the view that, although that Latin American regional conference should be held, in order to avoid duplication of efforts the tasks should be co-ordinated with international bodies not belonging to the United Nations which have been doing work on the subject.

59. The secretariat observed that CEPAL had received express instructions to organize a regional conference and that it was for Governments to decide on the nature of the conference and participation in it.

60. There was a consensus:

- That CEPAL should convene the regional conference at the governmental level, which would be held in Havana at the earliest possible date;
- That, for the purpose of that conference, the secretariat of CEPAL should complete the governmental consultations in progress on the draft regional plan of action, including in them United Nations agencies and all regional and inter-regional, intergovernmental, public and private bodies which are working on the subject. The secretariat would thus obtain all the necessary data to enable the representatives to decide on the execution of the programme.
- That the secretariat, when subsequently implementing the Regional Programme of Action, should establish forms of co-ordination and co-operation with the above-mentioned bodies.

/61. The

61. The representative of Brasil requested that it should be mentioned in the report that at the Technical Consultative Meeting, held in Mexico in January, 1977, the representative of Brazil had expressed a reservation of a general nature concerning the draft regional plan of action for the integration of women in development, which was contained in the text of that document.

62. The delegation of the United States entered a reservation regarding paragraphs 57 to 60 of the Committee report. The United States fully supported the convening of a conference to deal with the programme of action for the integration of women in economic and social development at an early date, and viewed the implementation of a programme of action as a matter of the utmost urgency. However, it was the view of the United States Government that regional and international organizations had a direct concern with the implementation of the United Nations World Plan of Action and in the observance of the United Nations Decade for Women, 1976-1985. Therefore, all interested organizations, including non-governmental organizations, should be permitted to participate as observers or in other special status in the meetings which would consider the draft regional plan of action for the integration of women in the economic and social development of Latin America.

/63. The

63. The representative of UNESCO briefly outlined the tasks which that body is carrying out and could carry out jointly with CEPAL, particularly in education and social development.

Population

64. The Director of CELADE reported on the population programme, which forms part of the Programme of Work of CEPAL and is carried out in conjunction with the activities of CELADE and is designed to lay the foundations for the preparation of diagnoses, projections and policy outlines in respect of population.

65. One delegate expressed concern about the decline in the contributions of the United Nations Fund for Population Activities, particularly for training, at a time when countries needed larger numbers of qualified personnel specializing in demography.

66. The representative of PREALC reported on the joint activities carried out with CEPAL on employment and population policies.

Human Settlements

67. The secretariat reported on the work carried out in this field as a result of the World Conference held in Vancouver and the regional conference in Mexico.

68. Reference was made to the recommendations made by CEGAN at its recent meeting and it was pointed out that the programme of work decided upon at that meeting had substantial financial

/ implications and

implications and could not be implemented in less than two years, starting in 1978.

69. The secretariat indicated that some of the tasks mentioned could be carried out with the co-operation of the United Nations specialized agencies, of other agencies dealing with international co-operation and of the countries of the region. It was suggested that it would be useful if countries could give an indication of priorities so that, in the mean time, the secretariat could explore financial alternatives for the implementation of the programme. It then outlined various projects which had already been initiated, all with extra-budgetary financing, namely:

- Social aspects of human settlements in Latin America, with financing from the Canadian International Development Agency;
- Technology of human settlements, in co-operation with UNEP;
- Vocational training, through an agreement with the International Centre for Training in Environmental Sciences (CIFCA).

70. Delegations requested that the process of accelerated urbanization and the utilization of human settlements technology, as well as its effects on the problem of employment, should be studied.

71. The Committee recommended the approval of the secretariat's programme of work for 1977-1979, contained in document E/CEPAL/1032, with the amendments introduced in the course of its deliberations.

/Latin American

Latin American Institute for Economic and Social Planning

72. The Committee then considered the activities of the Latin American Institute for Economic and Social Planning (ILPES). It discussed and took note of the following documents: "Activities of the Latin American Institute for Economic and Social Planning, 1976-1977" (E/CEPAL/1033), and "Report of the Conference of Ministers and Heads of Planning of Latin America and of the Technical Committee of the Latin American Institute for Economic and Social Planning" (E/CEPAL/1034).

73. The representative of the Dominican Republic, who was the Rapporteur for the Conference of Ministers and Heads of Planning of Latin America, described, on behalf of the Chairman of the Technical Sub-Committee, the efforts and recommendations made at the Conference, which was held at Caracas, Venezuela, from 13 to 16 April 1977.

74. He emphasized the support received from the President of the Republic of Venezuela for all regional co-operation efforts, including the holding of this kind of conference. He reported the decision to create a system of co-ordination and co-operation between planning bodies of Latin America. He also reported the establishment of the Conference of Ministers and Heads of Planning,

/ of an

of an Executive Committee and a Technical Secretariat, and read out the relevant agreements of the Conference held in Caracas.

75. The Director of ILPES stressed the importance to co-operation and the economic and social development of countries of the creation of the System of Co-ordination and Co-operation among Planning Bodies of Latin America and its significance for ILPES, which will co-operate closely with it.

76. He described the financial effort made to overcome the difficult situation of the past few years, and stated that, beginning with the current year, and for the first time in the 15 years of its existence, ILPES was receiving, through CEPAL, and thanks to the firm support of Governments, funds from the regular United Nations budget.

77. He mentioned other agreements concluded with Governments within and outside the region, for the financing of planning activities, and in that connexion mentioned the contribution made by the Government of the Netherlands and by the Government of Brazil on behalf of three Brazilian states. He also mentioned that the Government of Canada has been requested to consider a project for the relatively less developed countries. He called attention to the agreements that would be concluded with IBRD for an integrated rural development programme, and with IDB regarding financing for higher education.

/78. He

78. He further reported that, as the result of a decision of the Conference, held at Caracas, the Basic Planning Course would henceforth be held in different countries of the region.

79. One delegation proposed that ILPES should promote the establishment of planning centres in relatively less developed countries and that the system of horizontal co-operation should be strengthened; he urged that ILPES should submit its budget by the end of July 1977.

80. Another delegation requested that, in order to make a greater impact on the Caribbean, ILPES should in its new budget make provision for greater activities in the Caribbean and place at least two ILPES personnel in the CEPAL Office for the Caribbean to service these activities.

81. The financing of ILPES was discussed and attention was drawn to the recommendation of the Caracas Conference on the need for a collective effort by Governments to contribute an annual amount of at least 600,000 dollars.

82. The representative of the United Nations Development Programme reported that UNDP had been associated with ILPES since its preparatory phase and that it would continue its co-operation with the Institute but that, given the circumstances, this

/ co-operation could

co-operation could only serve to supplement the contributions made by member Governments. He further reported that UNDP would be pleased to consider the initiative of assigning the equivalent of 1.5 per cent of the indicative planning figure for each country for the purpose of financing co-operation between UNDP and ILPES.

83. Bearing in mind that there are regional funds for planning which Governments would like to channel into particular activities, it was agreed that UNDP should be asked to review its regional priorities so as to enable a larger proportion of such funds to be allocated for use by ILPES.

84. It was stated that the contributions of Governments could be made in following ways, as individual Governments saw fit:

- direct budgetary contributions;
- contributions representing a percentage of the indicative planning figure of the UNDP country programme;
- funds for the general expenses of implementing technical assistance agreements; and
- contributions in man-months financed by each country.

85. On the proposal of the Chariman, the Committee entrusted a working group, presided over by the Chairman of the Technical Committee of ILPES, Dr. Nicolás Ardito Barletta, Minister of Planning of Panama, with the preparation of a draft resolution

/on co-ordination

on co-ordination and co-operation among Latin American planning bodies and the strengthening of ILPES. It was agreed that this draft resolution should be submitted directly to the Plenary of the Ministerial-level phase of the session.

Latin American Demographic Centre

86. The Committee then considered the activities of the "Latin American Demographic Centre (CELADE)".

87. It had before it the following documents: "Report on the activities of CELADE during the period 1975-1977" (E/CEPAL/1036) "Regional Population Programme, 1977-1978, and projections for 1979-1980" (E/CEPAL/1036).

88. The Director of CELADE reported to the members of the Committee on the activities for the period 1975-1976, described in document E/CEPAL/1035, and the programme of activities for 1977-1978 (E/CEPAL/1036). He made particular reference to past and future activities of CELADE in the monitoring of population trends in Latin America, activities in the field of population and development, electronic processing of population data, teaching and training and technical advice on population matters. He also referred to the financial aspects of the Programme, including the substantial contribution made to it by the United Nations Fund for Population Activities and the

/efforts to

efforts to secure the support of the General Assembly with a view to obtaining financing for the infrastructure of CELADE from the regular CEPAL budget.

89. A number of delegations requested that the Latin American Population Programme should include continuing study of the phenomenon of international migration, migration from the country to the city and the problems arising as a result of concentration of the population in metropolitan areas.

90. Consideration was also given to the importance for the countries of the region of further development of the study outlined, included in the Regional Population Programme, concerning the migration of qualified personnel to the developed countries, thus implementing the recommendation made by the Meeting on Science, Technology and Development in Latin America, held in Mexico in December 1974.

91. The Committee recommended that the Regional Population Programme should be adopted with the amendments introduced during its deliberations.

/III. RESOLUTIONS

III. RESOLUTIONS

Draft resolution II/1

ACTIVITIES OF THE CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

The Economic Commission for Latin America,

Recalling resolution 358(XVI) of the Economic Commission for Latin America, which in its operative paragraph 1 invited the Governments of the countries within the sphere of action of the ECLA Office for the Caribbean 1/, the Governments of Cuba, the Dominican Republic and Haiti and other Caribbean countries as they achieve independence, to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of CEPAL.

Reaffirming the special historical, geographical and cultural identity of the Caribbean countries and the importance of economic co-operation in order to achieve economic and social progress,

Noting with satisfaction the prompt response of the Governments in implementing resolution 358(XVI) and that the Caribbean Development and Co-operation Committee has already held

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1/ In resolution 358(XVI) it is referred to by its earlier name of ECLA Office in Port of Spain.

two sessions, one in Havana, Cuba, from 31 October to 4 November 1975, and one in Santo Domingo, Dominican Republic, from 16 to 22 March 1977,

Considering that the achievement of the aspirations of the countries of the Caribbean, within the framework of Latin American co-operation, can make a positive contribution to the economic development of Latin America,

1. Takes note of the report of the first session of the Caribbean Development and Co-operation Committee (E/CEPAL/1010), held in Havana, Cuba, and of the report of the second session (E/CEPAL/1039) held in Santo Domingo, Dominican Republic;

2. Endorses the Constituent Declaration, functions and rules of procedure of the Caribbean Development and Co-operation Committee and the Work Programme contained in E/CEPAL/1010;

3. Notes with satisfaction the progress already achieved towards the implementation of the Work Programme approved at the first session;

4. Endorses the programme of activities approved at the second session;

5. Requests the CDCC Secretariat to proceed with the implementation of the tasks assigned for the period between the second and third sessions of the CDCC, observing the priorities decided by the Committee and, in particular, the proposals for the Caribbean Documentation Centre, the removal of language barriers, and for science and technology for development;

6. Requests the Executive Secretary of CEPAL to make the necessary representations for consideration at the forthcoming session of the General Assembly for the additional resources identified by the Committee so that the tasks can be undertaken expeditiously.

Draft resolution II/2

LATIN AMERICAN CONFERENCE ON INDUSTRIALIZATION

The Economic Commission for Latin America

1. Invites the governments of the region to provide their support for the preparations for the Third General Conference of UNIDO, to be held in New Delhi in 1979;

2. Requests the Secretariat of CEPAL to convene, sufficiently far in advance and during 1978, a ministerial-level or suitably high-level Latin American Conference on Industrialization with a view to the adoption of common positions by the region for the UNIDO General Conference; and

3. Also requests the Secretariat of CEPAL to prepare a paper for submission at the Conference containing an interpretative analysis of the industrialization process in Latin America and identifying the main political, economic and social determinants of this process, to be submitted to Governments sufficiently far in advance.

Draft resolution II/3

LATIN AMERICAN CONFERENCE ON SCIENCE
AND TECHNOLOGY FOR DEVELOPMENT

The Economic Commission for Latin America,

Bearing in mind paragraphs 7 and 8(b) of Economic and Social Council resolution 2028(LXI), Part II,

1. Invites the Governments of the region to provide their support for the preparations for the United Nations Conference on Science and Technology for Development, to be held in 1979;

2. Requests the Secretariat of CEPAL to convene, sufficiently far in advance and in any case no later than the end of 1978, a ministerial-level or suitably high-level Latin American Conference on Science and Technology for Development, with a view to the adoption of common positions by the region for the United Nations Conference; and

3. Also requests the Secretariat of CEPAL to prepare a paper for submission at the Latin American Conference, containing an interpretative analysis of scientific and technological development in Latin America,

and identifying its main political, economic and social determinants, which should be submitted to Governments sufficiently far in advance;

4. Likewise requests the General Assembly at its thirty-second session to authorize the United Nations Conference on Science and Technology for Development to be held in a developing country.

Draft resolution II/4

CENTRAL AMERICAN INTEGRATION

The Economic Commission for Latin America,

Bearing in mind CEPAL resolution 315 (XV) which, inter alia, requests the secretariat of CEPAL and ILPES, with the assistance of UNDP, "to co-operate with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) in identifying the policies and programmes of action which will lead to the restructuring of the Central American Common Market, and bearing in mind the priorities established by the Central American countries";

Taking into account the fact that the Programme of Economic Integration in Central America continues to be an important means of stimulating the economic and social development of the member countries of the Central American Common Market, whose considerable potential has not yet been fully tapped,

Considering that in the past few years significant progress has been made, inter alia, in: (i) the consideration of the main factors which could determine the scope of the restructuring of the Central American Common Market, whose first phase culminated in the submission to Gobernments by the High-Level Committee in 1976, of a draft Treaty for the Establishment of the Central American Social and Economic Community; (ii) the review of

Central American tariff and customs policies; and (iii) the strengthening of the regional decision-making process connected with the operation of the Common Market,

Bearing in mind that the Central American Economic Co-operation Committee, at its tenth regular meeting in Tegucigalpa, Honduras, in May 1975, adopted a series of resolutions with the firm objective of reactivating Central American economic integration within a short time,

Considering the importance of the technical co-operation, provided by the United Nations through its various organizations and agencies, to the Central American Economic Integration Programme,

1. Takes note with satisfaction of the main advances made by the Central American Common Market, noted in the preambular part of this resolution, and also of the action taken to implement the decisions of the Central American Economic Co-operation Committee, reported in document E/CEPAL/CCE/381,

2. Urges the Central American Governments to redouble their efforts to overcome the obstacles which have hindered the full implementation of all the above-mentioned decisions, and particularly to speed up the negotiations for the improvement and restructuring of the Central American Common Market,

3. Repeats its request that the secretariat of CEPAL should continue to collaborate with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), and with the other Central American integration institutions, in such activities as will lead to the reactivation and restructuring of the regional integration process,

4. Requests the United Nations Development Programme (UNDP) to lend active support to the Central American Integration Programme, particularly with respect to tariff, energy, industrial, agricultural and foreign trade questions, to which the Governments concerned attach the highest priority at the regional level.

Draft resolution II/5

REGIONAL POPULATION PROGRAMME

Draft resolution submitted by the delegations of Nicaragua and the Dominican Republic

The Economic Commission for Latin America,

Recalling that concern with population problems has always been a feature of the activities of the United Nations, as witness the fact that the Population Commission of the Economic and Social Council was set up as long ago as 1948;

Likewise recalling that such activities have contributed significantly to the progressive awareness of the nature of population dynamics in the world of today and the discussion of the determinants and consequences of such dynamics as regards the achievement of development objectives;

Stressing that the World Population Plan of Action adopted at the United Nations World Population Conference held in Bucharest represents a basic consensus of the international community on the importance of population trends for economic and social development and the crucial role played by development in influencing such trends;

Reaffirming that the harmonization of population trends with economic and social development presupposes the existence of integral development, which cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects, as stated in the First Regional Appraisal of the International Development Strategy, adopted in resolution 320(XV) of the Commission;

Considering that the Second Regional Appraisal of the International Development Strategy, adopted in resolution 347(XVI) of the Commission, links population growth trends, population settlement patterns and internal and international migration with various aspects of economic and social development viewed from the standpoint of integral development;

Bearing in mind resolution 346(AC.68), paragraph 12, adopted at the Tenth Extraordinary Session of the Committee of the Whole of CEPAL in March 1975, which requests the Executive Secretary of CEPAL to hold the necessary consultations with a view to the incorporation into the regular budget of that organization of a certain number of key CELADE directorial and administrative posts, in order to ensure the continuity of CELADE's work;

Taking note of the report on the activities of CELADE and of the contents of the regional population programme for the biennium 1977-1978;

Bearing in mind that the Executive Secretary of CEPAL is to convene a special meeting of the Committee of High-Level Government Experts in order to comply with the provisions of CEPAL resolutions 357 (XVI) and 360 (XVI).

1. Decides to incorporate the basic infrastructure of CELADE into the Secretariat of CEPAL in order to ensure the continuous conduct of its activities in population matters, and to request the Executive Secretary to take the necessary measures, as described in resolution 346 (AC.68), to ensure that this infrastructure comes under the regular budget of the CEPAL Secretariat as from 1978;

2. Recommends to the Committee of High-Level Government Experts that, at the specialized meeting to be convened by the Executive Secretary of CEPAL, it should consider matters relating to population in the region within the framework of the International Development Strategy as it applies to Latin America and in conformity with the proposals for the New International Economic Order and the recommendations of the World Population Plan of Action, paying due regard to national policies.

3. Expresses its gratitude to the United Nations Fund for Population Activities, to the Government of the Netherlands, to the Government of Canada, and to other organizations which are supporting the activities of CELADE;

4. Urges the United Nations Fund for Population Activities to expand its financial assistance to the Secretariat's population activities, in keeping with the new and wider responsibilities of the secretariat in this field resulting from the decisions and instructions of the Governments of the region.

Draft resolution II/6

FISHERY DEVELOPMENT IN THE CARIBBEAN

The Economic Commission for Latin America,

Considering that the world food supply depends to a large extent on variable natural conditions that constitute a constant uncertainty and insecurity as regards the supplies of food which the countries of the region have to import;

Bearing in mind that large groups of the population in the Caribbean countries are exposed to malnutrition and that it is necessary to improve the quality of their food and its nutritional value, especially as regards its protein content;

Considering that there is a shortage of land for producing food in the Caribbean countries and that the development of fishing for human consumption can be an important element in improving food supplies and nutrition, particularly for the lowest income groups;

Bearing in mind that the CEPAL/FAO Latin American Food Conference stressed the need to spare no effort to develop and fully utilize the fishery potential of the countries of the region;

Requests the Executive Secretary of CEPAL to establish the fullest collaboration with FAO in order to undertake joint activities aimed at developing the fisheries sector of the Caribbean. These activities should include:

a) The identification of the factors which hinder the accelerated production of fish, whether these be in the area of facilities, equipment, technology or otherwise.

b) Suggestions for removing these constraints.

c) Recommendations of optimal methods for exploitation and management of resources.

d) Identification of opportunities for promotion of industrial processing.

Draft resolution II/7

REGIONAL CO-OPERATION IN THE FIELD OF HUMAN SETTLEMENTS

The Economic Commission for Latin America,

Bearing in mind that the Caracas and Vancouver declarations on human settlements lay down the guidelines and criteria at the international and regional levels in this sphere, and that the Regional Preparatory Conference for Latin America on Human Settlements, held in Mexico, set guidelines for the implementation of the recommendations made in those declarations,

Recognizing that man and the improvement of the quality of life should be the central objectives of integral economic and social development, and that it is the responsibility of the Governments to prepare national plans and programmes to these ends,

Also recognizing that these policies must be linked and harmonized with the policies on, inter alia, industrialization, agriculture, employment, housing, population, education, health, recreation, social security and environmental and cultural preservation, since all these are indispensable elements of a broad development strategy,

Likewise recognizing the efforts being made by CEPAL in the implementation of projects in the field of human settlements,

Aware that the Latin American Economic System (SELA) constitutes an important forum for regional consultation on the implementation of efforts in the sphere of international co-operation, and that CEPAL represents a valuable contribution towards realizing these efforts,

Taking into account the pressing need to put into practice a programme of work on research, information and training of human resources during 1977-1978, in accordance with the guidelines set forth by the Latin American Regional Meeting on Human Settlements, and

Bearing in mind the eventual need to convene periodic regional meetings with the participation of the member countries of the region in order to evaluate the results of the programme of work so far implemented.

Recommends:

1. That the activities aimed at the creation of a regional intergovernmental body on human settlements, in accordance with the provisions of resolution 1 on international co-operation programmes adopted by consensus at the United Nations Conference on Human Settlements, should be intensified.

2. That the secretariat of CEPAL should carry out the programme of work given below, in accordance with the following order of priorities, in the period 1977-1979:

(a) Research

- Economic and social aspects of the human habitat in Latin America, especially in the rural and marginal urban environments.
- Popular participation in the organization and development of rural and urban communities as part of the institutional structure.
- Methodology of territorial planning applicable to strategies of spatial organization and decentralization of economic activity.
- Methodology for evaluating the environmental impact of economic and infrastructural projects on human settlements.
- Methodology for the organization and integrated development of rural and urban communities.

(b) Training of human resources

- Identification of the professional and technical human resources existing in the region and of the installed capacity of the professional training centres in this sphere.
- Identification and facilitation of access to and organization of seminars and courses oriented towards the requirements of socio-economic development for professionals and technicians connected with institutions which carry out programmes and/or activities in the sphere of human settlements.

(c) Information

- Systematization of the information available and preparation of a glossary for general information.
- Encouragement of the exchange of general and specialized information by the existing national services with a view to integration into a global system of information on human settlements which may be established in the future.

3. That a regional conference, with the participation of the member countries of the region, should be convened at the beginning of 1979 in order to evaluate the programme of work described in paragraph 2 of this resolution.

4. That in the sphere of technical co-operation CEPAL should collaborate with SELA in the preparation of policies and plans on human settlements, when States so request; in providing support to the action committees created in that field; in assisting national bodies in the preparation of requests for international co-operation; and in co-ordinating that co-operation among the countries of the region.

5. That the secretariat should explore with the international co-operation bodies of the United Nations and with appropriate countries the possibility of obtaining funds for the implementation of the programme of work, including the programmes on human settlements and integrated community development. Support should be requested from the United Nations Habitat Foundation and the United Nations Environment Fund in this connexion.

6. That the Secretariat of CEPAL should submit to the next session of the United Nations General Assembly a report on the progress made in carrying out the programme of work and on the time-table for its implementation, including details of the financial resources needed for this purpose.

Draft resolution VI/3

NATURAL RESOURCES AND THE LATIN AMERICAN DEVELOPMENT PROCESS

The Economic Commission for Latin America,

Aware of the fundamental importance of the development and utilization of natural resources in the economic and social development process,

Recognizing the urgent need to accelerate progress in research and the integrated management of these resources with a view to their effective utilization and protection,

Recalling its resolutions 302 (XIV) of 5 May 1971 and 337 (XV) of 30 March 1973 on natural resources,

Bearing in mind Economic and Social Council resolution 572(L), which provides that the Council's Committee on Natural Resources should deal with the development of all forms of natural resources, with particular attention to the development of water, energy and mineral resources, and which urges the secretariats of the regional economic commissions to co-operate in the relevant studies,

Also bearing in mind the provisions on natural resources contained in General Assembly resolutions 3201(S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a

New International Economic Order and in Economic and Social Council resolutions 1956 (LIX) on permanent sovereignty over natural resources and 1957 (LIX) on the comprehensive plan of action and co-ordination of programmes within the United Nations system in the field of natural resources development.

Taking note of resolution VI of the United Nations Water Conference requesting the Economic and Social Council, in considering the restructuring of the economic and social sectors of the United Nations system, to ensure that the regional commissions play a central role within their respective regions, in promoting inter-governmental co-operation in the management and integrated development of water resources,

Considering that the recommendation of that Conference on "Action at the regional level - Special recommendations for particular regions" took note of the "Lima Consensus on Water Problems", adopted at the regional preparatory meeting held from 30 August to 3 September 1976, and transmitted it to CEPAL so that it could take appropriate measures,

Considering that the Economic and Social Council, at its sixty-third session, is to study the recommendations of the Water Conference which, subject to its approval, will be transmitted to the General Assembly, taking into account the process of restructuring of the economic and social sectors of the United Nations system,

Recognizing the work which the Secretariat has been doing in recent years in the sphere of research on non-renewable natural resources, water and energy,

1. Requests the Executive Secretary:

a) To intensify the work being done by the secretariat in the field of natural resources, and particularly water, mineral and energy resources, such as:

i) collection and dissemination of technical and economic information on the identification and development of these resources;

ii) helping to improve statistical information systems and systems of vocational training for government technical personnel participating in the formulation of strategies and plans in the above-mentioned sectors;

iii) regional and sub-regional prospective surveys of the demand for and supply of natural resources, as well as other research helping to identify the role of these resources in development and environmental protection;

iv) facilitative mutual co-operation between developing countries and between public enterprises in the developing countries of the region in matters of common interest;

v) collaboration with Governments in the preparation of studies aimed at developing these resources in the countries of the region;

b) To co-ordinate CEPAL's work and co-operate, when necessary, with the United Nations Centre for Natural Resources, Energy and Transport, the United Nations Development

Programme, the Committee on Natural Resources of the Economic and Social Council, the United Nations Environment Programme and regional intergovernmental bodies;

c) To take note of and carry out, as far as possible, the recommendations made to CEPAL in the "Lima Consensus on water problems".

d) To make further studies in co-operation with UNEP, with a view to ensuring the rational utilization of natural resources in Latin America, thereby avoiding the destruction of resources which could reduce the productive capacity of the region.

2. Endorses the request made in resolution VI of the United Nations Water Conference to the Economic and Social Council to the effect that the General Assembly should consider the possibility of allocating additional funds for the secretariat of CEPAL in the United Nations budget, for the purposes mentioned in the above paragraphs with regard to water resources.

Draft resolution II/9

SUPPORT FOR THE CEPAL PUBLICATIONS PROGRAMME

The Economic Commission for Latin America

Recalling resolution 324 adopted at its fifteenth session concerning the CEPAL publications programme,

Reaffirming the importance of giving appropriate publicity to the research and intellectually creative work done by the secretariat, and of informing an even broader public of the concerns and goals of the bodies which make up the CEPAL system,

Recognizing what the secretariat is doing to improve the quality of both the content and the presentation of its publications, ensuring at the same time that the prices are within the means of Latin American readers in general,

Aware of the approaches made to publishing houses and distributors in various Latin American countries for the promotion and distribution of CEPAL publications, and also of the action taken to rationalize this distribution by means of computer techniques,

Approves the measures taken by the secretariat to promote its Publications Programme, and particularly the establishment of a clearly structured programme and the creation of an Advisory Committee and a Publications Committee responsible, respectively, for the general orientation of the programme and the selection of material,

Takes note with satisfaction of the report by the Executive Secretary of CEPAL on the publications programme (E/CEPAL/1038) and, in particular, the publication in 1976 of the first issues of the CEPAL Review under the able direction of Dr. Raúl Prebisch;

Also takes note with satisfaction of the initiation at the end of 1975, of the new series Cuadernos de la CEPAL and Cuadernos Estadísticos de la CEPAL, in which a total of 22 titles have now been published, 18 in Spanish and four in English;

Urges the secretariat to continue publishing and disseminating the results of its institutional work and that of its collaborators, as a means of encouraging intellectual creativity and high-level discussion of the problems besetting Latin America;

Supports the gradual replacement of mimeographed documents by printed publications for purposes of easier distribution;

Expresses its concern over the limited resources which prevent the secretariat from issuing more publications in English and initiating publications in French;

Requests the Secretary-General of the United Nations to consider what measures might be taken to ensure that adequate resources are available to enable the publication programme of CEPAL to continue developing at a suitable pace.

IV. RESERVATIONS

Draft resolution II/1. Activities of the Caribbean Development and Co-operation Committee

The delegation of the United States entered a reservation on operative paragraph 6, stating that the United States could not support any increase in the CEPAL budget for the purpose of supporting new activities of CDCC but instead believed that new activities must be funded through adjustments in existing programmes in the framework of clearly established priorities. The delegation later broadened that reservation to apply to all resolutions before the Committee which sought additional resources for new programmes.

Draft resolution II/5. Regional Population Programme

The Delegations of the United States and the United Kingdom recorded observations on the mention made of the New International Economic Order in operative paragraph 2.

Draft resolution II/7. Regional co-operation in the field of human settlements

The Delegation of Canada reserved its position because that Government did not view with favour the proliferation of inter-governmental organizations.

Conference Room Paper No.3/Add.1

C E P A L

Economic Commission for Latin America
Seventeenth Session

Guatemala City, 25 April - 5 May 1977

REPORT OF COMMITTEE II

Financial and administrative implications of the draft resolutions prepared by Committee II

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/1:
Activities of the Caribbean Development and Co-operation Committee

1. Under operative paragraph 5 of the above draft resolution, the Commission would request the CDCC secretariat to proceed with the tasks assigned for the period between the second and third sessions of the CDCC (E/CEPAL/1039, Annex 1).

2. Among the highest priorities of those tasks is the establishment of a Caribbean Documentation Centre with the CDCC secretariat and the convening of a meeting of regional experts (librarians and documentalists) to finalize details of the orientation and the scope of the Centre in relation to existing needs for co-ordination and development.

3. No budgetary provision exists for financing the meeting of expert librarians and documentalists, but on the assumption that UNESCO will largely finance the meeting, and that a member government will provide the usual host government facilities, it is estimated that the meeting, which is scheduled to be held in September 1977, will require approximately $8,500 for salaries, travel and subsistence of interpreters and $4,000 for travel and subsistence of staff attending the meeting. The Executive Secretary proposes that this expenditure be met by redeployment

of existing budgetary appropriations for the biennium 1976-1977.

4. In relation to the additional staff requirements for the Caribbean Documentation Centre, the Executive Secretary draws attention to the stringent limitation on real growth in the 1978-1979 programme budget which will be presented by the Secretary-General to the forthcoming General Assembly. As no provision for such posts is included in the proposed programme budget, establishment of a Caribbean Documentation Centre would require the General Assembly to approve an estimated additional amount of $59,000 in 1978-1979 for one documentalist/librarian (P-2), one assistant documentalist (GS-6) and one stenographer (GS-4). This staffing is an estimate of minimum requirements, and would be subject to review once the results of the meeting of experts are available.

5. The removal of language barriers is also accorded priority in operative paragraph 5 of the draft resolution. To this end, the Secretary-General has already included a request for a French translator for the CEPAL Office for the Caribbean in his proposed programme budget for 1978-1979. As noted in paragraph 26 of E/CEPAL/1039, the CDCC accepted the offer of the Government of Belize to provide the venue for the proposed meeting of experts on language barriers, which is scheduled to be held in

November 1977, and UNESCO could consider offering financial assistance for this purpose. It is considered that the requirement for $8,500 for salaries, travel and subsistence of interpreters and $4,000 for staff travel to the meeting can be met by redeployment of existing budgetary appropriations for the biennium 1976-1977.

6. In paragraph 36 of document E/CEPAL/1039, the CDCC agreed that the secretariat should initiate consultations to determine the desirability of convening a specialized meeting to formulate a policy on science and technology as a sub-regional input for the United Nations Conference on Science and Technology, to be held in 1979. Provision of $8,300 for a meeting of rectors of Universities has been included in the Secretary-General's programme budget proposals for the biennium 1978-1979. As this meeting has been deferred, it is proposed that, if the appropriation is approved, the amount should be utilized for the sub-regional meeting of experts on Science and Technology. However, this provision did not envisage the need for consultants to undertake the preparation of technical papers and studies for the meeting, for which the Executive Secretary estimates that an additional amount of $12,000 will be required.

7. Also in paragraph 36 of E/CEPAL/1039, the CDCC requested the establishment within its secretariat of a unit to work in conjunction with the Caribbean Council of Science and Technology. Taking into consideration the budgetary limitations mentioned earlier, the Executive Secretary considers that this unit would require additional staff of one Economic Affairs Officer (P-5), one research assistant (GS-6) and one stenographer (GS-4), whose costs in the biennium 1978-1979 are estimated at $79,000.

8. The CDCC recommends, in paragraph 30 of E/CEPAL/1039, visiting missions to member governments prior to sessions of the Committee. The programme endorsed by CDCC will also require additional staff travel for which provision has not been made in the Secretary-General's programme budget proposals. Notwithstanding this, the Executive Secretary suggests that no additional funds should be requested for this purpose at this time, and that if additional funds are required they should be dealt with in the context of performance reports on the programme budgets.

9. In summary, it is estimated that implementation of the work programme of CDCC described in document E/CEPAL/1039 would require appropriations in the biennium 1978-1979 of $150,000 in addition to the requests included in the Secretary-General's proposed programme budget. This estimate takes into account the normal budgetary adjustments of costs for delays in recruitment, and would be approximately doubled for future biennia.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/2:
Latin American Conference on Industrialization

1. The above draft resolution requests the CEPAL secretariat to convene a Latin American Conference on Industrialization during 1978.

2. Insofar as the Secretary-General's proposed programme budget for the biennium 1978-1979 contains a request for $ 20,500 for the costs of such a Conference to be held in 1979, no further financial implication arises from the draft resolution.

STATEMENT FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/3:
Latin American Conference on Science and Technology for Development

1. The above draft resolution requests the CEPAL secretariat to convene, no later than the end of 1978, a Latin American Conference on Science and Technology for Development with a view to the adoption of common positions by the region for the United Nations Conference on the same subject.

2. Budgetary implications of regional preparatory conferences are normally dealt with in the statement of financial implications for the respective Conference, which will be presented by the Secretary-General to the General Assembly. Such statements normally include, for CEPAL regional preparatory conferences, the additional costs involved if the conference is held at CEPAL headquarters. On the assumption that the conference would last one week, the relevant costs are estimated as follows:

Temporary assistance of interpreters a/ (including travel and subsistence)	$ 15,000
Travel and subsistence of staff from CEPAL sub-regional offices to Santiago	5,500
General operating expenses	2.500
	$ 23,000

a/ This provision is required as ECLA has no staff interpreters.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/4:
Central American Integration

The above draft resolution has no administrative or financial implications.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/5:
Regional Population Programme

1. In operative paragraph 1 of the above draft resolution CEPAL decides to incorporate the basic infrastructure of CELADE into the CEPAL secretariat in order to ensure the continued development of CEPAL's activities in regard to population.

2. The Secretary-General has formulated proposals for presentation to the next session of the United Nations General Assembly which are aimed at the creation of the permanent infrastructure referred to in the draft resolution. It is understood that these proposals will be considered by the General Assembly in the general context of the financial implications of absorption in the regular budget of activities formerly financed from extra-budgetary sources. It is expected that the proposals for the additional resources required in the biennium 1978-1979, after taking into account the normal budgetary adjustments for new posts, would be as follows:

Director (D-1)

Under the supervision of the Executive Secretary, assumes responsibility for the programme of the Division and directs the programme of CELADE which will be inter-related with the Division's work programme.

4 economic affairs officers (P-5)

These senior officers, under the supervision of the Director, will be charged with implementation of major sectors of the work programme.

5 research assistants (GS-7)

Conduct research or prepare reports and analyses under the supervision of professional staff.

2 administrative assistants (GS-7/8)

Prepare reports or documentation for meetings, training groups, seminars, and policy-making bodies.

3 secretaries (1 GS-5, 2 GS-4)

Estimated cost in 1978-1979	$ 403,000
Duty travel (estimated at 32 missions by professional staff in the biennium	$ 46,000

3. Under the terms of operative paragraph 2 of the draft resolution the Executive Secretary is to convene a specialized meeting of CEGAN. No budgetary provision exists for such meeting, and therefore, should the meeting be held in 1977 away from CEPAL headquarters, the Executive Secretary proposes to redeploy, with the consent of the competent authorities, existing budgetary appropriations to cover that part of the costs of the meeting which does not fall to the host government under the terms of General Assembly resolution 2609(XXI It is estimated that these costs to the United Nations, which would be the costs incurred if the meeting were to be held in Santiago, would amount to approximately $ 16,000 (interpretation $ 10,500, general temporary assistance $ 1,000, communications, documents reproduction, etc., $3,500).

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/6:
Fishery development in the Caribbean

1. The above draft resolution requests the Executive Secretary of CEPAL to undertake joint activities with FAO aimed at developing the fisheries sector in the Caribbean. Until this matter has been fully discussed with FAO it is not possible to quantify the administrative and financial implications of the draft resolution, particularly as it appears that the nature of the work required falls mainly within the terms of reference of FAO.

2. The Executive Secretary will take the necessary steps to obtain the fullest collaboration of FAO in relation to this draft resolution.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/7:
Regional Co-operation in the Field of Human Settlements

1. Operative paragraph 1 of the above draft resolution recommends that CEPAL should intensify activities aimed at the creation of a regional inter-governmental body on human settlements. In order to carry out the preliminary tasks required to formulate proposals, to conduct consultations with member governments, and to consider potential sources of financial support for this body, it will be necessary to engage an expert consultant whose costs would, it is estimated, amount to approximately $9,000 including the costs of travel within the region.

2. It is considered that the work programme detailed in operative paragraph 2 of the draft resolution would require the following staff:

1 senior economic affairs officer (P-5)

3 economic affairs officers (P-4) specializing respectively in social sciences, rural and urban planning, and training of human resources in the field of human settlements

1 senior research assistant (GS) to specialize in the collection, analysis, and dissemination of information on human settlements

1 research assistant (GS)

2 bilingual secretaries	
Estimated cost in 1978-1979, after applying standard budgetary adjustments for new posts	$ 228,000
Consultants (including travel within the region) to carry out specialized studies in public administration, ecology and environmental pollution, and economic aspects of human settlements (14 man-months)	55,000
Duty travel of staff within the region (estimated on the basis of 14 trips in the biennium)	22,000
Rental of office accommodation, acquisition of furniture and associated common service costs	31,000
Estimated total cost in 1978-1979	$336,000

3. Under operative paragraph 3 of the draft resolution it is recommended that a regional conference should be convened at the beginning of 1979 in order to evaluate the programme of work. The Executive Secretary proposes that such a conference, if convened, should be in conjunction with the next session of the Commission in order to minimize costs. On the assumption that this suggestion is accepted, it is estimated that the additional costs of staff travel, interpretation, documentation, etc., can be absorbed within the appropriations to be proposed by the Secretary-General for the programme budget for the biennium 1978-1979.

4. In the sphere of technical co-operation designated in operative paragraph 4 of the draft resolution, it is believed that the necessary staff resources can be met within the staffing indicated in paragraph 2 above.

5. The recommendation contained in operative paragraph 5 of the draft resolution can be carried out by the staff of the Operations Division of the CEPAL secretariat.

6. In summary, the draft resolution calls for expenditure, additional to any provisions in the programme budget for the biennium 1978-1979, of approximately $ 345,000.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/8:
Natural Resources and the Latin American Development Process

Under the terms of operative paragraph 1 of the above draft resolution, the Executive Secretary is requested to expand and intensify activities in the programme of natural resources. Bearing in mind the stringent limits on real growth in the Secretary-General's budget estimates for 1978-1979, the Executive Secretary intends to accomplish this intensified programme from within existing regular budget resources to the extent possible, and to seek extra-budgetary funds in order to reinforce those resources. Therefore, the draft resolution does not involve financial implications for the regular budget of the United Nations.

STATEMENT OF FINANCIAL AND ADMINISTRATIVE IMPLICATIONS
PURSUANT TO FINANCIAL REGULATION 13.1

Draft resolution II/9:
Support for the CEPAL Publication's Programme

1. The above draft resolution, if approved, requests the Secretary-General to consider what measures might be taken to ensure that adequate resources are available to enable the Publications Programme of CEPAL to continue developing at a suitable pace.

2. The resources available to the Publications Programme are dealt with through normal budgetary procedures which, inter alia, entail consideration of programme priorities and the limitations on growth of the total budget. In order to present in the budgetary process an objective and comprehensive report on the needs of the publications programme, the Executive Secretary has requested a study by the Administrative Management Service which is scheduled to take place in September to December 1977. The administrative and financial implications arising from the draft resolution will depend upon the results of that study.

Conference Room Paper No. 4

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

REPORT OF THE TECHNICAL MEETING

A. ATTENDANCE AND ORGANIZATION OF WORK

1. The seventeenth session of the Commission was divided into two phases: a technical meeting and a ministerial - level meeting. The Technical Meeting was held between 25 and 29 April 1977.

2. The first meeting at the technical level (meeting No. 194 of the Commission) was held on 25 April 1977. Addresses were delivered on that occasion by the Executive Secretary of CEPAL, and by Mr. Gustavo Barrios on behalf of the Government of the host country.

3. At the opening of the plenary meeting the following declaration was discussed:

> "The Economic Commission for Latin America, meeting at the technical level in the first part of its seventeenth session, resolved at its first meeting and as its first decision, in a gesture totally devoid of any political content, to express its profound concern at the perilous situation menacing the life of a distinguished Latin American, the Minister of Foreign Affairs of the Republic of El Salvador, Mr. Mauricio Borgonovo Pohl, and to make an urgent public appeal that his life be spared."

4. At its closing meeting the Technical Meeting decided to refer the reports of Committees I and II to the ministerial - level meeting.

Membership and attendance

5. The Technical Meeting was attended by representatives of the following member States of the Commission: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, France, Grenada, Guatemala, Haiti,

Honduras, Jamaica, Mexico, the Netherlands, Nicaragua, Panama, Peru, Surinam, Trinidad and Tobago, the United Kingdom, the United States, Uruguay and Venezuela. Belize also attended, as an associate member of the Commission.

6. In accordance with paragraph 6 of the Terms of Reference of the Commission, observers from the following United Nations Member States which are not members of CEPAL attended the session in a consultative capacity: Denmark, Federal Republic of Germany, Hungary, Japan, Rumania, Spain, Sweden and the Union of Soviet Socialist Republics.

7. The following organizations of the United Nations System were represented at the Technical Meeting: the United Nations Secretariat, the Regional Commissions Section of the Department of Economic and Social Affairs, the Office of Technical Co-operation (OTC), the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (UNCTAD/GATT), the United Nations Industrial Development Organization (UNIDO), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Environment Programme (UNEP), the United Nations Fund for Drug Abuse Control, the United Nations Action Programme for Economic Co-operation (UNAPEC), the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO) and the World Food Council (WFC); the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization/Pan American Health Organization (WHO/PAHO), the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), the International

Civil Aviation Organization (ICAO), and the General Agreement on Tariffs and Trade (GATT).

8. The following intergovernmental organizations were represented: the Organization of American States (OAS), the Inter-American Commission of Women; the Inter-American Institute for Agricultural Sciences (IICA); the Inter-American Development Bank (IDB), the Latin American Free Trade Association (LAFTA), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Commission of the European Communities (CEC), the Central American Institute for Industrial Research and Technology (ICAITI), the Central American Bank for Economic Integration (BCIE), the Andean Development Corporation (CAF), and the Council for Mutual Economic Assistance (CMEA).

Election of Officers

9. At the 194th Plenary meeting of the Commission, the following Officers were elected:

Chairman: Mr. Gustavo Barrios (Guatemala)

First Vice-Chairman: Mr. Gustavo González Prieto (Peru)

Second Vice-Chairman: Mr. Frank Abdulla (Trinidad and Tobago)

Rapporteur: Mr. Roberto Dávila Gómez Palacio (Mexico)

Organization of work

10. In order to facilitate the work, at its first plenary meeting the Technical Meeting established two committees, whose reports would be submitted to the plenary Technical Meeting for consideration.

11. Committee I dealt with agenda items 3 and 4, and Committee II with items 5,6 and 7.

12. At the first meeting the following agenda was adopted:

1. Election of the Officers of the Committee

2. Adoption of the agenda

3. Regional appraisal of the International Development Strategy and the establishment of a new international Economic Order

(a) Third Regional Appraisal

(b) Specific aspects of Latin America's external economic relations

Documents:

- The economic and social development and external relations of Latin America (E/CEPAL/1024)
- Report of the third meeting of the Committee of High-Level Government Experts to Appraise the International Development Strategy (E/CEPAL/1025)
- Economic Survey of Latin America, 1976 (E/CEPAL/1026)

Reference documents:

- Regional appraisals of the International Development Strategy: Quito, 1973 and Chaguaramas, 1975 (Cuadernos de la CEPAL, No. 2)
- Long-term trends and projections of the economic development of Latin America (E/CEPAL/1027)
- Resolutions adopted by the United Nations General Assembly, the Economic and Social Council and the Economic Commission for Latin America (E/CEPAL/1028)

4. Co-operation among developing countries and regions

(a) Participation by Latin America

(b) Action by CEPAL

Document:

- Note by the Secretariat on co-operation among developing countries and regions of different geographical areas (E/CEPAL/1029)

5. Activities of CEPAL

(a) Activities carried out in the period 1975-1977

(b) Programme of work of the Commission for the period 1977-1979

(c) Institutional aspects

Documents:

- Draft Annual Report. Activities of the Commission from 7 May 1976 (E/CEPAL/1030)
- Report by the Executive Secretary on the Publications Programme (E/CEPAL/1038)
- Conclusions and recommendations of CEPAL meetings held in the period 1975-1977 (E/CEPAL/1031)
- Programme of Work of the Commission, 1977-1979 (E/CEPAL/1032)
- Report of the second session of the Caribbean Development and Co-operation Committee (E/CEPAL/1039)

Reference document:

- Annual Report of the Commission, 7 May 1975 to 6 May 1976 (E/5784 - E/CEPAL/1016)

6. Latin American Institute for Economic and Social Planning (ILPES)

(a) Activities carried out by ILPES in the period 1975-1977

(b) Future activities of ILPES

Documents:

- Activities of the Latin American Institute for Economic and Social Planning, 1975-1977 (E/CEPAL/1033 and Add.1)
- Report of the Conference of Ministers and Heads of Planning of Latin America and of the Technical Committee of the Latin American Institute for Economic and Social Planning (E/CEPAL/1034)

7. Latin American Demographic Centre (CELADE)

(a) Activities carried out by CELADE in the period 1975-1977

(b) Regional Population Programme

(c) Institutional aspects

Documents:

- Report on the Activities of CELADE during the period 1975-1977 (E/CEPAL/1035 and Add. 1)
- Regional Population Programme, 1977-1978 and projections for 1979-1980 (E/CEPAL/1036)
- Action in the field of population: recent contributions and strategies for the future (E/CEPAL/1037)

8. Place and date of the eighteenth session

9. Consideration of the report of the Commission to the United Nations Economic and Social Council

13. On completion of the work of the Technical Meeting, the Rapporteur stated that the reports of Committees I and II, which appear as annexes 1 and 2 to the present report, would be refferred to the ministerial-level meeting.

14. On behalf of the delegations and the organizations with observed status, he then thanked the Government and people of Guatemala for their hospitality.

Annex 1

REPORT OF COMMITTEE I

(Has been distributed as Conference Room Document No. 2)

Annex 2

REPORT OF COMMITTEE II

(Has been distributed as Conference Room Document No.3)

Conference room paper No. 5

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Draft resolution submitted by the delegation of Nicaragua

PROGRAMME OF WORK FOR 1977-1979

The Economic Commission for Latin America,

Having considered the Commission's programme of work for the period 1977-1979, including the Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre,

Having made the alterations to those programmes suggested by the Governments of member States,

Aware that approval of these programmes of work constitutes approval of the staffing required for the performance of tasks described in them:

1. Approves the CEPAL programmes of work, including those of ILPES and CELADE for 1977-1979, with the changes made in accordance with the resolutions and decisions adopted at the seventeenth session;

2. Endorses the resolutions on which the projects included in the programmes of work are based;

3. Requests the Executive Secretary to report to the eighteenth session of CEPAL on the implementation of the programme as adopted.

Conference room paper No. 5/Rev. 1

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

PROGRAMME OF WORK FOR 1977-1979

Draft resolution submitted by the delegation of Nicaragua

The Economic Commission for Latin America,

Having considered the Commission's programme of work for the period 1977-1979, including the Latin American Institute for Economic and Social Planning and the Latin American Demographic Centre,

Having made the alterations to those programmes suggested by the Governments of member States,

1. Approves the CEPAL programme of work, including those of ILPES and CELADE for 1977-1979, with the changes made in accordance with the resolutions and decisions adopted at the seventeenth session;

2. Endorses the resolutions on which the projects included in the programme of work are based;

3. Requests the Executive Secretary to present to ECOSOC and the General Assembly appropriate budgetary proposals to enable the programme of work to be carried out;

4. Requests the Executive Secretary to report to the eighteenth session of CEPAL on the implementation of the programme as adopted.

Conference Room Paper No. 6

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

CREATION OF A SYSTEM OF CO-ORDINATION AND CO-OPERATION AMONG PLANNING BODIES OF LATIN AMERICA AND STRENGTHENING OF THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

Draft resolution submitted by the countries of Latin America and the Caribbean participating in the meeting

The Economic Commission for Latin America,

Considering that the Latin American Institute for Economic and Social Planning (ILPES), originally proposed by CEPAL resolution 199 (IX) and established by resolution 220 (AC.52) of the Committee of the Whole of CEPAL, has played and continues to play an important role in the development of planning in Latin America, through its basic functions of training, advisory services and research.

Bearing in mind that in view of its effective contribution to the governments of Latin America, it was decided in resolution 340 (AC.66) of the Committee of the Whole that ILPES should become a permanent institution with its own identity within the CEPAL system, directly under the Executive Secretary of CEPAL,

Taking into account that CEPAL resolution 351 (XVI) provided that ILPES should co-operate in "the exchange of experience and research results on global, sectoral and regional planning between

/the planning

the planning bodies of the member countries, so as to promote collaboration among them."

1. Notes with satisfaction the holding of the First Conference of Ministers and Heads of Planning in Caracas, Venezuela from 13 to 16 April 1977, organized jointly by CEPAL, ILPES and the Government of Venezuela, as well as the report of that Conference and of the Technical Committe of ILPES,

2. Notes in particular the agreement of the Ministers and Heads of Planning to establish a System of Co-ordination and Co-operation among Planning Bodies of Latin America, which constitutes a major advance for regional co-operation and integration,

3. Notes further with satisfaction the existence of sub-regional machinery for bringing together those in charge of planning in the Andean area, Central America and Panama, and that recently initiated within the framework of the Caribbean Development and Co-operation Committee,

4. Concurs that an annual Conference of Ministers and Heads of Planning of Latin America constitutes a necessary and appropriate framework for the exchange of experience, the identification and definition of common actions designed to increase regional co-operation, and the achievement of the objectives proposed at the Caracas Conference,

/5. Considers

5. Considers that it would be appropriate for future meetings of the ILPES Technical Committee, established under Resolution 340 (AC.66) of the CEPAL Committee of the Whole to orient and evaluate the activities of ILPES, to be held within the framework of the annual Conference of Ministers and Heads of Planning proposed by the Caracas Conference,

6. Resolves that, in fulfilment of its specific functions and in particular of the provisions of operative paragraph 4 of CEPAL resolution 361 (XVI), ILPES should assist the Ministers and Heads of Planning of Latin America in their joint co-operation efforts mentioned in numeral 2, Part Three of the report of the Caracas Conference,

7. Reiterates the recommendation previously addressed to the relevant United Nations bodies and authorities to furnish ILPES with stable and sufficient resources to carry out its duties,

8. Urges ILPES to promote the establishment of training centres in relatively less developed countries,

9. Endorses the recommendation made by the Caracas Conference that the temporary budgetary assistance approved by the General Assembly at its thirty-first session be placed on a permanent basis and increased as from January 1978, so far as is necessary to enable CEPAL to carry out, through ILPES, its basic functions related to planning.

/10. Fully

10. Fully supports the recommendations of the Conference relating to the financing of ILPES in the short term, requests the Executive Secretary of CEPAL, together with the Chairman of the ILPES Technical Committee, to negotiate with UNDP a six-month extension of Phase Four of the ILPES Project from 30 June 1977, and also requests the countries of the region to make available for that period the voluntary contributions they have offered, so as not to reduce the level of ILPES activities in the countries in that period.

11. Likewise supports the continuation of the work of ILPES in the future, with the co-operation of the countries of the region, and consequently urges the Executive Secretary, together with the Chairman of the ILPES Technical Committee, to negotiate with UNDP Phase Five for ILPES to begin on 1 January 1978, in which connexion it is recalled that the countries of the region must make a collective effort to contribute to the finance of ILPES, as indicated at the Conference of Ministers and Heads of Planning of Latin America, and also requests that administrative formulas be found whereby part of the UNDP regional funds for planning could be channelled through ILPES.

/12. Thanks

12. Thanks UNDP for the important financial support which it has given to ILPES hitherto; also expresses its gratitude for the contributions made by countries within the region and outside it, particularly the Governments of Canada and the Netherlands, while asking them to continue giving ILPES the greatest possible support, which it urges other member states and relevant international organizations to give if they have not already done so.

Conference Room paper No. 7

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND SOCIAL COUNCIL

The Commission decided to transmit the following draft resolution to the Economic and Social Council:

"The Economic and Social Council,

1. Takes note of the annual report of the Economic Commission for Latin America covering the period 7 May 1976 to 5 May 1977 and of the resolutions and recommendations contained therein;

2. Views with satisfaction the work done by the secretariat in fulfilment of the mandates received at the sixteenth session, and

3. Endorses the programme of work and order of priorities contained in the report".

Conference Room paper No. 8

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

PLACE AND DATE OF NEXT SESSION

Draft resolution

The Economic Commission for Latin America,

Bearing in mind paragraph 15 of its Terms of Reference and rules 1 and 2 of its Rules of Procedure,

Considering the fact that at its seventeenth session the Commission has not taken a decision on the venue for its next biennial meeting, although conversations are in progress with some member Governments with this objective,

Decides to authorize the Executive Secretary to hold the necessary consultations with member States to fix the place of the eighteenth session of CEPAL and the most convenient date, subject to the agreement of the Secretary-General of the United Nations.

Conference Room Paper No. 9

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

GUATEMALA APPRAISAL

Draft resolution submitted by Cuba, Mexico, Nicaragua, Republica Dominicana and Venezuela

The Economic Commission for Latin America,

In pursuance of United Nations General Assembly resolution 2626 (XXV), which provides for regional appraisals within the United Nations of the progress made in the implementation of the International Development Strategy (IDS), and in particular of the tasks of appraisal laid down in General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), which contain the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States;

Considering that the Commission should make the third appraisal of the implementation of the IDS within the context of the establishment of a New International Economic Order at the current session;

/Having

Having considered the documents "The economic and social development and external relations of Latin America" (E/CEPAL/1024) and "Long-term trends and projections of Latin American economic development" (E/CEPAL/1027) prepared by the secretariat, which contain analyses and background information designed to facilitate that analytical exercise;

Having examined the report (E/CEPAL/1025) of the third meeting of the Committee of High-Level Government Experts convened by the secretariat in compliance with resolution 310 (XIV) of the Commission;

1. Notes with satisfaction the secretariat's contribution in documents E/CEPAL/1024 and E/CEPAL/1027, to the analytical exercise of the third appraisal of the implementation of the IDS within the context of the establishment of a New International Economic Order;

2. Approves this analytical exercise with the title of The Guatemala Appraisal, as the third regional appraisal of the implementation of the IDS within the context of the establishment of a New International Economic Order, the text of which is attached;

3. Decides

3. Decides that the Guatemala Appraisal and the documents E/CEPAL/1024 and E/CEPAL/1027, together with the report of the seventeenth session of CEPAL, which contains some observations on this matter, should be transmitted to the Economic and Social Council and the Committee for Development Planning of the United Nations, and also to the various forums where negotiations and dialogues of interest to the countries of the region take place.

Conference Room paper No. 10

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

Amendments to Conference Room Paper No. 2

Paragraph 11

Replace paragraph 11 with the following text:

"The delegation of Colombia requested that, by way of a statement of position, the final report should include the text of the declaration made by the Colombian Government when approving UNCTAD resolution 93(IV) under which the Integrated Programme for Commodities was adopted at UNCTAD IV in Nairobi. The delegation of El Salvador associated itself in general terms with the declaration made by Colombia in Nairobi. The delegation of Chile, for its part, made a declaration and entered a statement of position."

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Replace the reservation by Colombia with the following declaration:

Declaration by the delegation of Colombia

In giving its support to this Appraisal, the delegation of Colombia requests that the following declaration, made by the Colombian delegation to UNCTAD IV when supporting

UNCTAD resolution 93(IV) under which the Integrated Programme for Commodities was adopted, be annexed to it in full:

"We have given our consent to the resolution in document TD/L.131 (later TD/RES/93(IV)) on the Integrated Programme for Commodities because we wished to contribute to the success of a resolution adopted by consensus.

The Colombian position has always been - and it was reiterated in the course of this Conference - that any form of integrated programme for commodities must expressly and unambiguously except those commodities whose trade is already regulated by an existing agreement or one in course of ratification.

Because of the good results obtained, experience shows us that in the particular case of coffee the agreement regulating its trade must continue operating and be renegotiated when appropriate within the framework of the organization set up as a result of the 1962 International Coffee Agreement. Moreover, Mr. Chairman, my delegation is by no means sure of the advisability of the Common Fund in the case of financing stocks of commodities which have been characterized by structural over-production in the past, since such financing would merely stimulate the over-production which has been a leading cause of the fall and deterioration of the prices of

Another reason why we have given our consent is that it is our understanding that under paragraph 8 of section IV, i.e., when the Trade and Development Board sets up the special committee to study the range of commodities covered, we shall have an opportunity to demonstrate the desirability of excluding coffee from the list of commodities in section II of the resolution.

Mr. Chairman: I request that the text of this declaration be reproduced in full in the records of the Conference and reflected in its final report. Nairobi, 30 May 1976".

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Replace the reservation by Chile with the following declaration:

Declaration by the delegation of Chile

Generally speaking, the Government of Chile supports the Integrated Programme for Commodities, since it sees in it a mechanism which could make an important contribution to the solution of some vital concerns of Latin American countries, and it reiterates its determination to continue participating actively in the technical meetings of the Integrated Programme.

UNCTAD resolution 93(IV), complemented by the Manila Declaration and incorporated in the report of the Technical Committee of this session, makes it clear that any

measures which might affect commodities subject to international agreements must be decided upon by the governments concerned within the respective organizations.

In this respect, Chile has raised within CIPEC the question of some specific provisions - considered to be of fundamental importance - which must be contained in any agreement on copper. Chile's position on this matter is shared by the other member countries of CIPEC.

In addition, there is the natural concern that all types of agreements must be based on realistic considerations.

Since it considers that the report by the Rapporteur of the Technical Committee suitably safeguards the interests of our country as expressed here, the delegation of Chile withdraws the reservations which it made during the technical phase of the session, but requests this declaration to be reproduced in full in the report of the session.

Page 71

Replace the reservation by El Salvador with the following declaration:

Statement by the delegation of El Salvador

The delegation of El Salvador, in approving the document on the Integrated Programme for Commodities, requests that the declaration made by the Government of El Salvador in approving

UNCTAD resolution 93(IV), whereby the Integrated Programme was adopted, be annexed to the document in question.

The delegation of El Salvador agreed to the adoption of the resolution contained in document TD/L.131 (which subsequently became TD/RES/93/IV) on the Integrated Programme for Commodities with a view to contributing to the adoption of a resolution by consensus.

El Salvador has consistently held and repeatedly stated its position that any proposed integrated programme for commodities should exclude those commodities whose trade is already governed by agreements or conventions in force or in the process of negotiation, accession or ratification. In the case of El Salvador this applies to coffee, sugar and cotton.

This does not mean that El Salvador's position regarding these three commodities is inflexible or could not change after El Salvador has become acquainted with and studied the structure of the Common Fund, heard the opinion of the sectors producing such goods in El Salvador, and reached an agreement with the other countries producing such items which are signatories to the respective agreements or conventions.

Pages 74-79

Replace the United States declaration with the following text:

Declaration by the United States Delegation

President Carter's speeches at the United Nations, of which ECLA is a part, and at the Organization of American States demonstrate that what we are doing clearly falls within a priority interest of the President.

In the speech at the OAS, the President noted the important and creative role of ECLA and mentioned the leadership role which Latin American countries play on global issues. Because of Latin America's stage of development and the leadership role it plays, the forums for US-Latin American negotiations are largely global, The President put important emphasis on US-Latin American consultations on global issues. This session of the ECLA is part of that consultative process.

We found document E/CEPAL/1025 an interesting and useful expression of the views of the developing-country members of ECLA. There are, however, parts of this document with which the US disagreed, or on which the US did not yet have a position. The US did not object to the transmittal of document 1025 to ECOSOC as a statement of the developing country members of ECLA

As a general point, the US did not accept that the New International Economic Order and the Charter of Economic Rights and Duties of States constitute binding obligations. President Carter's speech to the United Nations demonstrates clearly that the US is not locked into the status quo. He said the US would "promote a new system of international progress and co-operation," and he spoke of "molding a global economic system which will bring greater prosperity to all the people of all countries." The decisions the President has made since coming into office, including, for example, his decision on the problems of the US footwear industry, have shown his co-operative approach to international economic problems.

The US delegation considered that the section on the economic and social development of Latin America contained much that was illuminating. The US fully agrees that economic growth is not an adequate goal by itself. ECLA has done pioneering work in recognition of this fact. It is appropriate that this should be so; Latin America has had a highly enviable record of growth in recent decades. On the other hand, the Secretariat has pointed out the necessity of an extraordinary rate of growth in the next decades for Latin America to be

/able to

able to cope with its problems of population and employment. The US is impressed by the forthright recognition in the CEGAN document of the social problems that face Latin America. In partial recognition of the importance of integrated social and economic development, the US has emphasized assistance to the poorest, especially in its bilateral aid programs.

In a spirit of frankness, the US delegation commented on two paragraphs, in particular. The first was paragraph 18 We agree that we should have as a goal a new system of economic progress and co-operation in the world. We are, therefore, for one thing participating in international negotiations and consultations in ECLA and other forums. We recognize the international economic interdependence of all countries, including the US. We consult in many places in attempts to cope with these aspects of our mutual interdependence. The current situation requires that both developed and developing countries give extensive attention to the world economic situation and the negotiations currently underway. Each of us enters these negotiations on the basis of our own interests, but we recognize our common interests, as the US recognizes that Latin American social and economic development is very much a common interest.

Paragraph 57 has several elements with which, speaking quite candidly, we do not agree. We recognize that it represents the viewpoint held by many Latin American countries, but we believe that transnational enterprises are an important vehicle for combining the use of capital, marketing and management skills, and technology to the benefit of development. We have in the recent past seen new flexibility on the parts of both transnational enterprises and host governments in finding ways to fit transnational enterprises into the economic and social plans and aspirations of the host country, and we hope this process will continue.

In the section on economic development as a whole, the US suggests that the report may be more negative than it would be if the strong performance of most commodities important to the region were fully included. As President Carter stated in his address to the United Nations on March 17, we will consider with a positive and open attitude the negotiation of agreements to stabilize commodity prices. We have demonstrated our good will in pursuing solutions to these problems with the signature and ratification of three commodity agreements in the last few months, and by participating actively in the sugar negotiations currently underway in Geneva.

The US believes that producer-consumer forums are, in general, useful mechanisms for dealing with many of the problems arising in major commodity areas. The US believes that an integrated approach to the commodity question also must address areas other than price stabilization such as investment, stabilization of export earnings and liberalization of trade barriers. The US believes that the rigidities and technical difficulties of indexation of commodity prices make that approach undesirable and impractical, and it points to the uncertainties as to what countries --developed or developing -- would be the real beneficiaries.

Exports to the world economy are very important for Latin America, and a stable, reliable system governing trading relationships is, therefore, critical to the region. We are pleased that Latin American countries have taken an active role in the multilateral trade negotiations. The Carter Administration has indicated its desire to give them a new impetus.

Subsidies and countervailing duties are of great interest to Latin American countries. The US law has been invoked very sparingly. We recognize the importance of

the issue and the need for an international solution in the MTN. We recognize the need for special and differential treatment in the subsidies countervailing duties code under negotiation.

We believe our Generalized System of Preferences is a good system and offers a great deal of stability. The suggestions for improvements made in the ECLA documents are among those being reviewed by the US Government. Imports of eligible products from beneficiary countries increased 65 percent from 1975 to 1976 (to $4.3 billion), as compared to a 25 percent increase for non-eligible products. The delegation invited the comments of the Latin American beneficiary countries on their experience with the system in its first year as a contribution to the review process.

We find the proposals in E/CEPAL/1024 for a Standards Institute and for Secretariat studies of particular products of export interest to Latin American countries interesting and believe they merit further examination.

The US is not in a position to agree to the 0.7 percent target for official development assistance but is in the process of increasing its assistance to developing countries. President Carter has asked Congress for $7.5 billion for

bilateral and multilateral foreign assistance in fiscal year 1978, has supported fulfilling US pledges to the international banks including the Inter-American Development Bank, and has proposed a 30 percent increase in the US contribution to the UNDP. On the other hand, the US continues to oppose linking the creation of special drawing rights to foreign assistance. The two serve different purposes. Decisions on them must be made on different bases. The delegation agreed that debt was an important problem, but believed it must be considered in a broader context of the need for financial resources. The delegation accepted the goal of fuller participation for developing countries in international economic decisions, but it pointed out that, in fact, developing countries have even now over 30 percent of the voting power in the IMF and 9 of the 20 seats on the IMF's Interim Committee and Executive Board.

The US recognizes that science and technology are basic to the industrial development process. The US is actively supporting bilateral and multilateral approaches to improving science and technology infrastructure in Latin America. With respect to promoting the use of

technology for industrialization, the US Government operates within certain limits, since the bulk of US industrial technology is in the US private sector.

We have, however, put forward certain suggestions, in the UN and elsewhere, and are participating in the OAS exercise to find new ways of transferring, adapting and applying technology to the benefit of development.

The US pointed out in conclusion that the specific points raised by its delegation with reference to the document were meant to illustrate the difficulties it had with it and did not constitute a full discussion of the matter.

Conference Room paper No. 11

C E P A L

Economic Commission for Latin America
Seventeenth Session
Guatemala City, 25 April - 5 May 1977

DRAFT REPORT

A. ATTENDANCE AND ORGANIZATION OF WORK

B. AGENDA

C. SUMMARY OF DEBATES OF THE MINISTERIAL-LEVEL MEETING

SEVENTEENTH SESSION OF THE COMMISSION

A. ATTENDANCE AND ORGANIZATION OF WORK

The seventeenth session of the Commission was held in Guatemala City, Guatemala, from 25 April to 5 May 1977. In the course of the session ..... plenary meetings were held (No.194 to .....).

The work of the Commission was carried out in two phases. The first was a meeting at the technical level and took place between 25 and 29 April. The second phase was a Ministerial-level meeting held from 2 to 5 May.

The opening ceremony of the Ministerial-level Meeting was held on Monday, 2 May at 11.15 a.m., and addresses were delivered in the following order, by the Secretary-General of the United Nations, Mr. Kurt Waldheim; the Minister of Finance of Venezuela, Mr. Héctor Hurtado; speaking on behalf of the participating delegations; and the President of the Republic of Guatemala, H. E. General Kjëll Eugenio Laugerud García.1/

At the closing meeting,

At its ..... meeting, the Commission adopted its Annual Report to the Economic and Social Council and its Programme of Work 1977-1978.

Membership and attendance

The seventeenth session was attended by representatives of the following member States of the Commission: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, France, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, the Netherlands, Panama, Paraguay, Peru, Surinam, Trinidad and Tobago, the United Kingdom, the United States of America, Uruguay and Venezuela. Belize also attended, as an associate member of the Commission

In accordance with paragraph 6 of the Terms of Reference of the Commission, observers from the following United Nations Member States which are not members of CEPAL attended the session in a consultative capacity: Denmark, Federal Republic of Germany, Hungary, Italy, Japan, Rumania, Spain, Sweden and the Union of Soviet Socialist Republics.

The following organizations of the United Nations system were represented at the session: United Nations Secretariat, Regional Commissions Section of the Department of Economic and Social Affairs, Office of Technical Co-operation (OTC), United Nations Conference on Trade and Development (UNCTAD) and

/hospitality,

1/ The full texts of these addresses are given in Annex....

United Nations Environment Programme (UNEP), World Food Programme, Centre on Transnational Corporations, United Nations Fund for the Control of Drug Abuse, United Nations Action Programme for Economic Co-operation (UNAPEC), Advisory Committee on the Application of Science and Technology to Development (ACAST), International Labor Organization (ILO), Regional Employment Programme for Latin America and the Caribbean (PREALC), Food and Agriculture Organization of the United Nations (FAO) and World Food Council (WFC); United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization/Pan-American Health Organization (WHO/PAHO), International Bank for Reconstruction and Development (IBRD), International Monetary Fund (IMF), International Civil Aviation Organization (ICAO), World Intellectual Property Organization (WIPO), and General Agreement on Tariffs and Trade (GATT).

Representatives of the following intergovernmental organizations also attended the meeting: Organization of American States (OAS) and its Inter-American Commission on Women; Latin American Institute of Agricultural Sciences (IICA); Inter-American Development Bank (IDB), Latin American Economic System (SELA), Latin American Free Trade Association (LAFTA), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), Commission of the European Communities, Central American Institute for Industrial Research and Technology (ICAITI), Central American Bank for Economic Integration (BCIE), Board of the Cartagena Agreement (JUNAC), Andean Development Corporation (CAF), Latin American Energy Organization (OLADE), Central American Institute of Public Administration (ICAP) Central American Monetary Council (CMCA), Intergovernmental Committee for European Migrations (CIME), and Council for Mutual Economic Assistance (CMEA).

/The following

The following non-governmental organization attended the session: Centre for the Third World Studies.

Credentials

Pursuant to rule 15 of the Commission's Rules of Procedure, the Credentials Committee reported that it had examined the credentials of the delegations as submitted to the Executive Secretary and had found them in order.

Election of Officers

At the 194th meeting, held on 25 April 1977, the following Officers of the Technical Meeting were elected:

Chairman: Mr. Gustavo Barrios (Guatemala)

First Vice-Chairman: Mr. Gustavo González Prieto (Peru)

Second Vice-Chairman: Mr. Frank Abdullah (Trinidad and Tobago)

Rapporteur: Mr. Roberto Dávila Gómez (Mexico)

In accordance with the proposal made by the Meeting of Heads of Delegations at the Ministerial level, it was decided that the same countries which were represented among the Officers of the Technical Meeting should be similarly represented among the Officers of the Ministerial-level meeting. Consequently, at the meeting held on 5 May 1977, the following Officers were elected for the latter meeting:

Chairman: Mr. Adolfo Molina Orantes (Guatemala)

First Vice-Chairman: Mr. Jorge Chávez Quelopana (Peru)

Second Vice-Chairman: Mr. Frank Abdullah (Trinidad and Tobago)

Rapporteur: Mr. Victor Manuel Barceló R. (Mexico)

/Organization

Organization of work

In order to facilitate the work, at its first plenary meeting the Technical Meeting established two committees.

Committee I, which met from 25 to 29 April, considered the following items: Regional appraisal of the International Development Strategy and the Establishment of a New International Economic Order (item 3 of the agenda), and Co-operation among developing countries and regions (item 4). At its last meeting it approved its report and decided to submit 8 draft resolutions for consideration by the Plenary.

The Plenary of the Technical Meeting elected Mr. Fabio Herrera (Dominican Republic) as Chairman of Committee I, the members of which subsequently elected the following additional Officers:

First Vice-Chairman: Mr. Leonel Torres (Colombia)

Second Vice-Chairman: Mr. Gustavo B. González (Panama)

Rapporteur: Mr. Ruben A. Chelle (Uruguay)

Committee II dealt with the activities of CEPAL, the Latin American Institute for Economic and Social Planning, and the Latin American Demographic Centre (items 5, 6 and 7 of the agenda). It held six working meetings between 26 and 29 April 1977, at the last of which it approved its report and decided to submit 9 draft resolutions for consideration by the Plenary.

The Technical Meeting elected Mr. Luis Mejía González (Nicaragua) as Chairman of Committee II, whose members subsequently elected the following additional Officers:

/First

First Vice-Chairman: Mr. Ramiro León Torras (Cuba)

Second Vice-Chairman: Mr. John Grantham (Canada)

Rapporteur: Mr. Renán Oquendo (Ecuador)

The reports of Committees I and II were transmitted by the Technical Meeting to the Ministerial-level Meeting, which endorsed them and decided to incorporate them in the present report of the Commission.

B. AGENDA

1. Election of the Officers of the Committee

2. Adoption of the agenda

3. Regional appraisal of the International Development Strategy and the establishment of a New International Economic Order

   (a) Third Regional Appraisal

   (b) Specific aspects of Latin America's external economic relations

Documents:

- The economic and social development and external relations of Latin Amerioa (E/CEPAL/1024)

- Report of the third meeting of the Committee of High-Level Government Experts to Appraise the International Development Strategy (E/CEPAL/1025)

- Economic Survey of Latin America, 1976 (E/CEPAL/1026)

Reference documents:

- Regional appraisals of the International Development Strategy: Quito, 1973 and Chaguaramas, 1975 (Cuadernos de la CEPAL, No. 2)

- Long-term trends and projections of the economic development of Latin America (E/CEPAL/1027)

/- Resolutions

- Resolutions adopted by the United Nations General Assembly, the Economic and Social Council and the Economic Commission for Latin America (E/CEPAL/1028)

4. Co-operation among developing countries and regions

(a) Participation by Latin America

(b) Action by CEPAL

Document:

- Note by the Secretariat on co-operation among developing countries and regions of different geographical areas (E/CEPAL/1029)

5. Activities of CEPAL

(a) Activities carried out in the period 1975-1977

(b) Programme of work of the Commission for the period 1977-1979

(c) Institutional aspects

Documents:

- Draft Annual Report. Activities of the Commission from 7 May 1976 (E/CEPAL/1030)
- Report by the Executive Secretary on the Publications Programme (E/CEPAL/1038)
- Conclusions and recommendations of CEPAL meetings held in the period 1975-1977 (E/CEPAL/1031)
- Programme of Work of the Commission, 1977-1979 (E/CEPAL/1032)
- Report of the second session of the Caribbean Development and Co-operation Committee (E/CEPAL/1039)

Reference document:

- Annual Report of the Commission, 7 May 1975 to 6 May 1976 (E/5784 - E/CEPAL/1016)

6. Latin American Institute for Economic and Social Planning (ILPES)

(a) Activities carried out by ILPES in the period 1975-1977

(b) Future activities of ILPES

Documents:

- Activities of the Latin American Institute for Economic and Social Planning, 1975-1977 (E/CEPAL/1033 and Add.1)

- Report of the Conference of Ministers and Heads of Planning of Latin America and of the Technical Committee of the Latin American Institute for Economic and Social Planning (E/CEPAL/1034)

7. Latin American Demographic Centre (CELADE)

(a) Activities carried out by CELADE in the period 1975-1977

(b) Regional Population Programme

(c) Institutional aspects

Documents:

- Report on the Activities of CELADE during the period 1975-1977 (E/CEPAL/1035 and Add.1)

- Regional Population Programme, 1977-1978 and projections for 1979-1980 (E/CEPAL/1036)

- Action in the field of population: recent contributions and strategies for the future (E/CEPAL/1037)

8. Place and date of the eighteenth session

9. Consideration of the report of the Commission to the United Nations Economic and Social Council

C. SUMMARY OF DEBATES OF THE MINISTERIAL-LEVEL MEETING

The main result of the seventeenth session of the United Nations Economic Commission for Latin America was the preparation of a critical analysis - the Third Regional Appraisal of the IDS - contained in a document entitled the "Guatemala Appraisal", which expresses the unanimous views of the countries of Latin America and the Caribbean regarding their own development and the fulfilment of the goals of the Strategy and of the New International Economic Order.

This Appraisal is taking place at a time when the region has gone through substantial changes in its growth process and its human settlements, while at the same time traditional structures persist which in many cases pose obstacles to social progress and integral development, as well as to the full participation of women and of other sectors which are still on the sidelines of the development process.

The value of this document is particularly outstanding at the present juncture because it is to be circulated through the United Nations system at a time when negotiations are taking place in various forums with a view to linking the two central concepts of the domestic effort with social equity and international co-operation and when the thorough-going review of the system of international economic relations must therefore be directed

/towards

towards co-operating in a positive manner in the achievement of a society which is juster and more open to equality of opportunity between human beings and between nations, this being a vital need for the generation which will see out the end of the twentieth century.

The developed countries which sympathize to a large extent with the concerns expressed in it, have supported the transmission of this Appraisal to the United Nations Economic and Social Council and to all the bodies where negotiations of interest to the developing member countries of the Commission are carried on.

Despite the breadth of the issues considered at the session and the varied nature of the countries taking part, the discussions were marked by an atmosphere of mutual respect for each other's approaches to policies and a very clear desire to exchange points of view and individual experiences in order to promote the benefit of all.

This climate of receptivity and frank exchange of views was reflected in the general, broad and determined support expressed for the tasks already done by the secretariat and a desire to entrust it with fresh responsibilities, not only to work out new ideas of a long-term nature - which has always been a feature of the work of the CEPAL secretariat - but also to fulfil the support role which is needed in order to enable the Commission to co-operate with the forums for regional consultations and discussions on ideas for shorter-term action.

/It was

It was noted from the very beginning that the "Guatemala Appraisal" represents a serious effort by the Latin American countries to examine their development processes with great frankness, with all their shortcomings and limitations. This reflects the greater degree of maturity and realism with which the region now faces up to its economic and social challenges. This is why the Guatemala Appraisal must be considered a very valuable expression of the views of the Latin American countries on the problems of their development.

The concept of integral development has been reasserted and strengthened as a valuable instrument for guiding the political and economic action of governments. It was acknowledged that an increasingly widespread conviction persists of the importance of distinguishing between economic growth and development, and it was pointed out that the fundamental Latin American problems are not only those of growth, but also those of development in the full sense of the word. At a more specific level, it was noted that the fact that national economic growth rates were relatively high did not necessarily mean that there was an equivalent degree of social development. There was extensive agreement on the need to emphasize the importance of the problem of extreme poverty and some of its concomitants such as unemployment, underemployment, malnutrition and illiteracy.

/Despite

Despite the above concern, several Latin American delegations concurred in asserting that the sought for social change would be facilitated by dynamic economic growth. It was maintained, in this connexion, that an increasing output of goods was needed in order to bring about better conditions of social welfare. It was also indicated that in order to achieve this objective it was essential to assign high priority to the training of human resources and to give the population bigger participation in productive activities and consumption.

In the course of the debates it was observed that considerable progress had been made in identifying the main social inequalities that characterize the process of productive growth in most of our countries. Just as it was repeatedly acknowledged that economic expansion does not necessarily entail social well-being, it was also remarked that in certain circumstances the two processes - economic growth and social development - can be so disconnected that progress in the economic sphere may have no beneficial impact on the greater part of society. Trends towards a greater concentration of income in the past two decades have had a negative effect on consumption levels and social well-being, accentuating unemployment and underemployment and, in general, perpetuating the relative and critical poverty affecting large portions of society. It was also pointed out that the limited degree

/of social

of social and political participation by these sectors is viewed with concern by Governments, both because of the implications from the standpoint of human solidarity and because of the effects on social cohesion and popular identification and consent, which are so necessary for a harmonious development process.

From all this it was concluded that new development strategies, calling for a re-orientation of production and consumption to satisfy the basic needs of a rapidly growing population, are urgently needed.

Many delegations described the domestic efforts which Governments have had to make in the last three years to cope with the effects of the crisis affecting the developed countries and international trade. It was explained that, as a result of more skillful and suitable management of economic policy success had been achieved in counteracting to some extent the unfavourable conditions brought about by the international economic situation in 1974 and 1975.

It was repeatedly remarked that under present international conditions the achievement of integral development meant a great effort for countries and a challenge for their Governments. In this connexion, mention was made of the reforms that are taking place in the public sectors of countries as part of the process of modernization of the State. Examples were also

/given

given of experiences in rationalization and co-ordination of activities, and in reshaping the ties between the central Government and decentralized bodies and public enterprises.

Concern was expressed about the need for an up-to-date approach to relations between the action of market forces and State action. It was reiterated that, within the context of the functions assigned by each country to the State and the market, the problems created by the emergence of new situations, such as those resulting from the operations of transnational corporations, call for the revision of outmoded concepts and for greater negotiating strength and more purposefulness on the part of Governments.

In this connexion, they described the advantages stemming from the adoption of clear and suitable policies for the treatment of foreign capital.

It was also stated that it was essential to define the abovementioned areas so that the development process should not be diverted from the economic, social and human objectives which the countries have set themselves. Only thus can growth be oriented in such a way as to be able to attain the targets of distribution and social justice to which the governments are committed.

/Various

Various Latin American delegations stressed that if the principles of greater domestic fairness are not complemented by similar principles in international relations, the domestic efforts undertaken may be frustrated or at least circumscribed. Thus they viewed with concern the possible effects on their economies of the lack of political will on the part of the developed countries to establish a New International Economic Order. This point of view was not shared by a number of delegations of the developed countries. In addition, the possible role, in such circumstances, of co-operation at the regional level and among developing countries became increasingly clear.

It was stated that the growing interdependence among regions of the world and the attempts to establish new domestic and international economic and social orders meant that the prevailing overall interpretations of the development process must be reviewed. The participating delegations viewed this task as one of CEPAL's main areas of work, thus reaffirming one of its characteristic functions since its creation.

/This meeting

This meeting of CEPAL provided ample and timely confirmation concerning integration and its role as a fundamental prerequisite for the development of the Latin American countries.

There was a consensus on the need to promote new forms of co-operation, through programmes and projects involving one or more countries, parallel with a substantial strengthening of the various integration processes that are going on. With this object in view emphasis was laid on the need to strengthen and resolutely support the Latin American Economic System (SELA) in its activities. It is also necessary to use the Latin American market to promote the development of industries of key importance to the region and thus increase the capacity of manufactured exports to compete on foreign markets. In all these areas account will be taken of existing integration agreements and the new machinery that can be used through SELA.

In addition to these ideas, which had already been considered at the meeting held in Santo Domingo, there is a firm determination to make every effort to find ways and means of revitalizing LAFTA as a general framework for integration and forge an extensive and flexible link between the various integration processes and countries. There was unanimous recognition of the need to have recourse to new ideas and courses of action and explore the

/possibility of

possibility of establishing industrial complementarity in important manufacturing areas and in other spheres of economic activity.

Great importance was also attached to the smooth operation of regional payments machinery and the Secretariat was asked to carry out the necessary studies in co-operation with the central banks and other agencies competent in the matter.

It may be said that the key note of the meeting, reflected in its deliberations and decisions, was the need to impart greater substance and dynamism to existing integration processes and to make a determinant effort to promote them actively through specific programmes and projects. This marks the beginning of a search for new courses and procedures leading to closer economic ties, co-operation and integration between the countries of Latin America.

In the discussion of international economic conditions, both developed and developing countries remarked that the achievement of the integrated development process was basically a responsibility of the developing countries, but that the efforts would certainly fail without the support of a broad and effective policy of international co-operation.

/With regard

With regard to trade, the meeting focused attention on two main areas: exports of primary commodities and exports of manufactured goods.

Concerning the export of primary commodities it was pointed out that they still make up 85% of the total exports of the region. Hence the great importance that the countries attached to the achievement of global solutions designed to ensure a stable and suitably high level in the price of these products. In this connexion there was great support for the Integrated Programme of UNCTAD, particularly as regards measures relating to the establishment of buffer stocks and of a common fund to support those efforts financially. The developing countries stressed the importance of maintaining, and even increasing, the purchasing power of commodity prices.

Concerning the export trade in manufactures, the countries were unanimous in attaching great importance to the removal of barriers and the use of international co-operation machinery, expanded production of manufactures of the region and access for those products to the markets of developed countries. The developing countries in the Commission pointed out that it was essential to eliminate or substantially reduce existing tariff and non-tariff restrictions and not to introduce any new ones.

/They also

They also pointed out the need for the developed countries to bring their policies into line with the Tokyo Declaration.

Consideration was also given to some specific ideas in this field and there appeared to be a good basis for closer agreement between the developed and the developing countries concerning the means of putting them into practice.

With regard to problems of internal financing and external debt there was a considerable measure of agreement on the needs arising, to a large extent, from events beyond the control of the developing countries of the region which oblige them, for want of adequate financing resources, to postpone the satisfaction of legitimate demands for higher living standards. In fact a number of participants mentioned that multilateral development financing agencies were not giving Latin America the attention they had paid to it at the beginning of the decade, and that the countries of the region must increasingly seek financing from private sources.

Accordingly, the developing countries of the region appealed to the developed countries to facilitate access to their capital markets on favourable terms and to increase their contributions to the international and regional financing institutions. They likewise urge them to step up their economic assistance to the countries of the region through both bilateral and multilateral channels.

/With regard

With regard to external indebtedness, the developing countries of the region urged the developed countries to support the initiative and measures aimed at alleviating substantially the debt service problem of the countries which are in need of such measures, particularly the least developed countries.

The conference also gave consideration to the importance of the transfer of technology for development, and there was consensus on the need to seek the means to promote it, both from the developed to the developing countries and among the latter. In this connexion, there was agreement on the need to adopt rapidly a code of conduct in respect of the transfer of technology. The developing countries of the region repeated their agreement that the next United Nations Conference on Science and Technology should be held in a developing country, and that it should seek to set up suitable machinery to transfer, adopt and create technologies which enable full use to be made of the human and material resources of the developing countries. Furthermore, the member countries of CEPAL unanimously agreed to support the preparatory work for the United Nations Conference on Science and Technology for Development to be held in 1979, and requested the secretariat to convene a Latin American conference with a view to the adoption of common positions for the region.

/The member

The member countries of CEPAL, while recognizing the positive role which the transnational corporations can play in development, in conformity with the specific rules of each country, agreed on the need to carry into practice a code of conduct governing their operations, along the lines which are in bearing with the objectives and priorities of the developing countries. The code should also prevent the recurrence in future of conduct harmful to national interests, and ensure that the transnational corporations comply with all the laws and regulations of the host country.

MANDATES FOR THE SECRETARIAT SET FORTH
IN ADDRESSES AND RESOLUTIONS

In the course of the discussions at the technical meeting and in the political plenary, a series of mandates were given which constitute guidelines for the work which the secretariat will have to carry out in the next two years. A full list of them appears at the end; some correspond to topics of particular importance, such as the following.

1. In connexion with the continuation of the studies related to the concept of integral development, the Commission requested that the secretariat should increase its efforts to analyse the implications stemming from this concept of development in its

/prospective studies.

prospective studies. To that end, it should study the alternatives or scenarios it considers appropriate, carrying out research into their implications for employment trends, the improvement of income distribution and the eradication of the situations of extreme poverty in the region.

2. The Commission also reaffirmed that the growth of production in itself was not sufficient to achieve harmonious social development. In this context the role of the governments of the States, especially that of public enterprises, becomes vitally important in the development of Latin America. The secretariat was requested to pursue the studies on public enterprises, as well as the determination of the magnitude and nature of the necessary mobilization of the countries' own resources, and particular domestic capital formation, to attain in a consistent manner their social and economic goals and accelerated development.

3. It was also agreed to request the secretariat to pursue the study of Latin American external trade, considering the possible consequences for the development of the Latin American countries of the persistence of the prevailing trends in foreign trade, as well as the structural changes which should be made in the context of a New International Economic Order. The secretariat

/was requested

was requested to analyse a new policy on international co-operation for development in the field of trade, focusing on new concepts in relation to subsidies, anticipated reciprocity, safeguards, the progressive reduction of protection by the developed countries, specific cases of products which run into obstacle, in developed countries, producers associations, and consideration of the interests of the countries of the region in the negotiations on the integrated programme for commodities, the generalized system of preferences and some aspects of the United States Trade Act, with a view to increasing the region's bargaining power.

The study of Latin America's economic relations with other areas, the OECD countries, the socialist countries of Europe and developing countries of other areas, is of particular interest.

In connexion with the above points the secretariat should study the foreign trade policies of the Latin American countries and their experience in the management of export promotion instruments, analysing the problems of external financing bearing in mind the workings of the international monetary system and its effects on Latin America, with a view to proposing viable forms of increasing the financial resources of the subregional, regional and multilateral financing institutions and improving the access of the countries of the region to external sources of financing.

/A study

A study should also be made of the short-term prospects of increasing financing and channelling the saving deriving from the region to productive investment in Latin America.

Great importance was attached to the suitable working of regional payments machinery, and it was recommended that the secretariat should carry out the necessary studies in collaboration with the central banks and other competent bodies in that field.

It was also agreed to request the secretariat to collaborate with CEMLA and the Central Banks of the region in studies and projects related to financing, and to promote regional technical co-operation in the financial field.

4. The countries of the region have made considerable progress in the integration of their economies. However, they have not managed to make proper use of the economic potential offered by integration; on the contrary, integration has instead tended to lose pace in recent years, and therefore the secretariat should take action aimed at carrying out a study on integration and co-operation in Latin America, to analyze the existing situations, make a critical review of Latin American experience in this field, seek technical solutions which strengthen and promote economic co-operation and integration among the countries of the region, seeking to suggest possibilities of progressively

/increasing trade

increasing trade with Latin America, particularly in manufactures, and paying due attention to incentives which can favour the countries of the Central American Common Market, the Caribbean Community (CARICOM), the relatively less developed countries of LAFTA, Haiti and the Dominican Republic. In order to analyse these various possibilities and situations, the conference requested the Executive Secretary of CEPAL to organize a technical seminar on Latin American economic integration, inviting the governments and intergovernmental and regional bodies to lend full support to it.

As a general guideline, CEPAL was requested to furnish technical support to the work of co-ordination and the co-operation studies and efforts carried out by the Latin American Economic System in the Latin American countries.

5. Taking into account the importance of strengthening co-operation among developing countries at the subregional, regional and also interregional levels, it was stressed that the secretariat should take the necessary measures to increase and intensify the co-operation it maintains with the secretariat of the other regional commissions, in order to promote programmes and projects to mobilize economic and technical co-operation, beginning with relations with the Economic Commission for Africa,

/and assist

and assist UNDP in all matters relating to the preparatory activities for the forthcoming United Nations conference on technical co-operation among developing countries to be held in Buenos Aires in 1978.

6. The increasing importance of the transnational corporations in the world economy led the Governments to reaffirm the need for the secretariat to pursue its activities along the lines established in its work programme and carry out studies and analyses on economic, social and institutional questions, above all by means of case studies, and collaborate with other regional organizations, especially SELA, in the identification of spheres of co-operation. It should help to organize and carry out technical co-operation programmes among developing countries in matters connected with transnational corporations. Its activities in this field imply collaboration with the United Nations Centre on Transnational Corporations, in the compilation and analysis of information and the preparation of a code of conduct.

The research studies will also serve to improve information and knowledge about the role and effects of the transnational corporations in activities within the countries, thus helping to strengthen the bargaining power of the Latin American Governments vis-à-vis the transnational corporations, bearing

/in mind

in mind the increase of their bargaining power in the technological and financial fields.

7. Support was expressed for the continuity and strengthening of the activities of ILPES, and an appeal made for a search for permanent solutions for the financing of its activities in the field of planning, since this is a function needed by governments which is among CEPAL's permanent responsibilities.

Other mandates for the Secretariat include: 1/

Human resources. The Secretariat is asked, in conjunction with other United Nations bodies, to evaluate the effects of the migration of skilled human resources to countries outside the region, analyze causes and suggest solutions.

Latin American Conference on Industrialization. The Secretariat is asked to convene a Latin American Conference on Industrialization in 1978 and to prepare the necessary documentation.

Latin American Conference on Science and Technology for Development. The Secretariat is asked to convene a Conference in 1978 and prepare the necessary documents and the General Assembly is requested that it should be held in a developing country.

Development of fisheries in the Caribbean. The Executive Secretary of CEPAL is requested, in conjunction with FAO,

1/ For complete texts of resolutions see part three of the reports of Committee I and Committee II.

/to undertake

to undertake joint activities for the development of the fisheries sector in the Caribbean.

Regional co-operation in human settlements. The Secretariat is asked to intensify activities in connexion with the establishment of a regional intergovernmental body to deal with human settlements. It is to draw up a programme of work in the fields of research, training of human resources and information.

The Secretariat is requested to convene a regional Conference at the beginning of 1979 to evaluate the programme of work.

The secretariat is requested to collaborate with SELA in the preparation of policies and plans for human settlements, when invited to do so by the States. 1/

The development of natural resources in the Latin American development process. The secretariat is requested to intensify its work in the field of natural resources (mainly water, minerals and energy) and to implement as far as possible the recommendations made by the "Lima Consensus" on water problems.

The secretariat is instructed to collaborate with UNDP in studies aimed at the rational utilization of natural resources.

1/ See the reservation by Canada on this point in the report of Committee II).