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# **ECONOMIC COMMISSION FOR LATIN AMERICA**

## **ANNUAL REPORT**

(24 May 1959 — 29 March 1960)

**ECONOMIC AND SOCIAL COUNCIL**

**OFFICIAL RECORDS: THIRTIETH SESSION**

**SUPPLEMENT No. 4**

**NEW YORK**

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UNITED NATIONS  
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SUPPLEMENT No. 4

ECONOMIC COMMISSION FOR LATIN AMERICA

Annual report to the Economic and Social Council, covering the period  
24 May 1959 - 29 March 1960

Introduction

1. This annual report of the Economic Commission for Latin America (ECLA) covers the period from 24 May 1959 to 29 March 1960.<sup>1</sup> The Commission submits this report to the Economic and Social Council for its consideration, in accordance with paragraph 12 of the Commission's terms of reference which states that "the Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies."

Part I

WORK OF THE COMMISSION SINCE THE EIGHTH SESSION

2. As was foreseen in the programme appraisal for 1959-1964 prepared by the secretariat,<sup>2</sup> work has been concentrated to an increasing extent during the past year on the problems relating to trade and integration of the Latin American economies, with a view to the establishment of a common market. Considerable progress has been made with the Central American Economic Integration Programme, as well as in the negotiations to set up the Free-Trade Area, which includes more than a third of the Latin American countries.

3. In addition to its work on trade policy, with the supporting studies bearing on, *inter alia*, economic develop-

ment, industry, agriculture and transport, the secretariat has devoted increasing attention to assisting Governments in an advisory capacity. In collaboration with the Bureau of Technical Assistance Operations (BTAO), it has already sent advisory groups to two countries and is at present preparing a third. These groups are being supplemented by intensive training courses under the ECLA/BTAO Economic Development Training Programme. Both these aspects of training continue to absorb a large proportion of the secretariat's resources.

4. Another important feature of the work carried out during the period under review is the progress made with the project to construct a United Nations building in Santiago, Chile. A special report has been prepared on the relevant negotiations (E/CN.12/AC.45/6), and it is hoped that work can be started on the actual building during 1960.

5. The present review of the Commission's work is divided into three main sections: *A.* Activities of subsidiary bodies; *B.* Other activities; and *C.* Relations with specialized agencies and other organizations.

**A. Activities of subsidiary bodies**

6. This section deals with the work of the ECLA Trade Committee and of its working groups and the consultative meetings on trade policy in matters bearing on the

<sup>1</sup> The previous activities of the Commission and its subsidiary bodies have been reported to the Economic and Social Council in the following documents: *Official Records of the Economic and Social Council: Seventh Session, Supplement No. 13* (E/840/Rev.1); *ibid., Eighth Session, Supplement No. 4* (E/1099); *ibid., Ninth Session, Supplement No. 14* (E/1330/Rev.1); *ibid., Eleventh Session, Supplement No. 9* (E/1717); *ibid., Thirteenth Session, Supplement No. 8* (E/2021); *ibid., Fourteenth Session, Supplement No. 2* (E/2185); *ibid., Sixteenth Session, Supplement No. 3* (E/2405); *ibid., Seventeenth Session, Supplement No. 2* (E/2536); *ibid., Twentieth Session, Supplements No. 10* (E/2756) and *No. 10 A* (E/2796/Rev.1); *ibid., Twenty-Second Session, Supplement No. 10* (E/2883/Rev.1); *ibid., Twenty-Fourth Session, Supplement No. 8* (E/2998); *ibid., Twenty-Sixth Session, Supplement No. 4* (E/3091); and *ibid., Twenty-Eighth Session, Supplement No. 4* (E/3246/Rev.2).

<sup>2</sup> *Official Records of the Economic and Social Council: Twenty-Eighth Session, Supplement No. 4* (E/3246/Rev.2), annex VII, pp. 63 *et seq.*

common market. The activities of the Central American Economic Co-operation Committee and its sub-committees are also covered.

#### TRADE COMMITTEE

7. Although there has been no meeting of the Trade Committee or of its subsidiary bodies during the period under review, the secretariat, in accordance with the work programme laid down at the Committee's second session, has played a very active role in the negotiations that have been taking place among some Latin American countries for the setting-up of a free-trade area.

8. The secretariat sent observers to an informative meeting on the proposed free-trade area, held at Lima, from 16 to 18 July 1959, at the invitation of the Government of Peru. The purpose of this meeting was to give the four countries which had originally prepared a draft agreement on the free-trade area (Argentina, Brazil, Chile and Uruguay) an opportunity of explaining all the various aspects of the draft to Bolivia, Paraguay and Peru.

9. Subsequently, the secretariat participated in the preparatory work for the first Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries (Montevideo, Uruguay, 16 to 30 September 1959). This meeting was attended by delegations from Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay, and representatives of the Governments of Mexico and Venezuela, and of ECLA, the Inter-American Economic and Social Council (IA-ECOSOC), the Food and Agriculture Organization (FAO) and the International Monetary Fund (IMF) were present as observers.

10. This Conference presented amendments to the draft treaty for the constitution of a free-trade area which had been drawn up previously and prepared several draft supplementary protocols. In drawing up these instruments, one general purpose among others was borne in mind that due consideration should be given to the special situation of countries that are less developed, with a view to creating conditions which would promote their economic development and intra-regional trade.

11. The secretariat was requested to organize a meeting of government representatives of central banks to study the possibility of establishing a payments and credits scheme for the Free-Trade Area. Under resolution 3, adopted at this meeting, the secretariat was also asked to make special studies of the payments problem in the projected area and suggestions for possible solutions.

12. In this connexion, the secretariat obtained the assistance of the Organization for European Economic Co-operation (OEEC), which temporarily seconded one of its senior officers to collaborate in the preparation of a draft on payments. The study was then submitted to the central banks and Governments at the end of November and was discussed at the central banks' meeting, held at Montevideo, Uruguay, from 11 to 22 January 1960.

13. In preparation for the meeting of the group of governmental experts recommended in resolution 6 (II)

of the Trade Committee (Panama, May 1959), which was scheduled for February 1960 but temporarily postponed by agreement with the Governments concerned, the secretariat has been engaged in studying customs systems and duties. In this connexion, plans are tentatively being made for a possible seminar in the latter half of 1960, to consider the possibilities of co-operation and co-ordination among the Latin American countries in respect of customs definitions, procedures, regulations, etc. This seminar would be attended by customs officials from different Latin American countries, and particular emphasis would be laid on the need to facilitate the operation of the projected Latin American common market and, more immediately, of the Free-Trade Area.

14. The secretariat prepared some working documents for the second Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries, held at Montevideo from 4 to 18 February 1960. This Conference culminated in the conclusion of the Montevideo Treaty, establishing the Latin American Free-Trade Association, which was signed by Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. The texts of the Treaty, its protocols and the resolutions adopted by the Conference are reproduced in annex II of this report.

15. The Treaty includes a request by the signatory States for the technical advice of the secretariat of the Commission (article 44 and Protocol No. 3).

16. The experience gained by the secretariat in this new type of activity will enable it to deal more efficiently with the programme of work on inter-Latin American trade as laid down by the Commission at its eighth session in Panama. At that time the broad outline of the document entitled "Recommendations concerning the structure and basic principles of the Latin American regional market",<sup>3</sup> prepared by the members of the Working Group on the Latin American Regional Market at its sessions in Santiago (February 1958) and Mexico City (February 1959), was examined.

17. The bases set forth in the document mentioned above are characterized by the special consideration given to the proposed economic objectives of such an agreement and the ways and means of achieving them. With regard to its juridical form, the Working Group considered the formation of a free-trade area and its gradual transformation into a customs union. The free-trade area is precisely the formula adopted in the Montevideo Treaty, which, in essence, creates the instrument through which the duties, charges and restrictions now hampering trade can be eliminated.

18. The establishment of a free-trade area was considered at the outset as a temporary solution to certain pressing trade problems which had arisen among the southern countries of South America. In that connexion, the secretariat duly arranged meetings (Santiago, August 1958 and April 1959) of experts from Argentina, Brazil,

<sup>3</sup> E/CN.12/C.1/WG.2/10/Rev.1, included in *The Latin American Common Market* (E/CN.12/531) (United Nations publication, Sales No.: 59.11.G.4, pp. 38 to 50).

Chile and Uruguay,<sup>4</sup> the countries responsible for a substantial part of inter-Latin American trade.

19. It was agreed at these meetings that a multilateral instrument should be formulated which, because it would conform to the provisions of the General Agreement on Tariffs and Trade (GATT), would make it possible to use customs policy as the chief element in maintaining and developing trade among the States concerned, and thus to abandon the practice of entering into bilateral agreements which, apart from their patent disadvantages and limitations, were inadequate because of the customs and exchange revisions effected or contemplated in the four countries concerned.

20. At the April 1959 meeting, the consultants invited by the ECLA secretariat pointed out that, apart from the immediate objective of solving the pressing trade problems created in the countries of the southern zone of South America, the draft agreement might be the point of departure for discussions of another and more comprehensive instrument, in which they considered it highly desirable that all the Latin American countries should take part; they felt that all countries desirous of participating in its negotiation should be free to do so; lastly, they added that the fact that the signatory countries had taken the first steps towards the economic integration of Latin America would not entitle them to any privilege in relation to countries subsequently joining the system, either through renegotiation of the agreement or through accession to the agreement as it stood.

21. At the various meetings held in connexion with the signing of the Montevideo Treaty (Lima, July 1959; Montevideo, September 1959 and February 1960), further steps were taken towards more permanent objectives by the inclusion in the original draft of elements proper to the regional common market. In this connexion, particular mention should be made of the provisions of chapters III and VIII of the Treaty, relating, respectively, to the expansion of trade and economic complementarity and to measures in favour of countries at a relatively less advanced stage of economic development. Mexico's accession dispelled the misgivings that might at one time have been felt with respect to the sub-regional character of the Latin American Free-Trade Association. It has also placed additional emphasis on the permanent objectives of the Treaty.

22. The Treaty establishes a Free-Trade Area based on a preferential instrument. However, its obligations are restricted to the liberalization of current trade, consisting chiefly of primary commodities, although the Treaty leaves the way entirely open for the contracting parties to use the preferential instrument in order to develop trade in other goods, particularly industrial products, through new negotiations. In that connexion, the document of the Working Group on the Latin American Regional Market supplements the Montevideo Treaty, since it provides the means whereby this expansion can be achieved and defines the objectives to be aimed at in order to establish the common market.

<sup>4</sup> See the records in documents E/CN.12/C.1/11 and E/CN.12/531, *op. cit.*, pp. 94 to 100.

23. Moreover, the Treaty contains very important elements, from the introduction in which the signatory States express their determination "to persevere in their efforts to establish, gradually and progressively, a Latin American common market", to the provisions on possible amendments to the Treaty when the contracting parties deem this desirable (article 60) and on facilitating accession to the Treaty by the other Latin American States (article 58).

24. The meeting of government experts recommended in resolution 6 (II), adopted by the Trade Committee at its second session (Panama, 11-19 May 1959), which is referred to in paragraph 13 above, is therefore of particular significance. It will give the Governments an opportunity to decide whether the best means of achieving the common market is through a new general treaty, or whether it would be better to do so through the development and adaptation of the Montevideo Treaty on the basis of the facilities it provides. In either case the meeting of experts, in addition to clarifying the points on which the Governments can base their important choice between the two alternatives, will lay down the broad lines on which the common market is to be established.

25. In this connexion, the attention of the Committee of the Whole was drawn to the fact that the General Assembly adopted, at its fourteenth session, resolution 1430 (XIV), dated 5 December 1959, in which it expresses its appreciation of the Commission's role in the preparatory plans related to the establishment of the Latin American common market and recommends that the Commission "should continue to assign high priority to the work being done in this field".

*Joint ECLA/OAS study on the influence of government policy on foreign investment in a common market*

26. One of the results of the gradual reduction of customs duties among Latin American countries would be to make foreign investment more attractive, particularly in the capital goods and chemical industries benefiting from a larger market. This in turn would offer a strong temptation to individual Governments to grant special conditions and concessions to foreign investors in order to create export industries. Certain industrial groups have already called attention to this and have insisted that the problem must be solved concurrently with the creation of a preference system in Latin America.

27. One solution would be an international code which would make the special incentives and other measures connected with foreign investment uniform. However, a study would first have to be made of existing government policies affecting this kind of investment. At the Trade Committee's second session, the secretariat presented a preliminary study on government measures affecting private foreign investment in a Latin American common market (E/CN.12/C.1/12 and Add.1), but although it contained a considerable amount of useful information, this study did not attempt to analyse all aspects of foreign investment incentives or to provide the details which would be required for arriving at a coordinated policy. The Commission therefore included a

further study of the subject in the work programme for 1959-60.<sup>5</sup>

28. Because of the scope of the new project and the need for a special group of consultants to carry it out, negotiations were started with the Organization of American States (OAS), with a view to exploring the possibilities of conducting a joint study. It was finally agreed that each organization should appoint two senior consultants and that a detailed and comprehensive survey should be undertaken in selected countries.

29. The group was set up and began its work in January 1960. It has so far visited Argentina, Brazil and Chile in order to collect the requisite material.

#### CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

*Sixth session: 26 August - 2 September 1959*

*Chairman: Mr. Alfredo Fernández Volio (Costa Rica)*

*Rapporteur: Mr. Fernando Eleta (Panama)*

30. The sixth session of the Central American Economic Co-operation Committee was held at San José, Costa Rica, from 26 August to 2 September 1959. The Committee studied in detail the Agreement on the Equalization of Import Duties and Charges, drafted by the Central American Trade Sub-Committee. On 1 September the plenipotentiary representatives of the five Central American countries signed the Agreement, together with a Protocol in which the countries pledged themselves to grant a Central American preferential tariff that would promote trade expansion, and demonstrated that the Economic Integration Programme had fully embarked upon the stage of practical achievements after a beneficial and entirely necessary period of study and evaluation of the different alternatives.

31. The growing interest displayed by the Government of Panama in the Economic Integration Programme culminated in a much closer association between that country and the Central American Economic Co-operation Committee as well as in its decision to take part in future activities. This immediately enlarges the scope of the Programme and will tend to broaden the basis of specialization and economic complementarity among the participating countries.

32. With regard to industrial development, the Committee recognized that adequate financing mechanisms should be established within the framework of the Programme, with a view to channelling Central American savings and available foreign capital towards the programme's objectives. The need to secure the extensive participation of private enterprise in industrial development was also stressed.

33. In this connexion the secretariat was asked to prepare a study on the establishment of an institution for financing and promoting Central American economic development, with the assistance of a BTAO expert, and in consultation with the International Bank for Reconstruction and Development (IBRD), the Inter-American

Development Bank, the central banks and other financing institutions of the Central American countries.

34. The Committee attached very great importance at this session to activities connected with transport and the economic infrastructure, since it considered that the increased trade expected among the Central American countries would require a substantial expansion in this direction. At the same time, it was felt that the social aspects of economic integration would continue to command close attention, since it was recognized that those factors might help or hinder the entire process of economic integration.

35. The report of the Committee's sixth session (E/CN.12/CCE/184),<sup>6</sup> covering the period 11 June 1958 to 2 September 1959, has been brought up to date for the information of the Committee of the Whole.<sup>7</sup>

36. The document in question outlines the activities that are at present under way and those that have been or are about to be initiated in order to implement the resolutions of the Economic Co-operation Committee. Among these, brief mention should be made of the following:

(a) Preparations for a permanent session of the Trade Sub-Committee at which a common import tariff for the five countries will be negotiated, and the results of which will be submitted to the Committee at its seventh session;

(b) The first session of the *Ad Hoc* Working Group on the Régime for Central American Integration Industries, which will be held during the first half of 1960, and at which study will be devoted to possible criteria for the consideration and presentation of industrial projects;

(c) Meeting of Central American officials and technical experts to study a report prepared by a United Nations expert on laws relating to fiscal incentives for the industrial development of the area, and to formulate draft standard Central American legislation on the subject;

(d) Preparation of a project to establish a Central American financing and economic development institution;

(e) First session of the Agricultural Development Sub-Committee, to be held during the first half of 1960, in collaboration with FAO;

(f) Consideration, at the second session of the Transport Sub-Committee, of the draft standard maritime code for Central America, which has now been completed;

(g) Examination, in co-operation with the Organization of American States and the United Nations Department of Economic and Social Affairs, of aspects relating to the integration of Central American efforts in the field of housing, construction, and urbanization;

(h) Continuation of the study on the economic development of Honduras and initiation of that on Nicaragua.

37. After the above-mentioned document (E/CN.12/AC.45/4) had been drafted, the Governments of El

<sup>5</sup> *Official Records of the Economic and Social Council: Twenty-Eighth Session, Supplement No. 4 (E/3246/Rev.2), p. 40, project 31 (iv).*

<sup>6</sup> United Nations publication, Sales No.: 59.II.G.5.

<sup>7</sup> *Progress report by the secretariat on the Central American Economic Integration Programme (E/CN.12/AC.45/4).*

Salvador, Guatemala and Honduras signed a Treaty on Economic Association whereby they pledged themselves to form, within five years from the date of entry into force of the Treaty, a complete customs union. The secretariat has held frequent consultations with the Governments of the Central American countries in order to consider the new situation and take the necessary steps to make the total Central American market a reality and establish it as the basis of the area's economic integration.

38. In the course of these talks, it was unanimously agreed that a special session of the Central American Economic Co-operation Committee should be convened in the near future, to decide upon the measures that might be best calculated to expedite the attainment of the economic integration objectives, to the benefit of each and all of the member countries. After consultation with the Governments, and at the request of the Chairman of the Economic Co-operation Committee, the secretariat has embarked upon the preparation of a document proposing various solutions for consideration by the Committee at the session referred to.

39. During the period under review, the following meetings were held:

#### *Meeting of Central American Investors*

*First meeting: 27-31 October 1959*

*Chairman: Mr. Francisco de Sola (El Salvador)*

*Central American Electric Power Development Sub-Committee*

*First session: 23-28 November 1959*

*Chairman: Mr. Enrique R. Lima (El Salvador)*

*Rapporteur: Mr. Jorge Manuel Dengo (Costa Rica)*

A brief account of the proceedings of these bodies is given below.

40. The first meeting of Central American investors<sup>8</sup> was convened under the joint sponsorship of the Central American Economic Co-operation Committee and the Organization of Central American States (OCAS), and was attended in their private capacity by business men from the five Central American countries and Panama, as well as by a number of observers from international enterprises, FAO and IBRD.

41. The meeting was the result of initial steps taken at the seminar held from 24 to 30 November 1957 by OCAS and of subsequent efforts made by the Secretary-General of OCAS, the secretariat of the Central American Economic Co-operation Committee and some representatives of organizations representing private enterprise in Central America.

42. It was evident from the number of business men attending the meeting and from the discussions that Central American private enterprise was interested in

gaining a thorough understanding of the Economic Integration Programme and was convinced that it was a basic requisite for the region's prosperity. Keen interest was evinced as to how private enterprise could co-operate to ensure that the various juridical instruments of the Programme should enter into force promptly and effectively. With this purpose in mind, it was agreed that an approach should be made to the different Governments to ensure prompt ratification of the integration treaties.

43. Preliminary arrangements were made for co-ordination in some specific branches of industry, and it was agreed to set up a permanent private enterprise committee to keep in close touch with the secretariat and to participate in the activities of the Integration Programme. It was further agreed that mixed national commissions to advise Governments should be set up. A proposal was made for the establishment of a private industrial bank, together with a request that the International Bank for Reconstruction and Development should study the project with the collaboration of the ECLA secretariat. The Bank is proposing to act on this request.

44. There was also general agreement that an urgent need would be filled by the establishment of a Central American development corporation, the activities of which might be supplemented by those of the proposed private industrial bank.

#### *Central American Electric Power Development Sub-Committee*

45. The first session of the Electric Power Development Sub-Committee<sup>9</sup> was attended by representatives of the official agencies responsible for electric power promotion and development in the five Central American countries and Panama, and by observers from Mexico and Puerto Rico.

46. The main objectives of the Sub-Committee's work were the utilization of available resources for electric power development on a basis of Central American co-operation and the co-ordination of national programmes for electric power development. The conclusions and recommendations of this meeting will lead to better understanding and uniformity in such important matters as resources, electric power statistics and technical standardization. This was a new and valuable opportunity for the agencies and companies connected with electric power development in Central America to profit from an exchange of ideas and experience in such matters as the present status of each country's electrification programme, problems of international financing and the more important aspects of rates.

#### **B. Other activities**

47. Activities of the secretariat not directly connected with the work of the subsidiary bodies mentioned in section A above are dealt with in this section.

<sup>8</sup> The corresponding report is contained in document E/CN.12/CCE/206.

<sup>9</sup> The corresponding report is contained in document E/CN.12/CCE/207.

CURRENT ECONOMIC ANALYSIS DIVISION

*Annual Economic Survey*

48. The 1959 *Survey* will be the first to follow the new lines indicated in the "Preparation for programme appraisal for 1959-64".<sup>10</sup> It will consist of the following three parts: first, a general section dealing with the current economic situation and trends in Latin America; secondly, a short comparative study on rates of growth in the different Latin American countries, with an analysis of the underlying reasons for the differences to be observed; and thirdly, a special study on inflation.

49. The rate of growth of Latin America's gross product—very tentatively estimated at 2.8 per cent—seems to have made a notable recovery in 1959 in comparison with the figure of 2.4 per cent for the previous year. But it should be remembered that, since the Latin American population increases annually at the rate of 2.5 per cent, at the very least, the expansion in the *per caput* product was barely 0.3 per cent. The disquieting reduction in economic growth, which has been apparent since 1955, though scarcely interrupted in 1957 by the short-lived repercussions of the Suez crisis, is therefore continuing, and so much so that the annual cumulative rate of growth of the gross national product *per caput* dropped from 2.7 per cent between 1950 and 1955 to not more than 1.2 per cent between 1955 and 1959.

50. The improvement observable in 1959, if slight, is all the more noteworthy for having been achieved despite the persistence of various adverse influences in both the external and internal sectors. The deterioration in the terms of trade was aggravated and the inflow of foreign capital once again diminished. Although, in many cases, stronger action than hitherto was taken to counter inflationary trends, they continued to exert pressure on the internal economy of a number of Latin American countries and *per caput* agricultural production for domestic markets decreased by about 1 per cent.

*External factors*

51. Since the prices of Latin American imports seem to have varied little, the deterioration in the terms of trade was due to a further contraction in the unit value of exports. The weighted average of the seventeen principal commodities exported by Latin America dropped a further 8.4 per cent in price, as in the preceding year. But at that time the world economy presented a very different picture. In 1958, the decline in the price of primary commodities could be ascribed, at least in part, to the temporary economic recession in the United States and to the less dynamic rate of growth in Western Europe. In 1959, however, the additional market depression coincided with a fresh and powerful upsurge in industrial activity in both the United States and Europe and with an expansion of demand for imports. But, except in very few cases, the increase in demand did not lead to an improvement in prices, thereby enhancing the tendency—already examined in the *Economic Survey of Latin*

*America, 1958*—of the primary commodity markets to remain in a chronically weak state.

52. Chile derived most benefit from the improvement in the market for certain raw materials, since the price of copper rose by almost 20 per cent just when the new investment effected a few years before was bringing about a proportionate increase in the volume exported. In Argentina, the sale of old stocks of wool more than offset the drop in unit price, although the full benefit could not be derived from the higher prices for meat as less was available for export. In Colombia, a substantial increase in coffee exports virtually compensated for the drop in coffee prices. In Brazil, an even greater increase in its coffee sales raised the value of total exports above the previous year's level. Also thanks to a larger volume of sales, Mexico, Peru and Venezuela more than made up for the drop in prices. A general reduction in exports was apparent in the Central American and Caribbean countries only. In contrast to its situation in 1958, Latin America as a whole was able to prevent a further decline in the value of its exports. This was maintained through the increment in the volume of sales which offset lower prices, and preliminary figures show a small improvement of about 1 per cent, though this is, of course, insufficient to re-establish the capacity to import, stabilize the balance of payments and safeguard international holdings.

53. The net inflow of capital failed to recover in 1959 from the decline registered in 1958. On the contrary, the data so far available indicate a further reduction in official loans. Provisional figures point to a shrinkage of more than \$100 million in the annual net inflow of capital advanced to the Latin American countries by the International Bank for Reconstruction and Development and the International Monetary Fund, and a reduction of about \$175 million in the net total of the supplementary loans granted by United States governmental bodies. With the exception of Argentina, all the Latin American countries which make use of this type of loan obtained a smaller net contribution in 1959 than in 1958. Supplementary investments of United States private capital abroad also fell off—to a marked extent in comparison with the three preceding years. Although some incomplete data seem to indicate that more European private capital is being invested in Latin America, there are no grounds for supposing that the increment has offset more than a small part of the above-mentioned decreases.

54. As a result of this evolution of exports and of capital movements, Latin American countries anxious to stabilize their balances of payments, or at least lessen their deficits, have been obliged to maintain and even tighten import restrictions. A further reduction of \$750 million with respect to the figure for 1958 brings the total contraction in Latin American imports in the course of two years to 18 per cent below their peak level, that of 1957. The tendency to restrict imports could be observed in every country except Brazil and Uruguay, but was most marked in Argentina, Cuba, Haiti, Honduras and Venezuela.

55. The severe decline in supplies from abroad has led to a substantial recovery in the international reserves of several countries, particularly those of Argentina, Chile, Colombia and Peru. In Latin America as a whole

<sup>10</sup> *Official Records of the Economic and Social Council: Twenty-Eighth Session, Supplement No. 4 (E/3246/Rev.2), annex VII, paras. 28 and 29.*

(excluding Venezuela), international reserves rose by some \$200 million in 1959, i.e., by approximately 60 per cent of the losses suffered in the preceding year. Mainly because of the outflow of private capital of a speculative nature, Venezuela was faced by a heavy drop in its reserves, amounting to nearly \$400 million in both 1958 and 1959. Even so, its reserves still exceed \$600 million and alone represent almost a quarter of Latin America's total holdings. Sorely tried by the autumn floods, Uruguay also saw its holdings shrink, although not as much as in 1958. Only in Cuba, the Dominican Republic and Paraguay could a marked deterioration be perceived.

#### *Internal factors*

56. The evolution of the external sector had far-reaching repercussions on the internal economy of each country. On the one hand, monetary demand was stimulated by the small increase in the value of exports in conjunction with the substantial cut in imports. On the other, the contraction in the volume of imports and the increase in that of exports — an increase which was enhanced by the effects of the price deterioration — precipitated a reduction in the quantum of goods available, thereby nullifying the very small increase in the *per caput* domestic product. It is obvious that this must lead to an intensification of the inflationary pressures.

57. The inadequate development of agricultural output in 1959 was another adverse factor. The aggregate index of agricultural production shows an improvement of only 1.6 per cent, i.e., a drop of nearly 1 per cent in *per caput* output. It should be added that the decline was essentially a result of the retrogression in Argentine and Brazilian livestock production. Except in isolated cases such as those of Colombia and Mexico, agricultural production for domestic consumption failed to make any appreciable progress. In Latin America as a whole, the reduction of 1 per cent in *per caput* production affected the part destined for export and that intended for home markets alike.

58. With the notable exception of Argentina, which suffered from frequent labour disputes, industrial production showed a general upward trend, and in some countries, such as Colombia and Mexico, far surpassed its previous levels or, as in Chile, made a vigorous recovery. The growing need for import substitution helped to expand demand for domestic products and to speed up the diversification of industry. Mining also made noteworthy progress as regards certain items, such as copper in Chile and iron ore in Brazil, Chile, Peru and Venezuela. This was equally true of petroleum in Argentina, Brazil, Chile and Mexico. Despite an unfavourable international market, there was an appreciable rise in the production (7 per cent) and export volume of Venezuelan petroleum.

59. Although the circumstances described were, generally speaking, unfavourable, Latin America persevered in its efforts to combat inflation in 1959, with positive — if still incomplete — results in many cases. In some countries, the rise in prices was still considerable, but where very high rates were reached in the first half of the year, e.g., in Argentina, Chile and Peru, relative stabilization was observable in the last few months. Brazil was the only country where the upward spiral still con-

tinued by the end of the year. In Colombia, it was possible to maintain the relative stabilization of prices already achieved by the close of 1958 largely because of the encouragement given to agricultural production for the domestic market. In the other countries, and Chile in particular, slow agricultural development, together with an unsatisfactory marketing system, proved to be a serious obstacle to the stabilization policy. One outstanding feature of this policy was its extension in 1959 to the domain of public finance. In several countries, the Government's working deficit was reduced, through either a cut in expenditure or an increase in taxes, and the subsidies which stimulated undue consumption were withdrawn or at least restricted, thereby diminishing the state enterprises' deficits. In the *Economic Survey of Latin America, 1959*, a systematic study of this important factor in Latin America's evolution is attempted for the first time.

60. Although in 1959 nearly all the Latin American countries gave pride of place in their economic policy to the achievement of a greater degree of stability, this did not lead them to neglect development incentives. As regards trade policy, for example, tariff reforms and measures to control and restrict imports frequently made provision for the encouragement of import substitution. Yet the very effort to balance Government budgets occasionally brought about a reduction in the volume of public investment. This was so in Ecuador, for instance, and for shorter periods, in Chile, Mexico and Peru. The decrease in official loans from abroad was a contributory factor in cutting down such investment just when it was most necessary for it to be expanded in order to support sound anti-inflationary policy. If the year is to be assessed objectively, however, some account must be taken of short-term prospects, since the volume of investment effected in a given year primarily depends on the economic, technical and financial programming of the immediately preceding year. From this point of view, 1959 may be considered as relatively favourable. Several countries have already complied with the planning and financing prerequisites which will enable them to accelerate the rate of official investment in 1960. In the private sector, a parallel movement towards more rapid development could be observed, in relation not only to market potential but also to the progress achieved in connexion with monetary- and price-stabilization policy, for example, in Argentina, Chile, Colombia, Ecuador, Peru and Uruguay.

#### *Economic Bulletin for Latin America*

61. Volume IV, number 2, of the *Bulletin* was published in October 1959 and contains articles on production and demand prospects for rolled iron and steel products in Latin America; the evaluation and prospects of the Central American economic integration programme; and the economic development of Panama — as well as the usual statistical supplement.

62. In volume V, number 1, which is now in the press, there will be — apart from the statistical supplement — articles on some applications of the input-output model to the Argentine economy; the Free-Trade Area and the Montevideo Treaty; the economic development of

Venezuela during the period 1950-1960; and heavy industry in the Latin American common market. The article on the last-named topic was contributed by Professor J. Tinbergen, Director of the Netherlands Economic Institute.

63. In view of the interest aroused by the statistical supplement in the last few numbers of the *Bulletin* and of the need to bridge the gap between the two annual issues which now appear in February and September, it has been decided that a special mid-yearly issue devoted entirely to statistics will henceforward be published.

#### ECONOMIC DEVELOPMENT DIVISION

##### *Advisory Groups for Programming Economic Development*

64. In order to meet the Latin American Governments' needs for technical assistance in programming economic development through the fullest use of the resources of the United Nations, ECLA and BTAO have been collaborating in providing a pool of economists from which Advisory Groups for Programming Economic Development have been organized to serve in response to specific requests from Governments.

65. The idea of advisory groups was first raised in ECLA resolution 137 (VII) and endorsed in resolution 155 (VIII). Since the eighth session, most of the work of the Economic Development Division has been concentrated in the two groups that began operations in 1959, one in Colombia and one in Cuba. Both these countries have requested continuance of the groups in 1960. Other requests have come from Bolivia, Ecuador, Venezuela and Uruguay, but under present conditions it will not be possible to operate more than three groups during the year, and therefore it was decided that the groups in Colombia and Cuba should continue and that a third should work in Bolivia.

##### *Colombia*

66. The main purpose of this ECLA/BTAO Advisory Group, which began its work in Colombia in May 1959, is to leave in operation, on its departure, machinery for programming at the government level. This requires a definition of government policy objectives; the creation of a mechanism for preparing and co-ordinating economic action; and better trained personnel.

67. These requisites have been fulfilled by (a) assisting the Administrative Department of Programming and Technical Services—in which the Group's activities have been centralized—to identify the main over-all development problems and to establish priorities for their solution; (b) advising the Ministries of Public Works and Agriculture and the government agencies dealing with the various economic sectors to do the same within their respective purviews; (c) devising procedures in order to ensure that priorities are complied with in each sector; (d) helping the relevant authorities to modify budgetary procedures to make them consistent with the system of priorities; (e) training personnel, by having a selected group of officials working under the guidance of the experts; and (f) setting up intensive training courses (see para. 86).

68. Each expert has been collaborating in the work of defining objectives, adapting procedures and training personnel, although each has concentrated on different aspects of the programme. The Colombian Government has expressed its satisfaction with the progress made and, as was mentioned earlier, has requested the Group's continuance in 1960.

##### *Cuba*

69. The operations of the Advisory Group which began its work in Cuba in May 1959 have been centralized at the Ministry of Economic Affairs, but the experts are collaborating with several other ministries and governmental bodies. Difficulties were encountered in the early stages, particularly because of a shortage of basic statistical information and of trained personnel. These difficulties have been overcome—partly through the holding of an intensive training course from 17 September to 22 December 1959 (see para. 87) — and it has been possible to maintain the original objectives which are the same as those described above for Colombia. Since the work could not be completed by the end of 1959 as originally contemplated, the Cuban Government has requested that the Group be continued in 1960.

##### *Bolivia*

70. In view of the interest expressed by the Bolivian Government in August 1959, the Commissioner for Technical Assistance and the Deputy Director of ECLA visited La Paz in order to make the necessary arrangements for sending an Advisory Group to Bolivia. Since then preparations have been proceeding in connexion with the activities of the Group, which will start its field work early in April 1960. FAO played an active part in the preliminary negotiations.

##### *Experience gained and problems encountered*

71. It seems clear, both from the experience of the members of the Groups in Colombia and Cuba and from the requests received from the respective Governments for their continuance, that their assistance has been satisfactory. Apart from the fact that this opinion is shared by high officials of the countries concerned, there is no doubt that the contribution of the Groups is already reflected in better co-ordination of economic policy.

72. For instance, the specific achievements of the Groups are reflected in the preparation of an organic law for a national statistical service in Cuba, in the reorganization of the budgetary process in Colombia, and in the formulation of new public works programmes in both countries.

73. On the other hand, since the advisory groups are facing obstacles of a very similar nature in Colombia and Cuba, it can be assumed that these same obstacles will also confront the other Latin American countries when they establish independent programming mechanisms.

##### *Miscellaneous activities*

74. The Division was responsible for the study on comparative rates of economic growth, prepared for the *Economic Survey of Latin America, 1959*.

75. During the course of the year, the technical revision of the study on the economic development of Argentina (E/CN.12/429/Rev.1) was completed and has now been printed in Spanish in three volumes.<sup>11</sup> Moreover, two other studies on the economic development of Panama (E/CN.12/494) and El Salvador (E/CN.12/495) were revised and are due to appear soon.

76. The secretariat collaborated with the University of Costa Rica in completing the study of that country's economic development, and work has been proceeding on a similar study for Honduras. A beginning has also been made on the preliminary work for a study of this kind on Nicaragua (see para. 36 (h)).

#### *ECLA/BTAO Economic Development Training Programme*

77. The regular Santiago programme for 1959 began at Santiago on 6 July and ended on 27 February 1960. Eighteen trainees have been participating, of whom nine hold ECLA/BTAO fellowships (one each from Argentina, Colombia, Cuba, Ecuador, Guatemala, Mexico and Venezuela, and two from Chile), two hold United Nations fellowships (El Salvador and Yugoslavia) and seven are financed by their Governments (one from Brazil, two from Cuba and four from Venezuela.)

78. The guest lecturer for 1959 was Mr. Jan Tinbergen, of the Rotterdam Technical University and Director of the Netherlands Economic Institute, who gave a course of lectures on short-term economic policy models and directed daily seminar discussions.

79. In addition, Mr. Hans Linnemann of the Netherlands Economic Institute, a BTAO expert, gave lectures and directed a seminar in October 1959 on the programming of economic development in Ecuador.

80. Advantage was taken of the visits to Chile of Mr. Mayer (Service of Economic and Financial Studies of the Ministry of Finance of France) and Mr. Lesourne (Director of the French Society of Applied Mathematics) to invite them to give a short series of lectures on the co-ordination of investment in France and other activities connected with the determination of over-all medium-term objectives in a planned economy.

81. As in former years, each trainee was assigned a research project on which he was required to prepare a paper at the end of the course. Professor Tinbergen also directed a special research project on the construction of a short-term econometric model for a case of inflation in a selected country.

82. Apart from the regular courses in the Programme, lectures were delivered on social accounting; the theory of prices; energy programming; monetary policy; demographic problems; transport problems; the chemical industry; the livestock industry; fiscal policy; statistics; and agricultural programming. The Joint ECLA/FAO Agricultural Division participated in the lectures on the last-named subject.

#### *Intensive training courses*

83. Four intensive training courses were held during 1959: in Argentina, Brazil, Colombia and Cuba. In the last two countries the courses were given in association with the ECLA/BTAO Advisory Groups, which provided most of the lecturers (see paras. 67 and 69).

84. The course in Argentina (September - December) was sponsored by the Faculty of Economic Sciences of the University of Buenos Aires. The courses on social accounting, the theory and programming of economic development, preparation and evaluation of projects, linear programming, public administration and financing were attended by twenty-four full-time and forty-seven part-time trainees representing different public and private sectors. Distinguished Argentine lecturers also collaborated by speaking on different aspects of Argentina's economic development. Many seminar meetings were arranged in connexion with the basic courses.

85. The intensive training course in Brazil was held at Recife, from September to November 1959. Fifty-nine full-time and eleven part-time trainees took part. The basic courses were the same as those indicated for Argentina. There were also series of lectures by Brazilian specialists, especially on the problems of the north-east and Brazil's over-all economic development.

86. The course in Colombia (June-September), attended by thirty-three full-time and forty-five part-time trainees, was sponsored by the Administrative Department of Programming and Technical Services. Basic courses covered the theory and programming of economic development, project evaluation, social accounting, financing of economic development, public administration, agricultural problems, industrial problems, and the diagnosis and programming of economic development in Colombia, and were given by members of the ECLA/BTAO Advisory Group. Further lectures on current economic problems in Colombia were given by guest speakers.

87. The course in Cuba was also organized in co-operation with the ECLA/BTAO Advisory Group working in that country. There were thirty-two full-time and thirty part-time participants, including government officials and representatives of private enterprise. In addition to the basic courses, which followed a pattern similar to those for the other countries, lectures were delivered on specific Cuban problems by Cuban economists. A course on linear programming was given by the director of the national statistical services.

#### *Workshop on Budgetary Classification and Management in South America*

88. The secretariat played an active role in the organization of this workshop, held at ECLA headquarters from 27 May to 5 June 1959, and sponsored jointly by BTAO, ECLA, and the United Nations Bureau of Economic Affairs and Office of Public Administration. It was the fourth in a series of such meetings and the first in South America, two having been held in the area served by the Economic Commission for Asia and the Far East (ECAFE) and one covering Central America,

<sup>11</sup> *El desarrollo económico de la Argentina* (United Nations publication, Sales No. 59.II.G.3, Vols. I to III).

the Caribbean area and Mexico. It was attended by nineteen senior officials concerned with budget problems from the ten countries of South America and one representative of Spain.

89. The Workshop dealt with the following items: the role of Government and the function of public sector accounts; economic and functional classification of government transactions; programme and performance budgeting and project budgets; methods of reclassifying government budget data; and current developments in national economic accounting and their relation to the public sector accounts.

90. Four of the six basic documents were prepared by the Fiscal and Financial Branch at United Nations Headquarters, and two by ECLA. The full report of the Workshop was published by the Bureau of Technical Assistance Operations on the basis of the provisional report adopted at the closing meeting.

## INDUSTRIAL DEVELOPMENT DIVISION

### *Chemical industry*

91. A pilot study undertaken in collaboration with the Chilean Development Corporation (CORFO) was completed early in 1960. By mutual agreement it was decided not to publish this study but to use it as a reference work for the over-all study of the Latin American chemical industry. A specific work programme was drawn up, and progress is being made in the revision and improvement of the methodological and technical aspects of the pilot study, which is now being expanded by broadening the range of products and the number of countries to be included.

92. While the final list of products is being drawn up, a provisional list of some ninety items is being used. Work is proceeding on three different aspects: analysis of demand, technical problems and the collection of certain basic data. With regard to the first, a special classification has had to be made to facilitate the standardization of data from various countries. Import figures are being tabulated in physical units for all these countries for the period 1955-1957 (and 1958 in some cases), and the tabulation of the corresponding values is also progressing.

93. With respect to methodological research, work is continuing in order to determine the domestic and imported components of the investments required for different chemical manufactures, as well as the preparation of a suitable sample for studying import substitution prospects for equipment. Finally, work has proceeded on the collection of data relating to natural gas prices in the international markets, and on transport costs, economies of scale, distribution of investment and so forth for this item in the various countries of Latin America.

### *Railway equipment*

94. In compliance with the request made at the meeting of industrialists, government officials and railway executives held at Córdoba (Argentina), from 2 to 5 March 1959, the report of which was presented to the Commis-

sion at its eighth session,<sup>12</sup> a report is being prepared for submission to the railway equipment producing industries in Argentina, Brazil, Chile and Mexico. Field work was carried out during July and August in Bolivia, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela with a view to ascertaining immediate railway equipment requirements for renewal and expansion purposes, and the prospects of meeting such requirements. In addition, a study was made of customs duties and similar taxes, as well as of exchange and administrative regulations, applicable to imports of railway equipment. This information was brought up to date for Argentina and Brazil.

### *Steel industry*

95. The secretariat prepared a paper on the market for rolled steel products which was presented at the meeting convened in Santiago by the Chilean Steel Institute (28 September to 3 October 1959). As a result of this meeting, a Latin American Steel Institute was founded.

96. The secretariat played an active role in many of the arrangements prior to the meeting and was represented at it. The paper mentioned in the previous paragraph — revised after the discussion and brought up to date in many respects — has been published in the *Economic Bulletin for Latin America*.<sup>13</sup> The article referred to reviews briefly the present means of supplying Latin America's requirements in rolled products and brings together the results of several estimates as to what the needs of various Latin American countries might be by 1965 in comparison with current production plans.

97. At the Latin American meeting of experts on the steel making and transforming industries (São Paulo, Brazil, 15-28 October 1956), the secretariat was asked to concern itself with problems relating to the standardization and rationalization of steel products in Latin America. No definite steps in this direction could be taken, but, in view of the keen interest evinced by the newly formed Latin American Steel Institute, ECLA secretariat experts recently undertook a field trip to Argentina, Brazil and Uruguay and established contact with the appropriate agencies in other Latin American countries, with a view to exploring the existing situation. The findings were submitted to the first session of the Board of the Latin American Steel Institute (Mar del Plata, Argentina, 2-4 February 1960).<sup>14</sup>

## ENERGY AND WATER RESOURCES PROGRAMME

### *Energy*

#### *Preparations for the Electric Power Seminar*

98. In collaboration with BTAO, it is proposed to hold this Seminar (originally scheduled for 1958) in January 1961. With this aim in view, a preparatory

<sup>12</sup> *Official Records of the Economic and Social Council: Twenty-Eighth Session, Supplement No. 4 (E/3246/Rev. 2)*, para. 75.

<sup>13</sup> See "Rolled iron and steel products in Latin America: prospective production and demand", *loc. cit.*, vol. IV, No. 2, pp. 1 *et seq.*

<sup>14</sup> *La normalización de productos siderúrgicos (E/CN.12/R.1)*, so far distributed only at the session mentioned.

meeting took place at United Nations Headquarters in mid-September 1959 to discuss some of the problems currently facing the electric power industry in Latin America, to review a possible agenda and to consider what documents might be presented to the Seminar.

99. The preparatory meeting in New York was attended by members of the Department of Economic and Social Affairs and of BTAO, two ECLA staff members and representatives of the International Bank for Reconstruction and Development and the International Atomic Energy Agency together with three leading Latin American experts in electric power problems. These experts made statements on basic problems of electric power development in Latin America. The agenda which emerged from the proceedings includes the following :

(a) General statement on electric power development problems and trends in Latin America;

(b) Basic problems of electric power development, covering the problems involved in determining requirements, forecasting demand, making an economic evaluation of indigenous primary resources for electric-power generation, studying plant and system development and ascertaining investment requirements and means of financing;

(c) Operational and institutional problems, especially the causes of varying rates per kWh (within a given grid and as between grids), tariff regulations and policies and their impact on electric power development, and the salient features of the institutional and legal régime;

(d) Information on and discussion of some special topics.

100. The secretariat proposes to submit three papers to the Seminar on a review of projections of electric power demand in Latin America and of the installations and investment required to meet it; on recent trends and present status of the electric power industry in Latin America; and on an evaluation of conditions and utilization.

#### *Collaboration with the International Atomic Energy Agency (IAEA)*

101. Early in 1959 the data on electric power requested by the IAEA for use in connexion with some of its periodic studies were collected and processed. The information gathered included background data and the collection and analysis of cost data for installing and generating hydro-electric and thermo-electric energy in selected Latin American countries.

#### *Water resources*

102. The study entitled *The water resources of Chile and their utilization* (E/CN.12/501 and Add.1) will be published during 1960. As a result of the conclusions of this study, the Government of Chile requested and obtained the co-operation of the United Nations Special Fund in expanding its network of meteorological and hydrological stations. Also as a result of the recommendations in the above report, stress was laid on the urgent need to pay special attention to the establishment of rational irrigation rates in order to end the waste of

water caused by defects in the works and by prevailing practices, as well as to exploring and planning the use of underground water in certain basins.

103. The Ecuador report is now ready. Here again the preliminary report has formed the basis for a water measurement project presented to the United Nations Special Fund and approved.

104. The Water Resources Survey Mission to Venezuela began its field work in October 1959. A large part of the hydrometeorological research has already been completed, and the compilation of hydrological data and the study of irrigation and drinking water problems have begun. Moreover, contact has been made with the agencies concerned with water resources, in order to evaluate the Mission's prospects and to determine its work programme.

#### *JOINT ECLA/FAO AGRICULTURAL DIVISION*

105. Shortly after the eighth session, negotiations were started with FAO in order to decide on the work programme for this new division<sup>15</sup> during the remainder of 1959 and 1960. Full agreement on this programme was reached by the two organizations in the latter half of 1959, whereby the Division will collaborate in the preparation of the FAO publication *The State of Food and Agriculture, 1959*, and ECLA's *Economic Survey of Latin America, 1959*. The work of collecting the necessary material will be divided between the two organizations in order to eliminate any duplication of effort.

#### *Collaboration for the FAO/OAS conference*

106. The Division will present two papers at the joint FAO/OAS conference which will be held with the co-operation of ECLA in Mexico in August 1960. One paper will deal with important problems of rates of economic growth and the other with agricultural policy questions arising out of the plans for the establishment of a common market or free-trade area in Latin America.

#### *Coffee survey*

107. With the completion of most of the field work for the survey in Brazil, a draft outline for the report was prepared and is at present being analysed by FAO. All the statistical material is now practically ready, and work is proceeding on a summarized statement on the conclusions reached. The report itself was drafted for the general public and the economic, statistical and methodological analyses, on which it is based, will be published in annexes for the benefit of those technicians who want to be fully informed on the work done.

#### *Role of agricultural commodities in the proposed common market*

108. The studies of wool, meat, cotton and fruit were revised and sent to FAO for comment. By agreement with the FAO Fisheries Division, a consultant was en-

<sup>15</sup> For further information concerning these negotiations, see section C, para. 127.

gaged to prepare an analysis of fisheries products in relation to the proposed common market. His job will consist mainly in examining intra-regional trade in fisheries products, trade channels and barriers, and the possibilities of expanding such trade within Latin America. The work is being carried out in close collaboration with FAO through the Regional Fisheries Officer and the Fisheries Division in Rome.

#### *Study of the livestock industry*

109. The first part of the field work was completed in December 1959, covering Colombia, Cuba, Mexico, Peru and Venezuela. Material has been gathered relating to livestock production, slaughtering, and the marketing of livestock products, as well as on the potential resources of the livestock industry. The study has continued during the first quarter of 1960 with visits to Argentina, Brazil, Chile and Uruguay.

#### *The development of agriculture over the past ten years*

110. A special study, intended for publication in the *Economic Survey of Latin America, 1960*, is being prepared in collaboration with the Economic Development Division of ECLA on developments in the agricultural and livestock industry during the period 1948-1958. It will attempt to analyse the factors that have influenced the growth of agriculture, particularly the technical and economic obstacles that have impeded its more rapid development.

#### *Special advisory mission to Ecuador*

111. Early in 1959 the Government of Ecuador requested ECLA's assistance in connexion with its agricultural development programme. In compliance with this request, an extensive survey has been completed on capital investment and agricultural inputs for the whole country, which may serve as a basis for the relevant programme of the National Planning Board (*Junta Nacional de Planificación*). The information collected has been tabulated, and the report is being drafted.

112. The field work included the sending of technical missions throughout the country to organize a series of surveys and research and to obtain data on the investment costs of various land improvements, the use of labour, the value of livestock and the duration of various capital investments. In addition, farmers were interviewed to gain first-hand knowledge of the soil characteristics and the working methods used. This was of great help in interpreting correctly the statistical material available.

#### *ECLA/FAO/BTAO Pulp and Paper Advisory Group*

113. During the course of the past few months, the Group completed reports on Ecuador, Mexico, Peru and Venezuela, which have been sent to the Governments concerned through the Resident Representatives of the Technical Assistance Board. The Government of Ecuador has authorized the publication and distribution of the report on that country.

114. Preliminary reports have also been completed on Colombia and Surinam and have been sent to FAO for comment. Work has also proceeded on a draft report on Cuba, and some tentative findings have been discussed with the ECLA/BTAO Advisory Group in that country. A request for a fuller and more detailed report has been received from the Cuban Government.

115. The preliminary draft of the regional study on pulp and paper production, supply and trade in Latin America is in course of preparation.

#### TRANSPORT SECTION

116. The bulk of the work has been centred in the ECLA/BTAO advisory groups, particularly in the case of Colombia. In addition, research has been carried out on transport questions relating to inter-Latin American trade, especially as regards the consultations on trade policy between Colombia, Ecuador, and Venezuela.

117. So far as the Advisory Group in Colombia is concerned, the studies are proceeding with a view to establishing priorities and co-ordinating investment in the transport sector. There has also been close co-operation with the Administrative Department of Programming and Technical Services in the preparation of a general study of civil aviation in Colombia.

118. ECLA was represented at a meeting in Panama (November 1959) of representatives of Governments and of the main airlines of Colombia, Chile, Ecuador, Panama and Peru, at which the establishment of a new Latin American airline to operate international air services in the countries concerned was recommended.

#### SOCIAL AFFAIRS DIVISION

119. During the early part of 1959 the Social Affairs Division was engaged in preparations for the Seminar on Urbanization Problems in Latin America, which was held at ECLA headquarters from 6 to 18 July under the joint sponsorship of UNESCO, the United Nations Bureau of Social Affairs and ECLA, with the collaboration of the ILO and the OAS. It was attended by thirty-eight experts appointed by the Governments of Argentina, Bolivia, Chile, Colombia, Cuba, El Salvador, Guatemala, Panama, Paraguay, Uruguay, and Venezuela, four experts appointed by the United Nations and six by UNESCO, representatives of the ILO, FAO and WHO and the OAS, and a number of observers.

120. Numerous working papers, presented by experts and institutions from various countries, were prepared for the Seminar. The ECLA secretariat contributed a paper on the *Creation of employment opportunities in relation to labour supply* (E/CN.12/URB/19 - UNESCO/SS/URB/19).

121. The discussions were grouped under the following topics: basic lines of thought; the demographic situation; urbanization and economic development; urban manpower; town-planning problems; effects on social structure; administrative questions; conclusions and plan of action.

122. The Seminar decided to request that its report (E/CN.12/URB/26/Rev.1 - UNESCO/SS/URB/LA/26/Rev.1) should be brought to the Commission's attention at the seventh session of the Committee of the Whole.

123. Some informal secretariat meetings were held in the middle of 1959 to discuss the organization of a working group on social aspects of economic development, to be sponsored jointly by UNESCO, the Bureau of Social Affairs and ECLA. Subsequently, UNESCO organized a meeting in Paris early in December 1959, in order to reach agreement on the date and place of the working group, its agenda, and possible participants. In consequence it was decided that a small meeting of about twelve experts, acting as a team, should meet in Mexico City in December 1960 to discuss and synthesize their views. The suggested programme would include the following topics:

(a) Social implications of economic development (demographic and economic structure and growth of Latin America);

(b) Requirements for rapid economic and social development from the points of view of the sociologist and the economist;

(c) Relationships between economic and social programming, including educational research, technology and social structure; general educational requirements; manpower needs, resources and utilization; values and conflicts; and

(d) The problem of public administration as well as the problem of programming; the basic data required for decision-making and allocation of resources; conflicts among values; the unanticipated consequences of action.

124. In addition, the secretariat helped to prepare for and service the United Nations Seminar on the Evaluation and Utilization of Population Census Results (Santiago, Chile, 30 November - 18 December 1959) which was organized by the Regional Centre for Demographic Research and Training in Latin America. The Social Affairs Division prepared two papers on the use and evaluation of population census result in Ecuador (ST/SOA/SER.R/2) and Guatemala (ST/SOA/SER.R/3), respectively.

#### TECHNICAL ASSISTANCE

125. Following upon the reorganization of the Technical Assistance Administration, the transfer of its functions to the Bureau of Technical Assistance Operations, and the closing of the regional office for Latin America in Santiago, close liaison on technical assistance matters has been maintained with the Bureau. Under the new system, co-operation is now limited to regional projects and in particular to the Central American Economic Integration Programme, the ECLA/BTAO Advisory Groups, the Joint ECLA/BTAO Economic Development Training Programme, the Water Resources Survey Group (a joint ECLA/BTAO/WHO project) and the ECLA/FAO/BTAO Pulp and Paper Advisory Group. In other words, the ECLA secretariat no longer assists in preparing job descriptions for experts or in briefing those who are not directly concerned with the above

projects. Nor does it have any opportunity of commenting on their reports.

126. Since full descriptions of the joint projects are given under the respective sections of this report, it need only be stressed here that these projects — and in particular the Advisory Groups and the Training Programme — absorb an increasing proportion of the secretariat's resources and that collaboration with TAO has been exceedingly close and fruitful. In addition, the Technical Assistance Board has informed the Committee of the Whole about the assistance given to Latin American countries in 1959 under its expanded and regular programmes (E/CN.12/AC.45/5).

#### C. Relations with specialized agencies and other organizations

127. As in the past, the secretariat has continued to maintain the closest liaison with the United Nations specialized agencies and other organizations in all cases where there is a mutual interest in the work being carried out. During 1959, a new agreement was reached with FAO, whereby the Joint ECLA/FAO Programme became the Joint ECLA/FAO Agricultural Division.

##### *Specialized agencies*

128. During the period under review, active co-operation has continued between the secretariat and the specialized agencies in connexion with the various aspects and phases of the Central American Economic Integration Programme. In addition representatives were sent by the ILO, FAO, ICAO, IBRD and IMF to the sixth session of the Central American Economic Co-operation Committee (San José, Costa Rica, 26 August - 2 September 1959).

129. In accordance with ECLA resolution 149 (VIII), the secretariat has continued to co-operate with the specialized agencies directly interested in the study of skilled manpower problems in Latin America. An informal meeting was held at Geneva in July 1959, which was followed by two meetings (in September and November respectively) of an Inter-Agency Working Party on Skilled Manpower in Latin America, convened by the ILO and attended by representatives of the United Nations, including ECLA, and of UNESCO and the Inter-Governmental Committee for European Migration. The Working Party will analyse the problems in this field and make specific proposals. The findings could be discussed at a further session, to be held during the course of 1960 at ECLA headquarters, to which the OAS will be invited in accordance with the resolution cited.

130. FAO representatives held discussions with the Joint ECLA/FAO Agricultural Division and the ECLA Statistical Section on various problems connected with agricultural statistics in Latin America. Since these questions were dealt with more thoroughly at the *Ad Hoc* Meeting of Statistical Experts held at Rome (7-18 December 1959), the secretariat was represented there.

131. Negotiations were also conducted with FAO concerning (a) the preparation of a joint study of Latin American timber production and consumption in

accordance with the Commission's resolution 159 (VIII), which was started early in 1960, and (b) the ECLA/BTAO Advisory Groups. The possibility of ensuring the co-operation and participation of FAO in the project was also considered.

132. In addition to affording the direct co-operation mentioned above and collaborating in the regional FAO/OAS conference to be held in Mexico in August 1960, the secretariat sent an observer to the Second FAO Latin American Seminar on Land Problems, held at Montevideo, Uruguay, in November 1959, and took an active part in the deliberations of one of its working groups.

133. UNESCO was a joint sponsor, with ECLA and the United Nations Bureau of Social Affairs, of the Seminar on Urbanization Problems in Latin America. Moreover, plans are under way to hold, in co-operation with UNESCO, a working group on social aspects of economic development. The ECLA secretariat was represented at the preparatory meeting convened by UNESCO at Rio de Janeiro (26 - 30 October 1959) to consider a proposed inter-American conference on education and economic and social development. The matter was discussed further in Paris in December 1959.

134. The International Bank for Reconstruction and Development was represented at a preparatory meeting dealing with the electric power seminar that the secretariat proposes to convene. In addition, the secretariat is co-operating with the Bank in connexion with an application from the Argentine Government for the assistance of the United Nations Special Fund in carrying out a transport project.

135. Discussions were held with the International Monetary Fund in connexion with the central banks' meetings convened by the Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries.

136. Lastly, the Water Resources Survey Group has continued to receive active support from the World Meteorological Organization (WMO), which has provided the services of an expert hydrometeorologist. The Group's mission in Venezuela has benefited from the collaboration of FAO.

#### *International Atomic Energy Agency (IAEA)*

137. The secretariat has co-operated with the IAEA in the collection of data on hydro-electric and thermo-electric power plants.

Moreover, the IAEA has participated in some of the preliminary work for the proposed ECLA/BTAO electric power seminar, and has offered to prepare some of the working papers. The secretariat was invited to participate in an IAEA mission to various Latin American countries, but has been able to do so only in Brazil.

#### *Organization of American States (OAS)*

138. The secretariat has continued to co-operate with the secretariat of the Inter-American Economic and Social Council (IA-ECOSOC) and the Committee of the Whole has been informed accordingly in document E/CN.12/AC.45/8. Conversations at the secretariat level have also taken place both in Santiago and in Washington on the work programme of the two organizations and on the proposed Latin American common market.

139. Negotiations have been successfully carried out with the Organization of American States for a joint ECLA/OAS study on the impact of government policy on foreign investment in a common market and have culminated in the establishment of a special joint study group of consultants which started its field work in January 1960.

#### *Inter-governmental organizations*

140. The Organization for European Economic Co-operation (OEEC) lent one of its senior officials to assist the secretariat in the preparatory work, requested of ECLA at the first Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries, for a meeting of governmental representatives of central banks.

141. The Inter-Governmental Committee for European Migration (ICEM) was represented at the Inter-Agency Working Party on Skilled Manpower in Latin America and has expressed interest in participating in the proposed meeting (see para. 129).

142. The Organization of Central American States (OCAS) collaborated with the ECLA secretariat in many aspects of the Central American Economic Integration Programme. In particular, it co-sponsored with ECLA the first meeting of Central American investors, held at San Salvador, El Salvador, from 27 to 31 October 1959

## **Part II**

### **SEVENTH SESSION OF THE COMMITTEE OF THE WHOLE**

#### **A. Attendance and organization of work**

##### **OPENING AND CLOSING MEETINGS**

143. The seventh session of the Committee of the Whole was held at Santiago, Chile, on 28 and 29 March 1960. At the opening meeting, Mr. Enrique Ortúzar Escobar, Minister of Foreign Affairs of Chile, made a

statement (see paras. 151-156). General Juan B. Córdoba, the Ambassador of Colombia, spoke on behalf of the delegations (see paras. 157 and 158). Mr. Raul Prebisch, the Executive Secretary, delivered an address to the Committee of the Whole (E/CN.12/AC.45/14).

144. At the closing meeting on 28 March 1960 short statements were made by Mr. José Mixco Fischnaler,

representative of El Salvador, and Mr. Luis Marty, Under-Secretary of Economic Affairs of Chile and Chairman of the seventh session of the Committee of the Whole.

145. The Committee unanimously adopted the Commission's annual report to the Economic and Social Council, which contains the programme of work and priorities.

#### MEMBERSHIP AND ATTENDANCE

146. Representatives of the following Governments members of the Commission attended the session : Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Haiti, Honduras, Mexico, Netherlands, Panama, Paraguay, Peru, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Venezuela. The representative of the West Indies, a new associate member of the Commission, was also present. The complete list of representatives is included in annex I of this report.

147. In accordance with paragraph 6 of the Commission's terms of reference, representatives of the following States Members of the United Nations which are not members of the Commission attended the seventh session of the Committee of the Whole in a consultative capacity : Austria, Canada, Hungary, Japan and Yugoslavia. The Federal Republic of Germany sent an observer in accordance with Economic and Social Council resolution 632 (XXII) (see annex I).

#### CREDENTIALS

148. The Credentials Committee, pursuant to rule 14 of the Commission's rules of procedure, informed the Committee at its plenary meeting on 29 March 1960, that it had examined the credentials of the delegations to the seventh session of the Committee of the Whole, as submitted to the Executive Secretary, and had found them to be in order.

#### ORGANIZATION OF WORK

##### *Election of officers*

149. At the first plenary meeting, on 28 March 1960, the following officers were elected:

*Chairman:* Mr. Luis Marty (Chile)

*First Vice-Chairman:* General Juan B. Córdoba (Colombia)

*Second Vice-Chairman:* Mr. I. T. M. Pink (United Kingdom)

*Rapporteur:* Mr. Ramiro Cabañas Pineda (Honduras)

##### **B. Agenda**

150. At the first plenary meeting, on 28 March 1960, the Committee of the Whole considered the provisional agenda (E/CN.12/AC.45/1/Rev.1) which had been submitted to it, and, at the request of the United Kingdom delegation, agreed by a majority to amend it by introducing in item 5 (Application by the Federation of the West Indies for admission as an associate member of the Com-

mission) a new paragraph on the admission of British Guiana as an associate member. The United Kingdom request that item 5 should be taken up first was also approved. Accordingly, the agenda was finally adopted as follows:

1. Opening addresses
2. Election of officers
3. Adoption of agenda
4. Applications for admission as associate members of the Commission
  - (a) By the Federation of the West Indies
  - (b) By British Guiana

*Background document:*

Application by the Federation of the West Indies for admission as an associate member of the Economic Commission for Latin America (E/CN.12/AC.45/7)
5. Progress report by the secretariat

*Background document:*

Progress report by the Executive Secretary (E/CN.12/AC.45/2)

*Reference documents:*

*Economic Bulletin for Latin America*, Vol. IV, No. 2, Santiago, Chile, October 1959

Provisional report of the Seminar on Urbanization Problems in Latin America (E/CN.12/URB/26/Rev.1, UNESCO/SS/URB/LA/26/Rev.1);

Workshop on Budgetary Classification and Management in South America (ST/TAO/SET.C./39; E/CN.12/538)
6. Common market and regional payments

*Background document:*

Progress report by the secretariat on the common market programme (E/CN.12/AC.45/3)

*Reference document:*

*The Latin American common market* (E/CN.12/531, United Nations publication, Sales No. : 59.II.G.4)
7. Central American economic development and integration

*Background document:*

Report of the Central American Economic Co-operation Committee (E/CN.12/533, United Nations publication, Sales No. : 59.II.G.5)

Progress report by the secretariat on the Central American Economic Integration Programme (E/CN.12/AC.45/4)
8. Technical assistance for economic development

*Background document:*

Information paper on technical assistance provided to countries in the ECLA region under the expanded and regular programmes. Paper prepared by the secretariat of the Technical Assistance Board (E/CN.12/AC.45/5)
9. United Nations building in Santiago, Chile

*Background document:*

United Nations building in Santiago Chile. Report by the secretariat (E/CN.12/AC.45/6)
10. Co-ordination with the Inter-American Economic and Social Council (IA-ECOSOC)

*Background document:*

Report on co-ordination between the Economic Commission for Latin America and the Inter-American and Social Council (E/CN.12/AC.45/8)
11. Programme of work and priorities
  - (a) Programme of work, 1959-1960
  - (b) Control and limitation of documentation

*Background documents :*

- Programme of work and priorities (E/CN.12/AC.45/9)  
Note by the secretariat on resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission (E/CN.12/AC.45/10)  
Resolutions of the General Assembly on educational conditions in Non-Self-Governing Territories (E/CN.12/AC.45/10/Add.1)  
Note by the secretariat on co-operation with the Economic Commission for Africa (E/CN.12/AC.45/12)  
Control and limitation of documentation. Note by the secretariat (E/CN.12/AC.45/11)

*Reference document :*

- Economic Commission for Latin America, annual report to the Economic and Social Council, covering the period 9 April 1958 - 23 May 1959 (E/3246/Rev.2 - E/CN.12/530/Rev.2)
12. Consideration and adoption of the annual report of the Commission to the Economic and Social Council

### C. Account of proceedings

#### OPENING SPEECHES

151. In his opening address, the Minister of Foreign Affairs of Chile stressed the special importance of the seventh session of the Committee of the Whole and the modern concept of inter-American solidarity, in the light of which solutions were being sought to the great problems confronting America through the creation of new institutions and mechanisms such as the Inter-American Development Bank and the Latin American Free-Trade Association.

152. After referring to the aims which were being pursued by the creation of the Bank, he said that the establishment of the Latin American Free-Trade Association was an epoch-making event in the history of America's economic progress, since despite the fears, still harboured at the Panama session, that the desired objective could not be attained, the first step had been taken at Montevideo on the road to the creation of the common market, thanks to the negotiations and activities carried out under the auspices of the Economic Commission for Latin America.

153. He pointed out that Mexico's accession was of special importance, inasmuch as it showed that the agreement signed in Uruguay was founded on reciprocal benefits and not merely on geographical proximity and he was sure that the Treaty, open to all other parts of Latin America, would prove an instrument of gradual evolution towards a system embracing the whole of the region.

154. After reviewing the latest events which had taken place in the field of inter-Latin American relationships, he had become convinced that the prosperity of the Latin American countries was indivisible and that every effort should therefore be made to encourage the development of joint enterprises and projects.

155. He reminded the Committee that the Government of Chile was advocating that an end be put to all armaments races, by means of the limitation and equalization of armaments programmes, and suggesting that the inter-

American system give priority to the consideration of this problem, so that investment under this head might be reduced to what was strictly necessary to safeguard the security of Latin America and the sovereignty of each individual country, and national saving might be channelled towards economic development. Accordingly, his Government had proposed to the Organization of American States (OAS) that a working group be set up to carry out the necessary technical studies for a conference on the limitation and equalization of armaments.

156. Lastly, he said that however necessary external assistance might be, the growth of the Latin American economies must be based on national savings possibly supplemented by additional resources derived from the reduction of expenditure on armaments.

157. On behalf of the delegations attending the seventh session of the Committee of the Whole, the representative of Colombia praised the progress made by the Chilean economy and the efficacy with which the ECLA secretariat was carrying out its work relating to the different aspects of its programme.

158. Among those aspects, he singled out the programming activities and lauded the ECLA/BTAO Advisory Group in Colombia which had produced highly successful results both in the field of technical advice and research and in the organization of development training courses.

159. The opening meeting ended with the statement by the Executive Secretary (E/CN.12/AC.45/14).

#### ADMISSION OF ASSOCIATE MEMBERS OF THE COMMISSION

160. On the proposal of one of the delegations, the Committee of the Whole considered the application, submitted by the West Indies, for admission as an associate member of the Commission. After a short discussion, in which the delegations made known their views, and statements by the Deputy Prime Minister of the West Indies, resolution 170 (AC.45) was adopted approving the application and admitting the new associate member. The Deputy Prime Minister then outlined the economic and social problems confronting the West Indies and expressed the hope that ECLA would collaborate in solving them.

161. The Committee took note of the application by British Guiana for admission as an associate member of the Commission. Since the application had not been previously communicated to the member States it was found necessary to apply rule 11 of the rules of procedure. As three-quarters of the accredited member States urged that the item be considered, the Committee proceeded to do so. In the vote on the relevant resolution (171 (AC.45)), four delegations abstained since they had received no instructions from their Governments, and the remainder cast affirmative votes. British Guiana was therefore admitted as another new associate member of ECLA.

#### CONSIDERATION OF THE PROGRESS REPORT

162. The Committee of the Whole studied the progress report (E/CN.12/AC.45/2) submitted for its considera-

tion. Before the actual discussion took place, the secretariat had had an opportunity of expressing its hope that the Committee "will continue to follow its established tradition of carefully examining those new draft resolutions which imply additional work for the secretariat, lest . . . it may not be able to carry out their recommendations without adversely affecting the implementation of the programme in force" (E/CN.12/AC.45/14).

163. In the general statements, special interest was displayed in two specific topics: the common market project and the Treaty establishing the Free-Trade Area and the activities of the ECLA/BTAO Advisory Groups.

164. As regards the first topic, before specific discussion began opinions were expressed in the Committee to the effect that the secretariat should continue actively furthering the work conducive to the establishment of the Latin American common market (see paras. 173 *et seq.*)

165. Stress was laid on the interest existing in the continued dissemination of information and background data on the common market throughout all levels of society, and especially among the working classes, with a view to obtaining widespread public support for the Governments' plans for Latin American integration.

166. In connexion with the work of the ECLA/BTAO advisory groups, attention was drawn to the success which was attending the implementation of this secretariat project, as well as to the value of the intensive training courses which, in some cases — like that of Colombia — were supplementing research and advisory activities.

167. It was pointed out that the Food and Agriculture Organization of the United Nations (FAO) had taken part in the establishment and operation of the advisory groups, and that it had consequently been possible to incorporate agricultural questions within the general framework of development programming, with due regard to all inter-sectoral relationships.

168. Other topics which the Committee of the Whole touched upon in dealing with the progress of the work included that of the obstacles to economic development implicit in the shortage of skilled labour resulting from the low level of elementary and technical education.

169. The secretariat called attention to the fact that the proportion of illiteracy in Latin America still stood at 40 per cent and that the average length of individual school life was only one year.

170. The representative of a specialized agency pointed out in that connexion, that the high rates of school desertion and absenteeism aggravated the educational problem and had unfavourable repercussions on the training of skilled labour, in default of which it was difficult to raise the level of living in Latin America and attain a satisfactory rate of economic development.

171. The Committee of the Whole took note of UNESCO's interest in co-operating more extensively with ECLA in order to make a more thorough study of the relation between education and economic development, as well as of the evolution of social science in Latin America (see paras. 201-203).

172. The Committee heard a statement on the participation of the World Meteorological Organization (WMO) in various ECLA projects, relating both to the sending of experts to different countries and to fellowships granted for specialized training. Stress was also laid on WMO's collaboration with the ECLA/BTAO Water Resources Survey Group, which had been carrying out studies in several Latin American countries and which was currently working in Venezuela.

#### LATIN AMERICAN COMMON MARKET

173. As indicated in paragraph 163, the Committee of the Whole displayed keen interest in the questions bearing on the projected Latin American common market. Particular emphasis was laid, and praise bestowed, upon the work carried out by the secretariat in paving the way for the negotiation of the Montevideo Treaty instituting the Latin American Free-Trade Association.

174. The delegations considered the relevant progress report by the secretariat (E/CN.12/AC.45/3), and it was agreed that the activities in question should be energetically pursued.

175. The Committee of the Whole expressed its satisfaction at the support given by the General Assembly at its fourteenth session to the work of the Commission on the plans for the establishment of a Latin American common market, and at the Assembly's recommendation that the highest priority should be assigned to activities in that field.

176. In commenting upon the vital importance of the Montevideo Treaty, several delegations pointed out the significance of Mexico's participation in the Latin American Free-Trade Association. They also emphasized the fact that precisely because Mexico was geographically distant from the others, any misgivings that might at one time have been felt as to the sub-regional nature of the Association had been dispelled, and further stress had been laid upon the permanent objectives of the Treaty.

177. One delegation pointed out that the integration of the whole of Latin America was still, in its country's opinion, the best way of promoting the region's economic development, and that it viewed with satisfaction the possibility for the accession of the other Latin American countries to the Free-Trade Area which had been left open by the Montevideo Treaty. It also declared that its country was an enthusiastic advocate of the common market formula, which it considered to be an efficacious means of expediting national economic development and justifying the production of intermediate and capital goods for which the domestic market would otherwise be too narrow.

178. The same delegation urged the Commission to do its utmost to induce the largest possible number of countries to accede to the Montevideo Treaty, especially as in other regions of the world economic groups were granting preferential treatment to products from other continents, to the detriment of Latin America's export trade.

179. One observer was convinced that the common market was not an adequate means of achieving Latin American development and was prejudicial to the interests of the working classes. One delegation opposed that opinion, recalling that the economic development process would be expedited precisely through the common market project and that the peoples' level of living would therefore be improved. Another delegation drew attention to the advantages which the industrialization of the Latin American countries would derive from the common market as a result of the increased opportunities for trade.

180. The delegations of States members of the Commission outside the Latin American region unanimously expressed their interest in the work aiming at Latin American integration and regarded the Montevideo Treaty as a positive step in the direction of raising the level of living in Latin America.

181. One of those delegations, in referring to ECLA's work in connexion with the common market, considered that the most important phase to be implemented was perhaps the meeting of government experts recommended by the Trade Committee in its resolution 6 (II) in order to prepare a preliminary draft agreement for the common market.

182. Another delegation hoped that the measures taken would result in an expansion of world trade. Likewise convinced that it was necessary to expand international trade, a third delegation stressed that the present formulas for integration should not simply lead a reshuffling of sources of imports. Finally, another non-Latin American delegation, speaking as a member of GATT, trusted that progress towards economic integration would take place in a spirit of liberalism and would not involve the introduction of restrictions.

183. The Committee of the Whole observed with satisfaction that the signatories of the Montevideo Treaty had requested the secretariat to provide technical advice to the organs of the Latin American Free-Trade Association, thanked the United Nations General Assembly for the position it had adopted in this connexion and recommended that the secretariat should continue to further the work on the Latin American common market to the fullest possible extent and assign the highest possible priority thereto (resolution 172 (AC/45)).

#### CENTRAL AMERICAN ECONOMIC DEVELOPMENT AND INTEGRATION

184. The Committee of the Whole considered the annual report of the Central American Economic Co-operation Committee (E/CN.12/533 - E/CN.12/CCE/184),<sup>16</sup> which had been brought up to date by the supplementary information provided by the secretariat in document E/CN.12/AC.45/4.

185. A Central American delegation, voicing the common aspirations of the countries in that area, thanked the secretariat for its effective and permanent co-operation in the activities to promote the integrated development of Central America.

186. He pointed out that Central America was the area which had made the greatest progress towards economic integration; not only was such sub-regional integration perfectly compatible with Latin American integration as a whole but the united group formed by the five Central American countries could, when the right time came, accede as a bloc to a common market embracing the whole region. In that respect, Central America regarded with satisfaction the progress made by the South American countries towards the formation of a common market.

187. The Committee of the Whole received information from the same delegation concerning the recent signature by El Salvador, Guatemala and Honduras of a treaty of economic association which, upon entering into force, would completely liberate trade in virtually all primary commodities and manufactured goods of whatever origin within the territory of the three countries. Restrictions were also lifted from international payments, and movements of capital and persons in the area.

188. The delegation stressed that the signature of the foregoing treaty was in no way incompatible with the Central American Economic Integration Programme, and left the door open to the accession of the other countries in the area. It further stated that the scope of the Multilateral Treaty on Free-Trade and Central American Economic Integration could be broadened to whatever extent those countries might desire.

189. In noting with satisfaction the information given by the secretariat in its progress report on the integration programme, the Committee of the Whole emphasized the importance of the signature of the Central American Agreement on the Equalization of Import Duties and Charges and considered that it was a highly significant event for the economy not only of that area but of the individual countries composing it.

190. After thanking the specialized agencies for their collaboration in the Economic Integration Programme, the Committee requested the secretariat to continue to co-operate as actively as possible in the work involved and to bear in mind, when preparing over-all technical assistance projects for Central America, the requirements of the Programme (see resolution 173 (AC.45)).

#### TECHNICAL ASSISTANCE

191. The Committee of the Whole considered the report presented by the Technical Assistance Board (TAB) (E/CN.12/AC.45/5) on the assistance rendered to the Latin American countries under the regular and Expanded Programmes and took note with satisfaction both of the above-mentioned report and of the activities undertaken in that field (see resolution 174 (AC.45)).

192. One delegation expressed its satisfaction at the importance which was being attributed to social questions in its country by TAB.

193. A non-Latin American delegation remarked that the report presented by TAB might be improved by mentioning the desirability of co-ordinating bilateral with multilateral technical assistance, and cited an interesting example of bilateral co-operation between its country and a South American republic.

<sup>16</sup> United Nations publication, Sales No.: 59.II.G.5.

194. The Committee took cognizance of supplementary information on the technical assistance work of FAO as well as on various projects that were being carried out in some Latin American countries and by means of international meetings and seminars.

195. The Committee also had an opportunity of becoming acquainted, through other documents presented by the secretariat in connexion with its various activities, with the valuable assistance rendered by BTAO in many ECLA projects, and expressed its satisfaction in that connexion.

#### UNITED NATIONS BUILDING IN SANTIAGO, CHILE

196. The Committee considered the secretariat report on the United Nations building in Santiago, Chile (E/CN.12/AC.45/6) and, in view of the action taken by the General Assembly to increase the funds for its construction, agreed to thank the Assembly for the interest which it had taken in the matter (see resolution 175 (AC.45)).

197. The delegation of Chile informed the Committee of the progress made by its Government in making ready for transfer the site donated to the United Nations for the construction of a building, and said that the arrangements to provide the site with the necessary utilities were well advanced. Agreements on the transfer of the site and on the immunities and privileges which it would enjoy were also being negotiated between the Government of Chile and the United Nations.

#### CO-ORDINATION WITH THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

198. The Committee considered the joint report presented by the ECLA secretariat and IA-ECOSOC on the co-ordination that had been maintained between the two organizations (E/CN.12/AC.45/8), and took note with satisfaction of the satisfactory progress of the projects in which they were co-operating.

199. The Committee heard a statement by the representative of IA-ECOSOC to the effect that co-ordination between ECLA and his organization had reached a stage at which their activities ran parallel, without duplication of effort. After briefly reviewing the development of this co-ordination since 1949, he called attention to the positive changes that had been introduced during the preceding year as a result of the dynamic requirements deriving from recent inter-American events.

200. The representative of IA-ECOSOC was gratified that the two organizations were co-operating in the field of Latin American integration, and emphasized the need for even closer relations between the United Nations and the Organization of American States.

#### EDUCATION IN RELATION TO ECONOMIC AND SOCIAL DEVELOPMENT

201. The Committee of the Whole considered the secretariat's proposal to collaborate with UNESCO in the preparation of a conference to be held in Latin

America on the requirements of education for economic and social development (project 10 (i) in the programme of work and priorities). The UNESCO representative explained the objectives of the conference and a member of the secretariat outlined briefly the extent of ECLA's collaboration.

202. The Committee took note of the interest expressed by the Organization of American States in participating in this conference, since this project is included in the work programme of the Organization.

203. It was generally recognized that one of the most serious factors limiting economic development was the extremely low educational level in many of the Latin American countries. It was not only necessary to expand educational facilities substantially, particularly primary education and vocational training, but education should also be better adapted to the needs of social change and accelerated economic growth. In that connexion, a number of problems and questions needed to be clarified, such as the amount of investment in education which would be compatible with the economic capacity and needs of a country, bearing in mind the possibility of lowering the unit cost of education through more efficient methods; the adaptation of curricula at the lower levels, which would better satisfy the need for introducing modern agricultural techniques and for industrialization; and the inclusion of educational planning in over-all programmes for economic and social development.

204. It was decided that the ECLA secretariat should devote particular attention to the relationship between structural changes in the economy and educational factors and requirements, and to the programming aspects of education.

205. The Committee of the Whole adopted resolution 176 (AC.45), pledging ECLA's participation in the work for the conference sponsored by UNESCO.

#### PROBLEMS OF URBANIZATION

206. The UNESCO representative pointed out that, in project 3 (iv), "Study of social factors affecting economic development", reference was made to the Seminar on Urbanization Problems in Latin America, held at Santiago, Chile, in 1959, and informed the Committee that his organization endorsed the Seminar's recommendations.

207. He reminded delegations that strictly in keeping with the importance that should always be accorded to the serious economic, social and human consequences of the accelerated rate of growth of the Latin American urban population, the seminar had recommended that the studies on the problem of urbanization should be continued. He assumed that the inclusion of this item in the work programme implied that ECLA and its secretariat would continue to devote attention to the matter within the framework of the seminar's recommendations.

#### CO-OPERATION WITH THE ECONOMIC COMMISSION FOR AFRICA

208. The Committee took note of resolution 16 (II) of the Economic Commission for Africa, in which that

organization requests the co-operation of the United Nations regional commissions in the training of African economists and statisticians, and decided to ask the secretariat to extend the requisite co-operation so far as its resources permitted (see resolution 177 (AC.45)).

#### RELATIONS WITH THE INTER-AMERICAN COUNCIL OF COMMERCE AND PRODUCTION

209. One delegation referred to the valuable co-operation which the secretariat had been receiving from the Inter-American Council of Commerce and Production (CICYP), particularly in the work connected with the projected common market. He also pointed out that the link between ECLA and CICYP was the proper way of ensuring the co-operation of the private enterprises most representative of the Latin American economy.

210. The Committee expressed the hope that the close co-operation already existing between the two organizations would be strengthened. For that purpose, it agreed that the CICYP should be specially requested to participate in the Commission's public meetings, and recommended that the secretariat should ask CICYP for its comments on those parts of the ECLA work programme that were of common interest (see resolution 178 (AC.45)).

#### INTRA-REGIONAL TRANSPORT

211. The Committee took note of the interest expressed in the holding of a seminar of transport experts in view of the subject's importance for the proper development of trade. It was considered that the expansion of trade resulting from the formation of the Free-Trade Area would necessitate a highly detailed study of the problems affecting maritime, air and land transport. The study should also deal with sea and river ports.

212. Two delegations presented a draft resolution on the foregoing subject, calling attention to the transport problems existing in Latin America, especially in relation to the recently created Free-Trade Area. A short discussion on the actual working of the draft took place and a working group was set up with a view to arriving at a common formula acceptable to all delegations.

213. The draft presented to the Committee was adopted, with only one abstention. In resolution 179 (AC.45) it was considered, *inter alia*, that the solution of problems relating to transport among the countries members of

the Free-Trade Area, among Latin American countries and between the latter and the rest of the world was an indispensable requisite for the attainment of the objectives of the Latin American Free-Trade Association. It was therefore recommended to the secretariat that "consistently with its resources, it convene a seminar of experts to study the problems of intra-regional transport with the co-operation of the Governments members of the Commission and of the international bodies and non-governmental organizations competent in this field".

#### PROGRAMME OF WORK AND PRIORITIES

214. Before proceeding to the adoption of the programme of work and priorities, the Committee considered various matters bearing on this item of the agenda as outlined below.

215. A South American delegation asked the secretariat to clarify whether the Commission work programme in the field of customs included a comparative analysis of the relevant national customs legislation and regulations. As the secretariat stated that such an analysis was envisaged as one of the bases for the future co-ordination and simplification of customs regulations and procedures, it was decided to mention in the Commission's annual report to the Economic and Social Council that the activities of the secretariat in connexion with the above-mentioned co-ordination of regulations and procedures would necessarily include a comparative study of the pertinent national legislations.

216. Another non-Latin American delegation indicated its interest in the pulp and paper studies and congratulated the secretariat on its achievements in Surinam. This delegation also said that Surinam had been gratified to learn that a seminar on electric energy was to be held in 1960.

217. Another delegation expressed its satisfaction with the work programme but had certain reservations with respect to its financial implications.

218. Lastly, at the suggestion of a Central American delegation, the Committee of the Whole unanimously decided to pass a vote of confidence and thanks in favour of the secretariat, and requested that it be placed on record in the Commission's annual report to the Economic and Social Council.

### Part III

#### RESOLUTIONS ADOPTED BY THE COMMITTEE OF THE WHOLE AT ITS SEVENTH SESSION

##### 170 (AC.45). Admission of the Federation of the West Indies as an associate member of the Commission

*The Committee of the Whole of the Economic Commission for Latin America,*

*Considering the application of the Federation of the*

West Indies for admission as an associate member of the Commission, presented by the delegation of the United Kingdom,

*Taking into account the secretariat document informing the member Governments of the Commission of this request (E/CN.12/AC.45/7),*

*Decides:*

1. To welcome the application submitted by the United Kingdom;
2. To admit the Federation of the West Indies as an associate member of the Commission, in accordance with paragraph 3 of its terms of reference.

28 March 1960

**171 (AC.45). Admission of British Guiana as an associate member of the Commission**

*The Committee of the Whole of the Economic Commission for Latin America,*

*Considering* the application of British Guiana for admission as an associate member of the Commission, presented by the delegation of the United Kingdom,

*Decides:*

1. To welcome the application submitted by the United Kingdom;
2. To admit British Guiana as an associate member of the Commission, in accordance with paragraph 3 of its terms of reference.

28 March 1960

**172 (AC.45). Latin American common market**

*The Committee of the Whole of the Economic Commission for Latin America,*

*Bearing in mind* the progress report presented by the secretariat on the Latin American common market programme (E/CN.12/AC.45/3),

*Considering* that the General Assembly of the United Nations, at its fourteenth session, adopted resolution 1430 (XIV), in which it expresses appreciation of the part played by the Commission in preparing plans for the establishment of a Latin American common market, and recommends that the Commission "should continue to assign high priority to the work being done in this field",

*Whereas* the signatories of the Montevideo Treaty establishing the Latin American Free-Trade Association have requested the technical advice of the secretariat (article 44, the relevant provisions being set forth in protocol No. 3),

*Decides:*

1. To thank the General Assembly of the United Nations for the encouragement afforded to the activities of the Commission by the resolution adopted at its fourteenth session;
2. To take note with satisfaction of the secretariat's work in connexion with the Latin American common market;
3. To express its satisfaction at the request submitted to the secretariat by the signatories of the Montevideo Treaty to the effect that its activities in connexion with the Latin American common market programme should include the provision of technical advice to the organs of the Latin American Free-Trade Association in the development of its work and in its collaboration with other international bodies;

4. To recommend to the secretariat that it continue to further the work on the Latin American common market to the fullest possible extent and assign the highest possible priority thereto.

28 March 1960

**173 (AC.45). Central American economic integration**

*The Committee of the Whole of the Economic Commission for Latin America,*

*Taking into account* the fact that the Central American Economic Co-operation Committee presented in due course a report on its activities (E/CN.12/533-E/CN.12/CCE/184) in which it reviewed those carried out between June 1958 and September 1959, and that the secretariat has reported on the progress of the work since that period (E/CN.12/AC.45/4),

*Considering* that, on 2 September 1959, the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua signed the Central American Agreement on the Equalization of Import Duties and Charges and the attached Protocol,

*Decides:*

1. To take note with satisfaction of the report presented by the Central American Economic Co-operation Committee and of the supplementary document (E/CN.12/AC.45/4);
2. To express to the Committee and the Governments members thereof its satisfaction at the signature of the Central American Agreement on the Equalization of Import Duties and Charges, a development of supreme importance for the economy of Central America as a whole and of each of its countries;
3. To declare its interest in the continuance and intensification of the work which the Committee has been carrying out in co-operation with the ECLA secretariat to promote the economic integration of Central America;
4. To thank the authorities responsible for the Technical Assistance Programme and, in particular, BTAO, FAO and other specialized agencies of the United Nations and the Organization of American States, for their contributions, both in general and in various specific fields, to the success of the work of the Economic Co-operation Committee;
5. To request the secretariat and the bodies taking part in the Economic Integration Programme to continue to co-operate as actively as possible in the development of the work involved, and to bear in mind, as far as possible, when preparing their over-all technical assistance projects for Central America, the requirements of the Integration Programme.

28 March 1960

**174 (AC.45). Technical assistance**

*The Committee of the Whole of the Economic Commission for Latin America,*

*Having studied* the "Information paper on technical assistance provided to countries of the ECLA region under the expanded and regular programmes" (E/CN.12/AC.45/5), prepared by the Technical Assistance Board,

Decides to take note with satisfaction of the information document presented by the Technical Assistance Board and of the Board's activities.

28 March 1960

**175 (AC.45). United Nations building in Santiago, Chile**

*The Committee of the Whole of the Economic Commission for Latin America,*

Considering that the General Assembly adopted at its fourteenth session resolution 1407 (XIV), whereby it substantially increased the resources to be appropriated in the regular United Nations budget for the construction of a building to house the United Nations offices established in Santiago, Chile,

Taking into account the relevant report submitted by the secretariat (E/CN.12/AC.45/6),

Decides to thank the General Assembly for the interest it has displayed in this matter and for the allocation of the financial resources which will permit the construction of the United Nations building in Santiago, Chile.

28 March 1960

**176 (AC.45). UNESCO proposal for an Inter-American conference on education and economic and social development**

*The Committee of the Whole of the Economic Commission for Latin America,*

Having noted that UNESCO took the initiative of convening a conference on education of economic and social development, acting on the resolutions and recommendations of the Inter-American Seminar on Over-all Planning for Education (Washington, June 1958), of the preparatory meeting of the said conference (Rio de Janeiro, October 1959) and, finally, of the meeting held at Paris in December 1959 with the participation of representatives of the ILO, FAO, UNESCO, WHO and ECLA,

Recalling that the Commission, in resolution 150 (VIII), lent its full support to the efforts of UNESCO in the field of education in Latin America, and bearing in mind its motives therefor,

Recalling in particular that the Commission stressed the importance to be attached to education as a necessary prerequisite for the creation of an adequate supply of qualified manpower, and that, in resolutions 83 (VI) and 149 (VIII), it expressed its concern regarding the problem of manpower as an important factor in economic development,

Mindful of the need to give, as a matter of great importance, increased attention to the various aspects of the relationships between education and economic and social development,

*Decides:*

1. To express its satisfaction at the initiative of UNESCO and endorses the view that the holding of an inter-American conference on education and economic and social development in Latin America would be most desirable;

2. To co-sponsor with UNESCO such an undertaking;

3. To request the secretariat to co-operate fully in the preparations for this conference and to ensure the participation therein of the States members of the Commission.

29 March 1960

**177 (AC.45). Co-operation with the Economic Commission for Africa**

*The Committee of the Whole of the Economic Commission for Latin America,*

Considering that the Economic Commission for Africa has requested, in its resolution 16 (II), the co-operation of the regional commissions of the United Nations in the training of African economists and statisticians,

Mindful of the note by the secretariat on this subject (E/CN.12/AC.45/12),

*Decides:*

1. To take note of resolution 16 (II) of the Economic Commission for Africa;

2. To request the secretariat of the Commission to co-operate, in so far as its resources permit, with the Economic Commission for Africa in the training of economists and statisticians.

29 March 1960

**178 (AC.45). Relations with the Inter-American Council of Commerce and Production**

*The Committee of the Whole of the Economic Commission for Latin America,*

Considering that the Inter-American Council of Commerce and Production (CICYP) has unfailingly rendered invaluable co-operation to the Commission, especially in its activities in connexion with the project for the establishment of the Latin American common market,

Bearing in mind that such co-operation facilitates satisfactory co-ordination with private bodies representative of the Latin American economy,

*Decides:*

1. To issue a special invitation to CICYP to take part in all public sessions of the Commission;

2. To recommend to the secretariat that it continue to operate in close collaboration with CICYP and to seek its opinion upon such aspects of the programme of work as are of interest to both organizations.

29 March 1960

**179 (AC.45). Seminar of transport experts**

*The Committee of the Whole of the Economic Commission for Latin America,*

Considering that, at the second session of the Trade Committee of the Commission, the ECLA secretariat presented the document entitled "Transport problems in Latin America: possible studies bearing on the common market" (E/CN.12/C.1/14), which has aroused interest in these problems,

*Taking into account* that the solution of problems relating to transport among the countries members of the Free-Trade Area, among Latin American countries and between the latter and the rest of the world is an indispensable requisite for the attainment of the objectives of the Latin American Free-Trade Association,

*Considering* that these problems call for specialized and co-ordinated studies,

*Decides* to recommend to the ECLA secretariat that, consistently with its resources, it convene a seminar of experts to study the problems of intra-regional transport with the co-operation of the Governments members of the Commission and of the international bodies and Non-Governmental Organizations competent in this field.

29 March 1960

#### Part IV

### DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND SOCIAL COUNCIL

#### *The Economic and Social Council*

*Takes note* of the annual report of the Economic Commission for Latin America covering the period 24 May 1959 to 29 March 1960 (E/3333) and of the resolutions and recommendations included in the account of proceedings of the seventh session of the Committee of the Whole, and endorses the programme of work and priorities contained therein.

#### Part V

### PROGRAMME OF WORK AND PRIORITIES, 1959-1960

#### BASIC DIRECTIVES

219. As in the past, in preparing the programme of work and priorities, the subsidiary bodies of the Commission and the Executive Secretary have continued to follow the basic directives and decisions of the Economic and Social Council and of the General Assembly, as well as the recommendations of the Advisory Committee on Administrative and Budgetary Questions regarding programmes and priorities in the economic and social fields, concentration and co-ordination of efforts and resources, control and limitation of documentation, the pattern of conferences and related questions. Particular attention has been given to the recommendations contained in Economic and Social Council resolutions 324 (XI), 362 B (XII), 402 B (XIII), 451 A (XIV), 497 C (XVI), 553 (XVIII), 557 (XVIII), 590 (XX), 597 (XXI), 604 (XXI), 630 (XXII), 664 (XXIV), 693 (XXVI), 694 (XXVI), 709 (XXVII), 710 B (XXVII), 724 A (XXVIII), 731 B (XXVIII) and 742 (XXVIII).

#### CONCENTRATION AND CO-ORDINATION

220. The Economic and Social Council at its twenty-sixth session noted with satisfaction, in resolution 693 (XXVI), the extent to which the principles of concentration and co-ordination have been applied in the review of programmes by the regional economic commissions and their secretariats and the progress that has been made in this connexion. Moreover, the Council endorsed the suggestion that the Secretary-General and the Council's subsidiary bodies bear in mind that certain activities might better be undertaken by such bodies as universities, national, private or public institutions, or non-govern-

mental organizations, in order to permit the secretariat to make the most effective use of its own resources. The Council expressed the hope that regional commissions would give consideration to the use of this procedure, wherever practicable. During the past year, a number of projects have been carried out according to the above-mentioned policy, which permitted the secretariat to make the most effective use of its own resources. These projects include the following:

*Project 3 (i).* Work is proceeding on the study on the economic development of Honduras in close collaboration with a national working group.

With regard to Costa Rica, the University in that country is preparing a Costa Rican economic development study in which the secretariat has co-operated.

*Project 3 (v).* The advisory groups assigned to Cuba and Colombia are working in direct contact with the planning and development institutions of these countries, which are co-operating with them.

*Project 4 (viii).* The Advanced School of Public Administration for Central America is preparing a seminar on the administration of industrial development legislation and has scheduled a seminar on customs administration for next November. The secretariat is co-operating closely in these activities.

*Project 12.* Work on the coffee study in Brazil has been facilitated by the Brazilian Ministry of Agriculture, which has provided technicians to assist in the field work, and by the Brazilian Coffee Institute (*Instituto Brasileiro do Café*) which has provided both technicians and financial resources.

*Project 18.* Preliminary work on the inventory and analysis of Latin American industry is proceeding, with the co-operation of many government and private institutions.

*Project 19.* The Chilean Development Corporation (*Corporación de Fomento de la Producción — CORFO*) has provided personnel

to assist in the preparation of the pilot study of chemical industries. Similarly, the Venezuelan Development Corporation (*Corporación Venezolana de Fomento*) has afforded its co-operation in Venezuela. In other Latin American countries similar research is proceeding with the assistance of various governmental and private organizations.

*Project 20.* The ECLA/FAO/BTAO Pulp and Paper Advisory Group has been given invaluable assistance in all its missions by local industrialists or by the corresponding development corporations.

*Project 21.* After co-operating in the formation of the Latin American Steel Institute (*Instituto Latinoamericano del Acero*), the secretariat has continued and will continue to collaborate with this organization.

*Project 24.* The ECLA/BTAO/WMO Water Resources Survey Group has been assisted in its work in Venezuela by the Venezuelan Development Corporation and other national and local institutions and services.

#### PATTERN OF CONFERENCES

221. In accordance with Economic and Social Council resolution 693 (XXVI) and bearing in mind General Assembly resolution 1202 (XII), the Executive Secretary has kept under constant review the aim of reducing, wherever possible, the number and length of the meetings of the Commission's subsidiary bodies and *ad hoc* working parties.

#### REGIONAL PROJECTS IN CO-OPERATION WITH THE UNITED NATIONS BUREAU OF TECHNICAL ASSISTANCE OPERATIONS (BTAO)

222. As in the past, it is expected that BTAO and the ECLA secretariat will continue to co-operate in implementing various projects. Most of these projects, such as those concerning the training of economists, establishment of advisory groups, seminars and the convening of working groups of experts, will be put into effect in conformity with the procedures and regulations laid down for similar cases.

#### CHANGES IN THE WORK PROGRAMME FOR 1959-1960

223. The Committee decided to make the following changes in the work programme:

##### *New projects*

*Project 4 (vii).* *Incorporation of Panama in the Central American Programme* — resolution 80 (CCE) of the Central American Economic Co-operation Committee.

*Project 10 (i).* *Education and economic development* — resolutions 150 (VIII) of the Commission and 176 (AC.45) of the Committee of the Whole.

*Project 31 (ix).* *Studies bearing on the Latin American Free-Trade Association* — requested by the Governments in the Montevideo Treaty (article 44 and appended Protocol No. 3) — resolutions 6 (II) of the Trade Committee, 168 (VIII) of the Commission and 172 (AC.45) of the Committee of the Whole.

##### *Projects eliminated*

224. The Committee of the Whole did not eliminate any of the projects established at the eighth session of the Commission; the changes introduced in some parts

of the Programme relate to presentation only, and are dictated by the need to bring the review of the secretariat's activities up to date.

#### IMPLEMENTATION OF THE WORK PROGRAMME

225. With respect to the work projects, the Commission had on previous occasions authorized the Executive Secretary to use available resources to hold such conferences, expert working groups and meetings or panels of specialists as he might deem necessary, provided that prior approval had been obtained from the Governments concerned and consultations with the appropriate specialized agencies had taken place. The Committee wished the Executive Secretary to continue to follow this procedure.

226. Although it is desirable to have as stable a programme as possible, unforeseen factors may make it necessary to abandon certain projects or to establish different priorities. For this reason, the Committee, as in the past, left it to the discretion of the Executive Secretary to modify or defer projects or alter the order of priority within the approved programme, should such unforeseen developments make it necessary to do so.

#### EXPLANATORY NOTES

227. The programme of work is divided into five broad sections, namely:

Section I: Current economic situation

Section II: Economic growth and technique of programming

Section III: Economic problems of agriculture (projects undertaken with the collaboration of FAO)

Section IV: Industry, mining and energy

Section V: International trade

228. The last project ("Co-operation in the technical assistance programme") covers various fields of activity and is therefore included at the end of the programme, separately from the larger sections.

229. It has not been found practicable or useful to attempt to establish priorities as between these larger sections.

230. Projects are listed within each section in accordance with Economic and Social Council resolution 402 B (XIII) as follows:

##### *Group 1: Continuing projects and activities of high priority*

231. This group consists of projects and activities in which the responsibility of the Commission and its secretariat, pursuant to the Commission's terms of reference and resolutions, is continuing. The studies and reports contemplated are to be presented periodically. Each study may differ from and supplement the others in scope (country coverage), substance (different aspects of major problems), and time (development during a given period).

## Group 2: High priority ad hoc projects

232. This group consists of non-recurrent projects, for which an approximate duration can be estimated. It includes projects outside the broad scope of the continuing projects (group 1) as well as occasional topics within the scope of such continuing projects.

## Group 3: Other projects

233. This group consists of projects which, in view of staff and budget limitations, will have to be deferred for the present and probably cannot be undertaken in 1960.

234. The criteria used in proposing the classification of projects according to the above groups include, among other factors, an estimate of the basic importance of each project concerned, as well as an estimate of the most effective way of utilizing available resources. No relative priorities are assigned to projects within groups 1 and 2 or between these two groups.

## ANNOTATED LIST OF PROJECTS

Projects are numbered consecutively with arabic numerals. For specific aspects of major projects roman numerals in parentheses [(i), (ii), (iii), etc.] are used. The notes on the projects are intended to identify them, but the resolutions of the Commission or its subsidiary bodies are the official guide to their real scope.

The resolutions of the Economic Commission for Latin America are identified by an arabic numeral indicating the serial number, followed by a roman numeral, in parentheses, indicating the session at which they were adopted.

The resolutions of the Committee of the Whole are identified by an arabic numeral indicating the serial number, followed by the appropriate committee symbol, in parentheses.

The resolutions of the Central American Economic Co-operation Committee are identified by an arabic numeral followed by the symbol "CCE" in parentheses.

The resolutions of the Trade Committee are shown by arabic numerals followed by a roman numeral in parentheses indicating the session at which they were adopted.

### SECTION I: CURRENT ECONOMIC SITUATION

#### Group 1: Continuing projects and high priority activities

1. *Economic Survey of Latin America* — resolutions 44 (V) and 79 (VI) — published annually

2. *Economic Bulletin for Latin America* — resolutions 32 (IV) and 79 (VI) — published twice yearly

### SECTION II: ECONOMIC GROWTH AND TECHNIQUE OF PROGRAMMING

#### Group 1: Continuing projects and activities of high priority

3. *General problems of economic development and technique of programming* — resolutions 48 (V), 81 (VI), 132 (VII), 137 (VII), 147 (VIII), 148 (VIII) and 155 (VIII)

(i) *Analysis and projections of economic growth in individual countries* — resolution 48 (V)

At the moment the secretariat is not working on any new country studies except in Central America. The studies on Argentina

(E/CN.12/429/Rev.1, three vols.), El Salvador (E/CN.12/495), Panama (E/CN.12/494) and Peru (E/CN.12/493) have already been published. A similar study on Costa Rica is being prepared by the university of that country. The secretariat has collaborated in various parts of this study. Work is proceeding on the analysis and projections of economic development in Honduras, and plans are being made to undertake similar studies for Guatemala and Nicaragua, to be followed by one for Central America as a whole.

A full explanation of the methods used in the projections and analyses of the above-mentioned study on Argentina is published in the *Economic Bulletin* (Vol. V, No. 1).

(ii) *Analyses and projections of economic growth for the region as a whole, taking into account the possibilities of complementary development* — resolution 81 (VI)

In connexion with the work on the common market, a preliminary study has been prepared on the prospects of economic growth in Latin America (E/CN.12/C.1/13). This study and others on the same topic have been published in the volume *The Latin America Common Market* (E/CN.12/531). The secretariat hopes to publish in its *Economic Survey* a study on growth trends in Latin America as a whole during the past few years.

(iii) *Study of monetary and fiscal policies for economic development* — resolutions 81 (VI) and 148 (VIII)

An account of inflationary trends in various countries is usually presented each year in the *Economic Survey*. The secretariat is preparing an analysis of inflation in relation to the economic growth of Latin America in which it will endeavour to explain the process and causes of this economic phenomenon, taking into account its effect on development. The relevant report will appear in the *Economic Survey of Latin America, 1959*.

The secretariat has been unable to proceed with its studies on fiscal problems and policies in relation to economic development except in regard to the work now being done by the advisory groups.

The secretariat co-sponsored with the Bureau of Technical Assistance Operations, the Fiscal and Financial Branch of the Department of Economic and Social Affairs, and the Office of Public Administration, a Budget Workshop held at ECLA's headquarters from 26 May to 6 June 1959. The report is published in document ST/TAO/SER.C/39-E/CN.12/538.

In accordance with resolution 148 (VIII) the secretariat will endeavour to assist Governments in adapting the best available budgetary methods to the conditions of Latin America and explore the possibilities of providing government employees with training courses in budget operation.

(iv) *Study of social factors affecting economic development* — resolutions 82 (VI), 124 (VII), 150 (VIII) and 176 (AC.45)

In resolutions 82 (VI) and 124 (VII) the Commission requested the continuation of the work on the social aspects of economic development and also that the secretariat should provide Governments with assistance in the preparation of guiding principles of outlines for research in this field. During the past two years, resources have been insufficient to continue this work. Nevertheless, the secretariat, together with UNESCO and the United Nations Bureau of Social Affairs, co-sponsored a seminar on urbanization, held at Santiago, Chile, from 6 to 18 July 1959. The full report of the meeting is contained in document E/CN.12/URB/26/Rev.1-UNESCO/SS/URB/LA/26/Rev.1. Pursuant to resolution 176 (AC.45), the secretariat will co-sponsor with UNESCO an inter-American conference on education and economic and social development. A second preparatory meeting will be held in Mexico City towards the end of 1960.

(v) *Advice and assistance to Governments in the programming of economic development* — resolutions 137 (VII) and 155 (VIII)

A statement describing the purpose and method for carrying out this project is contained in document E/CN.12/518. The secretariat is collaborating with the United Nations Bureau of Technical Assistance Operations in assisting the Governments of Bolivia,

Colombia and Cuba, at their request, in compliance with the terms of resolution 137 (VII).

The secretariat is studying the organization, objectives and methods of programming bodies and, upon request, will assist in establishing effective liaison, co-operation and co-ordination among the organs of different countries.

4. *Economic integration in Central America* — resolutions 24 (IV), 55 (V), 84 (VI), 27 (CCE), 123 (VII), 140 (AC.40), 152 (VIII) and 173 (AC.45)

The activities of the Central American Economic Co-operation Committee and of its subsidiary organs will be continued in accordance with the resolutions adopted by the said Committee and by the Commission. Still greater impetus was given to these activities by the signature, at San José, Costa Rica, during the Committee's sixth session, of the Central American Agreement on the Equalization of Import Duties and Charges and of the Protocol thereto, whereby the countries of the area grant one another a 20-per-cent tariff reduction on the natural products of their territories and goods manufactured therein.

The seventh regular session of the Committee will be held during the last quarter of 1960. The Trade, Transport, Statistical, Housing and Agricultural Development Sub-Committees will also meet in the course of this year, as well as working groups on industries, in addition to which other meetings will be convened in connexion with such commodities as cotton, meat and grain.

(i) *Central American trade* — resolutions 9 (AC.17), 18 (AC.17), 19 (AC.17), 4 (CCE), 7 (CCE), 11 (CCE), 22 (CCE), 24 (CCE), 37 (CCE), 56 (CCE), 58 (CCE), 81 (CCE), 82 (CCE) and 83 (CCE)

On the basis of the resolutions adopted by the Committee at its sixth session, further steps will be taken towards enabling the Central American Trade Sub-Committee to extend the application of the Central American Agreement on the Equalization of Import Duties and Charges to a larger number of products. To this end, a permanent session of the Sub-Committee has been inaugurated to negotiate the common import tariff for the five countries. A BTAO expert is collaborating in this work.

(ii) *Industrial development* — resolutions 2 (AC.17), 2 (CCE), 8 (CCE), 25 (CCE), 26 (CCE), 27 (CCE), 38 (CCE), 39 (CCE), 40 (CCE), 41 (CCE), 57 (CCE), 59 (CCE), 60 (CCE), 70 (CCE), 71 (CCE), 75 (CCE), 84 (CCE), 85 (CCE) and 88 (CCE)

In compliance with resolution 84 (CCE), an *ad hoc* working group will be set up in April 1960 to study problems relating to the application of the Régime for Central American Economic Integration Industries; to formulate measures conducive to this; and to consider the various possible integration projects with a view to gradually determining the sectors of industrial activity which seem suitable for incorporation into the régime, as well as to encourage and collaborate in the formulation of projects, especially in countries where less progress has been made in this field. The secretariat will prepare the requisite documents and studies and will co-operate in the organization and holding of this meeting.

Also in April 1960, a meeting of Central American technical experts and officials will be held to study the possible formulation of draft standard legislation on fiscal incentives to industrial development, on the basis of the relevant report prepared by a United Nations expert. This meeting will be convened under the terms of resolution 85 (CCE), and will be held at the same time as that mentioned in the preceding paragraph.

A project for the establishment of a Central American financing and economic development institution will be prepared with the assistance of a BTAO expert and in consultation with the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the central banks and financial institutes of the countries of the area.

Future inputs of raw materials will be estimated on the assumption that industries of interest in connexion with the Integration Pro-

gramme will be installed, and the Central American supply of such raw materials will be projected.

(iii) *Agricultural development* — resolutions 1 (CCE), 14 (CCE), 20 (CCE), 48 (CCE), 49 (CCE), 62 (CCE), 63 (CCE), 76 (CCE), 89 (CCE), 90 (CCE) and 91 (CCE)

Work will proceed on the requisite studies to prepare the ground for the activities of the Agricultural Development Sub-Committee which was set up during the Committee's sixth session and which is to meet for the first time in the course of 1960. These studies are being carried out in collaboration with FAO, and will help the Sub-Committee to determine its work programme for the next few years. The topics covered include agricultural resources in the Central American countries, the structure of consumption of agricultural commodities, import substitution and organization of inter-Central American trade in the commodities for which there is most demand, such as grains, milk and milk products, and meat.

Other activities in connexion with this Sub-Committee relate to the preparation of a draft agreement for the establishment of an association of organizations for the development of production; co-operation with Governments in connexion with the application of the systems of grain classification and exchange of information approved by the Committee; the possibilities of co-ordinating the Central American countries' cotton export policies; and the compilation and analysis of the material necessary for a first attempt, in 1961, at the joint programming of grain production development policy. Here, too, the work will be carried out in close co-operation with FAO.

(iv) *Transport* — resolutions 4 (AC.17), 21 (AC.17), 18 (CCE), 19 (CCE), 42 (CCE), 43 (CCE), 44 (CCE), 45 (CCE), 46 (CCE), 64 (CCE), 65 (CCE), 67 (CCE) and 92 (CCE)

Further economic studies of transport problems in Central America will be undertaken, beginning with an analysis of costs and conditions in existing motor transport services in the area as a whole and in the individual countries. Groups have been set up in each country to study the draft Central American standard maritime code, and their comments, which have already been received, will serve as a basis for the consideration of the draft by the Transport Sub-Committee, with a view to the formulation of the final text to be submitted to the Committee at its seventh session.

In co-operation with a BTAO expert, a Central American highway programme will be drawn up, together with the corresponding draft agreement. This programme will be considered by the Transport Sub-Committee during the third quarter of 1960, at its second session of the year, along with the draft port regulations which have been prepared by another BTAO expert. Another report will discuss the need for each country to lay down the jurisdiction of a central authority to deal with transport problems.

(v) *Electrification* — resolutions 3 (AC.17), 25 (CCE) and 59 (CCE)

In co-operation with a BTAO expert, the secretariat will take part in the study on electric power development in Central America with particular emphasis on the linking of systems being undertaken in 1959-1960 as well as on other aspects of electric power co-ordination. The second session of the Central American Electric Power Sub-Committee will be held in 1960.

(vi) *Statistics* — resolutions 20 (AC.17), 3 (CCE), 21 (CCE), 47 (CCE) and 69 (CCE)

The fifth session of the Statistical Co-ordination Sub-Committee will be held during the first half of 1960, and the relevant background documents are in course of preparation. They relate to co-ordination in agricultural, industrial and transport statistics, as well as that required for the greater success of the population, agricultural and housing censuses to be taken in the current year. In collaboration with the Statistical Department of Guatemala and the Inter-American Statistical Institute, steps will be taken to draw up a supplement to the Central American Statistical Compendium.

- (vii) *Socio-economic* — resolutions 27 (CCE), 51 (CCE), 73 (CCE), 93 (CCE) and 94 (CCE)

In co-operation with the ILO, FAO, BTAO, the Central American Higher University Council and the Latin American Centre for Research in the Social Sciences at Rio de Janeiro, a beginning will be made on the preparation of a comprehensive study of the structure of land tenure and of agricultural labour conditions in Central America, together with inter-relationships between these and the Economic Integration Programme. Other studies in the socio-economic field include reports on the labour force, the middle class, integration of housing programmes and socio-economic aspects of income distribution, in some of which BTAO experts will collaborate.

- (viii) *Incorporation of Panama in the Central America Programme* — resolution 80 (CCE)

A first approach will be made to the ways in which the full incorporation of Panama into the Economic Integration Programme would affect: (a) the Panamanian economy; (b) the Central American economy; and (c) the machinery and institutions of the Programme itself.

- (ix) *Research and training institutes* — resolutions 6 (AC.17), 23 (AC.17), 5 (CCE), 6 (CCE), 31 (CCE), 52 (CCE), 53 (CCE), 78 (CCE), 95 (CCE) and 98 (CCE)

Close contact will be maintained with the Central American Advanced School of Public Administration (ESAPAC) and the Central American Research Institute for Industry in those aspects of their activities which have a bearing on the Central American Economic Integration Programme. A seminar on administration of industrial development legislation will be held under the auspices of ESAPAC, with a view to training officials in the various countries in methods of solving the problems involved in the application of laws of this type. In November 1960, the school will also sponsor a seminar on customs administration, to train customs officials in the different countries in the application of the customs legislation adopted in compliance with the juridical statutes of the integration programme in the field of inter-Central American trade.

5. *Joint ECLA/BTAO economic development training programme* — resolutions 4 (IV), 48 (V), 85 (VI), 153 (VIII) and 157 (VIII)

During 1959, in addition to the regular training programme held in Santiago from 6 July 1959 to 27 February 1960, and attended by eighteen participants, four courses were held in Argentina, Brazil, Colombia and Cuba. In 1960 the regular course at Santiago has been suspended for the purpose of recasting the programme and attending to the many intensive courses to be held this year. The Santiago programme will be resumed on a more extensive basis in 1961. The intensive courses for 1960 will be held in Bolivia, Brazil, Colombia, Cuba, Mexico and Uruguay.

6. *Study of transport problems* — resolutions 38 (AC.16), 68 (V), 120 (VII) and 179 (AC.45)

Field work has been centred chiefly in the ECLA/BTAO advisory groups, particularly in Colombia. *Inter alia*, a general study on civil aviation is being prepared in that country.

Work on transport has been proceeding actively under the Central American Economic Integration Programme (see item 4 (iv)). A special study on transport in Argentina (E/CN.12/491) has been completed. A summary is contained in volume III of the study on the economic development of Argentina (United Nations publication, Sales No.: 59.II.G.3).

In connexion with the work on the common market, the secretariat has prepared a short paper on current transport problems in the region (E/CN.12/C.1/14) indicating the type of studies that might be undertaken. Moreover, specific research has been undertaken in connexion with the consultations on trade policy between Colombia, Ecuador and Venezuela. Pursuant to resolution 179 (AC.45), the secretariat will convene, consistently with its resources, a semi-

nar of experts to study the problems of intra-regional transport with the co-operation of the Governments members of the Commission and of the international bodies and non-governmental organizations competent in this field. This work is related to the activities arising out of the recent establishment of the Latin American Free-Trade Association.

7. *Preparation of a minimum programme of statistical data* — resolution 154 (VIII)

The study of Latin American statistical questions will be begun in 1960. With the collaboration of the United Nations Statistical Office, of the Inter-American Statistical Institute (IASI) and of other interested specialized agencies, the secretariat will organize a working group composed of experts on industrial statistics from the various countries, to study in detail the steps to be taken for levying industrial censuses and other similar surveys and to pool their experience. Other working groups on statistical matters of importance for economic development will be organized as resources become available and need arises.

#### Group 3: Other projects

8. *Studies of demographic growth and manpower requirements in relation to economic development* — resolutions 83 (VI) and 149 (VIII)

The secretariat is co-operating with the Latin American Demographic Centre, particularly with regard to certain proposals on research which might be of use to it in its economic analyses.

Pursuant to resolution 149 (VIII), the secretariat participated in the meetings held in Geneva by the working group composed of representatives of the ILO, UNESCO, OAS, and ICEM, for the purpose of preparing a joint programme for the evaluation of the need for skilled manpower and of the available training facilities. The working group will meet shortly in Santiago to decide on the activities in this field to be undertaken in 1960/61.

9. *Meeting of experts on problems of economic growth and the technique of programming* — resolution 48 (V)

The purpose of this meeting is to bring together Latin American economists to discuss the principal problems of economic growth and to explore the possibilities of improving and programming economic development methods and making them known. The experts would not represent their Governments, but rather act in a personal capacity.

10. *Studies on education, technological research and technical training in Latin America* — resolutions 13 (IV), 53 (V), and 150 (VIII)

- (i) *Education and economic development* — resolution 150 (VIII)

The secretariat has been invited by UNESCO to participate in a conference on the role of education in relation to economic and social development in Latin America (see above, section II, 1 (iv)).

- (ii) *Technological research and technical training in Latin America* — resolutions 13 (IV) and 53 (V)

Lack of funds has prevented the secretariat from starting work on this project.

### SECTION III: ECONOMIC PROBLEMS OF AGRICULTURE (Projects undertaken with the collaboration of FAO)

#### Group 1: Continuing projects and activities of high priority

11. *Agricultural development, programming in individual countries and technique of agricultural programming* — resolutions 63 (V), 89 (VI) and 158 (VIII)

This is one of the most important of the continuing projects under the Joint ECLA/FAO Programme. Some of the work will be of use in the preparation of the *Economic Survey of Latin America* and the FAO publication *The State of Food and Agriculture*, both

of which are issued annually. FAO is participating in the work of the ECLA/BTAO advisory groups through the new joint ECLA/FAO Division. Work on the manual on agricultural programming will be intensified during the year. During 1960 studies will be undertaken on the institutional factors which retard or accelerate agricultural development and on the prospects for an expansion of Latin America's supply of foodstuff and agricultural raw materials.

12. *Study of productivity and costs of coffee production in relation to economic development* — resolutions 63 (V), 90 (VI) and 136 (VII)

For several years coffee studies have absorbed a considerable proportion of the resources of the Joint ECLA/FAO Programme. The studies on coffee in Colombia and El Salvador (E/CN.12/490) have been published and another relating to the State of São Paulo, Brazil, will be completed during the second half of 1960.

13. *Study of factors affecting the development of livestock production in Latin America* — resolution 91 (VI)

The first stage of the research is presented as one of the chapters of the study on the role of agricultural commodities in the proposed Latin American common market (E/CN.12/499). This preliminary work has been followed by a second phase of which the object is to identify those factors which impede or further the development of the livestock industry in Latin America and the prospects of expanding livestock production.

The research on Colombia, Mexico and Venezuela has been completed and the chapters relating thereto have been provisionally drafted. Field work in Argentina, Brazil, Chile and Uruguay will be undertaken during the year. The final report will be published during the first half of 1961.

14. *Role of agricultural commodities in the proposed Latin American common market* — resolution 158 (VIII)

A general note was presented at the eighth session, together with studies on three groups of commodities, i.e., wheat and flour, milk products, and oils and fats (E/CN.12/499). The research on cotton, fruit, meat and wool has been concluded.

The recent establishment of the Free-Trade Area provides a new focal point for this part of the programme. During 1960 preparatory work will begin on the studies relating to the seasonal and geographical availability of new or traditional commodities in inter-Latin American trade. These studies might provide a basis for future negotiations. Special analytical research on quality, packaging and processing, and marketing will be undertaken in connexion with these studies.

*Group 2: Ad hoc projects of high priority*

15. *Study of Latin American timber production and consumption trends and prospects* — resolutions 133 (VII) and 159 (VIII)

This study implies a general survey of timber resources, and the economic possibilities of their development, with particular reference to the provision of raw materials for the wood industries. Work on this project has begun and the study is expected to be completed by the end of 1961.

*Group 3: Other projects*

16. *Study of the possibilities of increasing agricultural investment* — resolution 92 (VI)

Despite the great importance of this project, the ECLA and FAO secretariats have not yet been able to begin work on it for want of funds.

17. *Study on the productivity of labour and capital in agricultural production* — resolutions 87 (VI) and 134 (VII)

Work on this programme may possibly begin towards the end of 1960, on the completion of the coffee studies.

*Group 1: Continuing projects and activities of high priority*

18. *Inventory and analysis of existing industry and plans for its development* — Trade Committee resolution 2 (I) and resolution 116 (VII) of the Commission

Previous work in this field consisted chiefly of import tabulations and the compilation of company card-indexes containing essential data. This research work is now being extended by a programme providing for direct contacts with manufacturers, distributors and consumers of manufactured goods likely to be used in inter-Latin American trade.

19. *Study of chemical industries* — resolutions 59 (V), 97 (VI) and 162 (VIII)

Work has been undertaken, in conjunction with the Chilean Development Corporation (*Corporación de Fomento de la Producción* — CORFO) on a pilot study of the chemical industry, paying special attention to Chile. A progress report was prepared for the eighth session (E/CN.12/525). A working group of experts on the subject was subsequently formed. It continued the research work and will supplement this shortly by field work in several Latin American countries. A preliminary text of the study will be published early in 1961 and may be submitted for consideration at a special meeting of experts.

20. *Joint ECLA/FAO/BTAO Pulp and Paper Advisory Group to assist countries in the development of the pulp and paper industries* — resolutions 58 (V), 98 (VI), 128 (VII) and 163 (VIII)

The Advisory Group has completed the studies on Ecuador, Mexico, Peru and Venezuela. Studies on Colombia and Surinam were carried out later and the basic research on Cuba has gone forward. The Group will now engage in research on the possibility of expanding trade in those products within the Free-Trade Area.

21. *Iron and steel industry* — resolutions 10 (IV), 57 (V), 96 (VI), 127 (VII) and 162 (VIII)

Acting under the above resolutions and resolution 116 (VII), on the establishment of a common market in Latin America, the secretariat has made a series of studies on the iron and steel industry. A study on the demand for steel products has been published in a recent issue of the *Economic Bulletin for Latin America*. The secretariat has co-operated actively in the establishment of the Latin American Steel Institute and will continue to co-operate with the Institute in its work.

22. *Metal transforming industries* — resolutions 57 (V), 96 (VI), 127 (VII) and 161 (VIII)

The secretariat has been engaged in a study of the possibility of developing the motor vehicle industry in Latin America. However, the study has been interrupted for lack of funds. In addition, the possibility of industrial complementarity in railway equipment is being investigated by the secretariat. In that connexion, a report on the First Meeting on Railway Equipment, held at Córdoba (Argentina) in March 1959 (E/CN.12/508), was submitted at the eighth session.

23. *Development of energy resources* — resolutions 99 (VI), 100 (VI), 130 (VII), 164 (VIII) and 165 (VIII)

During the second half of 1959 arrangements were made for the seminar on electric energy in Latin America, at which documents will be bringing up to date the section on electricity of the report published in 1957 — namely, *Energy in Latin America* (United Nations publication, Sales No.: 1957.II.G.2).

In accordance with resolution 130 (VII), the secretariat has co-operated with the United Nations Department of Economic and Social Affairs and the International Atomic Energy Agency.

24. *Preliminary examination, based on existing information, of multiple water resources utilization in Latin America* — resolutions 99 (VI) and 166 (VIII)

Under the terms of the first resolution, a Joint ECLA/TAA/WMO Water Resources Survey Group was set up. This group has completed studies on Chile, Ecuador, and North Patagonia (Argentina). The study on Chile will be printed in 1960. During 1959, the Group began a similar survey in Venezuela. Work on Bolivia is expected to begin in 1960.

*Group 2: Ad hoc projects of high priority*

25. *Meeting of experts on problems of electric energy development* — resolution 99 (VI)

The preparatory work was begun in 1959 with a preliminary meeting held at United Nations Headquarters, and attended by three Latin American experts, delegations representing the International Bank for Reconstruction and Development and the International Atomic Energy Agency, and members of the secretariat. A provisional agenda was prepared and views were exchanged on arrangements for the meeting and on the nature and scope of the documentation. The meeting is expected to be held in 1961.

*Group 3: Other projects*

26. *Special meeting on the mining industry* — resolution 129 (VII)

Lack of resources has prevented any advance being made with this project.

27. *Study of the institutional factors which affect industrial development* — resolution 160 (VIII)

Because of a shortage of funds, no further work could be done on this project.

28. *Latin American centre for hydroelectric planning and utilization* — resolution 166 (VIII)

For lack of funds this project could not be started.

29. *Utilization of international rivers and lakes* — resolution 131 (VII).

A short study on the legal aspects of the utilization of international rivers and lakes was submitted to the eighth session (E/CN.12/511). It has not been possible to do anything more for the time being.

30. *Textile industry* — resolution 11 (IV)

The secretariat continues to follow developments in this industry in connexion with its country studies and for publication in the annual *Economic Survey*.

#### SECTION V: INTERNATIONAL TRADE

*Group 1: Continuing projects and activities of high priority*

31. *Common market and payments* — resolutions 69 (V), 101 (VI), 115 (VII) to 122 (VID), 168 (VIII) of the Commission, 172 (AC.45) of the Committee of the Whole, and 1 (I) to 4 (I) and 6 (II) to 10 (II) of the Trade Committee.

(i) *Meeting of a group of experts*

The experts will be appointed by the Governments for the purpose of preparing a draft agreement on the establishment of the Latin American common market. After consulting the Governments, it was decided to defer the meeting.

(ii) *Study of customs systems and duties*

The secretariat is engaged in the following studies and activities:

(a) Detailed analysis by countries of the incidence (item by item) of customs duties according to categories of products, as they are classified in the report of the working group (E/CN.12 C.1/9);

(b) Preparation of basic principles and procedures for transforming the quantitative and administrative restrictions into standard customs duties;

(c) Study of tariff systems and customs administration;

(d) Preparation of basic principles and procedures for the adoption of a standard customs nomenclature;

(e) Seminars or meetings of experts on tariff problems.

(iii) *Comparative study of exchange controls and other quantitative and administrative restrictions, with special reference to their effects on the establishment and operation of a common market*

This study cannot be made for the time being.

(iv) *Comparative study of the incentives for new investment, both foreign and domestic, particularly in the industrial sector, and the disparities which may exist and lead to distortions in the common market*

As the study must take into account the special conditions and the industrial policies of each country, it should be carried out with the active co-operation of the Governments and private industrial associations.

Substantial progress has been made in this study in co-operation with IA-ECOSOC and the report may be published in August 1960.

(v) *Factors affecting productivity and their repercussions on the competitive position of the different countries and industries*

This work could not be started.

(vi) *Study of all aspects of transport in relation to the establishment of a common market*

Preliminary work on this project is under way.

(vii) *Meetings of government experts on trade policy from different groups of Latin American countries*

Consultations have been and are being maintained in many countries. The special studies required for this purpose are being prepared.

(viii) *Dissemination of information on the benefits to be obtained from the expansion of trade and on the reasons for establishing a common market*

*The Latin American Common Market* (E/CN.12/531) has been published and provides documentation on this item, lectures have been given and numerous press releases distributed.

(ix) *Work related to the Latin American Free-Trade Association*

The secretariat's arrangements for the two meetings of the Inter-Governmental Conference on the Establishment of a Free-Trade Area among Latin American Countries facilitated the conclusion of the Montevideo Treaty. As a result of the request made to the secretariat in the Treaty, the following activities will be undertaken:

(a) Technical advice to the Latin American Free-Trade Association;

(b) Organization of informal meetings of government experts from the central banks of the contracting parties and technical advice and assistance at these meetings.

(x) *Preparatory work for the third session of the Central Banks Working Group*

(xi) *Preparatory work for the third session of the Trade Committee*

32. *Trade in traditional products* — resolution 119 (VII) and Trade Committee resolution 4 (I)

Work on this subject is part of the secretariat's regular programme and is published periodically in the *Economic Survey for Latin America* or in the *Economic Bulletin for Latin America*.

33. *Trade between Latin America and the rest of the world* — resolutions 45 (V), 102 (VI) and 121 (VII)

(i) *Possibility of expanding production of Latin American export commodity* — resolution 45 (V)

(ii) *Studies of future trends of demand for products exported by Latin America* — resolutions 102 (VI) and 121 (VII).

Those two topics are discussed periodically in the annual *Economic Survey* and the *Economic Bulletin*.

34. *Study of changes in the composition of Latin America imports from industrialized countries* — resolution 45 (V)

This subject has been dealt with in the first part of the *Economic Survey for Latin America, 1958* (United Nations publication, Sales No.: 59.II.G.1), which was recently published.

35. *Studies of the terms of trade and their influence on the rate of economic development* — resolution 46 (V)

This topic is periodically discussed in the *Economic Survey*.

36. *Co-operation in the technical assistance programme* — resolutions 921 (X) of the General Assembly and 110 (AC.34) of the Committee of the Whole

The secretariat is continuing its co-operation with the Technical Assistance Programme on specific projects mentioned in various parts of this programme.

STATEMENT BY THE EXECUTIVE SECRETARY ON THE PROVISIONAL FINANCIAL IMPLICATIONS OF THE WORK PROGRAMME

235. In accordance with rule 26 of the rules of procedure, the Executive Secretary made the following statement before the work programme was adopted.

236. He called the attention of the Committee of the Whole to the financial implications arising out of the decisions taken at the eighth session in Panama in May 1959, as set forth in paragraphs 234 to 241 of the annual report of the Commission to the twenty-eighth session of the Economic and Social Council (E/3246/Rev.2). Although it was difficult at the time of the meeting of

the Committee of the Whole to state precisely what the additional financial implications might be, over and above those established in Panama, of the work to be undertaken for the Committee of the Free-Trade Area Association, as requested in the Montevideo Treaty, the Executive Secretary estimated that the following requirements would be essential:

One Senior Officer (P-5), to act as alternate to the ECLA representative on the Committee of the Free-Trade Area Association;

One First Officer (P-4), an economist, to be Deputy Chief of the Trade Policy Division. This was essential in view of the greatly increased work-load of the Chief of that Division;

Two Second Officers (P-3), economists, to assist in the analysis of production and trade in commodities which would be subject to negotiations for reduction of customs duties within the Free-Trade Area;

One Associate Officer (P-2) and economist specializing in commodity analysis to assist in that work.

237. In addition to the above, one consultant at first officer level (P-4) for six months to assist in the preparatory work for the conference on education in relation to economic and social development.

238. The cost of this increase in the permanent staff in 1961, over and above the financial implications arising out of the eighth session, was estimated at \$45,000-\$50,000, plus \$5,000 for auxiliary services.

## ANNEXES

### Annex I

#### LIST OF REPRESENTATIVES

##### REPRESENTATIVES OF STATES MEMBERS OF THE COMMISSION

###### *Argentina*

*Representative:* Mr. Carlos Santiago Vailati

###### *Bolivia*

*Representative:* Mr. Renán Castrillo, Ambassador to Chile

###### *Brazil*

*Representative:* Mr. Othon Guimarães

###### *Chile*

*Representative:* Mr. Luis Marty, Under-Secretary for Economic Affairs

*Alternates:* Mr. Ramón Rodríguez, Mr. Luis Mackenna, Mr. Sergio Molina, Mr. Fernando Cisterna, Mr. Humberto Díaz

###### *Colombia*

*Representative:* General Juan B. Córdoba, Ambassador to Chile

###### *Costa Rica*

*Representative:* Mr. Hernán Bolaños Ulloa, Ambassador to Chile

###### *Cuba*

*Representative:* Mr. Juan José Díaz del Real, Ambassador to Chile

###### *Dominican Republic*

*Representative:* Mr. Enriquillo Rojas Abreu, Chargé d'Affaires in Chile

###### *Ecuador*

*Representative:* Mr. Jaime Cifuentes

###### *El Salvador*

*Representative:* José Mixco Fischnaler, Chargé d'Affaires in Chile

###### *France*

*Representative:* Mr. Robert d'Aurelle de Paladines, Chargé d'Affaires in Chile

*Alternate:* Mr. René Letondot

###### *Guatemala*

*Representative:* Mr. Manuel Orellana Cardona, Ambassador to Chile

###### *Haiti*

*Representative:* Mr. André Fareau, Chargé d'Affaires in Chile

###### *Honduras*

*Representative:* Mr. Ramiro Cabañas Pineda, Under-Secretary of State in the Offices of Economic and Financial Affairs

###### *Mexico*

*Representative:* Mr. Sergio Luis Cano

*Alternates:* Mr. José P. González Blanco, Mr. Mario Espinosa de los Reyes

###### *Netherlands*

*Representative:* Mr. R. A. C. Henriquez

*Alternates:* Mr. H. Radhakishun, Mr. E. O. van Suchtelen

###### *Panama*

*Representative:* Mr. Enrique Gerardo Abrahamas, Ambassador to Chile

###### *Paraguay*

*Representative:* Mr. Hugo Conchonal

###### *Peru*

*Representative:* Mr. Alberto Wagner de Reyna

*Alternate:* Mr. Eduardo Gildemeister

###### *United Kingdom of Great Britain and Northern Ireland*

*Representative:* Mr. I. T. M. Pink, Ambassador to Chile

*Alternate:* Mr. G. G. Simpson

###### *United States of America*

*Representative:* Mr. Thomas R. Favell

*Alternates:* Mr. Herbert F. Propps, Mr. Joseph B. Tisinger

###### *Uruguay*

*Representative:* Mr. Alvaro Vázquez, Ambassador to Chile

###### *Venezuela*

*Representative:* Mr. Abel Cifuentes Spinetti

##### REPRESENTATIVES OF AN ASSOCIATE MEMBER OF THE COMMISSION

###### *West Indies*

*Representative:* Mr. C. G. D. La Corbinière, Deputy Prime Minister and Minister of Trade and Industry

*Alternate:* Mr. M. W. Todman

REPRESENTATIVES OF STATES MEMBERS OF THE UNITED NATIONS,  
NOT MEMBERS OF THE COMMISSION, ATTENDING IN A CONSULTATIVE  
CAPACITY

*Austria*: Mr. Paul Zedtwitz, Ambassador to Chile  
*Canada*: Mr. Harold Morton Maddick  
*Hungary*: Mr. Dénes Viczenik, Mr. István Soós  
*Japan*: Mr. Ryuichi Ando, Mr. Hissashi Kunihiro  
*Yugoslavia*: Mr. Stjepan Trampuz

REPRESENTATIVE OF A STATE NOT A MEMBER OF THE UNITED NATIONS  
ATTENDING IN A CONSULTATIVE CAPACITY

*Federal Republic of Germany*: Mr. Josef Engels

REPRESENTATIVES OF SPECIALIZED AGENCIES

*International Labour Organisation (ILO)*: Mr. P. Cassan  
*Food and Agriculture Organization of the United Nations (FAO)*:  
Mr. Hernán Santa Cruz, Mr. Francisco Aquino  
*United Nations Educational, Scientific and Cultural Organization  
(UNESCO)*: Mr. G. Zakrzewski  
*International Monetary Fund (IMF)*: Mr. Edgar Jones

*World Health Organization (WHO)*: Dr. Emilio Budnik  
*World Meteorological Organization (WMO)*: Mr. Rudolf Schroeder

REPRESENTATIVES OF INTER-GOVERNMENTAL ORGANIZATIONS

*Inter-American Economic and Social Council (IA-ECOSOC)*:  
Mr. Raúl Rey Alvarez  
*Inter-Governmental Committee for European Migration (ICEM)*:  
Mr. Renzo Faraoni

REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS

*Category A*

*International Chamber of Commerce (ICC)*: Mr. Julio Ruiz Bourgeois, Mr. Tomás Sepúlveda Whittle  
*International Confederation of Free Trade Unions (ICFTU)*:  
Mr. Rodolfo Echenique  
*International Federation of Christian Trade Unions (IFCTU)*:  
Mr. José Goldsack Donoso  
*World Federation of Trade Unions (WFTU)*: Mr. Domiciano Soto  
*World Federation of United Nations Associations (WFUNA)*:  
Mr. Eduardo Varas

*Category B*

*Catholic International Union for Social Services (CIUSS)*:  
Miss Adriana Izquierdo

Annex II

TREATY ESTABLISHING A FREE-TRADE AREA AND INSTITUTING THE LATIN AMERICAN FREE-TRADE ASSOCIATION  
(MONTEVIDEO TREATY) INCLUDING THE RELEVANT PROTOCOLS AND RESOLUTIONS

The Governments represented at the Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American countries,

Persuaded that the expansion of present national markets, through the gradual elimination of barriers to intra-regional trade, is a prerequisite if the Latin American countries are to accelerate their economic development process in such a way as to ensure a higher level of living for their peoples,

Aware that economic development should be attained through the maximum utilization of available production factors and the more effective co-ordination of the development programmes of the different production sectors in accordance with norms which take due account of the interests of each and all and which make proper compensation, by means of appropriate measures, for the special situation of countries which are at a relatively less advanced stage of economic development,

Convinced that the strengthening of national economies will contribute to the expansion of trade within Latin America and with the rest of the world,

Sure that, by the adoption of suitable formulas, conditions can be created that will be conducive to the gradual and smooth adaptation of existing productive activities to new patterns of reciprocal trade, and that further incentives will thereby be provided for the improvement and expansion of such trade,

Certain that any action to achieve such ends must take into account the commitments arising out of the international instruments which govern their trade,

Determined to persevere in their efforts to establish, gradually and progressively, a Latin American common market and, hence, to continue collaborating with the Latin American Governments as a whole in the work already initiated for this purpose, and

Motivated by the desire to pool their efforts to achieve the pro-

gressive complementarity and integration of their national economies on the basis of an effective reciprocity of benefits, decide to establish a Free-Trade Area and, to that end, to conclude a Treaty instituting the Latin American Free-Trade Association; and have, for this purpose, appointed their plenipotentiaries who have agreed as follows:

Chapter I

NAME AND PURPOSE

Article 1

By this Treaty the Contracting Parties establish a Free-Trade Area and institute the Latin American Free-Trade Association (hereinafter referred to as "the Association"), with headquarters in the city of Montevideo (Eastern Republic of Uruguay).

The term "Area", when used in this Treaty, means the combined territories of the Contracting Parties.

Chapter II

PROGRAMME FOR TRADE LIBERALIZATION

Article 2

The Free-Trade Area, established under the terms of the present Treaty, shall be brought into full operation within not more than twelve (12) years from the date of the Treaty's entry into force.

Article 3

During the period indicated in article 2, the Contracting Parties shall gradually eliminate, in respect of substantially all their reciprocal trade, such duties, charges and restrictions as may be applied

to imports of goods originating in the territory of any Contracting Party.

For the purposes of the present Treaty the term "duties and charges" means customs duties and any other charges of equivalent effect — whether fiscal, monetary or exchange — that are levied on imports.

The provisions of the present article do not apply to fees and similar charges in respect of services rendered.

#### Article 4

The purpose set forth in article 3 shall be achieved through negotiations to be held from time to time among the Contracting Parties with a view to drawing up:

(a) National Schedules specifying the annual reductions in duties, charges and other restrictions which each Contracting Party grants to the other Contracting Parties in accordance with the provisions of article 5; and

(b) A Common Schedule listing the products on which the Contracting Parties collectively agree to eliminate duties, charges and other restrictions completely, so far as intra-Area trade is concerned, within the period mentioned in article 2, by complying with the minimum percentages set out in article 7 and through the gradual reduction provided for in article 5.

#### Article 5

With a view to the preparation of the National Schedules referred to in article 4, sub-paragraph (a), each Contracting Party shall annually grant to the other Contracting Parties reductions in duties and charges equivalent to not less than eight (8) per cent of the weighted average applicable to third countries, until they are eliminated in respect of substantially all of its imports from the Area, in accordance with the definitions, methods of calculation, rules and procedures laid down in the Protocol.

For this purpose, duties and charges for third parties shall be deemed to be those in force on 31 December prior to each negotiation.

When the import régime of a Contracting Party contains restrictions of such a kind that the requisite equivalence with the reductions in duties and charges granted by another Contracting Party or other Contracting Parties is unobtainable, the counterpart of these reductions shall be complemented by means of the elimination or relaxation of those restrictions.

#### Article 6

The National Schedules shall enter into force on 1 January of each year, except that those deriving from the initial negotiations shall enter into force on the date fixed by the Contracting Parties.

#### Article 7

The Common Schedule shall consist of products which, in terms of the aggregate value of the trade among the Contracting Parties, shall constitute not less than the following percentages, calculated in accordance with the provisions of the Protocol:

Twenty-five (25) per cent during the first three-year period;

Fifty (50) per cent during the second three-year period;

Seventy-five (75) per cent during the third three-year period;

Substantially all of such trade during the fourth three-year period.

#### Article 8

The inclusion of products in the Common Schedule shall be final and the concessions granted in respect thereof irrevocable.

Concessions granted in respect of products which appear only in the National Schedules may be withdrawn by negotiation among the Contracting Parties and on a basis of adequate compensation.

#### Article 9

The percentages referred to in articles 5 and 7 shall be calculated on the basis of the average annual value of trade during the three years preceding the year in which each negotiation is effected.

#### Article 10

The purpose of the negotiations — based on reciprocity of concessions — referred to in article 4 shall be to expand and diversify trade and to promote the progressive complementarity of the economies of the countries in the Area.

In these negotiations the situation of those Contracting Parties whose levels of duties, charges and restrictions differ substantially from those of the other Contracting Parties shall be considered with due fairness.

#### Article 11

If, as a result of the concessions granted, significant and persistent disadvantages are created in respect of trade between one Contracting Party and the others as a whole in the products included in the liberalization programme, the Contracting Parties shall, at the request of the Contracting Party affected, consider steps to remedy these disadvantages with a view to the adoption of suitable, non-restrictive measures designed to promote trade at the highest possible levels.

#### Article 12

If, as a result of circumstances other than those referred to in article 11, significant and persistent disadvantages are created in respect of trade in the products included in the liberalization programme, the Contracting Parties shall, at the request of the Contracting Party concerned, make every effort within their power to remedy these disadvantages.

#### Article 13

The reciprocity mentioned in article 10 refers to the expected growth in the flow of trade between each Contracting Party and the others as a whole, in the products included in the liberalization programme and those which may subsequently be added.

### Chapter III

#### EXPANSION OF TRADE AND ECONOMIC COMPLEMENTARITY

#### Article 14

In order to ensure the continued expansion and diversification of reciprocal trade, the Contracting Parties shall take steps:

(a) To grant one another, while observing the principle of reciprocity, concessions which will ensure that, in the first negotiation, treatment not less favourable than that which existed before the date of entry into force of the present Treaty is accorded to imports from within the Area;

(b) To include in the National Schedules the largest possible number of products in which trade is carried on among the Contracting Parties; and

(c) To add to these Schedules an increasing number of products which are not yet included in reciprocal trade.

#### Article 15

In order to ensure fair competitive conditions among the Contracting Parties and to facilitate the increasing integration and complementarity of their economies, particularly with regard to industrial production, the Contracting Parties shall make every effort — in keeping with the liberalization objectives of the present Treaty — to reconcile their import and export régimes, as well as the treatment they accord to capital, goods and services from outside the Area.

#### Article 16

With a view to expediting the process of integration and complementarity referred to in article 15, the Contracting Parties:

(a) Shall endeavour to promote progressively closer co-ordination of the corresponding industrialization policies, and shall sponsor for this purpose agreements among representatives of the economic sectors concerned; and

(b) May negotiate mutual agreements on complementarity by industrial sectors.

#### Article 17

The complementarity agreements referred to in article 16, subparagraph (b), shall set forth the liberalization programme to be applied to products of the sector concerned and may contain, *inter alia*, clauses designed to reconcile the treatment accorded to raw materials and other components used in the manufacture of these products.

Any Contracting Party concerned with the complementarity programmes shall be free to participate in the negotiation of these agreements.

The results of these negotiations shall, in every case, be embodied in protocols which shall enter into force after the Contracting Parties have decided that they are consistent with the general principles and purposes of the present Treaty.

### Chapter IV

#### MOST-FAVoured-NATION TREATMENT

#### Article 18

Any advantage, benefit, franchise, immunity or privilege applied by a Contracting Party in respect of a product originating in or intended for consignment to any other country shall be immediately and unconditionally extended to the similar product originating in or intended for consignment to the territory of the other Contracting Parties.

#### Article 19

The most-favoured-nation treatment referred to in article 18 shall not be applicable to the advantages, benefits, franchises, immunities and privileges already granted or which may be granted by virtue of agreements among Contracting Parties or between Contracting Parties and third countries with a view to facilitating border trade.

#### Article 20

Capital originating in the Area shall enjoy, in the territory of each Contracting Party, treatment not less favourable than that granted to capital originating in any other country.

### Chapter V

#### TREATMENT IN RESPECT OF INTERNAL TAXATION

#### Article 21

With respect to taxes, rates and other internal duties and charges, products originating in the territory of a Contracting Party shall enjoy, in the territory of another Contracting Party, treatment no less favourable than that accorded to similar national products.

#### Article 22

Each Contracting Party shall endeavour to ensure that the charges or other domestic measures applied to products included in the liberalization programme which are not produced, or are produced only in small quantities, in its territory, do not nullify or reduce any concession or advantage obtained by any Contracting Party during the negotiations.

If a Contracting Party considers itself injured by virtue of the

measures mentioned in the previous paragraph, it may appeal to the competent organs of the Association with a view to having the matter examined and appropriate recommendations made.

### Chapter VI

#### SAVING CLAUSES

#### Article 23

The Contracting Parties may, as a provisional measure and providing that the customary level of consumption in the importer country is not thereby lowered, authorize a Contracting Party to impose non-discriminatory restrictions upon imports of products included in the liberalization programme which originate in the Area, if these products are imported in such quantities or under such conditions that they have, or are liable to have, serious repercussions on specific productive activities of vital importance to the national economy.

#### Article 24

The Contracting Parties may likewise authorize a Contracting Party which has adopted measures to correct its unfavourable over-all balance of payments to extend these measures, provisionally and without discrimination, to intra-Area trade in the products included in the liberalization programme.

The Contracting Parties shall endeavour to ensure that the imposition of restrictions deriving from the balance-of-payments situation does not affect trade, within the Area, in the products included in the liberalization programme.

#### Article 25

If the situations referred to in articles 23 and 24 call for immediate action, the Contracting Party concerned may, as an emergency arrangement to be referred to the Contracting Parties, apply the measures provided for in the said articles. The measures adopted must immediately be communicated to the Committee mentioned in article 33, which, if it deems necessary, shall convene a special session of the Conference.

#### Article 26

Should the measures envisaged in this chapter be prolonged for more than one year, the Committee shall propose to the Conference, referred to in article 33, either *ex officio* or at the request of any of the Contracting Parties, the immediate initiation of negotiations with a view to eliminating the restrictions adopted.

The present article does not affect the provisions of article 8.

### Chapter VII

#### SPECIAL PROVISIONS CONCERNING AGRICULTURE

#### Article 27

The Contracting Parties shall seek to co-ordinate their agricultural development and agricultural commodity trade policies, with a view to securing the most efficient utilization of their natural resources, raising the standard of living of the rural population, and guaranteeing normal supplies to consumers, without disorganizing the regular productive activities of each Contracting Party.

#### Article 28

Providing that no lowering of its customary consumption or increase in anti-economic production is involved, a Contracting Party may apply, within the period mentioned in article 2, and in respect of trade in agricultural commodities of substantial importance to its economy that are included in the liberalization programme, appropriate non-discriminatory measures designed to:

(a) Limit imports to the amount required to meet the deficit in internal production; and

(b) Equalize the prices of the imported and domestic product.

The Contracting Party which decides to apply these measures shall inform the other Contracting Parties before it puts them into effect.

#### Article 29

During the period prescribed in article 2 an attempt shall be made to expand intra-Area trade in agricultural commodities by such means as agreements among the Contracting Parties designed to cover deficits in domestic production.

For this purpose, the Contracting Parties shall give priority, under normal competitive conditions, to products originating in the territories of the other Contracting Parties, due consideration being given to the traditional flows of intra-Area trade.

Should such agreements be concluded among two or more Contracting Parties, the other Contracting Parties shall be notified before the agreements enter into force.

#### Article 30

The measures provided for in this chapter shall not be applied for the purpose of incorporating, in the production of agricultural commodities, resources which imply a reduction in the average level of productivity existing on the date on which the present Treaty enters into force.

#### Article 31

If a Contracting Party considers itself injured by a reduction of its exports attributable to the lowering of the usual consumption level of the importer country as a result of measures referred to in article 28 and/or an anti-economic increase in the production referred to in the previous article, it may appeal to the competent organs of the Association to study the situation and, if necessary, to make recommendations for the adoption of appropriate measures to be applied in accordance with article 12.

### Chapter VIII

#### MEASURES IN FAVOUR OF COUNTRIES AT A RELATIVELY LESS ADVANCED STAGE OF ECONOMIC DEVELOPMENT

#### Article 32

The Contracting Parties, recognizing that fulfilment of the purposes of the present Treaty will be facilitated by the economic growth of the countries in the Area that are at a relatively less advanced stage of economic development, shall take steps to create conditions conducive to such growth.

To this end, the Contracting Parties may:

(a) Authorize a Contracting Party to grant to another Contracting Party which is at a relatively less advanced stage of economic development within the Area, as long as necessary and as a temporary measure, for the purposes set out in the present article, advantages not extended to the other Contracting Parties, in order to encourage the introduction or expansion of specific productive activities;

(b) Authorize a Contracting Party at a relatively less advanced stage of economic development within the Area to implement the programme for the reduction of duties, charges and other restrictions under more favourable conditions, specially agreed upon;

(c) Authorize a Contracting Party at a relatively less advanced stage of economic development within the Area to adopt appropriate measures to correct an unfavourable balance of payments, if the case arises;

(d) Authorize a Contracting Party at a relatively less advanced stage of economic development within the Area to apply, if necessary and as a temporary measure, and providing that this does not entail a decrease in its customary consumption, appropriate non-discriminatory measures designed to protect the domestic output

of products included in the liberalization programme which are of vital importance to its economic development;

(e) Make collective arrangements in favour of a Contracting Party at a relatively less advanced stage of economic development within the Area with respect to the support and promotion, both inside and outside the Area, of financial or technical measures designed to bring about the expansion of existing productive activities or to encourage new activities, particularly those intended for the industrialization of its raw materials; and

(f) Promote or support, as the case may be, special technical assistance programmes for one or more Contracting Parties, intended to raise, in countries at a relatively less advanced stage of economic development within the Area, productivity levels in specific production sectors.

### Chapter IX

#### ORGANS OF THE ASSOCIATION

#### Article 33

The organs of the Association are the Conference of the Contracting Parties (referred to in this Treaty as "the Conference") and the Standing Executive Committee (referred to in this Treaty as "the Committee").

#### Article 34

The Conference is the supreme organ of the Association. It shall adopt all decisions in matters requiring joint action on the part of the Contracting Parties, and it shall be empowered, *inter alia*:

(a) To take the necessary steps to carry out the present Treaty and to study the results of its implementation;

(b) To promote the negotiations provided for in article 4 and to assess the results thereof;

(c) To approve the Committee's annual budget and to fix the contributions of each Contracting Party;

(d) To lay down its own rules of procedure and to approve the Committee's rules of procedure;

(e) To elect a Chairman and two Vice-Chairmen for each session;

(f) To appoint the Executive Secretary of the Committee; and

(g) To deal with other business of common interest.

#### Article 35

The Conference shall be composed of duly accredited representatives of the Contracting Parties. Each delegation shall have one vote.

#### Article 36

The Conference shall hold: (a) a regular session once a year; and (b) special sessions when convened by the Committee.

At each session the Conference shall decide the place and date of the following regular session.

#### Article 37

The Conference may not take decisions unless at least two-thirds  $\frac{2}{3}$  of the Contracting Parties are present.

#### Article 38

During the first two years in which the present Treaty is in force, decisions of the Conference shall be adopted when affirmative votes are cast by at least two-thirds ( $\frac{2}{3}$ ) of the Contracting Parties and providing that no negative vote is cast.

The Contracting Parties shall likewise determine the voting system to be adopted after this two-year period.

The affirmative vote of two-thirds ( $\frac{2}{3}$ ) of the Contracting Parties shall be required:

(a) To approve the Committee's annual budget;

(b) To elect the Chairman and Vice-Chairmen of the Conference, as well as the Executive Secretary; and

(c) To fix the time and place of the sessions of the Conference.

#### Article 39

The Committee is the permanent organ of the Association responsible for supervising the implementation of the provisions of the present Treaty. Its duties and responsibilities shall be, *inter alia* :

(a) To convene the Conference;

(b) To submit for the approval of the Conference an annual work programme and the Committee's annual budget estimates;

(c) To represent the Association in dealings with third countries and international organs and entities for the purpose of considering matters of common interest. It shall also represent the Association in contracts and other instruments of public and private law;

(d) To undertake studies, to suggest measures and to submit to the Conference such recommendations as it deems appropriate for the effective implementation of the Treaty;

(e) To submit to the Conference at its regular sessions an annual report on its activities and on the results of the implementation of the present Treaty;

(f) To request the technical advice and the co-operation of individuals and of national and international organizations;

(g) To take such decisions as may be delegated to it by the Conference; and

(h) To undertake the work assigned to it by the Conference.

#### Article 40

The Committee shall consist of a Permanent Representative of each Contracting Party, who shall have a single vote.

Each Representative shall have an Alternate.

#### Article 41

The Committee shall have a secretariat headed by an Executive Secretary and comprising technical and administrative personnel.

The Executive Secretary, elected by the Conference for a three-year term and re-eligible for similar periods, shall attend the plenary meetings of the Committee without the right to vote.

The Executive Secretary shall be the General Secretary of the Conference. His duties shall be, *inter alia* :

(a) To organize the work of the Conference and of the Committee;

(b) To prepare the Committee's annual budget estimates; and

(c) To recruit and engage the technical and administrative staff in accordance with the Committee's rules of procedure.

#### Article 42

In the performance of their duties, the Executive Secretary and the secretariat staff shall not seek or receive instructions from any Government or from any other national or international entity. They shall refrain from any action which might reflect on their position as international civil servants.

The Contracting Parties undertake to respect the international character of the responsibilities of the Executive Secretary and of the secretariat staff and shall refrain from influencing them in any way in the discharge of their responsibilities.

#### Article 43

In order to facilitate the study of specific problems, the Committee may set up Advisory Commissions composed of representatives of the various sectors of economic activity of each of the Contracting Parties.

#### Article 44

The Committee shall request, for the organs of the Association, the technical advice of the secretariat of the United Nations Econo-

mic Commission for Latin America (ECLA) and of the Inter-American Economic and Social Council (IA-ECOSOC) of the Organization of American States.

#### Article 45

The Committee shall be constituted sixty days from the entry into force of the present Treaty and shall have its headquarters in the city of Montevideo.

### Chapter X

#### JURIDICAL PERSONALITY — IMMUNITIES AND PRIVILEGES

#### Article 46

The Latin American Free-Trade Association shall possess complete juridical personality and shall, in particular, have the power :

(a) To contract;

(b) To acquire and dispose of the movable and immovable property it needs for the achievement of its objectives;

(c) To institute legal proceedings; and

(d) To hold funds in any currency and to transfer them as necessary.

#### Article 47

The representatives of the Contracting Parties and the international staff and advisers of the Association shall enjoy in the Area such diplomatic and other immunities and privileges as are necessary for the exercise of their functions.

The Contracting Parties undertake to conclude, as soon as possible, an Agreement regulating the provisions of the previous paragraph in which the aforesaid privileges and immunities shall be defined.

The Association shall conclude with the Government of the Eastern Republic of Uruguay an Agreement for the purpose of specifying the privileges and immunities which the Association, its organs and its international staff and advisers shall enjoy.

### Chapter XI

#### MISCELLANEOUS PROVISIONS

#### Article 48

No change introduced by a Contracting Party in its régime of import duties and charges shall imply a level of duties and charges less favourable than that in force before the change for any commodity in respect of which concessions are granted to the other Contracting Parties.

The requirement set out in the previous paragraph shall not apply to the conversion to present worth of the official base value (*aforo*) in respect of customs duties and charges, providing that such conversion corresponds exclusively to the real value of the goods. In such cases, the value shall not include the customs duties and charges levied on the goods.

#### Article 49

In order to facilitate the implementation of the provisions of the present Treaty, the Contracting Parties shall, as soon as possible :

(a) Determine the criteria to be adopted for the purpose of establishing the origin of goods and for classifying them as raw materials, semi-manufactured goods or finished products;

(b) Simplify and standardize procedures and formalities relating to reciprocal trade;

(c) Prepare a tariff nomenclature to serve as a common basis for the presentation of statistics and for carrying out the negotiations provided for in the present Treaty;

(d) Determine what shall be deemed to constitute border trade within the meaning of article 19;

(e) Determine the criteria for the purpose of defining "dumping" and other unfair trade practices and the procedures relating thereto.

#### Article 50

The products imported from the Area by a Contracting Party may not be re-exported save by agreement between the Contracting Parties concerned.

A product shall not be deemed to be a re-export if it has been subjected in the importer country to industrial processing or manufacture, the degree of which shall be determined by the Committee.

#### Article 51

Products imported or exported by a Contracting Party shall enjoy freedom of transit within the Area and shall only be subject to the payment of the normal rates for services rendered.

#### Article 52

No Contracting Party shall promote its exports by means of subsidies or other measures likely to disrupt normal competitive conditions in the Area.

An export shall not be deemed to have been subsidized if it is exempted from duties and charges levied on the product or its components when destined for internal consumption, or if it is subject to drawback.

#### Article 53

No provision of the present Treaty shall be so construed as to constitute an impediment to the adoption and execution of measures relating to:

- (a) The protection of public morality;
- (b) The application of security laws and regulations;
- (c) The control of imports or exports of arms, ammunition and other war equipment and, in exceptional circumstances, of all other military items, in so far as this is compatible with the terms of article 51 and of the treaties on the unrestricted freedom of transit in force among the Contracting Parties;
- (d) The protection of human, animal and plant life and health;
- (e) Imports and exports of gold and silver bullion;
- (f) The protection of the nation's heritage of artistic, historical and archaeological value; and
- (g) The export, use and consumption of nuclear materials, radioactive products or any other material that may be used in the development or exploitation of nuclear energy.

#### Article 54

The Contracting Parties shall make every effort to direct their policies with a view to creating conditions favourable to the establishment of a Latin American common market. To that end, the Committee shall undertake studies and consider projects and plans designed to achieve this purpose, and shall endeavour to co-ordinate its work with that of other international organizations.

### Chapter XII

#### FINAL PROVISIONS

#### Article 55

The present Treaty may not be signed with reservations nor shall reservations be admitted at the time of ratification or accession.

#### Article 56

The present Treaty shall be ratified by the signatory States at the earliest opportunity.

The instruments of ratification shall be deposited with the Government of the Eastern Republic of Uruguay, which shall communi-

cate the date of deposit to the Governments of the signatory and successively acceding States.

#### Article 57

The present Treaty shall enter into force for the first three ratifying States thirty days after the third instrument of ratification has been deposited; and, for the other signatories, thirty days after the respective instrument of ratification has been deposited, and in the order in which the ratifications are deposited.

The Government of the Eastern Republic of Uruguay shall communicate the date of the entry into force of the present Treaty to the Government of each of the signatory States.

#### Article 58

Following its entry into force, the present Treaty shall remain open to accession by the other Latin American States, which for this purpose shall deposit the relevant instrument of accession with the Government of the Eastern Republic of Uruguay. The Treaty shall enter into force for the acceding State thirty days after the deposit of the corresponding instrument.

Acceding States shall enter into the negotiations referred to in article 4 at the session of the Conference immediately following the date of deposit of the instrument of accession.

#### Article 59

Each Contracting Party shall begin to benefit from the concessions already granted to one another by the other Contracting Parties as from the date of entry into force of the reductions in duties and charges and other restrictions negotiated by them on a basis of reciprocity, and after the minimum obligations referred to in article 5, accumulated during the period which has elapsed since the entry into force of the present Treaty, have been carried out.

#### Article 60

The Contracting Parties may present amendments to the present Treaty, which shall be set out in protocols that shall enter into force upon their ratification by all the Contracting Parties and after the corresponding instruments have been deposited.

#### Article 61

On the expiry of the twelve-year term starting on the date of entry into force of the present Treaty, the Contracting Parties shall proceed to study the results of the Treaty's implementation and shall initiate the necessary collective negotiations with a view to fulfilling more effectively the purposes of the Treaty and, if desirable, to adapting it to a new stage of economic integration.

#### Article 62

The provisions of the present Treaty shall not affect the rights and obligations deriving from agreements signed by any of the Contracting Parties prior to the entry into force of the present Treaty.

However, each Contracting Party shall take the necessary steps to reconcile the provisions of existing agreements with the purposes of the present Treaty.

#### Article 63

The present Treaty shall be of unlimited duration.

#### Article 64

A Contracting Party wishing to withdraw from the present Treaty shall inform the other Contracting Parties of its intention at a regular session of the Conference, and shall formally submit the instrument of denunciation at the following regular session.

When the formalities of denunciation have been completed, those rights and obligations of the denouncing Government which derive from its status as a Contracting Party shall cease automa-

tically, with the exception of those relating to reductions in duties and charges and other restrictions, received or granted under the liberalization programme, which shall remain in force for a period of five years from the date on which the denunciation becomes formally effective.

The period specified in the preceding paragraph may be shortened if there is sufficient justification, with the consent of the Conference and at the request of the Contracting Party concerned.

#### Article 65

The present Treaty shall be called the Montevideo Treaty.

IN WITNESS WHEREOF the undersigned Plenipotentiaries, having deposited their full powers, found in good and due form, have signed the present Treaty on behalf of their respective Governments.

DONE in the City of Montevideo, on the eighteenth day of the month of February in the year One Thousand Nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic. The Government of the Eastern Republic of Uruguay shall be the depositary of the present Treaty and shall transmit duly certified copies thereof to the Governments of the other signatory and acceding States.

For the Government of the Argentine Republic :  
Diógenes Taboada

For the Government of the United States of Brazil :  
Horacio Lafer

For the Government of the Republic of Chile :  
Germán Vergara Donoso

For the Government of the Republic of the United Mexican States :  
Manuel Tello

For the Government of the Republic of Paraguay :  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

For the Government of Peru :  
Hernán Bellido  
Gonzalo L. de Aramburu

For the Government of the Eastern Republic of Uruguay :  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Protocol No. 1

##### ON NORMS AND PROCEDURES FOR NEGOTIATIONS

On the occasion of the signing of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (Montevideo Treaty), the signatories, thereunto duly authorized by their Governments, hereby agree upon the following Protocol:

#### TITLE I

##### Calculation of weighted averages

1. For the purposes of article 5 of the Montevideo Treaty, it shall be understood that, as a result of the negotiations for the establishment of the National Schedules, the difference between the weighted average of duties and charges in force for third countries and that which shall be applicable to imports from within the area shall be not less than the product of eight per cent (8%) of the weighted average of duties and charges in force for third countries multiplied by the number of years that have elapsed since the Treaty became effective.

2. The reduction mechanism shall therefore be based on two weighted averages: one corresponding to the average of the duties and charges in force for third countries; and the other to the average of the duties and charges which shall be applicable to imports from within the Area.

3. In order to calculate each of these weighted averages, the total amount that would be represented by the duties and charges on aggregate imports of the goods under consideration shall be divided by the total value of these imports.

4. This calculation will give a percentage (or *ad valorem* figure) for each weighted average. It is the difference between the two averages that shall be not less than the product of the factor 0.08 (or eight per cent) multiplied by the number of years elapsed.

5. The foregoing formula is expressed as follows:

$$t \leq T (1 - 0.08n)$$

in which *t* = weighted average of the duties and charges that shall be applicable to imports from within the area; *T* = weighted average of duties and charges in force for third countries; *n* = number of years since the Treaty entered into force.

6. In calculating the weighted averages for each of the Contracting Parties, the following shall be taken into account:

(a) Products originating in the territory of the other Contracting Parties and imported from the Area during the preceding three-year period and further products included in the National Schedule concerned as a result of negotiations;

(b) The total value of imports, irrespective of origin, of each of the products referred to in sub-paragraph (a), during the three-year period preceding each negotiation; and

(c) The duties and charges on imports from third countries in force as on 31 December prior to the negotiations, and the duties and charges applicable to imports from within the Area entering into force on 1 January following the negotiations.

7. The Contracting Parties shall be entitled to exclude products of little value from the group referred to in sub-paragraph (a), provided that their aggregate value does not exceed five per cent (5%) of the value of imports from within the Area.

#### TITLE II

##### Exchange of information

8. The Contracting Parties shall provide one another, through the Standing Executive Committee, with information as complete as possible on:

(a) National statistics in respect of total imports and exports (value in dollars and volume, by countries both of origin and of destination), production and consumption;

(b) Customs legislation and regulations;

(c) Exchange, monetary, fiscal and administrative legislation, regulations and practices bearing on exports and imports;

(d) International trade treaties and agreements whose provisions relate to the Treaty;

(e) Systems of direct or indirect subsidies on production or exports including minimum price systems; and

(f) State trading systems.

9. So far as possible, these data shall be permanently available to the Contracting Parties. They shall be specially brought up to date sufficiently in advance of the opening of the annual negotiations.

#### TITLE III

##### Negotiation of National Schedules

10. Before 30 June of each year, the Contracting Parties shall make available to one another, through the Standing Executive

Committee, the list of products in respect of which they are applying for concessions and, before 15 August of each year (with the exception of the first year, when the corresponding final date shall be 1 October), the preliminary list of items in favour of which they are prepared to grant concessions.

11. On 1 September of each year (with the exception of the first year, when the corresponding date shall be 1 November), the Contracting Parties shall initiate the negotiation of the concessions to be accorded by each to the others as a whole. The concessions shall be assessed multilaterally, although this shall not preclude the conduct of negotiations by pairs or groups of countries, in accordance with the interest attaching to specific products.

12. Upon the conclusion of this phase of the negotiations, the Standing Executive Committee shall make the calculations referred to in title I of this Protocol and shall inform each Contracting Party, at the earliest possible opportunity, of the percentage whereby its individual concessions reduce the weighted average of the duties and charges in force for imports from within the Area, in relation to the weighted average of duties and charges applicable in the case of third countries.

13. When the concessions negotiated fall short of the corresponding minimum commitment, the negotiations among the Contracting Parties shall be continued, so that the list of reductions of duties and charges and other restrictions to enter into force as from the following 1 January may be simultaneously published by each of the Contracting Parties not later than 1 November of each year.

#### TITLE IV

##### *Negotiation of the Common Schedule*

14. During each three-year period and not later than on 31 May of the third, sixth, ninth and twelfth years from the time of the Treaty's entry into force, the Standing Executive Committee shall supply the Contracting Parties with statistical data on the value and volume of the products traded in the Area during the preceding three-year period, indicating the proportion of aggregate trade which each individually represented.

15. Before 30 June of the third, sixth and ninth years from the time of the Treaty's entry into force, the Contracting Parties shall exchange the lists of products whose inclusion in the Common Schedule they wish to negotiate.

16. The Contracting Parties shall conduct multilateral negotiation to establish, before 30 November of the third, sixth, ninth and twelfth years, a Common Schedule comprising goods whose value meets the minimum commitments referred to in article 7 of the Treaty.

#### TITLE V

##### *Special and temporary provisions*

17. In the negotiations to which this Protocol refers, consideration shall be given to those cases in which varying levels of duties and charges on certain products create conditions such that producers in the Area are not competing on equitable terms.

18. To this end, steps shall be taken to ensure prior equalization of tariffs or to secure by any other suitable procedure the highest possible degree of effective reciprocity.

IN WITNESS WHEREOF the respective representatives have signed the Protocol.

DONE in the City of Montevideo, this eighteenth day of the month of February in the year One Thousand nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic.

The Government of the Eastern Republic of Uruguay shall act as depositary of the present Protocol and shall send certified true

copies thereof to the Governments of the other signatory and acceding countries.

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Protocol No. 2

##### ON THE ESTABLISHMENT OF A PROVISIONAL COMMITTEE

On the occasion of the signing of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (Montevideo Treaty), the signatories, thereunto duly authorized by their Governments, taking into consideration the need to adopt and co-ordinate measures to facilitate the entry into force of the Treaty, hereby agree as follows:

1. A Provisional Committee shall be set up, composed of one representative of each signatory State. Each representative shall have an alternate.

At its first meeting the Provisional Committee shall elect from among its members one Chairman and two Vice-Chairmen.

2. The terms of reference of the Provisional Committee shall be as follows:

(a) To draw up its rules of procedure;

(b) To prepare, within sixty days from the date of its inauguration, its work programme, and to establish its budget of expenditure and the contributions to be made by each country;

(c) To adopt the measures and prepare the documents necessary for the presentation of the Treaty to the Contracting Parties of the General Agreement on Tariffs and Trade (GATT);

(d) To convene and prepare for the first Conference of Contracting Parties;

(e) To assemble and prepare the data and statistics required for the first series of negotiations connected with the implementation of the liberalization programme provided for in the Treaty;

(f) To carry out or promote studies and research, and to adopt whatsoever measures may be necessary in the common interest during its period of office; and

(g) To prepare a preliminary draft agreement on the privileges and immunities referred to in article 47 of the Treaty.

3. In technical matters, the Provisional Committee shall be assisted in an advisory capacity by the United Nations Economic Commission for Latin America (ECLA) and the Inter-American Economic and Social Council (IA-ECOSOC), of the Organization of American States, in accordance with the relevant Protocol.

4. The Provisional Committee shall appoint an Administrative Secretary and other requisite staff.

5. The Provisional Committee shall be inaugurated on 1 April 1960, and its quorum shall be constituted by not less than four members. Up to that date, the Officers of the Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries shall continue to discharge their functions, for the sole purpose of establishing the Provisional Committee.

6. The Provisional Committee shall remain in office until the Standing Executive Committee, provided for in article 33 of the Treaty, has been set up.

7. The Provisional Committee shall have its headquarters in the City of Montevideo.

8. The Officers of the above-mentioned Conference are recommended to request the Government of the Eastern Republic of Uruguay to advance the necessary sums to cover the payment of staff salaries and the installation and operational expenses of the Provisional Committee during the first ninety days. These sums shall be subsequently reimbursed by the States signatories of the present Treaty.

9. The Provisional Committee shall approach the signatory Governments with a view to obtaining for the members of its constituent delegations, as well as for its international staff and advisers, such immunities and privileges as may be needful for the performance of their duties.

IN WITNESS WHEREOF the respective representatives have signed the present Protocol.

DONE in the City of Montevideo, this eighteenth day of the month of February in the year One Thousand Nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic. The Government of the Eastern Republic of Uruguay shall act as the depositary of the present Protocol and shall send certified true copies thereof to the Governments of the other signatory and acceding countries.

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Protocol No. 3

ON THE COLLABORATION OF THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA (ECLA) AND OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL (IA-ECOSOC) OF THE ORGANIZATION OF AMERICAN STATES

On the occasion of the signing of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Associa-

tion (Montevideo Treaty), the signatories, thereunto duly authorized by their Governments, hereby agree as follows:

1. With reference to the provisions of article 44 of the Treaty and in view of the fact that the secretariats of ECLA and of IA-ECOSOC have agreed to assist the organs of the Latin American Free-Trade Association with advice on technical matters, a representative of each of the secretariats in question shall attend the meetings of the Standing Executive Committee of the above-mentioned Association when the business to be discussed is, in the Committee's opinion, of a technical nature.

2. The appointment of the representatives referred to shall be subject to the prior approval of the members of the said Committee.

IN WITNESS WHEREOF the respective representatives have signed the present Protocol.

DONE at the City of Montevideo, this eighteenth day of the month of February in the year One Thousand Nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic. The Government of the Eastern Republic of Uruguay shall act as the depositary of the present Protocol and shall send certified true copies thereof to the Governments of the other signatory and acceding countries.

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Protocol No. 4

ON COMMITMENTS TO PURCHASE OR SELL PETROLEUM AND PETROLEUM DERIVATIVES

On the occasion of the signing of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (Montevideo Treaty), the signatories, thereunto duly authorized by their Governments, hereby agree:

To declare that the provisions of the Montevideo Treaty, signed on 18 February 1960, are not applicable to commitments to purchase or sell petroleum and petroleum derivatives resulting from agreements concluded by the signatories of the present Protocol prior to the date of signature of the above-mentioned Treaty.

IN WITNESS WHEREOF the respective representatives have signed the present Protocol.

DONE at the City of Montevideo, this eighteenth day of the month of February in the year One Thousand Nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic.

The Government of the Eastern Republic of Uruguay shall act as depositary of the present Protocol and shall send certified true copies thereof to the Governments of the other signatory and acceding countries.

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Protocol No. 5

##### ON SPECIAL TREATMENT IN FAVOUR OF BOLIVIA AND PARAGUAY

On the occasion of the signing of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (Montevideo Treaty), the signatories, thereunto duly authorized by their Governments, hereby agree:

To declare that Bolivia and Paraguay are at present in a position to invoke in their favour the provisions in the Treaty concerning special treatment for countries at a relatively less advanced stage of economic development within the Free-Trade Area.

IN WITNESS WHEREOF the respective representatives have signed the present Protocol.

DONE in the City of Montevideo, this eighteenth day of the month of February in the year One Thousand Nine Hundred and Sixty, in one original in the Spanish and one in the Portuguese language, both texts being equally authentic.

The Government of the Eastern Republic of Uruguay shall act as depositary of the present Protocol and shall send certified true copies thereof to the Governments of the other signatory and acceding countries.

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

#### Resolution I

##### MEETINGS OF GOVERNMENTAL REPRESENTATIVES OF CENTRAL BANKS

*The Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries,*

*In view of the report submitted to the Conference by the Meeting of Governmental Representatives of Central Banks, held at Montevideo in January 1960,*

*Considering the desirability of continuing the studies on payments and credits to facilitate the financing of intra-Area transactions and therefore the fulfilment of the purposes of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association,*

*Decides :*

1. To take note of the above-mentioned report;
2. To request the Provisional Committee to convene informal meetings of governmental experts from the central banks of Argentina, Bolivia, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay, which shall be organized by the secretariat of the United Nations Economic Commission for Latin America (ECLA);
3. To establish that the object of these meetings shall be the continuance of the studies on credits and payments to facilitate the financing of intra-Area transactions and therefore the fulfilment of the purposes of the aforesaid Treaty;
4. To request the Economic Commission for Latin America (ECLA), the Inter-American Economic and Social Council (IA-ECOSOC) of the Organization of American States and the International Monetary Fund for their advice and technical assistance;
5. To extend the invitation to experts from the central banks of such countries as may have acceded to the said Treaty.

*Montevideo, 18 February 1960*

*For the Government of the Argentine Republic:*  
Diógenes Taboada

*For the Government of the Republic of the United States of Brazil:*  
Horacio Lafer

*For the Government of the Republic of Chile:*  
Germán Vergara Donoso

*For the Government of the Republic of the United Mexican States:*  
Manuel Tello

*For the Government of the Republic of Paraguay:*  
Raúl Sapena Pastor  
Pedro Ramón Chamorro

*For the Government of Peru:*  
Hernán Bellido  
Gonzalo L. de Aramburu

*For the Government of the Eastern Republic of Uruguay:*  
Horacio Martínez Montero  
Mateo Magariños de Mello

## Resolution II

### MORATORIUM GRANTED TO BOLIVIA FOR SIGNATURE OF THE TREATY

*The Inter-Governmental Conference for the Establishment of a Free-Trade Area among Latin American Countries,*

Considering the generous spirit of co-operation displayed by Bolivia in its participation in the negotiations for the conclusion of the Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (Treaty of Montevideo);

Mindful of the motives adduced by the delegation of Bolivia to explain why, for reasons of *force majeure*, it is unable to sign the above-mentioned Treaty on the present occasion,

Decides to grant the Government of Bolivia a moratorium of four (4) months during which it will be free to accede to the aforesaid Treaty as a signatory State.

Montevideo, 18 February 1960

For the Government of the Argentine Republic:  
Diógenes Taboada

For the Government of the Republic of the United States of Brazil:

Horacio Lafer

For the Government of the Republic of Chile:

Germán Vergara Donoso

For the Government of the Republic of the United Mexican States:

Manuel Tello

For the Government of the Republic of Paraguay:

Raúl Sapena Pastor

Pedro Ramón Chamorro

For the Government of Peru:

Hernán Bellido

Gonzalo L. de Aramburu

For the Government of the Eastern Republic of Uruguay:

Horacio Martínez Montero

Mateo Magariños de Mello

## Annex III

### LIST OF THE PRINCIPAL DOCUMENTS ISSUED BY THE COMMISSION SINCE ITS EIGHTH SESSION (MAY 1959)

Symbol	Title	Languages <sup>a</sup>
A. SECRETARIAT		
E/CN.12/429/Add.1-3/ Rev.1	<i>El desarrollo económico de la Argentina. Parte 2 : Los sectores de la producción (A. Agricultura — B. Industria — C. Energía y petróleo — D. Transporte)</i> (United Nations publication, Sales No. : 59.II.G.3, Vols. II and III)	S
E/CN.12/498/Rev.1	<i>Economic Survey of Latin America, 1958</i> (United Nations publication, Sales No. : 59.II.G.1)	E S
E/3246/Rev.2-E/CN.12/ 530/Rev.2	Annual Report (9 April 1958 - 23 May 1959)	E F S
E/CN.12/531	The Latin American common market <sup>b</sup>	E S
E/CN.12/532	Las perspectivas de la producción y de la demanda de productos siderúrgicos laminados en América Latina	S
E/CN.12/533	Informe del Comité de Cooperación Económica del Istmo Centroamericano <sup>c</sup>	S
E/CN.12/534	Estudio del papel y de la celulosa en el Ecuador	S
E/CN.12/535	La industria mexicana de papel y celulosa : situación actual y tendencias futuras	S
E/CN.12/536	La industria del papel y celulosa en Venezuela	S
E/CN.12/537	La industria peruana del papel y la celulosa : situación actual y tendencias futuras	S
E/CN.12/538	<i>Workshop on Budgetary Classification and Management in South America</i> <sup>d</sup>	E S
E/CN.12/539	Report to the Surinam Government on the prospects of the pulp and paper industry in Surinam	E
	<i>Economic Bulletin for Latin America</i> , Vol. IV, No. 2 (Santiago, Chile, October 1959)	E S

<sup>a</sup> The letters E, F, and S indicate English, French and Spanish, respectively.

<sup>b</sup> See section D of this annex.

<sup>c</sup> See section C of this annex.

<sup>d</sup> See section E of this annex.

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
<b>B. COMMITTEE OF THE WHOLE</b>		
E/CN.12/AC.45/1/Rev.2	Agenda	E F S
E/CN.12/AC.45/2	Progress report by the Executive Secretary	E F S
E/CN.12/AC.45/3	Progress report by the secretariat on the common market programme	E S
E/CN.12/AC.45/4	Progress report by the secretariat on the Central American Economic Integration Programme	E F S
E/CN.12/AC.45/5	Information paper on technical assistance provided to countries of the ECLA region under the expanded and regular programmes	E S
E/CN.12/AC.45/6	United Nations building in Santiago, Chile	E S
E/CN.12/AC.45/7	Application by the Federation of the West Indies for admission as an associate member of the Economic Commission for Latin America	E S
E/CN.12/AC.45/8	Report on co-ordination between ECLA and IA-ECOSOC	E S
E/CN.12/AC.45/9	Statement by the Executive Secretary during the session on the programme of work and priorities	E S
E/CN.12/AC.45/10	Note by the secretariat on resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission	E S
E/CN.12/AC.45/10/ Add.1	Resolutions of the General Assembly on educational conditions in non-self-governing territories	E S
E/CN.12/AC.45/11	Control and limitation of documentation	E S
E/CN.12/AC.45/12	Note by the secretariat on co-operation with the Economic Commission for Africa	E S
E/3333—		
E/CN.12/AC.45/13/Rev.1	Annual Report (24 March 1959 - 29 March 1960)	E F S

### C. CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

#### GENERAL PROGRESS OF THE CENTRAL AMERICAN INTEGRATION PROGRAMME

E/CN.12/CCE/160	Evaluación y perspectivas del Programa de Integración Económica de Centroamérica	S
E/CN.12/CCE/161	Informe general de la Secretaría sobre el Programa de Integración Económica Centroamericana	S
E/CN.12/533-E/CN.12/ CCE/184	<i>Informe del Comité de Cooperación Económica del Istmo Centroamericano (11 junio de 1958 a 2 septiembre de 1959)</i> (Contains the Central American Agreement on the Equalization of Import Duties and Charges) (United Nations Publication, Sales No. : 59.II.G.5)	S

#### TRADE AND TRADE POLICY

E/CN.12/CCE/163	Informe de la sexta reunión del Subcomité de Comercio Centroamericano (Managua, Nicaragua, 16-22 June 1959)	S
E/CN.12/CCE/165	Evolución del libre comercio y de la equiparación arancelaria	S
E/CN.12/CCE/SC.1 41/Rev.1	Procedimiento de equiparación de los gravámenes a la importación en Centroamérica	S

#### *Industrial development*

E/CN.12/CCE/166	Análisis de las medidas y alternativas para poner en vigor el régimen de industrias centroamericanas de integración	S
FAO/CAIS/59/1	Proyecto para la fabricación de celulosa y papel en Centroamérica	S

#### DEVELOPMENT OF THE ECONOMIC INFRASTRUCTURE

E/CN.12/CCE/SC.5/I/ DT.1	Nicaragua. Plan de electrificación nacional e investigación de los recursos hidro-eléctricos	S
E/CN.12/CCE/SC.5/I/ DT.2	Estado de la electrificación en Guatemala	S
E/CN.12/CCE/SC.5/I/ DT.3	Estado actual de los planes de electrificación en Costa Rica	S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
E/CN.12/CCE/SC.5/1/ DT.4	Investigación de los recursos hidroeléctricos en Guatemala	S
E/CN.12/CCE/SC.5/1/ DT.5	El Salvador. Investigaciones geotérmicas	S
E/CN.12/CCE/SC.5/1/ DT.6	Bases para el establecimiento de un sistema de uniformación estadística de la industria de energía eléctrica en Centroamérica	S
E/CN.12/CCE/SC.5/1/ DT.7	Normas y legislación eléctricas en Guatemala	S
E/CN.12/CCE/207	Informe de la primera reunión del Sub-Comité de Electrificación	S
E/CN.12/CCE/208-TAO/ LAT/28	Código portuario	S
DEVELOPMENT OF CROP AND STOCK FARMING AND FISHERIES		
E/CN.12/CCE.171	Informe de la reunión de expertos sobre clasificación de granos e intercambio de información de mercados	S
FAO/CAIS/59/4	Posibilidades de organización del mercado centroamericano de ganado y carne, y clasificación de ganado	S
FAO/CAIS/59/5	Situación actual y líneas de posible desarrollo de la industria pesquera en Centroamérica	S
FAO/CAIS/59/6	Recomendaciones sobre coordinación de la política algodonera centroamericana	S
STATISTICS		
E/CN.12/CCE/SC.2/65	Coordinación de las estadísticas agropecuarias continuas entre las naciones del Istmo Centroamericano	S
E/CN.12/CCE/SC.2/66	Resumen de los resultados de una encuesta sobre precios recibidos por los productores agropecuarios en las naciones del Istmo Centroamericano	S
E/CN.12/CCE/SC.2/67	Estadísticas de precios recibidos por los productores agropecuarios	S
E/CN.3/L.40/Rev.1/ Add.2	Modificaciones que se propone introducir en las normas internacionales para la preparación de estadísticas industriales básicas	S
E/CN.3/L.40/Rev.1/ Add.2	Métodos utilizados para preparar estadísticas industriales	S
E/CN.3/L.49/Add.1	Notas sobre el planeamiento y la preparación de encuestas para el programa mundial de encuestas industriales básicas de 1963	S
TAO/LAT/25	Estadísticas de energía eléctrica en Centroamérica	S
MISCELLANEOUS		
E/CN.12/CCE/176	Las clases medias en Centroamerica (estudio preliminar)	S
E/CN.12/CCE/179	Informe a la Oficina Internacional del Trabajo de la Misión de Productividad y Formación Profesional correspondiente a 1959	S
D. TRADE COMMITTEE		
E/CN.12/531	<i>The Latin American Common market</i> (E/CN.12/C.1/9, E/CN.12/C.1/WG.2/6, E/CN.12/C.1/WG.2/10/Rev.1, E/CN.12/C.1/13, E/CN.12/C.1/11/Add.1 and E/CN.12/C.1/15/Rev.2) (United Nations publication, Sales No.: 59.II.G.4.)	E S
E/CN.12/C.1/16	Comercio interlatinoamericano: datos estadísticos del intercambio entre los países de la zona meridional de Sudamérica	S
E. WORKSHOP ON BUDGETARY CLASSIFICATION AND MANAGEMENT IN SOUTH AMERICA		
E/CN.12/BRW.1/L.2 — ST/TAA/M.12 — ST/ECA/49	<i>Manual for economic and functional classification of government transactions</i> (United Nations publication, Sales No.: 58.XVI.2)	E S
E/CN.12/BRW.1/L.3	The budget as an instrument for programming economic development	E S
E/CN.12/BRW.1/L.4 and ST/ECA/52/Add.1	Reclassification of government expenditures and receipts in selected countries	E S
E/CN.12/BRW.1/L.5	Presupuesto de programa y de ejecución por actividades	S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
E/CN.12/BRW.1/L.6	Contabilidad económica nacional y contabilidad del sector público	S
E/CN.12/BRW.1/L.7	El sistema presupuestario de Chile	S
E/CN.12/BRW.1/1	El presupuesto en el Uruguay	S
E/CN.12/BRW.1/2	Problemas en la aplicación de un presupuesto por programas	S
E/CN.12/BRW.1/3	La reforma presupuestaria chilena	S
E/CN.12/538-ST/TAO/ SER.C/39	<i>Workshop on budgetary classification and management in South America</i> (Santiago; Chile, 27 May - 5 June 1959)	E S

#### F. SEMINAR ON URBANIZATION PROBLEMS IN LATIN AMERICA

E/CN.12/URB.2/Rev.1-UNESCO/ SS/URB/LA/2/Rev.1	Some policy implications of urbanization	E S
E/CN.12/URB/3-UNESCO/ SS/URB/LA/3	Aspects of the adjustment of rural migrants to urban-industrial conditions in São Paulo, Brazil	E S
E/CN.12/URB/4-UNESCO/ SS/URB/LA/4	The main arguments concerning urban sociology presented and discussed at the Seventh National Congress on Sociology	E S
E/CN.12/URB/5-UNESCO/ SS/URB/LA/5	Urbanization and physical planning in Peru	E S
E/CN.12/URB/6-UNESCO/ SS/URB/LA/6	Note on the economies of urbanization in Latin America	E S
E/CN.12/URB/7- UNESCO/SS/URB/ LA/7	Relationship between economic development, industrialization and the growth of urban population in Brazil	E S
E/CN.12/URB/8- UNESCO/SS/URB/ LA/8	Some characteristics of personality related to upward social mobility in an unstable urban environment	E S
E/CN.12/URB/9- UNESCO/SS/URB/ LA/9	The process of urbanization in Argentina	E S
E/CN.12/URB/10- UNESCO/SS/URB/ LA/10	Inquiry into the social effects of urbanization in a working class sector of Greater Buenos Aires	E S
E/CN.12/URB/11- UNESCO/SS/URB/ LA/11	Migration and urbanization. The "Barriadas" of Lima; and an example of integration into urban life	E S
E/CN.12/URB/12- UNESCO/SS/URB/ LA/12	Movimientos migratorios internos y problemas de acomodación del inmi- grante nacional en São Paulo (Brasil)	S
E/CN.12/URB/13- UNESCO/SS/URB/ LA/13	Conditions of immigrant assimilation in urban Brazil	E S
E/CN.12/URB/14- UNESCO/SS/URB/ LA/14	Ensayo bibliográfico sobre urbanización en América Latina	S
E/CN.12/URB/15- UNESCO/SS/URB/ LA/15	Psychological and mental health problems of urbanization	E S
E/CN.12/URB/16- UNESCO/SS/URB/ LA/16	La ciudad de Cochabamba	S
E/CN.12/URB/17- UNESCO/SS/URB/ LA/17	Some characteristics of urbanization in the city of Rio de Janeiro	E S
E/CN.12/URB/18- UNESCO/SS/URB/ LA/18	Demographic aspects of urbanization in Latin America	E S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
E/CN.12/URB/19- UNESCO/SS/URB/ LA/19	Creation of employment opportunities in relation to labour supply	E S
E/CN.12/URB/20- UNESCO/SS/URB/ LA/20	Socio-economic problems of migration and urbanization in the town of Esmeraldas, Ecuador	E S
E/CN.12/URB/22- UNESCO/SS/URB/ LA/22	El proceso urbanístico en Atlixco y en Ciudad Sahagún	S
E/CN.12/URB/24- UNESCO/SS/URB/ LA/24	Urbanization and economic development	E
E/CN.12/URB/25- UNESCO/SS/URB/ LA/25	Certain conclusions relevant to Latin American urbanization which may be drawn from the United Nations Seminar on Regional Planning (Tokyo, 28 July - 8 August 1958)	E
E/CN.12/URB.26/Rev.1- UNESCO/SS/URB/ LA/26/Rev.1	Report of the Seminar on Urbanization Problems in Latin America (Santiago, Chile, 6-18 July 1959)	E S

#### Annex IV

### TERMS OF REFERENCE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

*As adopted by the Economic and Social Council at its sixth session and amended at its ninth, thirteenth and twenty-eighth sessions*

1. The Economic Commission for Latin America, acting within the framework of the policies of the United Nations and subject to the general supervision of the Council, shall, provided that the Commission takes no action in respect to any country without the agreement of the Government of that country:

(a) Initiate and participate in measures for facilitating concerted action for dealing with urgent economic problems arising out of the war and for raising the level of economic activity in Latin America and for maintaining and strengthening the economic relations of the Latin American countries both among themselves and with other countries of the world;

(b) Make or sponsor such investigations and studies of economic and technological problems and developments within territories of Latin America as the Commission deems appropriate;

(c) Undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate;

(d) Give special attention in its activities to the problems of economic development and assist in the formulation and development of co-ordinated policies as a basis for practical action in promoting economic development in the region;

(e) Assist the Economic and Social Council and its Technical Assistance Committee in discharging their functions with respect to the United Nations technical assistance programme, in particular by assisting in their appraisal of these activities in the Latin American region.

(f) In carrying out the above functions, deal as appropriate with the social aspects of economic development and the interrelationship of the economic and social factors.

2. The Commission shall direct its activities especially towards the study and seeking of solutions of problems arising in Latin America from world economic maladjustment and towards other problems connected with the world economy, with a view to the co-operation of the Latin American countries in the common effort to achieve world-wide recovery and economic stability.

3. (a) Membership of the Commission shall be open to Members of the United Nations in North, Central and South America, and in

the Caribbean area, and to France, the Netherlands and the United Kingdom. Any territory, or part or group thereof, within the geographic scope of the Commission's work, may, on presentation of its application to the Commission by the Member responsible for the international relations of such territory, part or group of territories, be eligible for admission by the Commission as an associate member of the Commission. If it has become responsible for its own international relations, such territory, part or group of territories may be admitted as an associate member of the Commission on itself presenting its application to the Commission.

(b) Representatives of associate members shall be entitled to participate without vote in all meetings of the Commission, whether sitting as commission or as committee of the whole.

(c) Representatives of associate members shall be eligible to be appointed as members of any committee or other subordinate body which may be set up by the Commission, and shall be eligible to hold office in such body.

4. The geographical scope of the Commission's work is the twenty Latin American States Members of the United Nations, participating territories in Central and South America which have frontiers adjoining any of these States, and participating territories in the Caribbean area.

5. The Commission is empowered to make recommendations on any matters within its competence directly to the Governments of members or associate members concerned, Governments admitted in a consultative capacity, and the specialized agencies concerned. The Commission shall submit for the Council's prior consideration any of its proposals for activities that would have important effects on the economy of the world as a whole.

6. The Commission shall invite any Member of the United Nations not a member of the Commission to participate in a consultative capacity in its consideration of any matter of particular concern to that non-member, following the practices of the Economic and Social Council.

7. (a) The Commission shall invite representatives of specialized agencies to attend its meetings and to participate, without vote, in its deliberations with respect to items on its agenda relating to

matters within the scope of their activities; and may invite observers from such other inter-governmental organizations as it may consider desirable in accordance with the practices of the Council.

(b) The Commission shall make arrangements for consultation with non-governmental organizations which have been granted consultative status by the Council, in accordance with the principles approved by the Council for this purpose.

8. (a) The Commission shall take measures to ensure that the necessary liaison shall be maintained with other organs of the United Nations and with the specialized agencies, with special attention to the avoidance of the duplication of efforts.

(b) The Commission shall establish appropriate liaison and co-operation with other regional economic commissions, in accordance with the resolutions and directives of the Economic and Social Council and the General Assembly.

9. The Commission shall co-operate with and take the necessary measures to co-ordinate its activities with the appropriate organs of the Inter-American System and as may be necessary with the Caribbean Commission in order to avoid any unnecessary duplication of effort between those organs and itself; to this end the Commission is empowered to, and shall seek to, make working arrangements with the appropriate organs of the Inter-American System regarding the joint or independent study or execution of economic problems within its competence and the fullest exchange of information necessary for the co-ordination of efforts in the

economic field. The Commission shall invite the Pan American Union to nominate a representative to attend meetings of the Commission in a consultative capacity.

10. The Commission may, after discussion with any specialized agency concerned, and with the approval of the Council, establish such subsidiary bodies as it deems appropriate, for facilitating the carrying out of its responsibilities.

11. The Commission shall adopt its own rules of procedure, including the method of selecting its Chairman.

12. The Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies.

13. The administrative budget of the Commission shall be financed from the funds of the United Nations.

14. The Secretary-General of the United Nations shall appoint the staff of the Commission, which shall form part of the Secretariat of the United Nations.

15. The headquarters of the Commission shall be at Santiago, Chile. The first session of the Commission shall be held during the first half of the present year in that city. The Commission shall at each session decide upon the place of meeting for its next session, with due consideration for the principle that the countries of Latin America be chosen in rotation.

16. The Council shall, from time to time, make special reviews of the work of the Commission.

## Annex V

### RULES OF PROCEDURE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

*As adopted by the Commission at its first session and amended at its second, third, fourth, fifth and eighth session, and by the Committee of the Whole at its session in February 1952*

#### CHAPTER I. SESSIONS

##### Rule 1

(a) The Commission shall at each session recommend the date and place for its next session, subject to the approval of the Council, and in consultation with the Secretary-General. Sessions of the Commission shall also be held within forty-five days of the communication to the Executive Secretary of a request to that effect by the Economic and Social Council, and in that case, the Secretary-General shall establish the place of such sessions in consultation with the Chairman of the Commission.

(b) In special cases the date and place of the sessions may be altered by the Secretary-General in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences. At the request of the majority of the members of the Commission, the Secretary-General, in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences, may also alter the date and place of the session.

##### Rule 2

The Commission's recommendation regarding the place of meeting for its session shall be taken with due consideration for the principle that the countries of Latin America be chosen in rotation.

##### Rule 3

The Executive Secretary shall ensure that, at least six weeks before the commencement of a session, member Governments shall receive a notice of the opening date of the session, together with a copy of the provisional agenda and at least three copies of each of the reports, studies and documents which are to be considered during the session.

Such reports, studies and documents shall be submitted to member Governments in the language which they indicate, in accordance with the provisions of rule 44 of the rules of procedure.

##### Rule 4

The Commission shall invite any Member of the United Nations not a member of the Commission to participate in a consultative capacity in its consideration of any matter of particular concern to that Member.

##### Rule 5

The Commission shall invite representatives of specialized agencies to attend its meetings and to participate, without vote, in its deliberations with respect to items on its agenda relating to matters within the scope of their activities; and may invite observers from such other inter-governmental organizations as it may consider desirable in accordance with the practices of the Council.

##### Rule 6

The Commission shall invite the Inter-American Economic and Social Council to nominate a representative to attend meetings of the Commission in a consultative capacity.

#### CHAPTER II. AGENDA

##### Rule 7

The provisional agenda for each session shall be drawn up by the Executive Secretary in consultation with the Chairman and shall be communicated to the members of the Commission, to the specialized agencies, to the Inter-American Economic and Social Council, to the non-governmental organizations in category A and to the appropriate non-governmental organizations in category B and on the register, together with the notice convening the Commission.

### Rule 8

The provisional agenda for any session shall include :

- (a) Consideration of the report of the Executive Secretary referred to in rule 24;
- (b) Items arising from previous sessions of the Commission;
- (c) Items proposed by the Economic and Social Council;
- (d) Items proposed by any member of the Commission;
- (e) Items proposed by a specialized agency in accordance with the agreements of relationship concluded between the United Nations and such agencies;
- (f) Items proposed by the Inter-American Economic and Social Council;
- (g) Items proposed by non-governmental organizations in category A subject to the provisions of rule 10; and
- (h) Any other items which the Chairman or the Executive Secretary deems fit to include.

### Rule 9

Before the Executive Secretary places an item proposed by a specialized agency, or by the Inter-American Economic and Social Council, on the provisional agenda, he shall carry out with the agency or organization concerned such preliminary consultations as may be necessary.

### Rule 10

Organizations in category A may propose items for the provisional agenda of the Commission subject to the following conditions :

- (a) An organization which intends to propose such an item shall inform the Executive Secretary at least sixty-three days before the commencement of the session and before formally proposing an item shall give due consideration to any comments the Executive Secretary may make;
- (b) The proposal shall be formally submitted with the relevant basic documentation not later than forty-nine days before the commencement of the session. The item shall be included in the agenda of the Commission if it is adopted by a two-thirds majority of those present and voting.

### Rule 11

After the agenda has been adopted the Commission may amend it at any time.

In the event that a member Government does not receive the reports, studies and documents to be considered during a session six weeks in advance, as provided in rule 3, it shall have the right to request that the items to which those reports, studies and documents refer should be excluded from the agenda, and the Commission shall immediately grant such a request.

Notwithstanding the foregoing provisions, if, when an item is submitted for consideration by the Commission, three-quarters or more of the members accredited to attend a given session insist that it should nevertheless be discussed, that majority decision shall prevail.

## CHAPTER III. REPRESENTATION AND CREDENTIALS

### Rule 12

Each member shall be represented on the Commission by an accredited representative.

### Rule 13

A representative may be accompanied to the sessions of the Commission by alternate representatives and advisers and, when absent, he may be replaced by an alternate representative.

### Rule 14

The credentials of each representative appointed to the Commission, together with a designation of alternate representatives, shall be submitted to the Executive Secretary without delay.

### Rule 15

The Chairman and the Vice-Chairmen shall examine the credentials and report upon them to the Commission.

## CHAPTER IV. OFFICERS

### Rule 16

The Commission shall, at the commencement of each session, elect from among the representatives a Chairman, two Vice-Chairmen and a Rapporteur, who shall hold office until their successors are elected. They shall be eligible for re-election.

### Rule 17

If the Chairman does not attend a meeting, or absents himself from a meeting, one of the Vice-Chairmen shall preside. If, at a following meeting, the Chairman should again be absent, the other Vice-Chairman shall preside, the succession alternating in the Spanish alphabetical order. The provisions of this rule apply only to a single session or to a part thereof.

### Rule 18

If the Chairman ceases to represent a member of the Commission or is so incapacitated that he can no longer hold office, one of the Vice-Chairmen shall be elected as Chairman for the unexpired portion of the term. The other Vice-Chairman shall continue to act in the capacity prescribed in the rules of procedure.

### Rule 19

The Vice-Chairman acting as Chairman shall have the same powers and duties as the Chairman.

### Rule 20

The Chairman or the Vice-Chairman acting as Chairman shall participate in the meetings of the Commission as such and not as the representative of the member by whom he was accredited. The Commission shall admit an alternate representative to represent that member in the meetings of the Commission and to exercise its right to vote.

## CHAPTER V. SECRETARIAT

### Rule 21

The Executive Secretary shall act in that capacity at all meetings of the Commission and of its subsidiary bodies. He may appoint another member of the staff to take his place at any meeting.

### Rule 22

The Executive Secretary or his representative may at any meeting make either oral or written statements concerning any question under consideration.

### Rule 23

The Executive Secretary shall direct the staff provided by the Secretary-General and required by the Commission and any subsidiary bodies thereof.

### Rule 24

The Executive Secretary shall be responsible for the necessary arrangements being made for meetings.

At the beginning of the session he shall present a report on the work programme of the secretariat during the period between the previous and current sessions.

In the periods between sessions, the Executive Secretary shall see that, in so far as possible, the member Governments are in-

formed of the results of the work in progress and of the opinions expressed by the member Governments regarding such results.

#### *Rule 25*

The Executive Secretary in carrying out his functions shall act on behalf of the Secretary-General.

#### *Rule 26*

Before new proposals which involve expenditure from the United Nations funds are approved by the Commission, the Executive Secretary shall prepare and circulate to members an estimate of that part of the cost involved in the proposals which could not be met and of the resources available to the secretariat. It shall be the duty of the Chairman to draw the attention of members to this estimate, and invite discussion on it before the proposals are approved.

### CHAPTER VI. CONDUCT OF BUSINESS

#### *Rule 27*

A majority of the members of the Commission shall constitute a quorum, except as provided in the third paragraph of rule 11 of these rules of procedure.

#### *Rule 28*

In addition to exercising the powers conferred upon him elsewhere by these rules, the Chairman shall declare the opening and closing of each meeting of the Commission, shall direct the discussion, ensure the observance of these rules, and shall accord the right to speak, put questions to the vote and announce decisions. The Chairman may also call a speaker to order if his remarks are not relevant to the subject under discussion.

#### *Rule 29*

During the discussion of any matter a representative may raise a point of order. In this case the Chairman shall immediately state his ruling. If it is challenged, the Chairman shall forthwith submit his ruling to the Commission for decision and it shall stand unless overruled.

#### *Rule 30*

During the discussion of any matter, a representative may move the adjournment of the debate. Any such motion shall have priority. In addition to the proposer of the motion, one representative shall be allowed to speak in favour of and one representative against the motion.

#### *Rule 31*

A representative may at any time move the closure of the debate whether or not any other representative has signified his wish to speak. Not more than two representatives may be granted permission to speak against the closure.

#### *Rule 32*

The Chairman shall take the sense of the Commission on a motion for closure. If the Commission is in favour of the closure, the Chairman shall declare the debate closed.

#### *Rule 33*

The Commission may limit the time allowed to each speaker.

#### *Rule 34*

Upon a request of any member any motion and amendment thereto made by any speaker shall be given to the Chairman in writing and shall be read by him before any further speaker is called upon and also immediately before a vote is taken on such motion or amendment. The Chairman may direct that any motion or amendment be circulated to the members present before a vote is taken.

This rule shall not apply to formal motions such as one for closure or adjournment.

#### *Rule 35*

Principal motions and resolutions shall be put to the vote in the order of their submission unless the Commission decides otherwise.

#### *Rule 36*

When an amendment revises, adds to or deletes from a proposal, the amendment shall be put to the vote first, and if it is adopted, the amended proposal shall then be put to the vote.

#### *Rule 37*

If two or more amendments are moved to a proposal, the Commission shall vote first on the amendment furthest removed in substance from the original proposal, then, if necessary, on the amendment next furthest removed and so on, until all the amendments have been put to the vote.

#### *Rule 38*

The Commission may, at the request of a representative, decide to put a motion or resolution to the vote in parts. If this is done, the text resulting from the series of votes shall be put to the vote as a whole.

### CHAPTER VII. VOTING

#### *Rule 39*

Each member of the Commission shall have one vote.

#### *Rule 40*

Decisions of the Commission shall be made by a majority of the members present and voting, except as provided in rule 10 and the third paragraph of rule 11 of these rules of procedure.

#### *Rule 41*

The Commission shall normally vote by show of hands. If any representative requests a roll call, a roll call shall be taken in the Spanish alphabetical order of the names of the members.

#### *Rule 42*

All elections shall be decided by secret ballot.

#### *Rule 43*

If a vote is equally divided upon matters other than elections, a second vote shall be taken at the next meeting. If this vote also results in equality, the proposal shall be regarded as rejected.

### CHAPTER VIII. LANGUAGES

#### *Rule 44*

The final text of the Commission's report to the Economic and Social Council and of its resolutions shall be prepared in Spanish, French, English and Portuguese, which shall be the official languages of the Commission. The first three languages mentioned shall be the working languages of the Commission.<sup>a</sup>

#### *Rule 45*

Speeches made in any of the working languages shall be interpreted into the other working languages.

### CHAPTER IX. RECORDS

#### *Rule 46*

Summary records of the meetings of the Commission shall be kept by the secretariat. They shall be sent as soon as possible to the

<sup>a</sup> Approved by the Economic and Social Council in resolution 301 (XI) of 7 August 1950.

representatives of members and to the representatives of any other government agency or organization which participated in the meeting concerned. Such representatives shall inform the secretariat not later than seventy-two hours after the circulation of any summary records of any changes they wish to have made.

#### Rule 47

The corrected version of the summary records of public meetings shall be distributed as soon as possible in accordance with the usual practice of the United Nations. This shall include distribution to associate members if and when admitted, to the Inter-American Economic and Social Council, and on appropriate occasions to Governments admitted in a consultative capacity.

#### Rule 48

The corrected version of the summary records of private meetings shall be distributed as soon as possible to the members of the Commission, to associate members if and when admitted, to any Government participating in a consultative capacity in the meeting concerned, to the specialized agencies, and to the Inter-American Economic and Social Council. They shall be distributed to all the Members of the United Nations if and when the Commission so decides.

#### Rule 49

As soon as possible the text of all reports, resolutions, recommendations and other formal decisions made by the Commission, its sub-commissions or other subsidiary bodies and its committees shall be communicated to the members of the Commission, to associate members if and when admitted, to all other Members of the United Nations, to the specialized agencies, to the Inter-American Economic and Social Council, to non-governmental organizations in category A and to the appropriate non-governmental organizations in category B and on the register.

### CHAPTER X. PUBLICITY OF MEETINGS

#### Rule 50

The meetings of the Commission shall ordinarily be held in public. The Commission may decide that a particular meeting or meetings shall be held in private.

### CHAPTER XI. RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

#### Rule 51

(a) Non-governmental organizations in categories A and B and on the register may designate authorized representatives to sit as observers at public meetings of the Commission.

(b) Written statements relevant to the work of the Commission or its subsidiary bodies may be submitted by organizations in categories A and B on subjects for which these organizations have a special competence. Such statements shall be circulated by the Executive Secretary to the members of the Commission, except those statements which have become obsolete, e.g., those dealing with matters already disposed of.

(c) The following conditions shall be observed regarding the submission and circulation of such written statements:

(i) The written statements shall be submitted in one of the official languages of the Commission;

(ii) They shall be submitted in sufficient time for appropriate consultation to take place between the Executive Secretary and the organization before circulation;

(iii) The organization shall give due consideration to any comments which the Executive Secretary may make in the course of such consultation before transmitting the statement in final form;

(iv) A written statement submitted by an organization in category A or B will be circulated in full if it does not exceed 2,000 words.

Where a statement is in excess of 2,000 words, the organization shall submit a summary which will be circulated or shall supply sufficient copies of the full text in the three working languages for distribution. A statement will also be circulated in full, however, upon the specific request of the Commission;

(v) The Executive Secretary may invite organizations on the register to submit written statements. The provisions of paragraphs (i), (iii) and (iv) above shall apply to such statements;

(vi) A written statement or summary, as the case may be, will be circulated by the Executive Secretary in the working languages of the Commission.

#### Rule 52

(a) The Commission may consult with organizations in categories A or B either directly or through a committee or committees established for the purpose. In all cases, such consultations may be arranged on the invitation of the Commission or at the request of the organization. On the recommendation of the Executive Secretary and at the request of the Commission, organizations on the register may also be heard by the Commission.

(b) Subject to the relevant rules of procedure or financial implications, the Commission may recommend that an organization which has special competence in a particular field should undertake specific studies or investigations or prepare specific papers for the Commission. The limitations of rule 51, paragraph (c) (iv), shall not apply in this case.

### CHAPTER XII. SUB-COMMISSIONS, OTHER SUBSIDIARY BODIES AND COMMITTEES

#### Rule 53

The Commission may, after discussion with any specialized agency concerned and with the approval of the Economic and Social Council, establish such continually acting sub-commissions or other subsidiary bodies as it deems appropriate for facilitating the carrying out of its responsibilities and shall define the powers and composition of each of them. Such autonomy as may be necessary for the effective discharge of the technical responsibilities laid upon them may be delegated to them.

#### Rule 54

The Commission may establish such committees and sub-committees as it deems necessary to assist it in carrying out its tasks.

#### Rule 55

Sub-commissions or other subsidiary bodies shall adopt their own rules of procedure unless otherwise decided by the Commission.

### CHAPTER XIII. REPORTS

#### Rule 56

The Commission shall submit to the Economic and Social Council once a year a full report on its activities and plans, including those of any subsidiary bodies and shall make interim reports at each regular session of the Council.<sup>b</sup>

### CHAPTER XIV. AMENDMENTS AND SUSPENSIONS

#### Rule 57

Any of these rules of procedure may be amended or suspended by the Commission provided that the proposed amendments or suspensions do not attempt to set aside the terms of reference laid down by the Economic and Social Council.

<sup>b</sup> Under the terms of its resolution 234B(IX) of 12 August 1949, the Economic and Social Council decided to amend paragraph 12 of the Commission's terms of reference by deleting the requirement for the Commission to "make interim reports at each regular session of the Council".

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