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PROGRESS REPORT BY THE SECRETARIAT ON THE CENTRAL
AMERICAN ECONOMIC INTEGRATION PROGRAMME

The report of the Central American Economic Co-operation Committee (E/CN.12/533), which is submitted to the Committee of the Whole for consideration at its seventh session, covers the activities carried on under the Central American Economic Integration Programme for 11 June 1958 to 2 September 1959, the latter being the closing date of the Co-operation Committee's sixth session. A summary outline of the work carried out since then is presented below.

A. GENERAL STATUS OF THE INTEGRATION PROGRAMME

The signing, on 1 September 1959, at San José, Costa Rica, of the First Central American Agreement on the Equalization of Import Duties and Charges, and of the Protocol to the said Agreement - whereby the Contracting States granted one another a preferential tariff reduction of 20 per cent on imports of the natural products of their territories or goods manufactured therein - represented another step forward in the present phase of practical achievements in the field of integration. During the period reviewed here, the First Meeting of Central American Investors was convened at San Salvador, El Salvador, in October 1959, and the Central American Electric Power Development Sub-Committee held its first session. Details of these meetings are given elsewhere.^{1/} Furthermore,

^{1/} The relevant reports are presented in documents E/CN.12/CCE/206 and E/CN.12/CCE/207.

the implementation of the Agreement on the Equalization of Import Duties and Charges was initiated, progress was made in the work connected with the adoption of a Central American standard maritime code, and a start was made on the studies to determine the possibilities with respect to Panama's participating in the Economic Integration Programme and becoming a member of the Economic Co-operation Committee.

B. TARIFF EQUALIZATION

Pursuant to the provisions of the Central American Agreement on the Equalization of Import Duties and Charges, the Central American Governments, in co-operation with the secretariat, have begun preparations for a permanent session of the Trade Sub-Committee at which a common import tariff for the five countries will be negotiated. The results will be submitted to the Economic Co-operation Committee for approval at its seventh session, which is scheduled for October 1960.

C. INDUSTRIAL INTEGRATION

In resolution 84 (CCE), the Committee decided to set up an ad hoc working group to study problems arising in connexion with the institution of the Régime for Central American Integration Industries, and recommended that studies be undertaken for a project to found a Central American institution for the financing and promotion of integrated economic development.

In compliance with certain of the Committee's recommendations relating to integrated industrial development, the above-mentioned First Meeting of Central American Investors was convened, and preparations are under way for the session of the ad hoc working group, preliminary plans for the financing institution having been drawn up.

1. First Meeting of Central American Investors

The First Meeting of Central American Investors was held at San Salvador, from 27 to 31 October 1959, under the auspices of the Central American Economic Co-operation Committee and the Organization of Central American States (OCAS). It was attended by entrepreneurs from the five

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Central American countries and Panama. During the proceedings, the interest of Central American private enterprise in acquiring a thorough understanding of the Integration Programme was apparent, as well as its conviction that the Programme is one of the basic requisites for the area's prosperity; and the desire of all those present to see its various juridical instruments brought into force without delay and applied effectively was also placed on record. Industrialists, investors and entrepreneurs from the area showed a clear grasp of the potential dangers of duplication or multiplication of investment in one and the same field in various countries, and their discussion of the desirability of preparing joint investment projects in given branches of industry led to the adoption of specific decisions.

2. Ad hoc working group on the Régime for Integration Industries

During the first half of 1960, this working group will hold its first session, to study possible rules and principles for the presentation and consideration of industrial projects, with a view to the selection of those that might constitute integration projects and the channelling of the pertinent negotiations. The preparation of industrial projects will also be encouraged, and an attempt will be made to specify those fields of the industrial sector which might be incorporated into the Régime.

3. Fiscal incentives to industrial development

At the request of the Committee, a meeting of Central American technical experts and officials will be held concurrently with the session of working group on industries, to study a report prepared by a United Nations expert on legislation concerning fiscal incentives to industrial development in Central America, and if possible, to draft standard Central American legislation on this subject.

/4. Institution for

4. Institution for the financing and promotion of integrated economic development

The Committee recommended to the secretariat that, in collaboration with United Nations Technical Assistance experts and in consultation with the International Bank for Reconstruction and Development, the Inter-American Development Bank and other financing agencies, as well as with the central banks and financing institutions of the Central American countries, it should prepare a project for founding a Central American financing and economic development institution. In compliance with this request, a beginning has been made on the compilation of statistics and data for such a study, and arrangements are under way with the Bureau of Technical Assistance Operations of the Department of Economic and Social Affairs for contracting the required expert. The plan for the drafting of this project takes into account all the factors which may have a bearing upon it, particularly those relating to the industrial integration programme.

D. AGRICULTURAL DEVELOPMENT

The secretariat has taken the necessary steps to enable the Agricultural Development Sub-Committee to start its activities with a first session which it plans to hold during the first half of 1960. The studies are being carried out in co-operation with FAO, and comprise a general account of the agricultural development problem, together with a variety of studies on the agricultural resources of the Central American countries, the structure of consumption of agricultural commodities, import substitution and the organization of inter-Central American trade in certain commodities (e.g. grains, dairy produce and meat).

E. DEVELOPMENT OF THE ECONOMIC INFRA-STRUCTURE

1. Transport

The draft Central American standard maritime code, prepared by the secretariat in co-operation with an expert from the United Nations Bureau of Technical Assistance Operations, is now ready. The draft code was drawn up after consultation with the five Governments, and will be

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discussed at the second session of the Central American Transport Sub-Committee.

2. Energy

The first session of the Central American Electric Power Development Sub-Committee was held at San Salvador, El Salvador, from 23 to 28 November 1959. In the course of the proceedings, the objective on which the work of the Sub-Committee should be focused was defined in terms of the utilization of available resources for electric power development, on the basis of co-operation among the Central American countries and co-ordination of their national programmes. The conclusions adopted will enable fuller knowledge of existing resources to be obtained, the programming of research on other hydroelectric resources and the compilation of electricity statistics to be standardized, and technical standards to be established. These meetings afforded a further opportunity for representatives of the organizations and enterprises responsible for the development of electricity in Central America to expound for one another's benefit their ideas and experiences, for example, in connexion with the present status of electrification in each country, international financing problems, and the most important aspects of tariff systems.

F. OTHER PROJECTS

1. Housing

Pursuant to the resolutions adopted at the first session of the Housing Building and Planning Sub-Committee and to those of the sixth session of the Economic Co-operation Committee, preparations have been advanced for the joint mission which, with the co-operation of the Organization of American States and the United Nations Department of Economic and Social Affairs, will study matters connected with the integration of the Central American countries' efforts in respect of housing, building and town-planning. As a contribution to these studies, the Bureau of Technical Assistance Operations seconded an expert who has devoted himself to the study of the technical aspects of production, consumption and distribution of building materials in the area, and the possibilities for their standardization.

2. Weights and measures

With the co-operation of the Central American Research Institute for Industry (ICAITI) and the help of the Bureau of Technical Assistance Operations, work has continued on the studies relating to the adoption of a standard code or regulations on weights and measures in the Central American countries on the basis of the decimal metric system. The relevant draft legislation will be considered by the Governments in the course of 1960.

3. Land tenure

In co-operation with the ILO, FAO, the Higher Council of Central American Universities, the Latin American Centre for Research in the Social Sciences at Rio de Janeiro and the University of Costa Rica, progress has been made with the preparations for a joint mission to carry out a study on land tenure and existing agricultural labour conditions in Central America. An expert from the Bureau of Technical Assistance Operations of the United Nations will also collaborate in this work.

4. Studies on the economic development of the Central American countries

The study on the economic development of Honduras has been continued in co-operation with the National Economic Council and the Central Bank, and a working group has been set up in Nicaragua, which with the help of the secretariat will compile the macro-economic statistics required for a similar study on that country. These reports will complement those already prepared on El Salvador and Panama, and will serve as a basis for the study on the economic development of Central America as a whole.