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ECONOMIC COMMISSION FOR LATIN AMERICA

ANNUAL REPORT

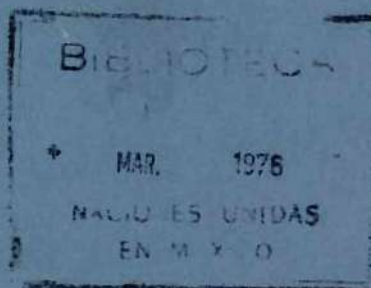
(10 March 1974-6 May 1975)

VOLUME I

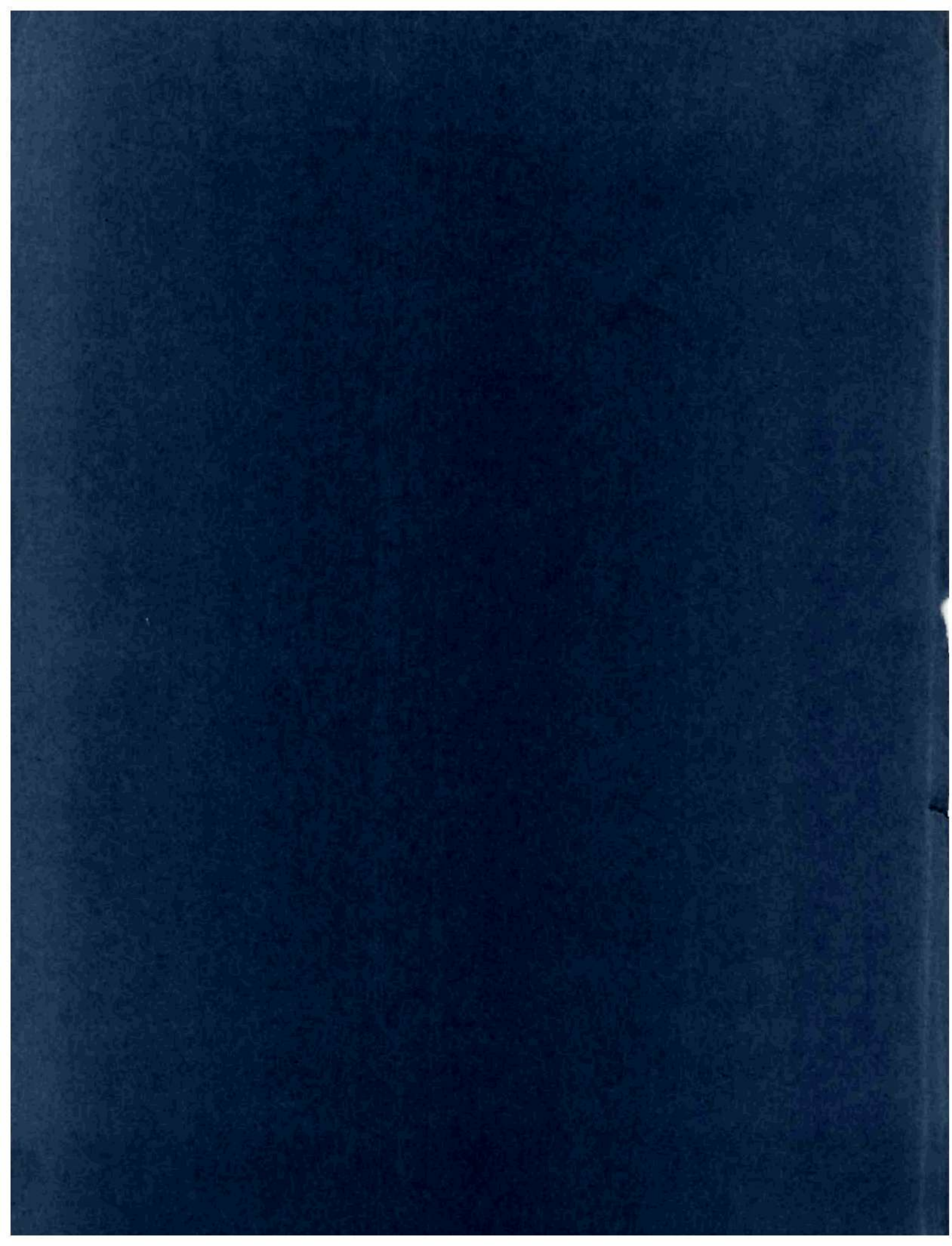
ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS: FIFTY-NINTH SESSION

SUPPLEMENT No. 9



UNITED NATIONS





ECONOMIC COMMISSION FOR LATIN AMERICA

ANNUAL REPORT

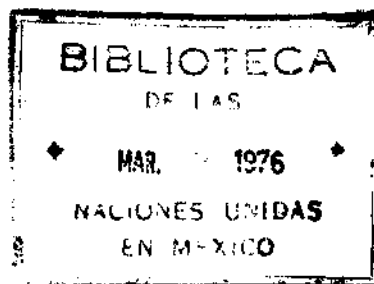
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UNITED NATIONS
New York, 1975

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

E/5608
E/CEPAL/989/Rev.1

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†/ See, Volume II.



INTRODUCTION

1. This twenty-sixth annual report of the Economic Commission for Latin America (ECLA) covers the period from 1 March 1974 to 6 May 1975.^{1/} It is submitted to the Economic and Social Council for consideration at its fifty-ninth session in accordance with paragraph 12 of the Commission's terms of reference.

PART I

WORK OF THE COMMISSION SINCE 1 MARCH 1974

A. ACTIVITIES OF SUBSIDIARY BODIES

2. This section of the report covers the activities of the Committee on Central American Economic Co-operation, the Regional Group on Electricity Rates, and the Regional Committee on Electrical Standards.

Tenth Meeting of the Committee on Central American Economic Co-operation

3. ECLA's Mexico Office acts as the secretariat for the Committee on Central American Economic Co-operation and its subsidiary bodies. This Committee is responsible for proposing specific measures for the gradual and progressive integration of the economies of the region and for making arrangements to carry out appropriate studies.

4. Work has continued on preparing documents to be submitted to the Tenth Meeting of the Economic Co-operation Committee. Further progress was made in drafting various notes covering, inter alia, the problems affecting the agricultural sector of Central American countries as a result of the breakup of the Common Market; shortage of inputs - principally fertilizers - and the world energy crisis; the development

^{1/} For the twenty-fifth annual report of the Commission, see Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No 7 (E/5495).

of the Central American economies between 1966 and 1974; inflationary pressures in Central America and policies that might be applied to counteract them; and social policy and income distribution in Central America. These and other papers compose the basic supporting information for the three documents to be considered at this meeting: one on the present status of Central American integration, another on short-term policies aimed at securing progress in the integration process, and another on the international technical co-operation support programme for that process.

Third Meeting of the Regional Group on Electricity
Rates (RGER)

5. As a result of the energy crisis that began in late 1973 and its repercussions on generation costs, some Central American regulating bodies and electric power companies requested ECLA to call a third meeting of the RGER - which took place in San José, Costa Rica, from 26-28 June 1974 - in order to examine the problems faced by the electricity sector owing to the rise in fuel prices and the inflationary trends observed at international level.
6. To this end the secretariat prepared a note on the effect of the energy crisis on the electricity sector, a paper on the background and objectives of the meeting, another paper on current prices and rates, and a draft statistical yearbook.^{2/}
7. At the meeting recommendations were adopted calling for further efforts to find other energy sources in the Latin American area so as to reduce as much as possible the degree of foreign dependency in the matter of fuels; it was urged that the execution of electrical interconnexion projects be accelerated; the basic features that rates

^{2/} See: Nota de la Secretaría para la Tercera Reunión del Grupo Regional sobre Tarifas Eléctricas (CCE/SC.5/GRTE/III/3).
Antecedentes y objetivos de la Tercera Reunión del Grupo Regional sobre Tarifas Eléctricas (CCE/SC.5/GRTE/III/DT.1).
Actualización de los precios medios regionales y de las tarifas de energía eléctrica de algunas empresas, op.cit.
Proyecto de anuario estadístico de energía para Centroamérica y Panamá (CCE/SC.5/GRTE/III/DT.3).

and rate structures should possess in order to become true mechanisms for financial self-sufficiency were pointed out; and several recommendations were adopted with a view to facilitating regional harmonization of rates. A draft statistical yearbook on energy in Central America was also approved. This will include in one document information on energy, electricity and operating costs, and its preparation will be undertaken by the ECLA Mexico Office. It was further recommended that the fourth meeting of the Central American Electric Power and Water Resources Sub-Committee be held shortly.^{3/}

Tenth Meeting of the Regional Committee on
Electrical Standards

8. The Regional Committee on Electrical Standards held its tenth meeting in San José, Costa Rica between 2 and 7 December 1974, in order to examine and approve the second part of the Draft Regional Electrical Code prepared by ECLA.^{4/}
9. On this occasion a report was submitted by the secretariat describing the activities conducted since the last meeting and outlining a programme for the Committee's future activities.^{5/}
10. The delegations examined and approved the last part of the Draft Regional Electrical Code for facilities designed to use electric power ^{6/} and decided that the Committee should continue to meet since standardization is a dynamic process requiring periodic revisions to evaluate experiences obtained from its application.^{7/}

^{3/} See Informe de la Tercera Reunión del Grupo Regional sobre Tarifas Eléctricas (E/CEPAL/CCS/SC.5/103).

^{4/} Proyecto de Código Eléctrico Regional, Chapter III (Addenda) (CCE/SC.5/CRNE/X/3) and IV (Conclusion), and V to IX (CCE/SC.5/CRNE/X/4).

^{5/} Informe de la secretaría al Comité Regional sobre el Programa de Normas Eléctricas (June 1973 to November 1974) (CCE/SC.5/CRNE/X/2).

^{6/} Although this Code has not yet been examined by the Central American Electric Power and Water Resources Sub-Committee it has already begun to be applied by some national electric power companies.

^{7/} See Informe del Relator (CCE/SC.5/CRNE/X/5).

B. OTHER ACTIVITIES

Activities of the secretariat

11. This and the following section deal with the activities of the secretariat not directly related to the work of the Commission's subsidiary bodies. The activities carried out are listed under the various secretariat Divisions, but this inevitably involves some risk of duplication since many activities involve work by several different Divisions.

ECONOMIC DEVELOPMENT DIVISION

12. In the period covered by this report the Division prepared the annual Economic Survey of Latin America and carried out other work as described below.

Economic Survey of Latin America, 1974

13. In 1974 the economy of Latin America suffered from the pressures originated by distortions in the world economy. These conditions brought about an improvement in exports which was only apparent, since the favourable terms of trade prevailing in 1973 deteriorated in real terms in the second half of 1974. Constant price increases in the industrialized market economy countries and a relative world shortage of certain commodities prevented internal price levels from reflecting the drop in their export levels.

14. The economic policy applied by most of the countries of the region had to be abruptly reversed in the middle of the year, in an effort to counter the trends described above. Thus, while in the first six months the build-up of foreign currency gave rise to an increase in the amount of money in circulation, by year-end the economic policy was aimed at safeguarding existing foreign currency reserves and acquiring additional resources by means of foreign credit. Similar changes have taken place in other aspects.

15. The first part of the Economic Survey for 1974 is therefore devoted to examining the phenomenon of inflation. It analyses the situation faced by the developed economies as a whole, considering that the inflationary pressures observed are not of a conjunctural nature but are rooted in their structure as an economic group. It then goes on to examine how such pressures are passed on to the Latin American economies and the implications involved for these economies and for their participation in the world economic whole through trade and international capital flows. It also suggests that the compensating policies adopted in Latin America have lost their earlier effectiveness and describes - with an additional focus on six countries - the measures intended to prevent further distortions and allow gradual control over the inflationary processes.

16. The loss of effectiveness of the Latin American economies, as mentioned above, refers solely to the control of inflationary pressures. Though such pressures persist, the growth of the economies of the region failed to show the degree of deterioration observed in other areas. Thus, the gross domestic product of Latin America grew in 1974 at a rate almost equal to that of the previous year, which was 7.4 per cent.

17. A conference is being planned for the end of 1975 to discuss the problem of inflation in Latin America. The first part of the Economic Survey for 1974 is to be submitted to it as a working document.

18. The second part of the Survey deals with the main macroeconomic trends of the region and of the individual countries composing it.

Regional Evaluation

19. The Division contributed to the appraisal of the global aspects of the Second Regional Evaluation of the IDS by examining the behaviour of the principal macroeconomic variables of investment financing and the evolution of domestic prices in 1970-1973.

/Styles of

Styles of development

20. The fact that economic growth alone is not a be-all and end-all of economic policy leads to the assumption that there are a number of other requirements that it must also meet. Some of them are stated in the Quito Appraisal. The studies on styles of development examine the options for attaining diverse hypothetical goals involving different forms of growth and a variety of socio-economic patterns.

21. In 1974 analysis was focused on several aspects of population and manpower growth in Latin America. The projections respond to criteria and assumptions based on present and desirable characteristics of this population. This project has been carried on jointly with the Projections Centre.

Income distribution

22. In 1974 ECLA has endeavoured to define the income level known worldwide as that of "critical poverty". To this end the various criteria for defining it have been appraised and a general form of measurement valid for developing countries has been reached. A quantification is made of the percentage of the population in this condition, together with its characteristics by sex, age, occupation, sector, and whether urban, rural or residing in a metropolis. Living conditions are then examined from the standpoint of deficient food, living and health. Lastly, the population's capacity for social mobility is analysed. The problem is merely stated in this first analysis: subsequently, the possibilities for improving the population strata affected will be examined.

Financial intermediation

23. Preparation of the analysis of housing financing was continued. Since the subject is currently under discussion worldwide and in Latin America, the examination of financing systems was given priority attention.

/Public enterprises

Public enterprises

24. This project comprises a methodological analysis and empirical research on selected countries covering points such as the productive activity of public enterprises, their savings and investment process, their integration into national planning systems and their microeconomic efficiency. Of the five selected countries, the studies on Ecuador and Paraguay are under way.

Transnational corporations in Latin America

25. In the second half of 1974 the methodology for country research was prepared, including questionnaires to be used for public and semi-public institutions (macroeconomic sector) and for subsidiaries of transnational corporations (microeconomic sector).

26. La presencia de las empresas transnacionales en América Latina al principio de los años setenta was completed in the first quarter of 1975. A further document - Las empresas transnacionales en la industria manufacturera y sus efectos sobre el desarrollo de América Latina - was prepared to serve as a base for the research hypotheses.

Contribution to the Technology Meeting

27. A paper entitled Progreso técnico y desarrollo socioeconómico en América Latina (ST/CEPAL/Conf.53/L.2) was prepared for the Meeting on Science, Technology and Development in Latin America (Mexico City, 2-7 December 1974).

Foreign trade régimes

28. A document describing the frames of reference or external contexts of international trade in Latin America, as well as the regulation policies followed by the countries of the region, is being prepared for the conference on Foreign Trade Régimes and Economic Development, jointly organized by the National Bureau of Economic Research and ECLA.

SOCIAL DEVELOPMENT DIVISION

29. During the period under review, the work of the Division has centred on the preoccupation expressed in the Quito Appraisal with "the concept of integrated development and the differences existing between the phenomenon of economic growth and actual development ... shown by the continuing existence of serious problems such as mass poverty, the incapacity of the system of production to provide employment for the growing labour force, and the lack of economic and social participation of broad strata of the population". The resulting research activities have been pursued under the following project headings, which are in practice closely related and mutually supporting:

Styles of development

30. The Division prepared two conceptual papers, Approaches to Development: Who is Approaching What? and A propósito de los estilos de desarrollo: Una nota heterodoxa. These papers continue the line of research previously undertaken in the joint ECLA/UNRISD project on a unified approach to development analysis and planning. They examine, from differing points of view, the adequacy of the different concepts of development now current; the role of governmental policies in shaping styles of development; the problem of societal agents of development under different theoretical or ideological approaches; and the relation between potentialities for integrated development within different types of national situation. The Division also prepared, for publication during 1975 by the Fondo de Cultura Económica in Mexico, a collection of its contributions to the "unified approach" project and its papers on styles of development and social policy, with a new introduction, under the title El desarrollo esquivo: exploraciones en la política y la realidad sociopolítica.

31. The Division undertook studies applying its general preoccupation with styles of development to several more specific policy areas, some of which are discussed under other headings below. It prepared a paper

/on Educación

on Educación, imágenes y estilos de desarrollo, relating the lines of educational expansion and present policy alternatives to the differing national styles of development now emerging. This paper constitutes part of the preparation for a multidisciplinary research project on Education and Development in Latin America and the Caribbean which ECLA expects to begin in 1975 with the co-operation of UNDP, UNICEF and UNESCO.

32. The Division also drew on its studies of styles of development for the preparation of a paper on The participation of Women in Development in Latin America to be presented at the International Women's Year Conference, Mexico City, 23 June-4 July 1975.^{8/} This paper raises the question of the constraints on participation of women associated with prevailing styles of development and the relation between changes in such styles and the broadening of opportunities for participation. At the same time, the Division participated in the preparation of a study of the present participation of women in selected countries of the region, in response to ECLA resolution 321 (XV).

Social change

33. The work of the Division in this area centred on the preparation of a chapter on "Human development and social change in Latin America" for the mid-term review and appraisal of the International Development Strategy, with a view to later revision and expansion of the research materials in a more extensive publication. The chapter comprises sections relating to the work on styles of development (in particular the contradictions in styles associated with the impact of the present world crises) and on the demographic context, but its main feature is an attempt to assess changes in social stratification and in distribution of the fruits of development through indicators of occupational mobility, income distribution and education. The different

^{8/} Several advance research reports were presented at the Seminar on the integration of women in development, with special reference to demographic factors, held in Caracas, Venezuela, from 28 April to 2 May 1975. (See the Report of the Seminar in document ST/ESA/SER.B/7/Rev.1 and E/CEPAL/1006/Rev.1.) The Mexican publishing house Fondo de Cultura Económica, plans to publish these reports for presentation at the World Conference to be held shortly in Mexico City.

indicators all show a significant broadening of the urban upper and middle strata in most national societies, but they show that educational expansion at middle and higher levels has proceeded more rapidly than the expansion of corresponding occupations, while income distribution has remained relatively concentrated, and the more disadvantaged strata have lost ground in relative if not absolute terms. Research on occupational mobility, through comparative data from 1960 and 1970 censuses and sample surveys, is continuing, with particular emphasis on changes within specific age groups and at specific educational levels. In addition to related studies of educational trends (with emphasis on the university level) and income distribution trends, special studies of changes in rural social stratification and of changing social structures in the English-speaking Caribbean countries are also being undertaken. The findings of a field study undertaken in 1973 in co-operation with FAO were analysed and published under the title Participación de la juventud en el proceso de desarrollo latinoamericano: Un estudio de caso en Panamá.

Income distribution and employment

34. While other units of the ECLA secretariat and the ILO Regional Employment Programme for Latin America (PREALC) have been carrying out statistical and monographic studies on these topics, the Division, in co-operation with them and drawing on their information, has been exploring the trends and non-economic mechanisms involved in the concentration of incomes, the mutual relations between employment and income redistribution, and the impact of educational, housing and social security policies on income redistribution, with a view to extracting conclusions useful for the formulation of alternative policies designed to counteract the prevailing patterns of income and wealth concentration. In addition to contributions integrated into other projects of the Division, the following documents have been produced up to the present:

35. Tipos de concentración del ingreso y estilos de desarrollo en América Latina. This is a study now circulating for comments in a preliminary version that examines from a historical and empirical perspective the trends and patterns of income concentration. Two types of income concentration are distinguished ("elitist" and "mesocratic") and their relations to styles of development and political régimes are discussed.
36. Tendencias demográficas, desarrollo y distribución del ingreso: Notas introductorias. This document was presented to the Latin American Preparatory Meeting for the World Population Conference (San José, Costa Rica, April 1974).
37. A Review of redistribution with growth: An approach to policy. This document examines a set of papers prepared by development specialists of IBRD and the University of Sussex Institute of Development Studies, and published in 1974. It examines the coherence and feasibility of the overall model and strategy alternatives of the papers and the viability of these according to the political assumptions underlying such strategies.
38. The employment implications of recent industrialization trends in Latin America. This document, presented to the Latin American Conference on Industrialization (Mexico, November 1974) analyses employment trends, particularly since 1960, in relation to the rate and pattern of industrial growth experienced in the region, within the context of structural heterogeneity. National plans and alternative strategies concerning industrial employment are also discussed.
39. Considerations on the effect of employment policies on the distribution of income in Latin America. This is a preliminary survey of changes in the distribution of income that may be expected as a result of employment policy measures. Conventional policies oriented toward the reduction of open unemployment or the raising of productive efficiency are found inadequate to alter the existing distribution of income given the nature of the employment problem in Latin America and the prevailing structures of power. The latter variable is studied in relation to the determinants of income distribution and the screening devices determining access to occupations.

Regional development

40. The Division undertook a preliminary survey of hypotheses concerning the spatial structure of development in Latin America and of the concepts of "region" in use in policy and planning, as a basis for the organization of uniform studies in selected countries. One such national investigation was organized during the period under review, in co-operation with the Junta Nacional de Planificación y Coordinación Económica of Ecuador, and in conjunction with the technical co-operation service. A report on the findings is under preparation. Other technical co-operation activities in regional development included collaboration with the Centro Nacional de Entrenamiento e Investigación Aplicada para el Desarrollo de la Comunidad (CIADEC), at the request of the Government of Venezuela; and collaboration with the authorities of the State of Rio Grande do Norte and the Superintendencia de Desenvolvimento Econômico del Nordeste (SUDENE), at the request of the Government of Brazil.

Population

41. The ECLA Social Development Division conducts activities on population under the mandate conferred upon the secretariat in ECLA resolutions 290 (XIII) and 327 (XV). It also takes into account the relevant resolutions of the United Nations General Assembly and the Economic and Social Council, as well as the conclusions of the Latin American Preparatory Meeting for the World Population Conference.

42. Keeping in mind the foregoing, and especially the need to increase co-ordination with CELADE, a joint programme of activities was drawn up and is being carried out with financial support from UNEFA. The general objective is to broaden the diagnosis of the status and trends of development in Latin America and contribute criteria which will allow population variables to be incorporated into the development plans and strategies of the countries of the region.

43. The Latin American Preparatory Meeting for the World Population Conference was held in San José, Costa Rica from 15-19 April 1974, and was attended by representatives of 27 ECLA member States and delegates

/of United

of United Nations bodies and other governmental and non-governmental organizations. The conclusions 9/ of the meeting were embodied in a report on regional consultations submitted to the World Conference.10/

44. Among the activities conducted in the framework of the population programme it is worth mentioning first of all the Appraisal of the International Development Strategy for the United Nations Second Development Decade.

45. A number of documents were prepared on population trends in the region, the geographical redistribution process of the population, new aspects of international migrations, and population in development plans, which include preliminary findings of research under way and were used for preparing Social change in Latin America at the beginning of the 1970s.11/

46. Case studies on population change and economic and social development are to be prepared. A project has been prepared for conducting the first of these studies in Argentina.

47. Work is also to be done on new aspects of international migration in Latin America. A report was prepared on the migration of Paraguayans which is to be included in a broader study of migration between neighbouring countries. In addition, pursuant to a resolution adopted by the Meeting on Science, Technology and Development in Latin America,12/ a preliminary report was prepared on the problem of migration of skilled personnel, and a research project on the same subject is to be carried out in 1975 and 1976.

9/ See ECLA, Latin American Preparatory Meeting for the World Population Conference, Report of the Meeting (ST/ECLA/Conf.48/L.7/Rev.2).

10/ World Population Conference 1974. Report on the regional consultations held prior to the Conference (E/Conf.60/CBP/34).

11/ See "The population framework" in Economic Survey of Latin America, 1973, United Nations Publication, Sales No E.75.II.G.I.

12/ See the report of the Meeting (ST/CEPAL/Conf.53/L.5/Rev.1).

48. A preliminary study was prepared on the inclusion of population and social aspects in development plans and strategies, based on the development plans of four Latin American countries.

49. Two chapters on spatial distribution of the population were prepared, one on urban growth and deterioration of the human environment, and the other on rural dispersion, for a document on spatial distribution of the population as a critical area for public action.

50. In accordance with the mandate contained in paragraph 32 of the conclusions of the San José Meeting,^{13/} ECLA, CELADE, the United Nations Population Division and the United Nations Fund for Population Activities jointly sponsored the Second Latin American Meeting on Population (Mexico City, 3-7 March 1975).

51. In collaboration with CELADE the following documents were prepared for the Conference: El desarrollo y la población en América Latina: un diagnóstico sintético (ST/CEPAL/Conf.54/L.3); Implications for Latin America of the World Population Plan of Action (ST/CEPAL/Conf.54/L.4).

INDUSTRIAL DEVELOPMENT DIVISION

52. For the member Governments of the Commission, the industrialization of their respective countries has long constituted one of their principal concerns in the economic and social field.

53. In the recent past, industrialization on the basis of import substitution and, subsequently, economic integration have been the salient aspects of this process; at the present time, it would seem to be entering on a new phase of internationalization, characterized by more outward-directed development and by the international community's growing awareness of the need to support the developed countries' own efforts to make steady progress in this field.

^{13/} Latin American Preparatory Meeting for the World Population Conference. Report of the Meeting (ST/ECLA/Conf.48/L.7/Rev.2).

54. Resolution 2626 (XXV) of the United Nations General Assembly, relating to the International Development Strategy for the Second United Nations Development Decade, together with General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) containing the Declaration on the Establishment of a New International Economic Order and the Programme of Action on the Establishment of a New International Economic Order may be regarded as landmarks in this new phase.

55. ECLA, which from its earliest days has been directly involved with ideas and concepts advocating industrialization, will take part in this review of the industrial development process, and specifically, will provide the international co-operation required at this particularly crucial juncture of world affairs.

56. Under the terms of the decisions adopted at the Eighth Extraordinary Session of the Committee of the Whole of ECLA (New York, 24 and 25 January 1974), the Latin American Conference on Industrialization (Mexico City, 25 to 29 November 1974) was held with the object of analysing and evaluating industrial development problems in the regional framework, as well as international co-operation requirements in respect of industrialization, with a view to the Second General Conference of UNIDO (Lima, Peru, March 1975).

57. The Industrial Development Division prepared the following documents for the Latin American Conference on Industrialization:

58. The Latin American industrialization process in the opening years of the Second Development Decade (ST/CEPAL/Conf.51/L.2). In this document a survey is made of the evolution of the manufacturing sector in the region, and its achievements are compared not only with the objectives established in the IDS for this and the preceding decade, but also, from a more dynamic and significant point of view, with those of other regions of the world.

59. The results of these comparisons, especially the last-named, lead to the formulation of various considerations respecting the future use of the development methods or patterns which in one degree or another have been applied: i.e., import substitution, the utilization of the domestic market, integration and exports of manufactures.

60. Attention is also drawn to the most important effects of the industrialization process, namely, the expansion of the modern sectors of the Latin American economies, greater utilization of natural resources, the introduction of new activities producing manufactures to meet domestic market demand or for export, and the gradual creation of improved technical capacity.

61. The most outstanding aspects of the process are also analysed, such as its repercussions on employment, its relation to the environment and natural resources, exports of manufactures and results of integration processes, technology, financing, etc.

62. Industrialization in the relatively less developed countries of Latin America (ST/CEPAL/Conf.51/L.3). The situation of these countries is one of the major problems in the restructuring of the world economy and a key factor in the regional co-operation and economic integration processes.

63. While the responsibility for their development is incumbent upon the countries themselves, it is essential that the international community should give them preferential assistance of the type envisaged in the IDS and in the Declaration and Programme of Action on the Establishment of a New International Economic Order.^{14/}

64. Concurrently, the developing countries must take common action through the regional integration mechanisms to remedy their structural weaknesses. In this connexion, joint programming by sub-regional seems to be one of the most promising ways of strengthening import substitution at the regional level and promoting exports of manufactures.

65. Notes on international co-operation in the field of industrial development (ST/CEPAL/Conf.51/L.4). During the opening years of the present decade the world economy has been beset by more and more problems and complications which, in general, have been prejudicial to most of the developing countries. International co-operation machinery has proved ineffectual and largely inoperative as a means of mitigating the adverse effects of the events in question, which

^{14/} See paragraph 54.

have aggravated the inequalities and disparities existing between developed and developing countries.

66. The gravity of the situation gave rise to a consensus of opinion during the sixth special session of the United Nations General Assembly which was reflected in the above-mentioned Declaration and Programme of Action, which stress the necessity of adopting measures to expedite the industrialization process of the developing countries.

67. It must be recognized, however, that the restructuring of the world economic order will be neither an easy nor a rapid business, and that in order to achieve it innumerable decisions will have to be adopted both by the developed and by the developing countries, after preliminary multilateral, regional and bilateral negotiations. International co-operation in the industrial field will have to make radical changes in its orientation and even in its modus operandi in order to adapt itself to the new circumstances. Thus, over and above its functions and tasks in the field of technical and financial assistance to industry in the developing countries, it will have to play an important role in helping to bring about the proposed changes in the international economic structure. This involves a wide range of activities which will possibly require changes not only in the orientation but also in the structures of the co-operation agencies. Furthermore, international co-operation will have to be complemented by intensive co-operation among the developing countries themselves, in view of the vast possibilities for common action opened up by the prospects of a new international order.

68. As regards joint action, Latin America has made significant headway through its various integration and co-operation programmes in the industrial field. Nevertheless, the new circumstances demand an even greater intensification of such efforts, through the application of new ideas if possible, or else by using new instruments and mechanisms, capable of making the process sufficiently dynamic to gather the speed required in the existing situation.

69. Finally, several information documents were also prepared for the Mexico City Conference, namely: "Latin American industrialization and

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its impact on employment"; "Environment, natural resources and industrialization"; "Exports of manufactures and Latin American industrialization"; "Regional economic integration schemes and industrialization"; "Technology and the Latin American industrialization process"; "Industrial financing in Latin America" (IDB); "International industrial co-operation" (UNIDO); "Preliminary note for the preparation of a plan of action on industrialization" (UNIDO); and "Final report of the joint AILA/UNIDO/ECLA meeting".

70. The results of the Conference were recorded in a report 15/ containing a summary of the proceedings and the main conclusions reached. The participants discussed the recent evolution of industry in Latin America and industrialization policies and strategies, together with industrial development patterns. The delegations also devoted special attention to the industrial problems of the relatively less developed countries.

71. The most important outcome of the Conference was the document entitled Industrialization in Latin America: Principles and Plan of Action, prepared by the Latin American delegations in the course of the proceedings for presentation in March 1975 at the Second General Conference of UNIDO. This text, which represents a joint position of the Latin American Governments in the field in question, consists of a preamble which stresses the main characteristics and problems of the industrialization process in Latin America, followed by the Declaration proper. In this the governments reaffirm the importance of the industrialization process as a means of promoting economic and social development, express their desire to increase their countries' participation in world industrial production, emphasize the need to readapt international co-operation mechanisms and methods, and indicate the role that should be played by the international community, and in particular by the developed countries, in the restructuring of the international economic order as far as industry is concerned. In the corresponding Plan of Action a number of measures

15/ Report of the Conference (ST/CEPAL/Conf.51/L.5/Rev.1).

are proposed for adoption at the national and regional levels, at the level of the developing countries as a whole, and by the developed and developing countries in concert. Lastly, attention is drawn to the role incumbent upon UNIDO in the application of a world plan within this new concept of development, and to the necessity of strengthening that organization and expanding its activities.

72. Another important aspect of the conclusions reached by the Conference relates to the draft resolutions adopted and, in particular, the resolution recommending that ECLA, at its sixteenth session, should establish an ECLA Industrial Co-operation Committee comprising representatives of all the Latin American governments to step up industrial co-operation, promote the implementation of the Declaration adopted by the Conference, and expand its objectives and targets. It is also suggested that this Committee should be supported by technical assistance from the ECLA secretariat and by the co-operation of UNIDO in carrying out the work programmes established by the Committee itself.

Other work

73. For the Technical Symposium on Latin America and the Current Energy Problems (Santiago, Chile, 23 to 27 September 1974), the Division prepared a document discussing the effect of oil prices on supplies and prices of fertilizers in the region.^{16/}

74. The Division collaborated in the organization and preparation of the documents for the meeting on Science, Technology and Development in Latin America (Mexico City, 2-7 December 1974).

75. It also continued co-operating in the income distribution project as a preliminary to the initiation of the study on industrialization and income distribution.

^{16/} See Technical Symposium on Latin America and the Current Energy Problems, Information Document No 4: Fertilizantes: perspectivas de abastecimiento y precios.

Technical co-operation

76. At the request of the Government of Ecuador, the regional adviser on industrialization strategies, plans and policies conducted a technical assistance mission in that country from 12 to 20 November 1974. The regional adviser on technology for industrial development carried out a mission in Uruguay from 7 to 26 November on the transfer of technology and technological research; while the regional adviser on industrial economics also undertook a mission in Bolivia (3 to 23 December 1975) and another in Mexico, at the request of the Nacional Financiera (17 February to 15 March 1975).

77. The FAO/ECLA/UNIDO advisory group on forest industries for Latin America gave priority to work connected with advisory assistance to the Board of the Cartagena Agreement, to the Caribbean Community and Common Market (CARICOM) and to the Central American Common Market. It completed the collection of the basic data for the study on the possibilities of integrating the woodworking industries of the Andean Group and finished a study carried out in Colombia on the use of mixed tropical woods for the manufacture of pulp. In Panama, a project was prepared in collaboration with the United Nations Development Programme (UNDP) and the United Nations Food and Agriculture Organization (FAO) for the development of forests and forest industries. The Division took part in the Sub-regional Seminar on Forest Industries for the countries of the Amazon Basin, and in Peru provided technical assistance to the Universidad La Molina in connexion with the setting-up of a forest research institute.

JOINT ECLA/FAO AGRICULTURE DIVISION

78. In recent years, several of the problems which have traditionally plagued this sector of economic activity have become more complex and loomed larger as a result of the conditions of uncertainty and instability prevailing on the international market for agricultural products and inputs. The Governments of the region have been reviewing their agricultural policies with a view to readjusting their strategies and laying down new guidelines for their sectoral development programmes. Both official media and public opinion have repeatedly expressed the need to give greater importance to the agricultural sector. This has been reflected in the application of various policy instruments to provide incentives for national agriculture.

79. In view of the predominant role played by the agricultural sector in the economies of the majority of the countries of the region, and the interrelationships between that sector and other sectors of the economy, ECLA has given priority to the analysis of the effects of the international economic situation on the agriculture of the countries of the region.

80. During the period covered by this report the following documents were prepared:

81. La alimentación en América Latina dentro del contexto económico regional y mundial: This begins with a brief analysis of the world situation within the framework of the international economic situation prevailing at the time. Special attention is given to the direct short-term causes of shortages in food supplies, the reduction in world food stocks, the high prices for a number of products, and the interrelationships between these aspects and other phenomena characteristic of the difficult world economic situation: the energy crisis, with its impact on the supply and prices of fuels and strategic inputs for agriculture; world inflation; balance-of-payments problems, etc.

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82. There follows an analysis of the food and nutritional situation in the region prior to the crisis, and an attempt is made to quantify the size of the food deficit and to show how this situation affects the different social strata. The following section provides an analysis of the primary impact of the international economic situation on the region, both at the productive level and at the socio-economic level in national agriculture. Next, a qualitative analysis is made of agricultural and food potential in Latin America and the constraints on its full realization. Finally, the food outlook for the region is dealt with and some policy considerations valid for international, regional and country contexts are submitted.

83. Appraisal of agriculture in the Latin American countries.^{17/}

This report deals with the most relevant aspects of regional agricultural development since 1970 and relates them to the objectives and targets of the IDS. The document begins with general considerations on the place of the agricultural sector within the global framework. It goes on to examine the three aspects which have quantitative equivalents in the sectoral and global plans, namely, population, gross domestic product, and foreign trade. These indicators are used to analyse how far the two basic requirements of the agricultural sector were satisfied: (a) its stimulation of the economic and social development of each country, and (b) its capacity to react, and the sensitivity of national agricultures to the changing influences of external factors. The first section concludes with an examination of the effects of events in the world market on the agricultural sector.

84. Next, the report discusses trends in sectoral production and deals with the growth rate achieved at both regional and country levels in relation to the targets of the Second Development Decade.

^{17/} See Latin American Development and the International Economic Situation, Second Regional Appraisal of the International Development Strategy (E/CEPAL/981) Vol. I, Part One, Chapter III.

Trends in the agricultural sub-sectors, stock raising, forestry, and fishing are examined, as well as trends in the principal crops and animal products during 1974.

85. The document continues with an analysis of the use of the factors of production. In this section special importance is given to the changes which occurred in land use and in the incorporation of marginal land, as well as the use of technological inputs, especially fertilizers. The section ends with a brief reference to the institutional aspects of such changes.

86. The following section refers to food consumption. The review covers the recent food situation and the dietary differences of Latin American countries. It then goes on to present the regional food balance-sheet and some hypotheses on food prospects for the region up to 1985.

87. Next, it examines the impact of the international economic situation on Latin American agriculture. This section deals with the general policy guidelines which the Governments are adopting in favour of agriculture, and in particular the specific policy measures on prices, supplies and marketing, credit and investment, and export expansion.

88. Finally it deals with the situation of the agricultural sector in the different existing economic integration schemes in Latin America. It goes on to give a brief analysis of progress achieved in each scheme, presenting general and regional considerations on the aspects which influence and restrict the possibilities of making better use of the regional integration potential of the agricultural sector.

Meetings

89. ECLA and FAO decided to take advantage on the thirteenth FAO Regional Conference for Latin America (Panama, August 1974), held three months before the World Food Conference, to set up a panel in which representatives of Latin American Governments could receive up-to-date information on the nature, regional scope, and dimensions
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of this world problem and, at the same time, have the opportunity of exchanging views on the proposals on which they must reach agreement at the World Conference.

90. The panel reached the following conclusions: The Latin American Governments are fully aware that if mankind really wishes to keep the scourge of hunger at bay, complete agreement will have to be reached at the World Conference on the principles and rules which ought to govern international relations concerning co-operation and appropriate policy measures for the rapid and consistent development of the agriculture and food economy of the developing countries will have to be defined.

91. While levels of economic and social development fail to improve and piecemeal efforts continue to be made, the food problem will persist. Malnutrition cannot be dissociated from poverty, for it is an inherent part of it. In view of the urgency and seriousness of the problem, there is the danger that action will be taken on the basis of economic criteria, and that solutions with some social content will either be deferred or abandoned.

92. It was agreed that guaranteed markets for agricultural exports, if offered by the developed countries, would be one of the factors which would provide a considerable incentive to the expansion and development of food production in Latin America. The region at present provides more than half the bananas, coffee and sugar sold in the international market. It also accounts for a considerable share - approximately one-fifth - of other products such as maize, cocoa and beef. By increasing its exports, Latin America could contribute substantially to finding a solution to the problem of hunger in other developing regions, if international co-operation were to ensure the technical assistance and finance required for the region to take advantage of its great productive potential.

93. Several of the foods traditionally provided by the region for the international market have not shared in the general boom in prices of basic commodities, whereas high prices have to be paid for the foods and inputs imported. This is having a negative effect on efforts to improve conditions of life in rural areas and to accelerate their economic and social development.

94. On examining the causes of the difficulties faced by Latin America in increasing its production of foodstuffs rapidly, it was agreed that one of the most serious constraints was the high dependence of the countries of the region on the external market for supplies of fertilizers, pesticides, equipment and other inputs, in addition to the limited possibilities, in the short term, of meeting the needs for these technological inputs through their own production efforts.

95. It was recognized that the current economic situation once more revealed the urgent need to put new life into the economic integration processes operating in Latin America and the activities related to the agricultural sector within them. It was also considered necessary that interregional trade in agricultural products should be expanded, not only because of the economic and social repercussions that this would entail and the incentive it would provide for production which was at present slowed down by the ceiling reached in national demand, but also because of the enormous contribution that increased interregional trade would make in solving the food problem in Latin America.

96. Finally, it was agreed that the measures designed to make international agricultural readjustment feasible should enable national development policy to be harmonized with international trade policies to ensure the steady growth of regional agricultural production.

Other studies

97. The Joint ECLA/FAO Agriculture Division continues to collaborate with LAFTA through an official posted in Montevideo, who provided technical assistance to the LAFTA Secretariat in the Round of Collective Negotiations carried out by the Association during 1974.

98. The Division has continued to collaborate with the UNDATs operating at the regional FAO office. These groups deal with the following subjects: (i) integrated rural development; (ii) domestic restrictions on exports; and (iii) the environment and development.

99. Staff of the Division served in the secretariat of the thirteenth FAO Regional Conference, held in Panama, and also participated in its organization.

DIVISION OF NATURAL RESOURCES AND ENVIRONMENT

100. During the period covered by the present report the following major tasks were carried out.

Technical symposium on Latin America and the
current energy problems

101. At the Eighth Extraordinary Session of the Committee of the Whole of the Commission, (New York, 24 and 25 January 1974), the Executive Secretary asked for guidelines on the technical co-operation which ECLA could offer in the field of energy in view of the serious problems that Latin America and the international community had to face in that field.

102. The Committee, recognizing the concern of member Governments in this field, expressed the desire that the secretariat should intensify its work with a view to submitting to member Governments as soon as possible its observations and conclusions concerning the impact of the energy crisis on the economies of the region and invited the Executive Secretary to co-operate closely with the Latin American Energy Organization (OLADE) with a view to ECLA and OLADE assisting each other in the discharge of their respective tasks.

103. It was placed on record that the Executive Secretary was fully empowered to carry out the technical analyses in the manner he deemed appropriate, using the advisory services needed to do so.

104. Pursuant to this mandate, the secretariat carried out several studies. In addition, in consultation with other international agencies and agencies of the inter-American system (IMF, IBRD, FAO, OAS and IDB) it sought the collaboration of some of their experts to deal with other subjects in their line of work which were connected with the energy problem.

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105. When these studies had reached an advanced stage, the ECLA secretariat felt it necessary to exchange experiences with national experts working in this field, and with the support and collaboration of ILPES a technical symposium was convened in Santiago, Chile, from 23 to 27 September 1974. This Division was entrusted with all the tasks of organizing the meeting, as well as those of internal and external co-ordination with the experts of the international agencies which contributed documents. There were 33 participants from national planning agencies, national petroleum and electricity enterprises, and other regional and international agencies.

106. The secretariat submitted three working documents and 14 information documents to the meeting, including those prepared by officials of FAO, IBRD, OAS, IDB, IMF and the United Nations (see document ST/CEPAL/Conf.50/L.4/Rev.1).

107. The main ideas and concepts emerging from the Symposium were: (a) the new prices of petroleum raise serious problems for some importing Latin American countries; (b) these countries, plagued by inflation, have to face the direct impact of petroleum prices on their balance of payments and on the domestic prices of fuels, as well as their indirect impact on other sectors of the economy; (c) the nineteen non-oil-producing Latin American countries need to revise their development strategies, owing to the increased outflow of foreign exchange which the import of crude oil at present prices implies, particularly in the light of its effect on production and employment levels, on price levels in the economy in general and those of petroleum products in particular, and on the cost of the new investments which future energy plans will require; (d) the five oil-exporting Latin American countries will also face the need to revise their development strategy so as to use their increased income efficiently in the diversification and strengthening of their productive structure; (e) from the Latin American point of view, it is advantageous that international financial agreements are being promoted with a view to tackling the problems of recycling, both in

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the developed and developing countries.^{18/} It is important that these agreements should establish the required machinery for channelling towards the developing economies - particularly the oil-importing Latin American countries - an important share of the funds flowing into the Western industrialized countries; (f) measures aimed at reducing the costs of petroleum imports could be applied in two extensive fields: (i) the macroeconomic, to tackle the economy in general through monetary, fiscal, and external trade instruments; and (ii) the energy sector, jointly with the industrial, agricultural and transport sectors; (g) the macroeconomic measures will have to play a very active role in view of the problems raised by inflation and unemployment. The most important factors will be the effectiveness of fiscal and monetary policies, the capacity to reduce imports and to promote exports, and, particularly, the degree to which it is possible to guarantee external financial assistance to get over the hurdle of adjusting to the new conditions; (h) in the energy sector, the measures possible are highly varied. An emergency objective would be to cut back on the volume of payments in foreign currency for oil imports. Nevertheless, very few of the non-oil-producing Latin American countries can reduce their consumption of imported crude without reducing employment and production; (i) action aimed at diminishing the demand for imported oil offers the most rapid way of easing balance-of-payments pressures, since many of the measures to increase the supply of local sources have a long lead time and the balance-of-payments position will tend to deteriorate further; (j) the non-oil-producing countries of the region will require additional financing not only on current account for oil imports, but also on capital account for the development of projects and the procurement of the necessary equipment.

^{18/} Such arrangements should provide channels for recycling the trade surpluses of the OPEC (Organization of Petroleum Exporting Countries) countries, which are estimated to total in 1974 between 50,000 and 70,000 million dollars.

108. The Division of Natural Resources and Environment prepared the following documents for this Symposium:

109. Latin America and the current energy problems (ST/CEPAL/Conf.50/L.2). This document reviews in outline the three basic questions of the symposium agenda: What is the so called "world energy crisis"? What are its immediate economic and financial impacts on the Latin American economies? What options are open to Latin American countries for tackling such repercussions?

110. The first chapter describes the nature of the world energy crisis and identifies and evaluates seven distinct concepts within it. The analysis leads to the basic conclusion that in this field the main problem which the majority of Latin American countries face at present is the price of oil in the international market. The chapter concludes with a brief analysis of the Latin American and world oil markets, showing developments in crude prices from the end of the 1950s to date, and identifies the basic forces behind these trends.

111. The second chapter investigates the immediate economic and financial impact on the Latin American economies (mainly those of the oil-importing countries) of the world structure of crude oil prices, based on the assumption that the market price (FOB Persian Gulf) will fluctuate between 7 and 10 dollars per barrel.

112. The analysis infers two basic conclusions. First, that the menace to production and employment in the oil-importing Latin American countries, acting through the balance of payments and international liquidity in general, is not only serious but also immediate; and secondly, that if plans are to be made to counter the threat to production and employment it is necessary, inter alia, to take prompt action to set up new international monetary mechanisms for channelling the surplus funds of the major oil exporting countries to the developed and developing economies. This transfer of funds is of particular strategic importance for the majority of the Latin American countries. If international financial agreement cannot be reached, the result could be a severe world recession in the not too distant future.

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113. The analysis made is of course a general one, since although it refers on repeated occasions to specific effects in the Latin American countries, it concentrates on the effects of the energy crisis on fundamental macroeconomic variables (domestic prices, production and employment, and the balance of payments) and on international financial stability.

114. The final chapter examines the policy options open to the oil-importing Latin American countries to deal with the higher price of energy caused by the increase in the cost of crude imports since 1971 and, in particular, since the end of 1973.

115. Two types of measures are envisaged: those which propose a reduction in the growth rate of demand for imported crude, and those which aim at lower unit costs of crude.

116. New oil prices and the Latin American electricity industry (ST/CEPAL/Conf.50/L.3). This study is made up of four parts: The first part provides a summary of some outstanding features of energy economics in the region, such as its high dependence on petroleum products, with the resulting effect on the balance of payments. Attention is drawn to the desirability, for this and other reasons, of finding other sources of energy, mainly national, and, in conclusion, an analysis is made of the consumer sectors where such substitution seems possible (industrial, domestic, transport, electricity-producing public utilities).

117. The second part deals with the present situation and the recent trends in the electricity sector, and shows the principal sources of primary energy available apart from oil, as well as dealing with aspects pertaining to installed capacity, generation and consumption. Attention is drawn to certain factors which lead currently to an unnecessary level of fuel inputs, such as excessive wastage in distribution networks, the relatively high consumption of heat in thermal generation per kWh produced, and other causes of reduced efficiency in energy production.

118. In the third part, in view of the major topical importance of diesel-driven and steam turbine power stations, an analysis is made

of the immediate increases in generation costs in them as a result of the increases in the price of fuels. Taking the representative prices of diesel oil and fuel oil in the importing countries at the beginning of 1973, and those prevailing in the second half of 1974, the impact of such increases on electricity tariffs and on the consumption of this form of energy is estimated.

119. The last part examines possible medium- and long-term lines of action which could change the pattern of electricity supply in the decades ahead. The relatively greater advantage now offered by the use of hydropower and nuclear energy for electricity development are highlighted, and an analysis is given of production costs per kWh for different values of the principal parameters. In conclusion, on the basis of the general analysis given in the second part, some specific measures are suggested which would help to alleviate the problems arising from the new price levels of fuels which cause increased costs in the electricity industry in particular and in the economy in general.

120. Latin American coal and its prospects (Information Document No 3). This study examines the possibilities offered by Latin American coal for solving the problem stemming from the energy crisis, the consequences of which affect many countries of the region. To this end, the document contains an analysis of apparent consumption in seven Latin American coal-producing countries, which together consume more than 96 per cent of all the coal used in Latin America. Mention is made of the major characteristics of coals, and their role in the iron and steel industry and in the generation of electricity.

121. The document also deals with the problem arising from the crisis of coking coals, which is of serious concern to the Latin American iron and steel industry, since the region has to import considerable quantities of this product. It provides information on the coal resources of Latin American countries, and in conclusion draws attention to the prospects offered by coal in coal-producing countries, stressing that, in general, the resources of the region are little known and that numerous technico-economic surveys and studies are required.

Other studies

122. A study was prepared on juridical measures and policies on the preservation and exploitation of natural resources. In this study an analysis was made of international policy on the preservation and exploitation of natural resources, and the action of multinational enterprises in the light of legislation adopted at the national and international level since the end of the 1960s.

123. Institutional and policy trends are being studied with reference to the preservation and use of natural resources, special attention being given to the treatment of private capital (national and foreign); the management of reserves of such resources; prices; the acquisition of technology, etc.

124. The resources examined are petroleum and natural gas; some important minerals (iron, copper, tin, lead, bauxite, nickel, radioactive minerals, etc.); exportable electrical energy; products of sea fishing; the resources of the sea and the sea bed in non-territorial waters; international coastal or river waters (in connexion with pollution).

125. The Division also prepared some reports on the experience gained in recent years in the course of work by its experts on the water resources of Latin America (meteorology and hydrology; irrigation and hydroelectricity). Work is also under way on a project of model statistical tables and a glossary for standardizing information on mining economics in the region.

Technical co-operation

126. An expert in mining economics worked for five weeks with the ECLA secretariat group collaborating with the Mexican Government authorities on the preparation of a general medium-term development plan (1973-1976) with projections to the decade 1980-1990.

127. At the request of the Corporación Dominicana de Electricidad an expert collaborated for four weeks with this body on the preparation of plans for improving the transmission network and the distribution of the energy generated by this corporation.

Environment

128. Environment problems have been the subject of increasing attention in the countries of the region, although only some of the latter have specific policies covering the subject in its entirety. In most cases interest has grown over some aspects only, such as the deterioration of the quality of life in the large cities, the stripping of natural resources, and environmental health. In any event, there has been an effort to group these traditional aspects in the new context, in order to ensure, among other things, that larger resources are allocated for dealing with these problems.

129. Pursuant to the mandate of the Commission (resolution 323 (XV)), the secretariat continued to give attention to environmental matters at the regional and world levels, mainly through the close contact maintained with the United Nations Environment Programme (UNEP) through the office of the latter's Regional Representative for Latin America at the ECLA secretariat.

130. The main activities were two projects completed during the period with financial assistance provided by UNEP:

(a) The "Inventory of the principal environment problems in Latin America", prepared by a working group of six professionals who visited the majority of the countries, holding collective consultations or interviews as required and leaving the work of more detailed documentation to consultants specially recruited in the countries. For Central America, Haiti and the Dominican Republic the services of the Instituto Centroamericano de Investigaciones Tecnológicas Industriales (ICAITI) were contracted.

(b) The "First course on development planning and the environment", held in Buenos Aires (21 October to 29 November) jointly with ILPES, was sponsored by the Government of the Argentine Republic. This course, the first to be held in Latin America in this field, was attended by fourteen Argentine participants and 12 others from ten Latin American countries. There were 20 lecturers, and its closing session was attended by Government officials, the Executive Director of UNEP, the Director of ILPES, and special foreign representatives.

131. The secretariat assisted in the preparations for the Conference/Exposition on Human Settlements (HABITAT) through several consultations with the secretariat of that organization. ECLA and HABITAT will be joint sponsors of the regional seminar, to be held in Caracas, which is being organized with the collaboration of the ECLA Office in Rio de Janeiro.

132. The Executive Secretary participated in the "Simposio sobre modelos de utilización de recursos, medio ambiente y estrategias de desarrollo" (Cocoyoc, Mexico, 8 to 12 October 1974) organized by UNEP and UNCTAD with secretarial support provided by the ECLA Mexico Office.

TRANSPORT AND COMMUNICATIONS DIVISION

133. The main focus of the work carried out by this Division during the period under review has been on assistance to member countries in resolving transport problems to which they assign a high priority. This work can be grouped under four main headings: (a) international intermodal transport and facilitation of trade in the region, (b) information systems for transport planning, (c) promotion of tourism in Latin America, and (d) solving specific transport problems.

International intermodal transport and facilitation of trade

134. At the request of a number of Latin American countries, the Division assisted in preparing the necessary background material for Latin America's participation in the Intergovernmental Preparatory Group on a Convention on International Intermodal Transport. The Division aided in arranging national seminars on international intermodal transport in Argentina, Bolivia, Brazil, Colombia, Chile, the Dominican Republic, Ecuador, Mexico, Paraguay, and Venezuela. A meeting of an ad hoc group of government experts organized at the request of the Latin American Group in Geneva (GRULA) was held in Santiago and set out guidelines on several of the subjects to be taken up for consideration in a draft Convention on International Intermodal Transport. Sub-regional meetings were held in Central America and

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with the Andean Pact countries, and a regional meeting took place in Mar del Plata. Insurance aspects of international intermodal transport were discussed at a regional meeting of insurance experts held in Mexico City in January 1975. The following documents were prepared in relation to this project: International intermodal transport: Statement of the immediate problems for Latin America and action programme for affected institutions (E/CN.12/L.103); Memorandum on trade facilitation and documentation in Latin America (E/CN.12/L.105); Institutional aspects of international intermodal transport - contributions by Latin American experts (E/CEPAL/L.111); Institutional aspects of international intermodal transport: liability and insurance (E/CEPAL/L.112); and Documentation forms relevant to international intermodal transport (E/CEPAL/L.114).

Transport and spatial integration

135. ECLA and the Institute for Latin American Integration (INTAL) of the Inter-American Development Bank jointly carried out a study on the development of transcontinental railway and highway transport in the Southern Cone of South America. A preliminary version of a report that describes in detail the railway and highway infrastructure of different routes within the Lima-Buenos Aires and Lima-São Paulo corridors was prepared and published,^{19/} followed by a second part dealing with the promotion of transport services in the two corridors. At the request of the Transport Commission of the Fifth Meeting of Ministers of Public Works and Transport of the Southern Cone, held in Santiago, Chile, from 21-26 October 1974, copies of the report were distributed among the delegates and the Division staff presented a summary of the principal findings.

136. Between 3 and 6 December a Meeting of Experts was held in Buenos Aires under the sponsorship of ECLA and INTAL to review the

^{19/} Servicios de transporte terrestre internacional en los corredores Lima-Buenos Aires y Lima-São Paulo, Tomo I: La infraestructura (E/CN.12/L.107) and Servicios y aspectos institucionales (E/CN.12/L.107/Add.1).

report and recommend lines of action to achieve the desired integration. ECLA was invited to "consider the desirability of creating a Facilitation Committee to institutionalize the action of co-ordination begun in connexion with the previous studies prepared for the deliberations of the Intergovernmental Preparatory Committee on a Convention on International Intermodal Transport". It was recommended that the study be extended to the Andean corridor Santiago-Caracas, and that the scope of the project be extended to other related fields such as facilitation of international trade and transport.

137. The Division also participated in a meeting of the Latin American Railways Association held in La Paz to discuss the draft agreement on multilateral rail freight traffic being considered by the railroads of Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay. This agreement is essential for the establishment of through rail services affecting three or more countries.

138. In collaboration with the Andean Development Corporation and the Board of the Cartagena Agreement a facilitation study has been initiated to cover traffic in the Santiago-Caracas corridor. Division staff performed a field mission in March 1975 to gather the necessary information and commence implementation.

Insurance

139. Under joint UNCTAD/ECLA sponsorship and with financing by UNDP (Project RLA/73/041) a Round Table Meeting of Latin American Insurance Superintendents was held in Santiago from 9 to 13 December 1974. A resolution was passed recommending the establishment of an Association of Latin American Insurance Superintendents that would hold periodic meetings to accomplish the following objectives: (a) examine and solve problems adversely affecting the insurance industry in Latin America; (b) examine specific themes of interest - such as reinsurance - where by an increase in retention of insurance funds in the region could be achieved and means of decreasing dependency on foreign markets could be found; (c) improve supervision of international insurance and reinsurance companies and reduce clandestine insurance operations; (d) resolve problems related to cargo insurance in intra-regional and interregional commerce; (e) improve training in the insurance field;

/interregional commerce

interregional commerce; (e) improve training in the insurance field; (f) harmonize statistics and assemble information necessary for regional operations.

Facilitation

140. Discussions were undertaken in Santiago in July with the Director of the Office of Facilitation, United States Department of Transportation, regarding possible future activities of ECLA on facilitation of cargo and programmes of collaboration between ECLA and the different national facilitation working groups around the world.

141. A request was received from the Governments of Bolivia and Chile to undertake a study of the facilitation of transit traffic between Arica and La Paz. Division staff performed two field missions to study new procedures. Recommendations are outlined in the report Estudio de facilitación del tránsito de mercadería con destino a Bolivia a través del puerto de Arica.

142. A mission was carried out (11-24 January 1975) to Colombia, Ecuador, Peru, and Venezuela to meet with port authorities, customs officials, shipping companies, and commercial entities of each country. Topics of discussion included the facilitation of international transport, and especially the reception of ships by port authorities; the movement of cargo through ports; and the general obstacles that currently hinder the operations of the shipping industry and of importers and exporters in the respective ports.

Transport planning

143. The joint ECLA/IBRD project on information systems for transport planning is designed to assist member countries in creating transport documentation files on a continuous basis in order to improve transport planning. Division staff and the IBRD consultant attached to the Division have carried out numerous field missions to Brazil, Colombia and Honduras to assist in the development of these systems and to review progress made.

144. The Division represented the secretariat at the Andean Meeting on Transport, sponsored by the Inter-University Centre for Andean

/Development (Santiago,

Development (Santiago, 5-9 August 1974). It submitted the report on improving information systems for transport planning Mejoramiento de los sistemas de información para la planificación del transporte en América Latina (E/CN.12/L.106) that was originally prepared at the request of the Board of the Cartagena Agreement for a meeting of Transport Ministers of the Andean Countries. The document synthesizes experience in the execution of the joint project to that date, and presents a scheme for a transport information system and its component sub-systems.

145. An agreement was signed with the Chilean Ministry of Transport to implement an ECLA/IBRD project in that country, beginning with the establishment of a computerized information system for maritime transport based on the document Sistema latinoamericano de información sobre transporte marítimo (E/CN.12/L.108), which describes information to be included in the registers, codes for storing information and formats of tables to be prepared. The actual implementation will be carried out by the Catholic University of Chile under the supervision of the Division staff.

146. A preliminary scheme for classifying transport information has been revised to facilitate information classification and retrieval, as well as to permit eventual handling of document retrieval by means of electronic data processing.

147. One member of the Division staff participated in the economic mission of the World Bank to Chile (10 February-10 March). During the mission interviews and meetings were held with officials of the various transport sector units, and basic information was collected for the preparation of a report.

148. Between 25 February and 11 March 1974 the Chief of the Division participated in a mission to evaluate UNDP-financed technical assistance received by the Bolivian State railway company (ENFE).

149. At the request of the Inter-American Statistical Training Centre (CIENES), the Chief of the Division and the OAS Regional Adviser on Maritime Transport attached to the Division prepared guidelines and training material for the course which the Centre organized on maritime transport statistics.

Tourism

150. At the request of various governments, the Regional Adviser on promotion of tourism in Latin America assisted member countries in the determination of their needs for technical assistance, particularly from UNDP and other specialized agencies, in order to increase tourism in Latin America. Numerous field missions were undertaken and individual country evaluation reports prepared, e.g., in Chile, Ecuador and Cuba.

151. At the request of the Board of the Cartagena Agreement, the Regional Adviser assisted the Co-ordinator of the Board in arranging the Andean Group's participation in the International Tourism Exchange in Berlin in 1974 and again in 1975.

152. The Adviser negotiated the restoration of colonial paintings and other objets d'art located in northern Chile and La Paz, by means of a UNESCO contribution. With the Economic Director of the Ministry of Foreign Affairs of Chile and the Chief of the Education Section of the Chilean Commission for Scientific and Technological Research (CONICYT), he established a programme for the regional project "Protection and Conservation of the Cultural Heritage of the Andrés Bello Agreement Countries" with UNDP financing (RLA/72/047) to promote the protection and dissemination of the Hispano-American cultural heritage.

153. Other activities in this area included field missions and participation in meetings.

Latin America and the energy crisis

154. A paper entitled The new petroleum prices: their impact on transport in Latin America (Information document N° 2), was submitted to the Technical Symposium on Latin America and the Current Energy Problems held in Santiago, Chile, 23-27 September 1974. The Regional Adviser on Transport Economics of the OTC also submitted a paper on the same subject. 20/

20/ See: Centroamérica: evaluación del impacto de la crisis de de energía en el transporte automotor (Information document N° 10).

Other work:

155. A study was carried out to examine the impact on Latin America of the introduction of unitized cargo methods in maritime transport, particularly when these methods are combined with the use of an intermodal bill of lading. The results of the study were published under the title Economic and institutional implications of the new transport technologies in Latin America (E/CEPAL/L.113).

156. Chapters on maritime transport, insurance, and tourism were prepared for the Second Regional Appraisal of the International Development Strategy (E/CEPAL/981).

157. A feasibility study on the use of mathematical models for analysing maritime transport in the Caribbean Basin was undertaken in co-operation with the Economic Projections Centre and with financial support from the Canadian International Development Agency. A brief report, Integrated maritime transport study for the Caribbean Basin, outlining the objectives, scope, and probable methodology of the study was prepared by the Division staff. In connexion with this study, a field mission to the Caribbean was undertaken by Division staff to determine the availability of the data required for model calibration and the usefulness to the region of the results of a mathematical model.

TRADE POLICY DIVISION

158. The activities of the Division during this period were concentrated on preparing the section on the external sector of the Latin American economies for the Second Regional Appraisal of the International Development Strategy. Discussions were also begun aimed at bringing the Division's programme of work into line with the responsibilities incumbent on it in the implementation of the Programme of Action on the Establishment of a New International Economic Order, in accordance with the mandate given to the Regional Commissions in Economic and Social Council resolutions 1896 (LVII) and 1911 (LVII).

External trade

159. In connexion with the sixth special session of the General Assembly, a report was distributed to the member Governments of the Commission entitled Recent evolution of the international commodity market (E/CN.12/L.104 and Add.1). This report analysed the most outstanding trends and events in the production, export and international prices of basic commodities which are important in Latin American exports, and the importance of the increases recorded in 1972-1973 from a long-term perspective and in terms of constant purchasing power.

160. The Division also contributed to the Economic Survey of Latin America 1973 by preparing the texts for the region's balance of payments.

Regional economic integration

161. The final revision of the report on integration, import substitution and the economic development of Latin America was completed. This report sums up the research on the progress made in import substitution at the global and sectoral levels in industry and presents conclusions regarding the role of import substitution in the economic development of the region. It analyses the evolution of total imports in relation to the gross domestic product, the conditions which made

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possible, during some time, a steady reduction in the import coefficient with respect to the products, and the economic policy changes which later accompanied a change in this trend in specific countries. Other chapters of the report examine the market, the distribution of income, and the size of the market in specific sectors of industry and some basic industries (chemicals, shipping, motor vehicles), concluding with an analysis of the problems and prospects of import substitution in the Central American Common Market and in LAFTA. The report is accompanied by an extensive statistical annex.21/

162. An information note summing up the most important points of the analysis and the conclusions of the study just mentioned was presented by the ECLA secretariat at the Meeting of the Standing Executive Committee of LAFTA held in mid-1974 (E/CN.12/L.109). This study also served as a basis for the preparation of the article "Some conclusions on integration, industrialization and economic development in Latin America".22/

163. For the above-mentioned meeting of the Standing Executive Committee of LAFTA the secretariat of the Commission also presented a report on some basic orientations for the possible adaptation of the Montevideo Treaty to a new stage of economic integration (E/CN.12/L.110). This document considers some initiatives in regional integration and suggests topics for discussion in connexion with the plan of action adopted by LAFTA. Among the topics proposed are suggestions for the liberalization programme, concerted action for the expansion, diversification and balancing of trade, the setting of indicative trade goals, multinational associations for marketing, and the role which the complementarity agreements could play if they were reformulated on a broader basis and endowed with greater flexibility for carrying out the purposes assigned to them.

21/ A Spanish version of this report was published by the Mexican publishing firm Fondo de Cultura Económica in April 1975.

22/ See Economic Bulletin for Latin America, Vol XIX, Nos. 1 and 2.

164. Lastly, in the area of integration, progress was made on a preliminary version of the study dealing with a regional programme for import substitution in Latin America, which gives projections of trade balance deficits in Argentina, Brazil, Mexico and the countries of the Andean Group for 1985 according to various growth hypotheses for the gross domestic product and for imports and exports of manufactures from and to countries outside the area. According to these hypotheses, if the present trends continue, the trade balance deficit will represent a large percentage of exports, while imports of chemicals and machinery will account for a high proportion of total imports. If a commercial and industrial co-operation policy were adopted which made possible a more dynamic and efficient substitution process than at present, a large increase could be achieved in intra-area trade, together with a substantial reduction of the trade deficit. Lastly, consideration is given to some aspects of the allocation of additional lines of industrial production, with a view to reducing the disparities between the countries and the concentration of the benefits of integration in the economically largest countries.

Second Regional Appraisal of the IDS.
International economic relations

165. The Division was responsible for preparing the second part, made up of five chapters, of the study "Latin American Development and the International Economic Situation. Second Regional Appraisal of the International Development Strategy".^{23/} The first part of Chapter I is given over to analysing the evolution of the region's balance of payments in recent years, while the second part contains an analysis of the prospects and projections of the external resources gap in 1975-1976. Chapter II begins with a review of the international commodity market from the point of view of international prices for products of importance to Latin American exports and states some considerations on policies regarding markets for these products; it goes on with an analysis of exports of manufactures and an appraisal

^{23/} E/CN.12/981.

of the generalized systems of preferences of the EEC, Japan and the United States (the latter in accordance with the project which it is hoped will be in force during the first half of 1975), and concludes with an examination of questions connected with shipping, insurance and tourism. Chapter III deals with Latin America's trade relations with the EEC, the United States, Japan and the socialist countries, referring concisely to trade statistics so as to give more attention to those policy aspects which influenced or oriented these relations. Chapter IV deals with the crisis in the international monetary system and the external financing of Latin America, and gives an analysis of the most important events which took place in international monetary policy and the effects which the changes made in the exchange policies of the developed countries will have on the economies of the developing countries and the Latin American countries in particular in the new setting of international relations resulting from the increase in petroleum prices and the change in international financial flows; it concludes with a review of recent trends in external financing in Latin America, the degree of attainment of the targets laid down by the IDS in this connexion, and international financing prospects for the near future. Lastly, Chapter V deals with regional economic integration, with an appraisal of the present situation and the immediate prospects of the regional integration agreements (LAFTA, the Cartagena Agreement, the Central American Common Market and CARICOM). For each of these an analysis is made of recent trends in intra-area trade and of the policy measures which are being discussed or are being adopted to speed up the regional integration process.

Tasks in connexion with the Programme of Action on
the Establishment of a New International
Economic Order

166. As has already been mentioned, resolutions 1896 (LVII) and 1911 (LVII) of the Economic and Social Council called on the regional economic commissions to adjust, as appropriate, their respective programmes of work and activities so as to discharge effectively their responsibilities as regards the implementation and instrumentation of the measures provided for in resolutions 3201 (S-VI) and 3202 (S-VI) of the General Assembly. As a first step towards compliance with this request, the secretariat considered it appropriate to organize a series of meetings aimed at discussing aspects of the present international economic situation and the principles on which the Declaration on the New International Economic Order is based, with a view to preparing the elements which will help in the interpretation of the changes taking place in the international economy and the identification of the possible forms of action and the components of this new economic order which respond to the needs, problems, and aspirations of the Latin American countries. These meetings will have before them basic documents prepared by the secretariat and possibly special contributions by consultants. The first of these meetings was held in Caracas between 30 January and 1 February 1975 with the participation of a distinguished group of Latin American personalities; during this meeting an examination was made of the main events in the international sphere, their repercussions on the Latin American economies, and some means of action to find an answer to these problems, and a draft programme of work which the secretariat could undertake in order to comply with the above-mentioned resolutions of the Economic and Social Council was also considered.

/Programme to

Programme to develop exports of manufactures

167. In June 1974 UNDP approved a project which enables the studies on the development of exports of manufactures to be continued and expanded. This new stage in the activities in this field is particularly aimed at an appraisal of the strategy and policy for the promotion of exports of manufactures in four countries of the region, choosing as far as possible those countries which have progressed most or which have most experience in applying incentive policies. The necessary missions for preliminary consultation and discussion on the scope of the research in some countries have been carried out and drafts of the surveys which would be made in the entrepreneurial sector of the selected countries have been prepared.

Multilateral negotiations

168. This is a joint UNCTAD/UNDP/ECLA project, which has been decentralized to the ECLA secretariat. The work carried out during this period includes the following:

169. Effects of the enlargement of the EEC on the CARIFTA countries.

In accordance with the recommendation in CECLA resolution 4 (XV) regarding policy principles for the preparatory phase of the multilateral trade negotiations which began in 1973, the project presented a document which attempts to identify the problems peculiar to the CARIFTA countries deriving from their commitments and advantages within the preferential scheme of the Ottawa Agreement drawn up as an exception to the General Agreement.

170. One of the main aspects of the document concerns the interest of member countries of CARIFTA in obtaining satisfactory agreements with the enlarged Community in the forthcoming negotiations. The start of the GATT multilateral trade negotiations at the end of 1973 coincided with the negotiations with the enlarged Community held by a group of developing countries from Africa, the Indian Ocean and the Caribbean with a view to establishing a trade relationship ensuring the access of their products to European markets at fair and remunerative prices, without prejudice to the interests of other developing countries.

171. As regards the overall position of Latin America in the forthcoming multilateral negotiations, the member countries of CARIFTA consider the following subjects to be of particular importance: special preferences, reverse preferences and the generalized system of preferences. Special and reverse preferences are two of the main problems facing these countries, owing to the position of the United States and the interests of the Latin American countries. As to the generalized system of preferences, the United Kingdom scheme is thought to be more flexible with regard to the developing countries than that of the European Economic Community, insofar as the latter is based on the application of maximum quotas and limits to the importation of certain products. Furthermore, when the Community was enlarged several free trade agreements were drawn up with other European countries that had previously been members of the European Free Trade Association (EFTA) which, although they will have a positive effect on trade in industrial products, will at the same time have negative effects on developing countries that wish to expand their industrial basis through international trade. These effects will be felt more seriously in such countries as those belonging to CARIFTA, which suffer from a shortage of natural resources and technology, have limited domestic markets, and have had to depend on imported raw materials for their industrial development.

172. Annex I of the document shows the main categories of CARIFTA exports. It also includes tables which indicate import regimes in principal markets and provides summary data on the most important categories.

173. The reform of the international monetary system and the multilateral trade negotiations. This document, which has already been distributed to the member Governments of CECLA, devotes particular attention to the circumstances and factors affecting the monetary trade link. It was thus considered important to discover whether the events that have taken place in monetary circles in recent years can have

/repercussions on

repercussions on the creation of a new international monetary order that would protect the essential interests of the developing world while ensuring an appropriate expansion of world trade. The document sets out some of the basic principles that could be applied in formulating the new monetary and financial system so that, once constituted, it would be compatible with the achievement of the stated objectives.

174. The document raises three serious questions that will have to be resolved for the multilateral negotiations to be conducted in a manner which is satisfactory as regards the new monetary order: (a) the impact of monetary realignments on the prices of products exported and imported by Latin American countries; (b) the effect of exchange realignments on trade concessions; (c) the changes which these monetary realignments will bring about in the flows of world trade (origin and destination of exports by country or group of countries).

175. Negotiation techniques and modalities for industrial products.

This document contains an overall definition of the objectives, techniques and modalities of negotiation concerning industrial products that are recommended for the forthcoming GATT multilateral trade negotiations.

176. The first chapter contains a summary of the international legal framework on which the developing countries base their aspirations to participate more actively in the negotiations and to benefit more fairly from the increase in production and marketing of industrial products. The second chapter analyses the effect of the generalized system of preferences on industrial products, the special preferences that certain countries or groups of developing countries receive for these products and their negative effects on Latin America, and the treatment which the Socialist countries of Eastern Europe give to manufactures coming from developing countries.

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177. The third chapter describes the situation of the Latin American countries vis-à-vis the developed countries and the progress and limitations currently affecting them.

178. The fourth and last chapter contains a summary of the objectives which are specifically applicable to manufactures of particular interest to developing countries in the forthcoming negotiations and suggests ways and means of achieving them; it also contains a number of pertinent comments regarding advisable techniques and modalities in this sector.

179. Negotiation techniques and modalities for tropical products.

This document describes the situation of tropical products in connexion with the forthcoming multilateral trade negotiations and contains a detailed study of four particularly important points concerning these products.

180. First, a brief reference is made to international action that has been taken in respect to tropical products, both in UNCTAD and in the GATT. The second point has to do with the identification of the products' most important negotiable features. Attention is accordingly devoted to the main tariff and non-tariff barriers affecting tropical products and to the effects of the enlargement of the European Economic Community and its agreements with the Mediterranean countries. The two remaining points dealt with in the document relate to the principal international agreements on certain tropical products and to the situation of products that are not covered by conventional systems.

181. Information note by the CECLA Programme prior to the third meeting of the Preparatory Committee. Taking advantage of the presence in Geneva of the representatives of the member countries of CECLA prior to the meeting of the Preparatory Committee for the multilateral trade negotiations, this note was prepared by the ECLA staff assigned to the project in order to provide a broad outline of the most significant aspects of the work being carried out under the project and at the same time to promote an exchange of ideas so as to facilitate the adoption of a joint position by the Latin American countries in the Preparatory Committee.

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182. The representatives of Latin American countries who attended this meeting of the Preparatory Committee suffered from the disadvantage of not having been able to make any progress in defining a common position that had merely been touched upon at the twelfth, fourteenth and fifteenth meetings of CECLA, owing to the impossibility of holding the CECLA meeting in Caracas. This unfortunately prevented them from making the necessary contacts and exchanges of points of view that would have enabled them to adopt a joint and uniform position in the Preparatory Committee in defence of the interests of the Latin American countries. This document and the corresponding meeting were therefore intended to provide additional assistance within the framework of the project.

183. Evaluation of the work of the Preparatory Committee for the GATT multilateral trade negotiations. The purpose of this document was to analyse the results of the Preparatory Committee for the GATT multilateral trade negotiations in the light of the positions adopted by the Latin American countries. The analysis involved a comparison between the text of the draft ministerial declaration adopted by the Preparatory Committee and the resolutions adopted by CECLA and other governmental agencies in which the countries of Latin America participate

184. In making this comparison, attention was drawn to the most relevant aspects of CECLA resolutions 1 (XIV) and 4 (XV) and ECLA resolution 326 (XV), and to UNCTAD resolution 82 (III), General Assembly resolution 3040 (XXVII) and 3041 (XXVII) and the conclusions contained in resolution 92 (XII) of the Trade and Development Board of UNCTAD.

185. The document, which was prepared by the ECLA staff attached to the project, was submitted to the sixteenth meeting of CECLA in Brasilia (22 to 25 August 1973), after the meeting of the Preparatory Committee in July 1973.

186. Reference bibliography on the negotiations. At the request of several member countries of CECLA, the ECLA staff attached to the project prepared a provisional bibliography of all works of reference and other documents directly or indirectly connected with the forthcoming trade negotiations.

187. For the most part it contains the documentation with which the project secretariat was supplied by the secretariats of GATT, UNCTAD, ECLA and CECLA, although some other sources were also used.

188. Participation of non-member countries of GATT in the multilateral trade negotiations. This study on the position of these countries in the multilateral trade negotiations has been completed and circulated. The document deals with the various alternatives open to the non-member countries of GATT for participation in the GATT trade negotiations on an equal footing with member countries with respect to the rights and benefits deriving from these negotiations.

189. Effects of the increase in the price of petroleum on the multilateral trade negotiations. In view of the international economic situation created by the energy crisis, a study on the effect of the increase of the oil prices on the multilateral trade negotiations was prepared.

190. Techniques and modalities for the negotiations on processed foods. The basic objective of this document is to provide some elements which may be of use to the Latin American experts participating in the present round of trade negotiations of GATT in devising techniques and modalities for the negotiations on processed food products.

191. The outstanding points dealt with in this document relate to the tariffs on these products, the variable levies imposed on them, the quantitative restrictions to which they are subject, and the techniques and modalities for negotiating on such restrictions. Techniques and modalities for negotiating sanitary regulations and rules for labelling, packing and marking these products are also examined. Other points analysed include technical and quality standards and marketing rules applicable to processed foodstuffs.

192. The multilateral negotiations and the international monetary order. The meetings of the Preparatory Committee for the Ministerial meeting at Tokyo ended without any decision being achieved regarding the paragraphs of the proposed declaration relating to the linkage between the trade

/negotiations and

negotiations and those aimed at reforming the monetary system. At the Tokyo meeting itself, little or no progress was made in this matter. The three positions put forward from the outset were maintained throughout, i.e.: (a) that a radical and lasting reform of the international monetary system cannot be discussed unless the trade deficit of a certain developed country carrying considerable weight within the context of the international economy is settled by means of a greater degree of trade liberalization which might well be achieved through the multilateral trade negotiations; (b) that the multilateral trade negotiations cannot be discussed without first reforming the international monetary system as an efficient basis for the development of world trade; and (c) that there should be a certain parallel relationship between the two negotiations, even though they should be conducted at different meetings (GATT and IMF).

193. With this information and the need for international development financing in developing countries as the backdrop, the five chapters of the document bring into focus the effects of the principal systems of monetary reform thus far proposed on the multilateral trade negotiations, on prices of Latin American exports and imports, and on the changes in the geographical structure of world trade which are foreseeable under each of these systems of reform.

194. Thus, the document discusses the interdependence between trade and monetary problems; international monetary reform; problems of international liquidity; international credit and financing; the monetary order; and the restructuring and expansion of world trade.

195. The position of the Latin American countries with limited diversification of exports in the GATT multilateral trade negotiations. This document is intended to respond to the concern repeatedly expressed by a number of Latin American countries at various meetings of CECLA, and subsequently at the seminar held in Geneva from 27 to 29 June 1973, jointly with the third meeting of the high-level expert group attached to this Project. It is divided into two parts: a general part and another in which a specific analysis is made.

196. In the first part, an attempt is made to identify those Latin American countries with limited and less diversified exports, and this is followed by an analysis of the economic characteristics, aspects and structures common to such countries, together with their export trends and the trade problems currently affecting them, particularly tariff and non-tariff barriers, the evolution of prices and related aspects, which in principle may be considered within the context of the multilateral trade negotiations.

197. The second part of the document is devoted to a detailed analysis of foreseeable and feasible solutions that may be considered in the multilateral trade negotiations, as a means of solving as far as possible the trade problems examined in the first part. The analysis covers some of the main commodities exported by these countries.

198. Barriers to trade in fruit and fruit-based products. The member countries of CECLA chose the fruit sector for a study of the barriers obstructing trade, mainly because it includes tropical, sub-tropical and temperate-zone products, thus enabling products of particular importance to all the Latin American countries to be studied in a single group. Moreover, a great many trade barriers are concentrated in this sector.

199. The first part of the study comprises a detailed analysis of all the tariff and non-tariff barriers (imposed by the following developed countries: Belgium, Luxemburg, Canada, the Federal Republic of Germany, France, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States) which are applicable to the products included in all the headings and sub-headings of chapters 8 and 20, and heading 11.04 of the Brussels Tariff Nomenclature.

200. The second part of the study examines in detail the treatment given to eight specific types of fruit by these same countries. The document contains 294 tables, which indicate the barriers existing in each developed country for the various selected products.

/201. Activities

201. Activities of the Trade Negotiations Committee of GATT and its auxiliary bodies. This document describes the activities carried out by the Trade Negotiations Committee up to 30 August 1974, including those of its subsidiary bodies.

202. Up to that date the Committee - which was set up in compliance with the declaration of Tokyo - had confined its activities to the establishment of the six working groups referred to in paragraph 3 of the Declaration, and to the preparatory technical and statistical work for the negotiations in itself.

203. At the meeting of the Committee in February 1974, only the following working groups were convened: 24/3 (a) Tariffs; 3 (b) Non-tariff measures; 3(e) Agriculture; 3 (f) Tropical products.

204. The document examines the work done by each of these groups in the different areas covered by the meetings. Lastly, it refers to the meeting of the Trade Negotiations Committee on 17 and 18 October, particularly, the proposal put forward by the Director-General of GATT regarding an indicative list of subjects on which the studies should be prepared. (Doc. GATT/AIR/1104.)

205. Characteristics of the comparative advantages of manufactured products actually exported to the world market by three Latin American countries. This document was prepared by the Project Co-ordinator; it is essentially a methodological note identifying manufactured and semi-manufactured products in respect of which Latin America has comparative advantages that would facilitate their export to the world market.

206. The study begins by identifying the main manufactures and semi-manufactures actually exported to the world market (outside the region itself) by three Latin American countries. These exports are undoubted proof of the comparative advantages of the countries concerned.

207. This is followed by a breakdown of the final price of production and then of the value added for each product exported (value of the raw material, energy and labour, and of the capital charges and indirect taxes). These items are compared with the breakdown of the cost and value added of similar articles produced in a developed country.

24/ Groups 3 (e) and 3 (f) - Selected sectors and Safeguards - were convened to meet on 7 and 17 October, respectively. /208. This

208. This comparison leads to a fundamental conclusion: that the advantages deriving from the labour factor directly or indirectly contained in the products exported by the three Latin American countries considered are not cancelled out by a proportionately higher productivity per worker in the developed country. In fact, the number of units of value added for every unit of wage paid is at least one and a half times higher in the Latin American countries than in the United States. In other words, the comparative advantage is undoubtedly to be found in those products with a high labour coefficient.

209. The study goes on to consider the fact that the so-called highly capital-intensive products are also exported. It explores the bases - as regards technological options, the combination of factors, etc. - on which this is possible, including the existence of transnational enterprises, with their headquarters and subsidiaries, and the geographical distribution of markets.

210. Reciprocity and safeguard clauses. These two subjects should be analysed in two separate documents, but for practical reasons they have been merged into one.

211. The first part deals with reciprocity. This has always been the most controversial of all the issues arising in the context of international economic relations. The doctrines and political outlooks of the countries generally have strong utilitarian overtones, and the legal structures develop under pressure from specific interests whose force is in direct proportion to their relative power. As far as reciprocity is concerned, such interests have tended to prevent any changes in the legal structures within which trade is conducted. The main points discussed in the first part relate to the concept of reciprocity in international law, the most-favoured-nation clause, trade reciprocity and differences in development. Reference is also made to the experience with respect to this concept in the Kennedy Round and the present round of GATT negotiations.

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212. The most important safeguard clauses are those related to the balance of payments and those designed to protect the interests of domestic industries when imports give rise to difficulties in the maintenance of employment. The second part of the document refers to this latter type of safeguard measures. It analyses the mechanism of this clause in GATT, the agreement on the international textile trade and, lastly, the safeguards in the multilateral trade negotiations.

213. Analysis of the compensations which should accrue to developing countries on account of the expansion of the European Economic Community under article XXIV-6 of the GATT. This document analyses the results of the round of negotiations held in Brussels between the member countries of the expanded Community and the countries which are contracting parties to the Community.

214. Codes of conduct. This document gives a general analysis of the features and advisability of establishing particular codes of conduct during the multilateral trade negotiations, in order to aid liberalization and access to the markets by abolishing or reducing or standardizing some non-tariff barriers and escape measures which have been fouling up the expansion of the international trade flows.

215. Identification cards. The identification cards were completed, printed and distributed. They contain full information as regards the value of total exports by main destination, and the tariff and non-tariff barriers which in those countries or groups of countries affect the 800 products of particular interest to the member countries of CECLA.

216. To complement these cards, a document was prepared giving a full explanation of the notes and symbols they contain. This facilitates the interpretation and use of the data included in the cards.

Missions and meetings

217. At the request of Governments, technical co-operation missions were carried out in the Dominican Republic and Panama. The project staff met five times with the high-level government expert group in order

/to exchange

to exchange views on activities to be carried out by the Project as regards studies and advisory services. In October 1974 the project staff met with the Latin American group in Geneva to review the draft request for the second stage prepared by ECLA to be submitted to UNDP.

STATISTICAL DIVISION

218. In national accounts, work continued in compiling, analysing and systematizing the data provided periodically by the countries of the region. This work includes annual estimates of the growth of the product and its main components, by countries and for the region as a whole.

219. In this setting, there is some work which may be singled out: (a) the opening of a permanent register of information on public sector accounts, which includes the preparation and periodic dissemination of indicators of the evolution and structure of tax revenue, the Government's current and consumer expenditure, and public investment; (b) the systematization and analysis of all the experience of calculating the regional product in the countries of Latin America; (c) the selection and preparation of a new base-year of reference for the series and constant prices of the gross domestic product, including a new set of exchange rates in order to be able to make up regional total; (d) the application of computing programmes for calculating the historical series of the product by countries, expressed at the prices of the new base-year (1970).

220. With a view to boosting the application of the new system of national accounts in the region a seminar on the subject was organized in Panama, with the participation of government experts of this country and the Central American countries. This seminar lasted three weeks and was sponsored by the General Statistical Office of Panama with support from UNDP.

221. For the same purpose the secretariat participated actively in the first meeting of heads of national accounts of the Andean Group countries, held in Lima at the end of October 1974. At this meeting important agreements were reached on the co-ordination and standardization of the systems of national accounts in the member countries of the Cartagena Agreement, which will make for improved integration and comparability of data; it was also agreed to adopt the recommendations of the new United Nations system of national accounts.

222. The secretariat was also represented at the ninth meeting of technical experts of the Central Banks of the Americas (Quito, 18-23 November 1974). One of its working committees concentrated on the problem of improving the systems of national accounts, since this type of calculation sets up competition in the majority of countries to the departments of economic studies of the Central Banks. A document on national accounts in Latin America and their recent development, present situation and prospects was presented at this meeting; this document sums up the progress achieved to date, the completion of the new system of national accounts in the region, and also suggests means for speeding-up its application.

223. At the request of the Government of Guatemala a technical assistance mission was organized to take part in the preparation of a programme of work jointly promoted by the National Planning Council and the Central Bank of Guatemala to revise and improve present national accounts calculations in Guatemala, using the new system of national accounts.

224. As part of the preparatory work for the Regional Conference of Statisticians and Planners a special questionnaire was prepared, to include the main data on the statistical situation of the countries of the region. This questionnaire was distributed among the countries, and a high percentage of answers was returned, which meant a valuable contribution to a better knowledge of present and future work in statistics being carried out by the national statistical services. In addition, a document was prepared on the planning processes and information needs. The data received from the statistical offices of

/the countries

the countries of the region was systematized and the results obtained from the survey were used to prepare notes on some aspects of the present situation of national statistical systems in Latin America.

225. In connexion with demographic and social statistics, as a result of the conclusions of the Second Interamerican Seminar on the Civil Register (Lima, 1964) and in response to the recommendations of the Statistical Office of the Economic and Social Council on measures aimed at achieving an improvement in the region's demographic statistics, the United Nations Fund for Population Activities approved a project for setting up a Committee of Experts on this subject.

226. The First meeting of the Permanent Committee for the Improvement of Sources of Demographic Statistics was held in Buenos Aires from 25 to 29 March 1974 and was organized by ECLA and the Fund; its aim was to analyse the methods and procedures used in the region, evaluating them in terms of their application to the countries, and to lay the bases for future action in co-ordinating the international agencies in this field of work, so as to make a better use of the resources available for improving demographic statistics in Latin America.

227. The technical discussions of the Group of Experts led to a series of conclusions, the main one being to promote the constitution of a permanent committee for the co-ordination of the activities of the international agencies for improving the demographic statistics of the countries of the region.

228. In response to the conclusions of the meeting, the secretariat has taken upon itself to promote measures which will lead to the meeting to constitute the permanent committee which should take place in the first half of 1975.

229. For the Buenos Aires meeting, the secretariat prepared the following reference documents:

230. Situación de las Estadísticas Vitales en América Latina. This document summarizes the main features of vital statistics in Latin America as a source of data for the study of fertility and mortality and as material for the economic and social development programmes of the countries.

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231. The present state of the main sources of these statistics is reviewed separately, and the conclusions reached are that:

232. The civil registers continue to be the main source of data on vital statistics in the Latin American countries. However, the inadequacies which still exist in the data from this source and the ever pressing need for reliable demographic data has stimulated a search for other methods of obtaining or improving them. The most important of these are the censuses; although they do not form a direct part of the system of vital statistics, they constitute an essential source of basic data for calculating the vital rates, and also enable some measures of the level of fertility and mortality to be obtained, either directly or indirectly. Sampling surveys have also acquired increasing importance, as a means of providing statistics on vital events which the traditional system of the civil register is not in an appropriate position to supply, or of evaluating the degree of coverage of the register and thus assisting in improving the civil register system.

233. Estudio de un método para evaluar la integridad de las estadísticas vitales en América Latina. The problem of the lack of reliability of the registers of vital statistics and the recommendations of the Second Interamerican Seminar on the Civil Register brought the secretariat, in collaboration with the Office of Statistics and Censuses of Chile to begin a study on the application of a direct method for the evaluation of the registers in Latin America.

234. The document describes and analyses the method applied to compare the vital statistics recorded in the civil register with those obtained from an independent source, using a survey specially designed for this purpose, which was made in the commune of Valdivia (Chile) between April 1967 and April 1968.

235. The results of the study were considered acceptable and enabled the percentage of omissions in the registers of births and deaths to be estimated together with the real rates on the basis of the principle of the Chandra-Sekar-Deming method; it is considered that this method could be used successfully in other countries of the region, and that it calls for a minimum of prerequisites as regards the quality of the registers.

236. Algunos indicadores socio-económicos de los países de América Latina. A series of tables give the main indicators of the socio-economic situation of the countries of the region with their corresponding figures.

237. They include measurements of the annual growth of the population, fertility, mortality, literacy, economically active population, rural population, population density. Some indicators of the state of health of the population, inhabitants per doctor and the daily average per capita consumption of calories and proteins are also given.

Technical co-operation

238. At the request of the Government of Argentina the secretariat collaborated with officials of the National Institute of Statistics and Censuses (INDEC) in connexion with the household survey, the processing of the population survey and the programming of the next population and housing census. Discussions were also held with the relevant authorities on the plans of work in which the secretariat is co-operating.

239. At the request of the Government of Bolivia, advisory assistance was provided in acquiring computer equipment and in preparing the programme of tabulations for the next population and housing census.

240. At the request of the Government of Colombia the secretariat collaborated with the Departamento Administrativo Nacional de Estadística (DANE) in processing the population and housing census. A course was also given on census tabulations.

241. At the request of the Government of Ecuador the secretariat collaborated with the National Institute of Statistics in the study of the programmes on vital statistics and in the household survey, with the Office of National Censuses in processing the data from the population and housing census, and in designing a sample for evaluating the census and with the Planning Board in the selection of the data entry equipment for the processing of the censuses.

242. At the request of the Government of El Salvador the secretariat collaborated with the Office of Statistics in connexion with the improvement of the vital statistics and in the processing of the data from the population and housing census.

243. At the request of the Government of Guatemala the secretariat collaborated with the Office of Statistics in reorganizing the system of vital statistics, in planning a population survey, in processing the data from the population housing census, and in processing the household survey.

244. At the request of the Government of Nicaragua, the secretariat collaborated in evaluating the draft request for technical assistance submitted to the United Nations Fund for Population Activities.

245. At the request of the Government of Panama, the secretariat collaborated in reformulating a project for technical assistance submitted to the United Nations Fund for Population Activities in connexion with the Civil Register. Advisory assistance was also provided in evaluating the household sample.

246. At the request of the Government of Paraguay, the secretariat collaborated with the Office of Statistics and Censuses in processing the data from the housing and population census, in processing the household survey and in the tabulations on sectors of economic activity.

247. At the request of the Government of Uruguay the secretariat provided advisory services in designing a population survey and for the next housing and population census.

248. As regards external trade and the balance of payments, a considerable amount of effort was devoted to these matters, and work continued on systematizing data by means of computing. The following fields of work are included: (a) the balance of payments by countries and the different criteria for grouping these for the period between 1950 and 1973;^{25/} (b) the calculation of the quantum and unit value

^{25/} Statistical series are available as from 1972 in Special Drawing Rights (SDRs) and dollars. For the entire period of the historical series, current account values have been recorded at current and constant prices, with two base-years for alternative calculations: 1960 and 1970.

indices in dollars, the terms of trade and the concepts derived from these sources;^{26/} (c) the direction of trade in each of the Latin American countries and the region as a whole by origin and destination, including intra-regional trade; (d) the determination of the structure of external trade in goods by countries using classification criteria in exports to group manufactures, and in imports a classification according to economic use or destination (CUODE); (e) external financing series taken from the balance of payments data for the period 1950 to 1973.^{27/}

249. In industrial statistics the Division continued with the work of compiling systematically the regular data which it receives from the countries and from the Statistical Office at Headquarters, and these have been included in the secretariat documents.

250. The data, which is permanently up-dated for all the countries of the region, includes series on: mining production, manufacturing production, indices of the volume of manufacturing outputs, mining indices, construction, electricity, employment (occupation), and employment indices.

251. All these data are presented for analysis according to the International Standard Industrial Classification of All Economic Activities (CIIU/Rev.1).

252. Work has also been carried out in connexion with: conversion of the above-mentioned data.^{28/}

253. The Division continues to carry out its programmes of advisory services to the countries of the region in vital statistics, demographic sampling, methods of computation and household surveys.

^{26/} It should be noted that the country series were recalculated taking 1970 as the base.

^{27/} See Indicadores del Desarrollo Económico y Social en América Latina (E/CEPAL/AG.69/2/Add.3).

^{28/} This information is classified according the ISIC/Rev.1, in order to obtain data in accordance with new version of the ISIC/Rev.2; and tabulation of censuses and industrial surveys.

LATIN AMERICAN ECONOMIC PROJECTIONS CENTRE

254. The greater part of the work done by the Projections Centre in 1974 concerned the Second Regional Appraisal of the International Development Strategy, and was related to the organization of technical Seminars on the Appraisal exercise, and the co-ordination of the corresponding studies to be presented to the Meeting of the Committee of High-Level Government Experts to be held in March 1975, and subsequently to the sixteenth session of the Commission.^{29/}

255. In addition, various other documents were prepared and other studies completed during the year either as provided for in the programme of work of the Centre or at the request of the Executive Secretary or of other divisions.

256. Officials of the Centre participated as lecturers in courses organized or sponsored by ECLA/ILPES and provided advisory services in subjects related to their fields as shown in subsequent paragraphs.

Appraisal of the International Development Strategy

257. Pursuant to the General Assembly resolution on the International Development Strategy, an appraisal and review of economic and social development in the developing countries must be carried out every two years in connexion with its targets and objectives, and the implementation of the policies and measures proposed.

258. For the purpose of analysing, in the light of Latin American experience, the progress made and obstacles to efforts by the countries and United Nations agencies to provide a systematic review and appraisal of the development process, four seminars were held in the second half of 1974 on "The review and appraisal of the International Development Strategy: the organizational problems raised by this task in the countries of Latin America". They were organized by ECLA in collaboration with the Centre for Development Planning, Projections, and Policies of the United Nations Department of Economic and Social Affairs. The countries were represented by government officials invited in their personal capacity.

^{29/} An outline is given below of the seminars and the documents prepared for these meetings.

259. The first seminar was held in Buenos Aires from 9 to 14 September. Argentina, Brazil, Uruguay and Paraguay participated

260. The second seminar was held in Santiago, Chile, from 30 September to 4 October. Representatives of the member countries of the Andean Pact and officials of the Cartagena Agreement participated.

261. The third seminar was held in Mexico City from 14 to 19 October. Officials of Central American countries and Mexico participated.

262. The last seminar was held in Port of Spain from 20 October to 1 November, in which officials from the English-speaking countries of the Caribbean, Haiti, CARICOM, the Eastern Caribbean Common Market, (ECCM), and the Caribbean Development Bank participated.

263. The review covered both national and international levels. At national level, the aim was to collect the experience of planning agencies, the Ministries of Economic Affairs and Finance, the Central Banks, and development corporations or public enterprises. At international level, the purpose was to discuss the experience of the Ministers of External Affairs and other agencies connected with the foreign economic policy of the countries.

264. The discussions covered four major areas. First, the nature and the conceptual and technical elements of the appraisal of development were discussed. It was seen that the generalized acceptance of the social, political, and economic nature of the development process, combined with the introduction of new social variables, had culminated in an important advance in the identification of frames of reference and the postulation of guidelines for the organization of appraisal information. At both these levels, as well as at the level of institutional structures, there still remains a lot to be done to translate into methods, and create the agencies for putting into practice the principles stemming from an integrated view of development.

/265. Secondly,

265. Secondly, experience in the appraisal of the International Development Strategy was discussed. The review of the experience provided by the first appraisal was of great practical utility, and proved useful in the examination of the nature, objectives, methodology, institutional organization, and information requirements of an exercise in the appraisal of a development process at international level. Also discussed, were the objectives which the second appraisal should pursue in the light of the present international economic situation. Among other conclusions reached was the need for revising the IDS, and it was in this way that the recent resolutions of the General Assembly concerning the creation of a New International Economic Order and the Programme of Action for its establishment were interpreted. From the point of view of methodology, this new approach would entail a fresh definition of international economic relations and, therefore, of the objectives and policies associated with the external sector of national economies.

266. They examined afterwards the experiences and institutional administrative, and technical organization of the appraisal in Latin American countries. The representatives of the countries described the efforts made so far in the appraisal exercise, showing that many institutions had made substantial progress in this respect. Methodologies had been developed for controlling plans, policy, programme and project implementation in a number of development areas which ranged from long-term programmes and projects, to monetary and fiscal policies related to the economic situation. The exchange of views brought to light possibilities of co-operation, particularly in the appraisal of annual plans and of priority projects and programmes for which there was already an acceptable degree of experience in the region.

/267. Finally,

267. Finally, a more detailed analysis was made of the methodological and technical problems raised by the appraisal of some aspects of the development process, such as the mobilization of domestic resources, external financing, and the integration processes. In general, these were fields in which there was already a great deal of experience in the region both at national and international levels. The appraisal and control of such fields is a permanent source of concern for development planners, both in the countries, and in the international agencies responsible for preparing the information for regional appraisals. It is for this reason that the discussion centered on technical aspects such as the difficulties which exist in defining frames of reference, and in adapting the methodological and institutional schemes which would serve as a basis for the collection and processing of data.

268. The following documents were prepared for the seminars.

269. The organization of information for the development appraisal (ST/CEPAL/Conf.49/L.2). This document discusses the problems related to the preparation and handling of information required for the appraisal of the economic and social development process. The approach is a threefold one: the use of systematic concepts as a framework for giving coherence to statistical plans; finding a synthetic indicator of the results of the development process, and finding a series of indicators to facilitate the appraisal of this process in its different facets or areas of interest.

270. The first chapter discusses the advantages of the use of the systems of national accounts, and social and demographic statistics recommended by the United Nations as a guide for the collection of basic statistics, and observations are made on their suitability for dealing with the problems of the countries of the region.

271. The second chapter deals with the traditional discussion on the advantages and shortcoming of a single aggregate synthetic indicator as representative of the progress made in the development process.

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272. The last chapter contains observations on the submission of information for the appraisal. And although it recognizes that, in the final analysis, the characteristics peculiar to each country determine the information necessary for the appraisal, it proposes - for discussion - a series of global indicators. This series is based on recent experience acquired by the countries and the United Nations, particularly that of the United Nations related to the tasks connected with the appraisal of the International Development Strategy.

273. Notes on the nature and methodological requisites of the development appraisal (ST/CEPAL/Conf.49/L.3). This study attempts to define the scope of the appraisal from the conceptual standpoint. It provides the general definition of what is understood by appraisal and the requisites for carrying it out. Mention is made of the normative scheme, the analytic model, and the need to establish a series of objectives to be able to carry out the appraisal exercise.

274. These general guidelines then form the frame of reference for the appraisal of the development process. The salient characteristics of this process which determine its appraisal are discussed and an attempt is made to define the factors which have to be considered in defining the normative and analytic models within this framework. Reference is later made to the problem of institutional organization for the appraisal of development, the information that this requires, and the identification of the frames of reference, policy objectives and a scale of values.

275. Indicadores para la evaluación de situación y perspectivas económicas de corto plazo (ST/CEPAL/Conf.49/L.4). This document describes a methodology for carrying out an appraisal of the short-term economic situation based on the use of concepts of the network mathematical theory. First, it seeks to define the general methodological problem establishing a conceptual scheme for the appraisal, and then places, in this context, the relevant aspects of the appraisal of the economic situation.

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276. The document contains, in addition, three annexes which describe two specific case studies and makes observations on the network for the economy as a whole. The first deals with the case of control of the short-term management of an activity subject to strong demand fluctuations which require a rapid solution. The second annex presents a diagram of procedures for controlling the export of a relevant product, and the last contains the observations mentioned on the network for the economy as a whole.

277. Indicators of economic and social development in Latin America (E/CEPAL/AC.69/2/Add.3). The principal statistics and indicators which represent, in essence, the quantitative bases of the review and study carried out in the second regional appraisal of the International Development Strategy (IDS) are presented in systematic manner in this document. Preceding the corresponding tables there is an analysis of the criteria used to select the indicators, of their significance and the analytic concepts inherent in them, and the sources of information used, as well as an examination of the statistical value of the pertinent data.

278. The indicators are classified and grouped on the basis of the major topics dealt with by the IDS. Also, for the purpose of these classifications, an attempt was made to collect information on the basis of the interrelationships existing between the different economic and social variables to which the indicators refer.

279. In this way an integrated quantitative approach is given for reviewing and interpreting the development process in its major aspects of economic growth, human and social development, domestic effort and trends in external relations, mainly with reference to trade and finance.

Other studies

280. A study entitled Increased needs for investment caused by the increase in petroleum prices was prepared for the Technical Symposium on Latin America and the Current Energy Problems. In this study an attempt was made to quantify the effects of a rise in petroleum prices on capital formation in the countries of Latin America, which are

/net importers

net importers of hydrocarbons. The problem is approached from two different angles: the capacity to import, and the increased cost of investment.

281. The first of these concepts refers to the real investment potential. In fact, since the availability of capital goods depends basically on imports, owing to the negligible importance of the capital goods producing sector in Latin America, the supply of capital goods is linked with developments in the capacity to import. Any limitation on the capacity to make external payments reduces the possibilities of investment. It is for this reason that the additional cost of petroleum imports was calculated so as to show the amount by which resources would have to increase to pay for imports, as a result of higher prices for hydrocarbons.

282. The second aspect deals with the financing of capital formation. Once the physical investment needs have been established, and the financial means of paying for them, the determining factor is then changes in relative prices. When the prices of capital goods increase more than the general level of prices, a given volume of investment goods represents a greater outflow of financial resources. Taking a given set of assumptions the size of the additional outflow of such resources is calculated.

283. In the project on short-term projections, a first report entitled A test of the Box-Jenkins Model for Commodity prices was completed. This study tries to design a model to provide projections for a large number of variables, considering the Latin American countries on a regional basis. Different possible approaches are discussed and the reasons for choosing the so-called "Box-Jenkins" model as the most suitable for the project are given. Some preliminary predictions for the prices of five basic products of the region are given, and the estimates are compared with other forecasts made in the United States.

284. Two studies are prepared by the Division which are related to the project. Integrated Maritime Transport Study for the Caribbean Basin: A game theoretic approach to the problem of regional co-operation

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in the Caribbean Basin and The regional transport problem with transshipment possibilities. The first shows how to calculate and share the profits of regional co-operation between the different countries. The second deals with a problem of lineal programming, which attempts to minimize the costs of a regional transport system, giving special attention to the possibility of transshipment, and different combinations of co-operating countries.

285. An analysis is made of the estimate of the econometric model for medium-term projections for Colombia. The model consists of 89 equations which describe the interrelationships of 111 variables, of which 22 are exogenous. The model supposes a considerable increase in the degree of disaggregation with reference to other models of this type prepared in the Centre. Thus, fourteen production sectors are considered, six types of investment, eleven import items, and six types of taxes. Moreover, tentative attempts have been made to incorporate some monetary aspects.

286. Within the project related to the models for comparing styles of development, the computer programming of the population model was completed. Numerical experiments are being carried out with data on Venezuela and El Salvador. On the completion of the analysis of the results for these countries, the work will continue for Argentina and Brazil for which basic data is practically processed.

287. In addition, the Centre collaborated in various activities of the secretariat. Teaching material was prepared, and one of the staff participated as lecturer in the Fifth Regional Planning Course organized by ECLA, ILPES and UNDP (Buenos Aires, 8 July to 13 December 1974).

288. At the request of the Superintendencia do Desenvolvimento do Nordeste (SUDENE) of Brazil the Centre helped in the preparation of the study on the macroeconomic aspects of and global projections for the preparation of a Development Plan for this region.

289. Advisory services on short-term projections were provided to the Central Bank of the Argentine Republic.

290. Lectures were prepared on planning techniques for the Course on Development Planning organized by the Planning Council of Ecuador and sponsored by ILPES - 25 August to 15 November 1974.

MEXICO OFFICE

Annual Economic Survey

291. Notes on Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama,^{30/} analysing overall and sectoral economic trends in those countries, were prepared for incorporation in the Economic Survey of Latin America, 1973. Data on the same countries published in the course of the year were also assembled, and qualitative and quantitative information was collected directly from each country for the preparation of the notes for 1974.

Regional evaluation

292. Background information was prepared on the agricultural situation in Mexico and Nicaragua during the first part of the Second United Nations Development Decade (1970-1974), and from 14 to 19 October 1974, the Mexico Office served as the venue for one of the regional seminars on the analysis and appraisal of the International Development Strategy, the purpose of which was to study the problems of organizing information in order to make the appraisal in question with reference to Mexico and the Central American countries. Several members of the Mexico Office staff participated in the organization and proceedings of the meeting and drafted the corresponding report.^{31/}

^{30/} Notes for the Economic Survey of Latin America, 1973; Guatemala (CEPAL/MEX/74/3/Rev.1); El Salvador (CEPAL/MEX/74/4/Rev.1); Honduras (CEPAL/MEX/74/5/Rev.1); Nicaragua (CEPAL/MEX/74/6/Rev.1); Costa Rica (CEPAL/MEX/74/7/Rev.2); Panama (CEPAL/MEX/74/8/Rev.1); and Mexico (CEPAL/MEX/74/9/Rev.1).

^{31/} Informe del Seminario sobre Análisis y Evaluación de la Estrategia Internacional del Desarrollo: los problemas de su organización en países latinoamericanos (Report of the Seminar on Analysis and Appraisal of the International Development Strategy: organizational problems in Latin American countries) (CEPAL/MEX/74/21/Rev.1).

293. A note was prepared on the principal events in the agricultural sectors of the Central American countries and Panama during 1973. Data on the meat trade in Central America were also processed and used in a monograph.

Income distribution

294. The object of this project is to support the basic research which is being carried out by the Social Development Division in Santiago, and also to provide background information which may be of use to the Central American countries in the task of reorienting their social policy, with due regard to income distribution objectives, through the adoption of measures in several fields, including employment, social security, education and health.

295. A preliminary note was drafted which propounds the need for an integrated approach in social and distributive policies, in conjunction with an attempt to unify economic and social criteria and envisage education, health and employment policies within a broader framework. The note analyses the hard facts of income distribution in Latin America and the trends noted in recent years, which incline towards concentration, as is evidenced by the fact that the poorer half of the population receives only 13 per cent of aggregate income, while the 5 per cent of the population in the highest income strata absorbs at least 31 per cent. The great differences existing between urban and rural sectors are also examined.

296. The report concludes that appraisals of the present income distribution position - and the scope of the measures applied - will depend upon the explicit or implicit development styles adopted by the countries, and that in order to produce real effects on income distribution over the medium and long term, more radical changes need to be brought about in the present coverage of education, health, nutrition and social security services which are often both socially and geographically ill-distributed.

Economic policy

Panama

297. This project consists in an analysis of the benefits, problems and repercussions which might be generated by the construction of a new sea-level canal, within the framework of national development strategy, and taking into account the decision of the Governments of Panama and the United States to reformulate the institutional regulations for the Canal Zone. In view of the structural characteristic of the economy of Panama, its size and the special features of its development strategy, the possible construction of a new interoceanic canal would produce repercussions throughout the economy. Moreover, it is essential to devise measures whereby better use can be made of the development opportunities afforded to the economy by its geographical position, and the potential distortions that might ensue when construction was completed could be reduced to a minimum.

298. A number of supporting studies were carried out, among which the following may be mentioned: a matrix of Canal Zone transactions in the years 1973 and 1975, with projections for 1980 and 1985; projections of Canal traffic, savings and potential income for the years 1980, 1990 and 2000; macroeconomic projections for Panama in 1980 and 1985 (in process of completion); an analysis of the characteristics of the draft projects for a sea-level canal (routes 10, 14 and 15); an analysis of the impact and viability of the alternatives to a sea-level canal (establishment of an overland bridge); notes on long-term development strategies; an evaluation of what the construction of a new canal would mean to the agricultural sector; and a definition of agricultural development strategy under the medium-term plan for 1975-1979.

Nicaragua

299. Since the Managua earthquake in December 1972, the Mexico Office has been providing technical assistance to the Government of Nicaragua

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in connexion with different socio-economic aspects of the country's reconstruction and development process.

300. The Office collaborated with various specialized groups in the Nicaraguan public sector in the preparatory work for the formulation of the National Reconstruction and Development Plan, 1975-1979. Several missions were also carried out and various documents were prepared on the following topics: strategy for the economy as a whole and for the main sectors (agriculture, industry, housing, construction, natural resources, education, health, foreign trade and public finance); population and employment trends, and the evolution of the education sector; outlines for administrative reform; a methodology for demarcating the different areas of the country and formulating basic regional policy criteria; public finance projections in the framework of the overall aspects of the Plan; bases for the formulation of housing and construction programmes and of policies in these fields;^{32/} and revision of national accounts for the purposes of the diagnosis and projections incorporated in the Plan. These and other studies were used in the preparation of a document entitled Plan de reconstrucción y desarrollo. Aspectos globales para el período 1975-1979. This document was completed in November 1974 and the Planning Office presented it to the Co-ordinating Committee on Planning for study and consideration.

301. Research was also conducted with a view to the formulation of an econometric model which would serve basically for the preparation of an economic budget.^{33/}

Honduras

302. The disastrous hurricane Fifi, which between 18 and 20 September 1974 ravaged the northern region of Honduras in particular, caused

^{32/} Bases para la programación de vivienda a mediano plazo en Nicaragua (CEPAL/MEX/74/Nic.1) and Medidas para instrumentar la política de vivienda a mediano plazo en Nicaragua (CEPAL/MEX/74/Nic.2).

^{33/} Notas preliminares sobre modelos econométricos para Nicaragua (CEPAL/MEX/74/Nic.3).

floods which aggravated the damage inflicted on the country's economy, already adversely affected as it was by the international oil crisis, the rate of world inflation and the appreciable decline in its exports, particularly those of bananas. The hurricane devastated precisely those areas in which the country's most up-to-date and dynamic economic activities were concentrated, and where in recent years there had been substantial investment in roads, ports and telecommunications. Consequently, the tragic loss of human life was accompanied by losses in urban infrastructure and housing. Moreover, the future production capacity of Honduras has been seriously undermined by the destruction of plantations, means of communication and capital goods.

303. The Government of Honduras requested assistance from ECLA in evaluating the damage done and its repercussions on the economy of Honduras. The Mexico Office, with the co-operation of various national groups, as well as of the United Nations Development Programme (UNDP) the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and the Central American Bank for Economic Integration (BCIE), prepared a document ^{34/} which was submitted for consideration at the Ninth Extraordinary Session of the Committee of the Whole of ECLA ^{35/} (New York, 21 and 22 October 1974), and which served as a basis for enabling the member governments to acquaint themselves in detail with the situation of Honduras and to consider the international co-operation that could be extended to the country within the framework of the United Nations.

304. In compliance with the recommendations of the Committee of the Whole, and at the request of the Government of Honduras, the Mexico Office continued to provide assistance - in particular to the secretariat of the Higher Council for Economic Planning (Consejo Superior de Planificación Económica - CONSUPLAN) - in the revision

^{34/} Informe sobre los daños y repercusiones del Huracán Fifi en la economía Hondureña (E/CEPAL/AC.67/2/Rev.1); (CEPAL/MEX/74/Hond.1).

^{35/} Report of the Ninth Extraordinary Session of the Committee of the Whole (E/CEPAL/AC.67/3/Rev.1).

of a document which was presented at the Special Inter-Agency Meeting held on 6 and 7 December 1974 in Tegucigalpa, under the sponsorship of the Permanent Executive Committee of the Inter-American Economic and Social Council (IA-ECOSOC) of the Organization of American States (OAS). It also co-operated in the formulation of the ECLA programme for co-operation with the Government of Honduras, which will be implemented during the next few years, with the support of UNDP.

305. At the request of the Resident Representative of UNDP, the Mexico Office collaborated in the organization of an emergency programme for technical assistance to Honduras,^{36/} for which a special fund of 2 million dollars is available, this amount having been allocated by UNDP to the programme for the reconstruction and development of Honduras that is to be carried out during the period 1975-1976. In consultation with the Executive Secretary of CONSUPLAN priorities were established and a selection was made, among the technical assistance projects envisaged by the Government, of those in which UNDP could participate under its emergency programme. The financial implications of these projects were also determined.

Regional development

Mexico

306. During the past two decades, the disparities in the development of the various regions of Mexico have become more marked, and economic and social problems have arisen as a result of the over-concentration of productive activities in specific parts of the country. The Government of Mexico has requested technical assistance from the United Nations in the definition of a national development strategy in which an important role will be played by the expansion and balanced utilization of the resources of the different areas. Accordingly, UNDP, with the participation of the Mexico Office and of the Latin American Institute for Economic and Social Planning (ILPES), is

^{36/} Programa de colaboración de la CEPAL con el Gobierno de Honduras a llevarse a cabo con el apoyo del PNUD (CEPAL/MEX/74/Hond.2).

carrying out an advisory assistance project which will comprise various studies on the spatial operation of the Mexican economy, with the object of identifying regional development processes and establishing the bases for an economic policy likewise at the regional level.

307. Members of the staff of the Mexico Office collaborated in the preparation of a note on bases for a regional economic policy in Mexico (Bases para la política económica regional de México) and of another on regional development of manufacturing industry (Desarrollo regional de la industria manufacturera), as well as in the revision of one on the implementation of regional policies. They also prepared a chapter on the status of tourism in relation to the regional development of Mexico, a note on Mexico's regional industrial policy, and a study on the efficiency of the Mexican railway network from the standpoints of the capacity of the lines, the level of utilization, and the system's potential in terms of interconnexion between sub-regions of Mexico, with a chapter on the financial position of the railway companies, another in which major rail transport projects in execution and in prospect are analysed, and, lastly, one on rail tariffs.

Industrial development

308. This project represents an attempt to contribute to the formulation of the new regional industrialization strategy, taking into account the progress made, the problems deriving from the Common Market crisis and the guidelines laid down by the Central American Governments. Although industrial activities have been strengthened by the integration process, the problems which have arisen in recent years have brought to light the inadequacy of manufacturing development and the need for new approaches in order to carry integrated development farther. To ensure a more equitable distribution of the benefits of integration and to promote regional development of manufactures the pattern of industrialization would have to be redesigned, and to that end it is essential to undertake research for the purpose of introducing adjustments in the import substitution, complementarity and industrial specialization processes, and in the spatial distribution of industries.

/309. These

309. These orientations and objectives of integrated industrial development policy in Central America have been reaffirmed in recent decisions of High-Level Committee on the Restructuring and Development of the Central American Common Market, an agency which has also requested ECLA to continue studying this question in depth.

310. With the collaboration of the regional adviser from the United Nations Industrial Development Organization (UNIDO), the research programme was revised and the basic material was prepared for the formulation of the industrial development strategy for Latin America that was presented at the UNIDO meeting of experts on industrial programming in Central America. A note on Central American industrial policy 37/ was drafted, as well as a document on the same subject which was submitted to the High-Level Committee for consideration at its meeting in March 1974. 38/

311. The Office also worked on methodological aspects of the study on branches of industry, selecting from among these the chemical, metal manufacturing and machinery and forest industries. A beginning was made on the compilation, analysis and summarizing of industrial development laws, in particular legislation relating to the chemical industry in the Central American countries, Mexico and the member countries of the Andean Pact. For the same countries a directory of manufactures of chemical products was prepared in accordance with the United Nations classification.

312. The Mexico Office collaborated with the ECLA secretariat in Santiago in the organization and preparation of the Latin American Conference on Industrialization. It also drafted a note on Central America 39/ which was incorporated in the document on regional economic

37/ Política industrial centroamericana: Orientaciones y sugerencias sobre medidas y acciones (CEPAL/ONUDI/MEX/74/3).

38/ El proceso de perfeccionamiento y reestructuración del Mercado Común Centroamericano. Algunas orientaciones y medidas sobre política industrial (CEPAL/MEX/74/11 and Add.1).

39/ La industrialización y los esquemas regionales de cooperación económica: el caso del Mercado Común Centroamericano (CEPAL/MEX/74/18).

integration programmes and industrialization, presented for the consideration of the delegations.

Technology

313. Under the terms of resolution 322 (XV) adopted at the fifteenth session of the Commission, the member Governments of ECLA requested the secretariat to evaluate the incidence of the technological factor in the economic and social planning adopted by the countries of Latin America, and to initiate the analysis of the Regional Plan of Action prepared by the United Nations Advisory Committee on the Application of Science and Technology to Development (UNACAST). To meet this request the secretariat convened a meeting on Science, Technology and Development in Latin America, which was held in Mexico City from 2 to 7 December 1974.

314. At the meeting particular attention was devoted to the following topics: (i) the patterns of scientific and technical progress in Latin America, with special reference to the trends observable in the last two decades; (ii) the experience of the different countries of the region in the promotion of scientific and technical development; (iii) the international co-operation machinery that can be placed at the service of the area; (iv) the institutional and financial arrangements for the application of the Regional Plan of Action.

315. The secretariat submitted for the consideration of the member governments three documents relating to items on the agenda for the meeting.^{40/}

316. The discussions brought to light the keen concern aroused in governments by the factors that are circumscribing the margin of

^{40/} "Technical progress and socio-economic development in Latin America: a general analysis and recommendations for technological policy" (ST/CEPAL/Conf.53/L.2); "Scientific and technical progress for the development of Latin America" (ST/CEPAL/Conf.53/L.3), prepared by the Latin American Institute for Economic and Social Planning (ILPES); "Some recent experiences in promotion of scientific and technological development in Latin America" (ST/CEPAL/Conf.53/L.4).

economic expansion, among which scientific and technical backwardness carries significant weight. Although this is a long-standing phenomenon, it is only in the last fifteen years or so that it has been the object of sustained attention, which by now has been translated into terms of concrete action. Most of the Latin American countries have begun to implement institutional, legal and financial programmes directed towards the concerted promotion of scientific and technical progress. These lines of action have been supported by international and regional agencies and by various bilateral co-operation mechanisms. It was stressed, however, that there is still a long way to go before the obstacles in the way of Latin America's scientific and technical development can be overcome.

317. The member Governments made several recommendations to the ECLA secretariat.^{41/} One of these relates to the establishment, within the framework of the Commission, of a Latin American Intergovernmental Committee to meet in 1975 for the purpose of discussing various questions, such as specific methods of applying the Regional Plan of Action, criteria for allocating international resources in this field, co-operation projects at the regional level, arrangements for co-operation with the industrialized countries, and procedures for the transfer and marketing of techniques. The secretariat was requested to undertake this activity in co-ordination with UNACAST and the Office for Science and Technology at United Nations Headquarters.

318. The Meeting also suggested that ECLA should make a detailed analysis of the causes of the exodus of qualified personnel and its repercussions at the national and regional levels.

319. The Mexico Office collaborated with the ECLA secretariat in Santiago in the organization, development and preparation of the Meeting and in the drafting of the final report, besides preparing one of the documents submitted for the consideration of delegations.^{42/}

^{41/} See the Report of the Meeting (ST/CEPAL/Conf.53/L.5/Rev.1).

^{42/} See "Some recent experience in the promotion of scientific and technological development in Latin America" (ST/CEPAL/Conf.53/L.4).

Agriculture

(a) Mexico

320. This project aims at ascertaining the possibilities of expansion of Mexico's principal agricultural export products and of rural employment, with special reference to irrigation policies and use of resources. The studies carried out on various aspects of the Mexican economy (industrialization, livestock production, regional development) have indicated how important it is to examine certain special characteristics of the situation and evolution of the agricultural sector, and the Government of Mexico has expressed particular interest in the carrying-out of this study, which, in addition, is of special significance in relation to the existing balance-of-payments problems.

321. Some preparatory work was done on production, rural prices and foreign trade in various crop and livestock products for the period 1925-1974. It is hoped to complete this study in 1975.

(b) Central America

322. The objective of this project is to define the possibilities for diversification of agricultural exports in Central America. This implies simultaneous research on the characteristics of the marketing machinery and on the availability of agricultural credit. The expansion of agriculture to develop new export lines should go hand in hand with the enlargement of the areas under irrigation in selected basins and the introduction of technological changes and the selection of crops likely to have favourable repercussions on rural employment.

323. Interest in these studies was expressed not only by the Governments of the area but also by the Central American Bank for Economic Integration (BCIE), with which agency the Mexico Office signed an agreement regarding a study on the characteristics of the marketing of fruit and vegetables in the Central American countries. In the end, the study was confined to Guatemala and El Salvador,^{43/}

^{43/} Producción y comercialización de frutas y hortalizas en Guatemala (CEPAL/MEX/74/119) and Producción y comercialización de frutas y hortalizas en El Salvador (CEPAL/MEX/74/15).

since it was ascertained that for the other countries trade in these commodities is of little significance.

324. Another study on a policy for Central American self-sufficiency in basic grains was brought up to date with the incorporation of the most recent information and was amplified with an evaluation of the latest developments that had taken place in the countries of the area as a result of the world shortage of grains and the rise in grain prices. The first draft of a note was prepared and is now in process of final revision.

325. Furthermore, at the request of the National Development Institution (INFONAC) of Nicaragua, a study was made of the economic possibilities for utilization of the agricultural potential of the Rio Wawa project.^{44/}

Transport

326. The purpose of this project is to collaborate with Central American Governments and agencies in the tasks designed to endow the area with the physical infrastructure required by economic integration, and in formulating a co-ordinated regional policy for the transport sector (including road, rail, port and air transport) as part of the process of restructuring of the Common Market. Interest in the study of the traditional problems of the sector has been enhanced of late by the need to evaluate the repercussions of the world energy crisis on road-building and motorized transport in Central America.

327. With the collaboration of the regional expert on transport economics assigned to the Mexico Office by the United Nations Office of Technical Co-operation (OTC), a document was prepared ^{45/} which analyses the incidence of fuel prices on the short-term marginal costs of operation of standard-type vehicles and the influence of

^{44/} Nicaragua: Proyecto Río Wawa: Aprovechamiento potencial de las tierras agrícolas y sus posibilidades económicas (CEPAL/MEX/74/Nic.4).

^{45/} Centroamérica: Evaluación del impacto de la crisis de energía en el transporte automotor (CEPAL/MEX/74/17/Rev.1).

the energy crisis on the motorized transport sector, together with suggestions for policies to palliate their effects. Chapter IV of a document in course of preparation on preliminary considerations relating to the expansion of the Central American railway network was also completed.

328. The OTC regional expert on transport economics gave advisory assistance to the following countries: Honduras, in the determination of lengths of haul, operational costs and tariff structures of motorized transport of freight; Nicaragua, in the revision of studies on traffic and running time, as well as in the definition of evaluation methodologies to be applied to road projects; Costa Rica, in the revision of data which will be used in cost studies and in the formulation of a transport tariff structure.

Resources

Mexico

329. Electricity development. At the request of the Government of Mexico, and through the Federal Electricity Commission (Comisión Federal de Electricidad - CFE), the Mexico Office, with the collaboration of a special consultant and of the OTC experts on electric energy assigned to the Office, drafted a study project for the planning of the development of Mexico's electricity sector,^{46/} which comprises a revision of the existing development plan for the national network and an evaluation of the econometric model prepared by CFE, in particular as it relates to energy. The primary objective of the study is to propose alternative possibilities for the expansion of the country's electricity system so that the most appropriate can be selected; it also discusses the simultaneous development of complementarity activities relating to institutional, administrative and financial questions, besides analysing the electricity tariff structure and price levels. By these means it is hoped to obtain an

^{46/} Proyecto de estudio sobre la planificación del desarrollo del sector eléctrico de México (CEPAL/MEX/74/10).

overall diagnosis of existing problems so that the best remedies may be sought. The Government of Mexico requested that the study should be deferred until 1975.

Central America

330. The object of this programme is to collaborate with the Central American Governments and regional and international agencies in the evaluation of the area's potential in respect of electricity, water resources and other sources of energy, with a view to the formulation of national and regional policies to promote their efficient utilization and development.

331. Energy. A document was prepared on the impact of the energy crisis on the Central American economies 47/ and was submitted for consideration at the Meeting of Directors of Planning Offices of the Central American Governments, held at San José, Costa Rica, in March 1975. The ECLA Mexico Office subsequently participated in a joint UNDP/ECLA/SIECA mission which made an analysis in depth of the energy crisis and its implications for the economies of the region, and recommended governments to seek to adopt a unified energy policy. To that end, a request was formulated for preparatory assistance from UNDP in the execution of a joint ECLA/UNDP project for formulating such a policy and drawing up a master plan for energy development in the area.

332. Electricity. An analysis was made of the repercussions of the energy crisis on the electricity sectors of the Central American countries and the measures adopted by the governments of the area with a view to minimizing its effects. This served as a basis for the revision of the document on the evaluation of the electricity sector and its prospects up to 1985, to which a chapter was added describing the impact of the crisis on electricity development programmes. 48/

47/ El proceso de perfeccionamiento y reestructuración del Mercado Común Centroamericano. Apuntes sobre la crisis de energéticos y su impacto en las economías centroamericanas (CEPAL/MEX/74/12).

48/ Istmo Centroamericano: Desarrollo del sector eléctrico y sus perspectivas, 1960-1985 (E/CN.12/CCE/SC.5/99).

333. A study project on interconnexion of electricity systems ^{49/} was revised and completed, after which it was submitted to the leading electricity enterprises in the Central American countries and to the Central American Bank for Economic Integration (BCIE), which will make a financial contribution to the execution of the project. At the Inter-Agency Meeting held in Washington, which was attended by representatives of UNDP, IBRD, IDB and BCIE, the participation of each of the regional and financing agencies in the execution of this study was determined. A project for preparatory assistance to be given by UNDP was also prepared.

334. An addendum was drawn up to be appended to a document on electricity tariffs ^{50/} previously prepared for presentation at the Third Meeting of the Regional Group on Electricity Tariffs, held at San José, Costa Rica, in June 1974.

335. Apart from the activities described, information on the question of rural electrification in the Central American area was updated, and the relevant study, scheduled for completion early in 1975, was revised; a document presenting electric energy statistics for 1972 was completed and published, as was another containing basic statistic data for 1973. ^{51/}

336. The OTC regional expert on electricity development assigned to the Mexico Office also advised the National Electricity Service of Costa Rica on relevant matters.

337. Water resources. The Office collaborated with BCIE in the formulation of the background information required for developing a

^{49/} Términos de referencia para la elaboración de un estudio de interconexión eléctrica en el Istmo Centroamericano (CEPAL/MEX/74/13).

^{50/} Istmo Centroamericano: Estructuras tarifarias de las principales empresas eléctricas y lineamientos para su armonización (CCE/SC.5/GRTE/III/2/Add.1/Rev.1).

^{51/} Estadísticas de energía eléctrica de Centroamérica y Panamá, 1972 (E/CN.12/CCE/SC.5/100) and Estadísticas eléctricas básicas de Centroamérica y Panamá, 1973 (E/CN.12/CCE/SC.5/101/Rev.1).

regional irrigation programme in Central America and for the adoption of a financing policy for agricultural development on the basis of irrigation.^{52/} This study is to be jointly carried out by ECLA and BCIE in 1975.

338. Basic data were collected for the preparation of a document on the technical and economic feasibility of establishing a system of weather forecasting and flood warning for the Central American Isthmus, which would make it possible to mitigate the damage caused by the hurricanes and other climatic phenomena that are of frequent occurrence in the area.

339. At the request of BCIE, and under the financing programme of this institution for the valleys of Nacaome and Alianza, Honduras, an evaluation was made of the underground water table in that area.^{53/}

Economic integration and foreign trade

340. The primary concern of most of the studies on this subject carried out during the period 1973-1974 was to analyse the Central American integration movement with the aim of providing background information which might be of use to the countries in guiding their efforts to perfect and consolidate the integration process.

341. A special study was made of the effects of the present international situation on the economies of the region.^{54/} In this connexion, a survey of the repercussions of the oil crisis was carried out, a mission was formed to discuss specific regional policies in this field, and a document was presented containing proposals for a policy to palliate the effects of the oil crisis in the Central American transport sector.

^{52/} Justificación para la adopción de una política y para la formulación de un programa regional de desarrollo agropecuario a base de riego (CEPAL/MEX/74/14).

^{53/} Disponibilidad de agua subterránea para riego en los valles de Nacaome y Alianza, Honduras (CEPAL/MEX/74/2).

^{54/} Algunos factores externos que afectan el movimiento de integración centroamericana (CEPAL/MEX/74/24/Rev.1).

342. Of the studies carried out by the Mexico Office in relation to Central America, one on the development of electrification and the interconnexion of electricity systems deserves special mention. An analysis was also made of the effects of the integration process on the dynamics and structure of the industrial sector, and the possibilities for agricultural complementarity in specific respects were assessed. This last task was performed under the sponsorship of BCIE.

343. At the request of the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and with the collaboration of the Latin American Institute for Economic and Social Planning (ILPES), the Mexico Office prepared a note analysing the evolution of the concept of balanced development in the Central American integration movement and suggesting some ideas for standardizing balanced development policies as part of the restructuring of the integration process.^{55/} This document was presented at the eighth session of the High-Level Committee on the Restructuring of the Central American Common Market, held at Managua in November 1974.

344. In addition, a brief review of the evolution and prospects of the Central American integration movement was prepared for submission to delegations at the sixteenth session of ECLA.^{56/}

^{55/} Planteamiento y posibles medidas en torno al problema del desarrollo equilibrado en Centroamérica (CEPAL/MEX/74/22).

^{56/} El Mercado Común Centroamericano, 1973-1974 (CEPAL/MEX/74/20/Rev.1).

WASHINGTON OFFICE

345. During the period under review, the Washington Office further amplified its activities in the field of economic research and analysis. At the same time it continued providing broad general support for the central work programme at the ECLA headquarters by supplying a wide variety of statistical and other technical information for the substantive divisions there and in the regional offices. It also represented the secretariat in numerous intergovernmental and related meetings and undertook a series of other liaison and representational functions at the request of the Office of the Executive Secretary.

346. The Office continued its ongoing programme of work pertaining to foreign multinational corporations by carrying out three studies. One entailed a detailed amplification of a prior paper on direct and indirect balance of payments effects of multinational corporations located in the region. A second involved the completion of a former draft examining the operation of foreign firms in Canada and assessing some implications for Latin America of those operations. The third involved the initiation of a new study, in collaboration with the Mexico Office, on the structure and activities of maquila-type foreign enterprises in Central America. In a different context, the Office prepared a draft report on the issue of international commodity market organization as an input for ECLA headquarters projects. Other reports included an examination of problems currently affecting Latin America's external sector and some alternative approaches for resolving them; a consideration of the global energy crisis and its implications for international commercial policies and international development assistance; an analysis of the prospects for international economic growth during the mid-1970s; the outlook for the United States Trade Reform Bill of 1974; short- and medium-term prospects for primary product prices; reform of the international monetary system and the creation of the new Interim and Development Committees; trends in the United States economy during 1973-1974 and their

/implications for

PORT OF SPAIN OFFICE

363. The period under review was characterized to a greater extent than formerly by a considerable expansion in the demands made on the Office without any increase in the level of its resources. Nevertheless, the Office endeavoured to maintain the highest possible level of collaboration with Caribbean area Governments in analysing the problems arising out of their intensified efforts towards economic co-operation and in the solution of the concomitant social problems. Studies were initiated aimed at achieving wider participation in the sub-regional trade liberalization and economic integration process. Data on the countries of the Caribbean were collected over a wider range of subjects and analysed for use in the main projects undertaken in ECLA's substantive divisions in Santiago.

364. The requirements for the mid-term evaluation of the Second Development Decade meant greater allocation of resources to co-operation in the projects for review and appraisal of the International Development Strategy. Particular attention was devoted to the study of economic trends in the Caribbean, continuation of studies on prospects for intra-regional trade, the identification of problems in areas of fiscal and monetary policy, the collation of more comprehensive information in the field of transport, collaboration with other sub-regional institutions in promoting economic integration, the provision of assistance to some countries in improving the quality of their statistics, the assembling of basic agricultural data, and substantive supervision of technical assistance provided by regional advisers.

General economic development

365. As this Office's contributions to the preparation of the annual Economic Survey of Latin America, country surveys were prepared for Barbados, Belize, Guyana, Jamaica, Trinidad and Tobago and the West Indies Associated States. A collective summary giving an overall

/view of

view of general economic activity and trends in the CARICOM countries. was also prepared (ECLA/POS.74/10).

366. As regards the evaluation and appraisal of the International Development Strategy, an effort was made to maintain the continued systematic collection and collation of data required for the ECLA mid-term review in the Second Development Decade.

367. Within the general field of monetary and fiscal studies, the updating of data on national taxation structures and the preparation of an outline for analysis are still in progress. The appraisal of drafts on national, regional and foreign investment and on the development of technology for CARICOM countries will soon be completed. In addition, material has been prepared for discussions with the ECCM secretariat as well as comments on policy drafts of proposals on exchange control regulations for East Caribbean Common Market (ECCM) countries and common policies on foreign investment and investment guarantees.

Statistics

368. Continuing attention was given to the collection and compilation of data for projects of the Caribbean Office and of ECLA headquarters in Santiago, including the appraisal of the International Development Strategy.

369. In addition, assistance to statistical offices of the less developed countries in the collection and analysis of trade statistics was continued during the year. Prepared papers in this context include: Proposed Amendments to the ECCM Common External Tariff (ECLA/POS.73/8); Working Paper on Processing of External Trade Statistics for the ECCM countries (ECLA/POS.73/11); and Proposed Amendments to the ECCM Common External Tariff with corresponding External Trade Statistics Classification Codes (ECLA/POS.74/1). In addition a general appraisal was made against the background of the general statistical situation in the less developed countries of CARICOM and is contained in the paper entitled Need for Technical

of data of exceptional importance which will be of use in continuing the ECLA/UNEP project and in the preparation of ECLA's participation in the United Nations Conference on Human Settlements (1976), which will be preceded by a regional meeting in Caracas in mid-1975.

MONTEVIDEO OFFICE

356. During the period covered by the present report, in addition to its usual work of liaison and co-operation with the permanent organs of LAFTA, the LAFTA secretariat and the delegations of the member countries, the Montevideo Office played an active part in the collective negotiations for the purpose of restructuring the Association in line with the possible requirements deriving from a new stage in the economic integration of the Contracting Parties of the Montevideo Treaty.

357. Following up the work undertaken to this end in the preceding period (see E/CN.12/972/Rev.1), progress was made in the analysis of the possibilities that would be offered by sectoral complementarity agreements in relation to different operational structures, and, prior to the initiation of the first phase of the collective negotiations, a document was completed on the programme for the liberalization of intra-area trade and on complementarity agreements by industrial sectors. This document was distributed to the Contracting Parties and issued under the title of "Algunas orientaciones básicas para el eventual ajuste del Tratado de Montevideo a una nueva etapa de integración económica" (E/CEPAL/L.110).

Generally speaking, the aim in view is to increase the flexibility of the existing mechanisms for the elimination of duties and charges and to strengthen regional economic co-operation in order to secure a satisfactory balance of results among all the member countries. This would likewise entail making headway in respect of concerted action at the regional, sub-regional and bilateral levels.

358. The Office participated in the three meetings of the Contracting Parties held for collective negotiation purposes, in compliance with the terms of article 61 of the Montevideo Treaty, in order to consider possible readjustments of the LAFTA machinery to the requirements of the advances made in the regional integration process.

359. During the various stages of the collective negotiations referred to above, the Contracting Parties considered the present action of the Association in its operational and institutional aspects. Comprehensive and complex discussions afforded an opportunity for a full comparison of aspirations and points of view, until in the end formulas indicative of possible agreements and divergences were arrived at. These will be considered in a new round of negotiations, probably in mid-1975.

360. The Office participated in sectoral meetings of industrialists in the area, particularly those relating to certain branches of industry whose development has been dynamic at the regional level. Nevertheless, work in this customary field of activities has encountered serious difficulties because of the shortage of staff which has affected the Office throughout the period reviewed in the present report and has seriously undermined its operational capacity, especially where work on industrial complementarity is concerned.

361. The Office maintained contact with the members of the Commission and Board of the Cartagena Agreement in order to analyse the arrangements for the collective negotiations in 1974. Jointly with the Director of the Trade Policy Division, a mission for information and operational contact purposes was carried out in Argentina and Brazil and at the headquarters of the Andean Group in Lima, likewise with the aim of discussing and arranging the technical bases for the organization of the LAFTA collective negotiations.

362. In September, at the request of the Government of Argentina, the Office collaborated in training courses for the technical personnel of the foreign service section dealing with economic affairs, assuming responsibility for subjects relating to regional economic integration, and in particular, to LAFTA and the Andean Group.

implications for Latin America's export sector; intra-zonal trade expansion and possible new institutional mechanisms to such ends; and proposals for triangular recycling and reform of the global monetary system.

RIO DE JANEIRO OFFICE

347. During the period under consideration, the activities of this Office underwent a substantial transformation as a result of the agreements drawn up between the ECLA secretariat and the Government of Brazil in August 1974. The Office also served as a supporting unit in the preparation of the inventory of environment problems which ECLA made for the United Nations Environment Programme (UNEP).

348. The extension of the IPEA/ECLA Convention of 1971, agreed upon in an exchange of letters between the President of IPEA and the Executive Secretary of ECLA, made possible a programme of activities in which the Office accepted the responsibility of co-operating with IPEA in regional and urban development and of preparing specific projects in these areas and in export promotion. In its turn the Brazilian Government increased its annual contribution from US\$ 50,000 to US\$ 180,000. The extension of the Convention came into force as from 1 October 1974.

349. This brought about profound changes in the working background of the Rio de Janeiro Office, which in addition to its mission of representing ECLA in Brazil now has to provide direct technical co-operation.

350. In addition to the exchange of ideas resulting from the presence of various different specialists in the Rio de Janeiro Office and the repercussions of the work done in the countries of the region, the Inventory of Environment Problems in Latin America provides a fund of data on Latin America from the point of view of the environment and its link with the different styles of development.

351. In addition, the regular activities connected with the preparation of the Economic Survey of Latin America were carried out and four

/further studies

further studies were prepared: a study on recent trends in the industrial sector in Brazil; an interpretation and analysis of the recent process of inflation in Brazil; a study on the economic policy of the external sector in 1974, and a review of information on the housing finance system in Brazil, all of these as contributions to headquarters projects in Santiago.

Environment

352. Initially programmed for the preparation in the short term of a general picture of the environmental problems locally recognized as most critical, and of the institutions, policies and technical capacity of the member countries in environment matters, the Inventory of Environmental Problems in Latin America made possible a volume and quality of data much superior than anticipated.

353. The methodological experience provided by the Inventory, especially in the collection of data (collective consultations) and the processing and interpretation of data, showed up the need for continuing and expanding the work and the desirability of so doing in order to use the data available to make up permanent systems and set up machinery for the systematic discussion of the Inventory.

354. A preliminary version of the main problems of the region, the level of perception, the capacity for analysis, the policies, the legislation, the executing agencies and the human resources available was prepared during the period under consideration and is being sent to the regional representatives of UNEP for their information. The document consists of one volume which gives a general picture of the region and another containing a summary of the situation in each of the Latin American countries. Once revised, this document will be accompanied by a series of annexes and presented as a Final Report.

355. The material collected during the Inventory - eleven reports specially prepared by consultants in several countries and the project file (including 2,500 data cards prepared by the group) - will accompany the Final Report. All of this will make up a stock

Assistance in Statistics in the Caribbean (with particular reference to the Smaller Territories) (ECLA/POS.74/12).

Economic integration

370. The Office continued its intensive participation in the efforts to accelerate the integration process among the Caribbean Community (CARICOM) countries. Most of the attention to the internal workings of CARICOM focussed on evaluation of performance under the mechanisms for fostering intra-regional trade, and for harmonizing the policies and workings of the ECCM within the wider common market. For these purposes staff members participated in working groups with area officials and other sub-regional institutions in examining further measures commissioned by the Heads of Government Conference. These included orientation of the activities of the newly established Caribbean Investment Corporation and further work in the field of double taxation agreements, within CARICOM.

371. The inadequacy of resources limited the extent to which the Office could effectively contribute to the formulation of criteria and legislation for the establishment of "CARICOM Enterprises" and the evolution of common area policies for negotiation with third countries. Regarding the latter, determination of new trading relationships with the enlarged EEC and identification of approaches to the generalized preferences schemes are important cases in point.

372. Attention was also given to some of the aspects involved in widening the integration process to include, under various forms of membership, other Caribbean countries. An example is the paper entitled Widening of the Caribbean Integration Process - Note on some Institutional Aspects and Procedures (E/CN.12/976), which was of particular interest to non-CARICOM member countries.

Transport

373. Considerable effort was made during the period to obtain more comprehensive data on the patterns of cargo flow in surface water transport, particularly taking into account implications for the numerous port improvement projects under way in the region and the rapid pace of conversion to the recent technological changes.

/Although resources

Although resources were only available for the part-time services of a Regional Adviser for three months, the paper released included: Ocean Cargo Movements, 1971 - Eastern Commonwealth Caribbean (ECLA/POS.74/2); A Proposed Procedure for the Collection and Processing of Regional Ports and Shipping Statistics (ECLA/POS.74/4); and Intermodal Transport in the Caribbean Region, 1973 (ECLA/POS.74/5).

374. A paper on Ocean Transport in the Caribbean Community (ECLA/POS.75/2) brings together for the first time the myriad problems and considerations affecting all the aspects of water transport that are essential to a co-ordinated transport policy in the sub-region.

375. Finally, support was given to the Transport and Communications Division in its work on the intermodal transport project, and to the exploratory phase of development of a simulated integrated transport project for the Caribbean region.

Agriculture

376. The first draft of a digest of agricultural data covering the CARICOM countries was prepared and made available as a frame of reference to the Ninth Conference of the West Indies Agricultural Economics Conference. This draft was subsequently revised, amplified and published in a compendium of Agricultural Statistics for Caribbean Countries (ECLA/POS.74/11), as a basis for studies on identification of possibilities for specialization and complementation.

377. In close conjunction with the ECCM secretariat, a survey was conducted on evaluation of performance of the less developed countries of the Caribbean (the ECCM countries) under the Agricultural Marketing Protocol (AMP) and the Guaranteed Marketing Scheme (GMS) of the CARIFTA/CARICOM accords. The AMP and GMS were specially designed to encourage trade in agricultural commodities, in particular exports of the less developed to the more developed countries. The findings are contained in the report entitled Critical Evaluation of the Performance of the ECCM countries under the Agricultural Marketing Protocol (AMP) and the Guaranteed Market Scheme (GMS) (ECLA/POS.74/16).

/378. In

Meetings and conferences

391. Office personnel participated actively in the following meetings: Sixteenth CARIFTA Council Meeting, Second CARICOM Council Meeting (Guyana, 7-15 January 1974); ECCM/CARICOM Draft Model Investment Protection Agreement (Antigua, 28-29 January 1974); ECCM Council of Ministers (Antigua, 6-8 March 1974); Seventeenth CARIFTA Council Meeting, Third CARICOM Council Meeting (Barbados, 25-26 April 1974); Fourth Annual Meeting of Board of Governors of the Caribbean Development Bank (Grenada, 2-3 May 1974); Ninth West Indies Agricultural Economics Conference (Jamaica, 3-10 April 1974); Tenth Meeting of Officials on the Agricultural Marketing Protocol (Dominica, 6-8 May 1974); Third Meeting of Regional Agricultural Planners and First Meeting of the Standing Committee of Ministers of Agriculture (Guyana, 20-21 June 1974); First CARICOM Oils and Fats Conference, Fourth CARICOM Council Meeting, Inaugural Meeting of Heads of Governments of the Expanded Caribbean Community (St. Lucia, 11-18 July 1974); Meeting of Regional Agricultural Planners (Grenada, 12-13 September 1974); Inaugural Meeting of Standing Committee of Caribbean Statisticians (Jamaica, 23-24 September 1974); Eleventh Meeting of Officials on the Agricultural Marketing Protocol (Grenada, 16-18 October 1974); Sixth Conference of Commonwealth Caribbean Statisticians (Bahamas, 17 November-5 December 1974); UNDP Sub-Regional Meeting of Resident Representatives (Guyana, 7-10 October 1974); Meeting of Officials preparatory to CARICOM Council, Working Party on EEC matters, Joint Consultative Group to CARICOM, Fifth CARICOM Council of Ministers, Oils and Fats, Regional Shipping Council (Guyana, 2-10 December 1974); Planning Meeting on Regional Training Centre for Advanced Studies in Youth Programmes (Guyana, 4-7 February 1974).

/BOGOTA OFFICE

BOGOTA OFFICE

392. This year the ECLA Office in Bogotá continued the redefinition of the scope of its activities and the reorganization of its offices, which it began in 1973.

393. As regards office premises, the Governments of Colombia and Venezuela agreed on various types of support in order to meet the new requirements of the Office's programme of activities and correct past shortcomings; this meant that, as from May 1974, permanent premises and adequate means were available for the Bogotá Office to function properly.

394. Agreement was reached with the Government of Colombia to continue to uphold ECLA resolution 212 (IX) on a more flexible and broader basis as from 1974, by means of continuing financial support with annual readjustments, and contributions of furniture from the National Department of Planning and INCOMEX. In 1975, collaboration between the Government of Colombia and the Bogotá Office will be further amplified through direct links with the offices of other public bodies and the participation of staff members in preparing studies of special interest to Colombia.

395. Co-operation with the Government of Venezuela reached new levels in 1974. Through an agreement with CORDIPLAN the bases were laid for an agreement on the participation of experts from this institution in the Bogotá Office. This agreement came into force with the appointment of a CORDIPLAN economist to the Office, as from August 1974.

396. During this year, progress was made in official negotiations to complete in 1975 the agreements aimed at establishing commitments with other Governments similar to those already mentioned with regard to Colombia and Venezuela, in order to organize technical co-operation and research on bases of mutual interest.

397. As regards the annual Economic Survey, the Office completed the data required for the notes on Colombia, Ecuador and Venezuela in the first months of 1974.

/398. In

384. The Regional Adviser visited Surinam from 6 to 18 May and 20 to 26 October 1974 to assist the Government in preparing a plan for the development of the hinterland and certain communities. As a result of meetings and discussions with various officials of the Surinam Government and visits to the interior, comments were offered to the working group indicating the necessity for certain changes and additions in the initial plan, and a full note containing the Adviser's views and suggestions was sent for consideration to the Government of Surinam.

Other activities

385. To ensure inclusion of the Caribbean in some of the Latin American regional projects, it was necessary for the Office also to take on the role of recruiting and supervising (as far as it was able) the work of consultants. Projects handled in this way included the Inventory of Environmental Problems in Latin America, Social Structural Change in Latin America, etc. In other cases, staff members had to be temporarily withdrawn from their current duties to deal with requests of visiting consultants, e.g., the study on less developed countries within the appraisal of the International Development Strategy.

386. Assistance was given to the Minister of Trade and Industry of Haiti, during the visit to Trinidad and other CARICOM countries, on a mission related to Haiti's application for associated membership of the Caribbean Community and the Caribbean Common Market. This assistance mainly took the form of supply of statistical and economic information on the region and the review of a draft Protocol of Trade Agreement between Haiti and Trinidad and Tobago which came into effect in September 1974.

387. In October most staff members, both professional and general service, were engaged in carrying out, in conjunction with ECLA/ILPES personnel, the ECLA/ILPES/CDPPP Seminar on Appraisal

of the International Development Strategy. The Deputy Director of the Office acted as Chairman for the Seminar.

388. In November the Director of the Office undertook a mission to Antigua to evaluate the damage done to that country by the earthquake of 8 October 1974, as required by resolution 345 (AC.67) of the Committee of the Whole of ECLA.

389. Throughout the whole period covered by this report, there were discussions with (and in many cases the briefing of) staff members and consultants from other United Nations bodies. The subjects covered included establishment of the ILO Employment Studies Group in Jamaica, Caribbean Integration and the present priorities, and implementation of UNDP/UNIDO projects for the CARICOM group of countries. Prominent in this group was the UNCTAD/IMCO/UNDP mission to formulate proposals for a transport project in the Caribbean.

390. Staff members collaborated with UNDP over a wide range of projects, particularly those relating to the UNDP programme of technical assistance to CARICOM, including the Caribbean sub-regional meeting of UNDP Resident Representatives in Guyana, October 1974. One staff member served as Team Leader for the UNDP/CARICOM Preparatory Assistance Mission for the Development of Regional Statistics projects; the Team Leader of the Caribbean Integration Advisory Team also served on the UNDP/CARICOM Preparatory Assistance Mission for the Long-term Perspective Planning project.

/Meetings and

378. In response to a specific request by the Government of Trinidad and Tobago Imports of Food, Foodstuffs and Selected Agricultural Inputs in CARICOM countries (ECLA/POS.74/14) was prepared.

Technical co-operation

379. The Regional Adviser on Ports and Harbours carried out a detailed port pricing analysis at the request of the Government of Montserrat, in addition to undertaking missions in connexion with the planning of port developments at Belize, Turks and Caicos Islands and Montserrat. For this purpose close collaboration was maintained with the British Development Division in Barbados, the Caribbean Development Bank and the United Nations East Caribbean Physical Planning Project. The Adviser also collected information and arranged meetings in the Caribbean for visiting ECLA headquarters personnel to examine various aspects of the proposed International Intermodal Transport Convention.

380. The role of the Regional Adviser on Rural and Community Development has been somewhat different. The social framework of the countries in the Caribbean is undergoing a significant process of change, as they anxiously try to find how best and quickly the growth and structure of their economies can be adapted and accelerated to keep pace with a correspondingly rapid rise in population and unemployment. Against this background, the theoretical framework of enquiry and assistance in the fields of social and human resources development (after a lapse of more than two years) contributed to the promotion of co-ordinated action and institutional support for manpower mobilization with a view to achieving the national objectives of various Governments. Accordingly, contacts were revived with all and missions undertaken to some on specific requests. Advisory assistance was made available to the Government of Trinidad and Tobago as and when required. The other countries served in the course of the year were Guyana, Jamaica, Barbados, Dominica, Antigua, St. Lucia, St. Vincent and Surinam.

381. As an outcome of the appreciation of the social situation in the Caribbean in general and in the countries visited in particular, the approach to advisory services for promoting programmes of development comprised attempts to help formulate government policies for State action in respect of community and rural development, co-ordination mechanisms at different levels of administrative hierarchy for synchronous and integrated convergence of multi-dimensional action, a common multi-purpose agency for concerted action at local level, the development of appropriate knowledge, skills and attitudes among services by means of continuous, well-organized and well-conducted training programmes, and the integration of local and regional development with national objectives by strengthening, wherever possible, local government institutions and voluntary organizations for enlisting more effective and sustained public participation.

382. Seminars and training programmes were accordingly organized and conducted as follows: Seminar for Local Government Personnel (Dominica, 21-26 April 1974); Seminar on Integrated Approach to Development (St. Lucia, 22-26 July 1974); Seminar on Integrated Approach to Rural and Community Development (Barbados, 2-10 September 1974); Seminar on Community Development as a Contributor to National Development (under the auspices of Social Welfare Training Centre, St. Vincent, 3-9 November 1974).

383. The papers prepared and sent to country Governments for follow-up action on various proposals were: A model of administrative co-ordination for rural and community development in Antigua; An organizational set-up for community development in St. Lucia; Some thoughts on local government reform in Jamaica; Integration of services for local government in Dominica; Surinam Plan for Hinterland Development: Some comments and proposals; and Integrated approach to rural and community development in Barbados; Some thoughts on training of personnel in Guyana.

398. In agricultural development, the material required for the second appraisal of the IDS was prepared and progress was made in the analysis of the agricultural sector in Colombia. A report was prepared on the structure, policies and recent appraisal of this sector to serve as guidelines - together with the notes made during the last quarter on the performance of agriculture in Colombia - for the annual Economic Survey and for the note on the economic situation of Colombia referred to in the previous paragraph.

399. During the period under consideration, the Office collaborated directly with the Government of Venezuela and, took part at its request in two meetings of Latin American experts sponsored by this Government to consider criteria and prepare a guide for the basic documents on economic matters which they are to examine at the meeting of Presidents of the hemisphere which the Government of Venezuela plans to hold in 1975.

400. The aspects dealt with include joint Latin American action in the field of external trade, monetary and financial problems, transport, technology, industrial development and the use of natural resources.

401. The Office also took part in the ECLA/ILPES mission which twice visited Venezuela in the course of 1974 with a view to preparing a report on future Andean sub-regional strategy, giving special consideration to the incorporation of Venezuela in the Cartagena Agreement.

402. In co-operation with FAO, and in response to a request to carry out research on livestock development in Colombia, the Office prepared a note on cattle farming as a basis for a FAO study on the development of output, supply and external trade in beef in that country. The Office also collaborated with FAO in the activities of the expert mission which visited Colombia to study local obstacles to the expansion of exports of livestock and meat.

/403. The

403. The Office took part in an advisory mission to the Government of Panama, with a view to studying the possibilities of livestock development in this country.

404. During 1974 it continued to collaborate with the integration authorities and Governments of the Central American Common Market, with the authorization of the Executive Secretary of ECLA and with financial support from UNCTAD and UNDP.

405. Three visits were paid to the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) with a view to collaborating in the preparation of the new common external tariff and making observations on the measures which were prepared on this subject, on a customs union and on a common external trade policy for the Framework Treaty; this instrument will cover the agreements of the countries concerned regarding the improvement of the Common Market and the restructuring of the Central American integration process.

406. The Office also collaborated with the Government of Honduras in preparing guidelines for national decisions on the revival and development of the country's pulp and paper industry.

BUENOS AIRES OFFICE

407. During this period the Buenos Aires Office was the seat of several meetings and courses organized by other units of the secretariat, and took part in preparing material for the annual Economic Survey, the Appraisal and the project on Styles of Development. Specifically, work was done in the following areas:

Economic policy

408. The Office is working on methods and techniques for information on, analysis and programming of short-term economic evolution, in order to:

- (i) improve and extend the statistical base and available qualitative information on production sectors and national and financial accounts;

/(ii) elaborate

(ii) elaborate or apply methodologies and indicators for analysis and evaluation of short-term policies; (iii) improve the instruments and techniques for projections and preparation of short-term models. In particular, a set of real and financial indicators of the economic situation is being organized with officials of the Central Bank and the Secretaría de Programación y Coordinación Económica, under the Ministry of Economic Affairs. Forecast indicators are being given special attention, the work being based on the survey conducted by the National Statistics and Census Institute and on some methods for analysing historical series. Co-operation is also given in a review of quarterly series of national accounts, taking into consideration the best results obtained from the information on the economic situation. Furthermore, co-operation was also begun with the Central Bank for preparing a short-term econometric model of the Argentine economy.

409. Work is likewise in progress on methods and techniques for analysis and medium- and long-term projections of the Argentine economy. Collaboration was given to the Instituto Nacional de Planificación Económica (INPE) in a critical review of sectoral plans composing the Three-Year Plan and in drawing up a methodology for controlling the execution of projects considered basic for fulfilling the Plan. There is also co-operation with INPE in applying to Argentine conditions a long-term model determined by numerical experiment for analysing the viability and implications of alternative economic policies.

410. During April and May the course on Development and Planning was given, organized by ILPES in collaboration with the Consejo Federal de Inversiones. It was attended by officials from provincial governments.

411. Lectures on the preparation of investment projects were delivered at the Central Bank in October and November.

/Regional development

Regional development

412. An analysis of regional development is being conducted with the co-operation of the Consejo Federal de Inversiones. The objectives are to identify possibilities of developing the Argentine interior, to spell out some measures to be adopted in order to obtain such development, and to help to diagnose the regional functioning of the Argentine economy.

413. The method employed is to follow with an overall approach the path - from production to consumption - of a group of commodities that the less developed provinces export to the rest of the country or abroad. The first report on cotton and tobacco is currently in preparation. Once the studies on individual products are completed, the material will be processed under regional analysis categories.

414. In addition, from July to December the Fifth Course on Regional Planning took place, organized by ECLA, ILPES and UNDP, and co-sponsored by the Consejo Federal de Inversiones and the Ministry of Economic Affairs. The course was attended by trainees from Argentina and ten other Latin American countries.

Industrial development

415. From 30 September to 3 October 1974 a consultation meeting was held to discuss industrialization problems. It was attended by Latin American experts and conducted as preparatory to the Latin American Regional Industrialization Conference.

Technology

416. A consultative meeting on science and technology took place on 27-29 September 1974, in preparation for the Meeting on Science, Technology and Development in Latin America (Mexico, 2-7 December 1974).

Environment

Environment

417. The First Latin American Course on the Environment was given from 21 October to 29 November in collaboration with the Secretaría de Estado de Recursos Naturales y Medio Ambiente. It was attended by trainees from Argentina and nine Latin American countries.

Reordering of international economic relations

418. The first version was drafted of a paper entitled Nuevas modalidades en la política económica argentina: los convenios bilaterales, and methodological notes were prepared for a survey on the export of manufactures.

C. RELATIONS WITH UNITED NATIONS HEADQUARTERS

419. The secretariat co-operated with the Centre for Development Planning, Projections and Policies (CDPPP) of the United Nations Department of Economic and Social Affairs in the organization of four seminars on the analysis and appraisal of the International Development Strategy.

420. It also maintained its collaboration with the Statistical Office at Headquarters, to which it continued to provide data on the Latin American countries' foreign trade. The Statistical Office, in its turn, supplied the ECLA secretariat with special tabulations.

421. The Executive Secretary attended the Symposium on Patterns of Resource Use, Environment and Development Strategy (Cocoyoc, Mexico, 8 to 12 October 1974), organized by the United Nations Environment Programme (UNEP) and the United Nations Conference on Trade and Development (UNCTAD), with secretariat support from the Mexico Office. The secretariat continued to provide the Regional Representative of UNDP for Latin America with office facilities. It also prepared an inventory of environmental problems for UNDP.

/422. The

422. The United Nations Industrial Development Organization (UNIDO) continued to provide the services of several regional advisers stationed at the headquarters of the ECLA secretariat.
423. UNCTAD and ECLA sponsored a Round Table Meeting of Latin American Insurance Superintendents, held at Santiago (9 to 13 December 1974) and financed by UNDP.
424. Responsibility for the implementation of the joint UNCTAD/UNDP/ECLA project on multilateral negotiations remained in the secretariat's hands.
425. ECLA maintained its collaboration with UNDP in a number of other projects, thus showing the possibilities for concerted action by the two organizations in favour of Latin American development

D. RELATIONS WITH SPECIALIZED AGENCIES AND OTHER
INTERGOVERNMENTAL ORGANIZATIONS

Specialized agencies

426. The United Nations Food and Agricultural Organization (FAO) continued to provide the ECLA secretariat with the services of five professional staff members and one at the general service level. The two secretariats jointly sponsored a panel on the occasion of FAO's Thirteenth Regional Conference for Latin America, held in Panama. During the period covered by the present report, members of the staff of the Joint ECLA/FAO Division collaborated with the multidisciplinary groups operating in the Regional Office of FAO in Santiago. Throughout the period in question, the FAO/ECLA/UNIDO Advisory Group on Forest Industries for Latin America proceeded with its activities, concentrating its attention mainly on co-operation with sub-regional integration groups.
427. The Port of Spain Office co-operated with the UNCTAD/IMCO/UNDP Mission in its task of formulating proposals for a transport project in the Caribbean area.
428. The secretariat continued to collaborate with the International Labour Organisation (ILO) in its project on employment in Latin America.

429. An agreement was signed with UNESCO on co-operation in the field of education.

Latin American Institute for Economic and
Social Planning

430. With the adoption of resolution 340 (AC.66) at the Eighth Extraordinary Session of the Committee of the Whole, the close collaboration existing between ECLA and the Latin American Institute for Economic and Social Planning (ILPES) entered upon a new phase. During the period under consideration ILPES became a permanent institution of the Commission, with its own individual identity but depending directly upon the Executive Secretary of ECLA, who is responsible for representing it before Governments.

Latin American Demographic Centre

431. Collaboration was maintained between the secretariats of ECLA and of the Latin American Demographic Centre (CELADE), and during the period under review a joint programme of activities was prepared, which is being carried out with the financial support of the United Nations Trust Fund for Population Activities (UNFPA). The two secretariats collaborated in the preparation of documents for the Second Latin American Meeting on Population (Mexico, 3 to 7 March 1975), which they sponsored jointly with UNFPA.

Organization of American States

432. During the period under consideration, co-operation between the Organization of American States (OAS) and ECLA was strengthened through a number of undertakings in the field of co-operation and exchange of information.

433. OAS participated in the Technical Symposium on Latin America and the Current Energy Problems, to which one of its staff members contributed a document entitled Latin America and commodity prices in 1973 and 1974. In the field of transport, an exchange of information took place between the two secretariats, especially in respect of transport facilitation.

434. Representatives of the ECLA secretariat attended the meetings of the Inter-American Committee on the Alliance for Progress (CIAP) to discuss country studies, and the meetings of the Inter-American Economic and Social Council (ECOSOC). It was also represented at the fourteenth session of the Permanent Executive Committee of OAS.

435. At the request of the Inter-American Statistical Training Centre (CIENES), secretariat staff, including the OAS Regional Adviser on Maritime Transport attached to the secretariat, prepared guidelines and teaching material for a course.

International Bank for Reconstruction and
Development and International
Monetary Fund

436. Personnel from the International Bank for Reconstruction and Development (IBRD) continue to be attached to the ECLA secretariat, with which they are collaborating in a joint project on information systems for transport planning. During the period under review, an agreement was also signed with the Ministry of Transport of Chile on the execution of a joint ECLA/IBRD project, the first phase of which is to be the establishment of a computerized information system for maritime transport.

437. At the Technical Symposium on Latin America and the Current Energy Problems convened by ECLA, and IBRD staff member presented a paper on Energy supply/demand outlook, 1980-1985. A member of the IMF staff contributed a statement on the recycling of the surpluses accruing from oil exports.

Inter-American Development Bank

438. On 11 October 1974, the Inter-American Development Bank (IDB) signed an agreement with the ECLA secretariat on the definition of criteria for technological development policies.

/439. For

439. For the Technical Symposium on Latin America and the Current Energy Problems a staff member of IDB contributed a paper on the oil deficit and the long-term adjustment of the balance-of-payments positions of the Latin American countries.

440. The ECLA secretariat and the Institute for Latin American Integration (INTAL), a subsidiary of IDB, carried out a joint study on the development of transcontinental rail and road transport in the southern zone of South America.

Special Committee on Latin American
Co-ordination (CECLA)

441. During the period covered by the present report the secretariat continued to collaborate with the Special Committee on Latin American Co-ordination (CECLA) and carried out several studies on technical questions.

Latin American Free Trade Association (LAFTA)

442. The ECLA secretariat maintained its co-operation with the LAFTA secretariat through the Montevideo Office.^{57/} In addition, a staff member from the Joint ECLA/FAO Agriculture Division continued to be stationed in Montevideo, collaborating mainly in the rounds of collective negotiations conducted by the Association during 1974. The LAFTA secretariat regularly supplied special tabulations on the foreign trade of its member countries, using such classification criteria as the Revised Standard International Trade Classification (SITC), the International Standard Industrial Classification (ISIC/Rev.1), and the UNCTAD classification.

Central American Common Market

443. The Mexico Office maintained close relations with the Central American integration agencies and with other international institutions which co-operate to varying degrees in the Central American integration movement and in activities supporting the economic and social development of the other countries coming within the area of the Mexico Office.

^{57/} See paras. 356-362 above.

444. The secretariat continued to co-operate directly with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) in various fields relating to the restructuring of the Common Market. Among other activities in this connexion, mention may be made of the preparation of a document on the balanced development of the member countries, while an agreement was reached on a division of labour in the energy sector, SIECA assuming responsibility for dealing with short-term problems and ECLA for tackling those of a long-term character.

445. The secretariat and the Central American Bank for Economic Integration (BCIE) undertook joint activities with the aim of defining and launching a programme for agricultural development on the basis of irrigation, as well as a study on interconnexion of the area's electricity systems; furthermore, a study was prepared for BCIE on the marketing of fruit and vegetables in El Salvador and Guatemala.

446. An agreement was concluded with IBRD, IDB and UNDP under which the Mexico Office was designated as the institution responsible for formulating a unified energy policy and a master plan for energy development, including the interconnexion of electricity systems in Central America. Similarly, UNDP approved a project to give assistance in the preparatory work for the initiation of the studies in question.

447. In relation to the emergency created by hurricane Fifi in Honduras, the Mexico Office, in close collaboration with SIECA, BCIE and UNDP, carried out the work of evaluating the economic repercussions of the damage done and outlined measures which might be applied, with the support of the international community, to expedite the country's recovery. Collaboration with UNDP continued in the form of the secretariat's participation in the task of formulating programmes for UNDP assistance to Honduras over the next five years.

448. In support of the study which the ECLA Mexico Office is carrying out on the repercussions of the construction of a new inter-oceanic canal on the economy of Panama, the Government of that country sought and obtained financial assistance from UNDP.

/449. The

449. The Mexico Office collaborated with the Government of Nicaragua in the formulation of the Development Plan for 1975-1979, securing the co-operation of the Central American Institute of Public Administration (ICAP) for the establishment of the institutional bases for strengthening the planning process.

Cartagena Agreement

450. The secretariat kept up its collaboration with the Board of the Cartagena Agreement in many fields which are described elsewhere in this report but especially in the field of forest industries.

Caribbean integration agencies

451. As already noted, the Port of Spain Office worked in close co-operation with the Caribbean integration agencies on the preparation of documents and through participation in working groups with officials from the area, as well as in meetings with other sub-regional institutions, the aim of which was to examine additional measures that could speed up the integration process.

PART II.

SIXTEENTH SESSION OF THE COMMISSION

A. ATTENDANCE AND ORGANIZATION OF WORK

452. The sixteenth session of the Commission was held at the Chaguaramas Convention Centre, Port of Spain, Trinidad and Tobago, from 6 to 14 May 1975. In the course of the session ten plenary meetings were held (N^{OS} 184 to 193).

453. At the opening ceremony, held in Queen's Hall, Port of Spain, on the morning of 6 May 1975, addresses were delivered by Mr. Enrique V. Iglesias, Executive Secretary of ECLA; H.E. Sir Ellis Clarke, Governor-General of Trinidad and Tobago, Mr. Pedro Aguayo, Chairman of the National Planning Board of Ecuador (speaking on behalf of the participating delegations), and Mr. Gabriel Van Laethem, United Nations Under-Secretary-General for Economic and Social Affairs.

454. At the 184th meeting, held on the afternoon of the same day, Mr. Iglesias welcomed the representatives of the Commonwealth of The Bahamas and Grenada, the two new member States of ECLA under paragraph 3 (a) of the Terms of Reference of the Commission, and after hearing an address by the Prime Minister of Grenada and leader of the Grenadian delegation, H.E. Mr. Eric Gairy, the participants attended a ceremony in which the flags of the two countries were hoisted. Subsequently, addresses were delivered by H.E. Dr. Eric Williams, Prime Minister of Trinidad and Tobago, and Mrs. Helvi Sipilä, United Nations Assistant Secretary-General for Social Development and Humanitarian Affairs.

455. At the 185th meeting, Mr. Enrique V. Iglesias, the Executive Secretary of the Commission, made a statement on the economic and social situation of Latin America. His statement dealt in particular

with the great economic changes recorded in the international field, the new dimensions of Latin America, and its sharp social contradictions. In conclusion, he indicated some ways of overcoming the critical problems of the region.^{1/}

456. The delegations placed on record their gratitude to the Government of Trinidad and Tobago for the generous hospitality extended to them during the session.

457. The closing meeting took place on 14 May 1975 at the Chaguaramas Convention Centre. Statements were made by General José Loayza Amezcuita, the representative of Peru, speaking on behalf of the delegations; by Mr. Enrique V. Iglesias, Executive Secretary of ECLA, and by H.E. Dr. Eric Williams, Prime Minister of Trinidad and Tobago.

458. At its 193rd meeting, before closing its proceedings, the Commission adopted its Annual Report to the Economic and Social Council and the programme of work and order of priorities.

Membership and attendance

459. The sixteenth session was attended by representatives of the following member States of the Commission: Argentina, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, France, Grenada, Guatemala, Guyana, Haiti, Jamaica, Mexico, the Netherlands, Nicaragua, Panama, Peru, Trinidad and Tobago, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Uruguay and Venezuela, and by representatives of the following associate member States: Belize and the West Indies Associated States.

460. In accordance with paragraph 6 of the Terms of Reference of the Commission, observers from the following United Nations member States which are not members of ECLA attended the session in a consultative capacity: Federal Republic of Germany, Hungary, Spain and the Union of Soviet Socialist Republics.

^{1/} The text of the final version of the statement (E/CEPAL/1007) will be distributed to member Governments after the session.

461. The following organizations of the United Nations system were represented at the sixteenth session: International Labour Organisation (ILO), United Nations Food and Agriculture Organization (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Bank for Reconstruction and Development (IBRD), International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), Universal Postal Union (UPU), World Meteorological Organization (WMO), United Nations Children's Fund (UNICEF), United Nations Industrial Development Organization (UNIDO), World Intellectual Property Organization (WIPO), United Nations Development Programme (UNDP), Latin American Institute for Economic and Social Planning (ILPES), Latin American Demographic Centre (CELADE), Office of Technical Co-operation (OTC), United Nations Centre for Social Development and Humanitarian Affairs (CSDHA/ESA), and United Nations Fund for Population Activities (UNFPA).

462. The following intergovernmental organizations were represented at the meeting: Organization of American States (OAS), Inter-American Development Bank (IDB), Intergovernmental Committee for European Migration (CIME), Latin American Free Trade Association (LAFTA), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), Secretariat of the Caribbean Community (CARICOM), Board of the Cartagena Agreement (JUNAC), Commission of the European Communities (CEC), and Council for Mutual Economic Assistance (CMEA).

463. The following non-governmental organizations also attended: International Confederation of Free Trade Unions (ICFTU), International Organization of Employers (IOE), World Federation of Trade Unions (WFTU).

464. The following persons attended the session by special invitation: Mr. Raúl Prebisch, Adviser to the Secretary-General of the United Nations and former Executive Secretary of ECLA, who presented an analysis of the situation of Latin America in the present world

/economic circumstances

economic circumstances before the Commission; Mr. Williams Demas, Director of the Caribbean Development Bank; Felipe Herrera, General Co-ordinator of the Programme of Joint Studies for the Economic Integration of Latin America (ECIEL) and Jorge A. Sábato and Carlos A. Mallmann, of the Fundación Bariloche.

Credentials

465. Pursuant to rule 15 of the Commission's Rules of Procedure, the Credentials Committee reported that it had examined the credentials of the delegations as submitted to the Executive Secretary, and had found them in order.

Election of Officers

466. At the 184th meeting, held on 6 May 1975, the following officers were elected by acclamation:

Chairman: Dr. Eric Williams (Trinidad and Tobago)

First Vice-Chairman: General José Loayza Amezcua (Peru)

Second Vice-Chairman: Mr. Gabriel Lisette (France)

Rapporteur: Mr. Rafael Carrillo Lara (Costa Rica)

Organization of work

467. Two committees were set up to discuss the various items of the agenda. Committee I dealt with item 4: "Latin America, the International Development Strategy and a new international economic order". The following Officers were elected to supervise its proceedings:

Chairman: Eliseo Mendoza Berrueto (Mexico)

First Vice-Chairman: Reinaldo F. Bajraj (Argentina)

Second Vice-Chairman: Desmond Hoyté (Guyana)

Rapporteur: Diego Castellanos (Venezuela)

468. Committee II dealt with agenda items 5-9 and considered the respective draft resolutions to be passed on to the Plenary for adoption. The Officers were as follows:

Chairman: Pedro Aguayo (Ecuador)

First Vice-Chairman: Gastón Villa Alvarez (Bolivia)

Second Vice-Chairman: Herb Breau (Canada)

Rapporteur: José Angel Andrade (Guatemala)

B. AGENDA

469. At its 184th meeting (6 May 1975), the Commission adopted the following agenda:

1. Opening addresses
2. Election of officers
3. Adoption of the Agenda
4. Latin America, the International Development Strategy and a new international economic order
 - (a) Latin America and the international economic situation;
 - (b) Second regional appraisal of the International Development Strategy.

Documents - Latin America and the international economic situation: Second regional appraisal of the International Development Strategy (E/CEPAL/981)

- Abridged version (E/CEPAL/1004)
- Economic Survey of Latin America, 1974 (E/CEPAL/982)
- Report of the Meeting of the Committee of High-Level Government Experts to Appraise the International Development Strategy (E/CEPAL/983)
- Action guidelines emerging from the appraisal of the International Development Strategy (E/CEPAL/984)
- Note by the secretariat on the situation of economic and social appraisal tasks in Latin America (E/CEPAL/985)

Reference documents - The Quito Appraisal: A review of the first two years of the International Development Strategy (E/CEPAL/987)

- Resolutions adopted by the United Nations General Assembly, the Economic and Social Council and the Economic Commission for Latin America (E/CEPAL/986)

5. Activities of ECLA in relation to international co-operation
 - (a) Co-operation at the international level;
 - (b) Co-operation at the regional level;
 - (c) Other activities of the Commission.

/Documents

- Documents - Conclusions and recommendations of ECLA meetings and other international co-operation activities (E/CEPAL/988)
- Draft Annual Report: Work of the Commission since 1 March 1974 (E/CEPAL/989)
 - Issues in ocean transportation in the Caribbean Community (E/CEPAL/1003)
 - Report on the damage caused in Antigua and Barbuda by the earthquake of 8 October 1974 and its repercussions (E/CEPAL/1001)
 - Trade and transport facilitation in Latin America (E/CEPAL/1005)
 - Provisional report on the Seminar for Latin America on the Integration of Women in Development (ST/ESA/SER.B/7-E/CEPAL/1006/Rev.1)

6. Latin American Institute for Economic and Social Planning (ILPES)
- (a) Activities of the Institute, 1973-1974;
 - (b) Future activities of the Institute.

- Documents - Activities of the Latin American Institute for Economic and Social Planning during 1973-1974, with a Note by the secretariat (E/CEPAL/990)
- Secretariat report on the implementation of resolution 340 (AC.66) adopted at the Eighth Extraordinary Session of the Committee of the Whole (E/CEPAL/991)
 - Future activities of the Latin American Institute for Economic and Social Planning (E/CEPAL/1000)

7. Latin American Demographic Centre (CELADE)
- (a) Report on activities carried out and programmed;
 - (b) Future activities of CELADE.

- Documents - Report on CELADE activities during the years 1973-1974 and on those programmed for 1975-1977. Note by the secretariat (E/CEPAL/992 and Add.1)
- Regional Population Programme. Note by the Office of the Executive Secretary (E/CEPAL/1002)
 - Report of the Tenth Extraordinary Session of the Committee of the Whole (Mexico, 8 March 1975) (E/CEPAL/993)

8. Regional structures and co-ordination with the activities of the United Nations Development Programme (UNDP)
- (a) Regional structures of the United Nations;
 - (b) Regional co-operation between UNDP and ECLA.

Documents - Regional structures of the United Nations (E/CEPAL/998)

- Regional co-operation between the United Nations Development Programme and the Economic Commission for Latin America. Joint note by the ECLA secretariat and the UNDP Regional Bureau for Latin America (E/CEPAL/999)

9. Programme of work, budget and order of priorities

- (a) Programme of work and order of priorities, 1975-1977;
- (b) Other business of the Commission.

Documents - Programme of work and order of priorities 1975-1977 (E/CEPAL/994)

- Priorities, plan of work and institutional machinery of the Commission (Note by the secretariat) (E/CEPAL/995)

Reference documents - Programme budget proposed for the biennium 1976-1977 (E/CEPAL/996)

- Medium-term plan for 1978-1979 (E/CEPAL/997)

10. Place and date of the next session.

11. Consideration and adoption of the annual report of the Commission to the United Nations Economic and Social Council.

C. ACCOUNT OF PROCEEDINGS

1. Latin America, the IDS and a new international economic order

470. In the course of the discussion at the sixteenth session of the Commission, many delegations expressed their views on conditions in Latin America in the context of the current world situation and described recent economic trends in their respective countries.

471. The representatives of various international agencies described the work of their institutions and analysed the main economic developments at the regional and world levels.

/472. Most

472. Most of the ideas expressed are embodied in the "Chaguaramas Appraisal", which is also based on the documentation prepared by the secretariat ^{2/} and especially on the report of the Meeting of High-Level Government Experts to Appraise the International Development Strategy (E/CEPAL/983), held in Bogotá, Colombia, from 11 to 15 March 1975.

473. The representatives of some developed countries made a number of observations and reservations.

474. In brief, the main topics considered by the Commission concerned current changes in international economic relations and their consequences for Latin America; the progress made with regard to economic and social development, which had transformed the region in the past twenty-five years, and unsolved problems, including extreme poverty, which was reaching dramatic dimensions. At the same time the short- and long-term action and measures deemed necessary to overcome that problem and others were analysed.

475. Some of the ideas put forward in the Commission's discussions in connexion with the new international political and economic context, the achievements, progress and critical problems of Latin America and the action which should be taken as a matter of urgency are summarized below.

(a) The new international political and economic context

476. The Commission examined the international economic situation and several delegations placed emphasis on the recession affecting the central capitalist economies, the intensification of inflationary pressures, the major changes in the international monetary and financial system, the increase in balance-of-payments deficits, the

^{2/} See "Latin American development and the international economic situation. Second regional appraisal of the International Development Strategy" (E/CEPAL/981); "Economic Survey of Latin America, 1974" (E/CEPAL/982); "Action guidelines emerging from the appraisal of the International Development Strategy" (E/CEPAL/984); "Note by the secretariat on the situation of economic and social appraisal tasks in Latin America" (E/CEPAL/985).

increasing problems of unemployment and underemployment and the atmosphere of uncertainty and insecurity prevailing at the different levels of world relationships.

477. Various considerations were formulated in connexion with the establishment of a new international economic order, the appraisal of the International Development Strategy and the basic concepts of the Charter of Economic Rights and Duties of States. These are all proposals and instruments for action by the United Nations reflecting and embodying the general desire - and especially that of the third world countries - to wipe out the injustice deriving from the prevailing international order, to participate in and more actively influence the world situation through greater solidarity, and generally to correct the imbalances affecting most developing countries, although unevenly and in different degrees.

478. It was observed that a clearly-defined desire for autonomy in decision-making, in achieving full control of their resources and in adapting, creating and using technology for their own benefit had emerged among the developing countries.

479. Mention was made of the need to improve the lot of the vast underprivileged sectors of the Latin American population and to temper the unfavourable effects of external dependence. In this connexion, it was stated that several common lines of action and agreements had been adopted at international, regional, sub-regional and interregional levels which reflected the political will to tackle these problems.

480. Several delegations stated that at this time of great international tension, when the interdependence of nations was so clearly demonstrated, it would be most appropriate and desirable to avoid confrontation and broaden co-operation among countries.

481. One delegation noted, with reference to the results of the Paris Conference convened at the initiative of the President of France, that the developing countries had suggested that an analysis be made of the world economic situation, covering commodity problems (including foodstuffs), energy problems (including hydrocarbons),

/international co-operation

international co-operation for development, assistance to the countries most seriously affected by the world crisis, and monetary and financial problems.

482. The same delegation also referred to the European Economic Community's desire to play a constructive role, as shown by the Lomé Convention which dealt inter alia with the stabilization of export receipts from a significant number of commodities, and expressed the hope that this type of initiative would be generally extended, on a multilateral basis, to the products of interest to the developing countries.

483. Special stress was placed on the need to seek and adopt concrete and efficient means of action in order to solve the problems raised by the current situation in international relations. Although the current international crisis meant a period of difficulty for Latin America, advantage could also be taken of the opportunity offered to lay down new policy guidelines and propose more ambitious targets in view of the greater experience and operative capacity which the region now had.

484. Several representatives pointed out that the gap between the industrialized countries and the developing ones had widened recently, and that new and more subtle forms of domination had appeared which controlled development drives and objectives through financial and technological dependence.

485. One of the major preoccupations of the meeting - voiced by several delegations - was the measures adopted by the developed countries to tackle the current crisis, since these measures affected the economic development of the developing countries because of their negative impact on external trade and financial flows.

486. Several delegations stated that the current international situation had highlighted the disadvantages of the traditional growth model of the industrialized countries, which led to the waste of natural resources.

487. The representatives of some developed countries - apart from making references to the various aspects of the current international situation - described recent development in their economies and drew attention to several co-operation arrangements with developing countries. They stressed, in particular, the advantages of reducing military budgets for political détente, thereby creating a source of funds which could be channelled towards the economic and social development of the developing nations.

488. Observers from some of the United Nations specialized agencies and intergovernmental organizations outlined both the problems faced and the successes achieved in their respective fields of activity, and underlined the need for strengthening co-operation among countries on terms which offered advantages to all.

(b) Achievements, progress and critical problems

489. Some representatives referred to the results of the second appraisal of the IDS carried out by the ECLA secretariat and in general terms agreed on certain basic aspects. Thus it was observed that growth for Latin America as a whole in the previous four years had been particularly significant, since it had reached an annual rate of about 7 per cent, exceeding the minimum targets set by the IDS. Measured in per capita terms, however, the progress of the region was more modest, because the population rate remained relatively high.

490. It was also pointed out that although overall the IDS targets for Latin America as a whole had been exceeded, there were fundamental differences in the development of each country, the largest usually having the most dynamic growth rates.

491. Two points which delegations mentioned as characteristic of the current situation were (a) the importance which the external sector had again acquired in Latin America as a result of the complex and difficult international situation and (b) the growing seriousness of social problems - particularly those relating to income distribution, unemployment and underemployment - despite rapid economic growth in

/the countries

the countries concerned. In that connexion, it was noted that a very significant proportion of the population was still excluded from the benefits of growth.

492. Some delegations also pointed out that in most countries the growth of the agricultural sector had been relatively slow and that the minimum target of 4 per cent set by the IDS had not been achieved. That fact deserved special attention because a substantial proportion of the population depended on the agricultural sector, which accounted for much of the unemployment and poverty in Latin America.

493. On the other hand, several representatives appraised the development and nature of their economies stressing, among other things, the changes in the concept of socio-economic development. Emphasis was placed on the significance of the social and human aspects, as opposed to merely quantitative indicators which covered considerable differences and ignored very important factors concerning the quality of human well-being. In that respect, a description was given of the efforts made to modify the traditional growth models and establish developmental approaches which would distribute the benefits and fruits of economic progress more widely and more justly. In co-ordination with this new approach, there was a need for new policies and activities geared to the particular socio-economic position of each country.

494. Considering the situation from another angle, some delegations said that a longer-term view was required, although the current international picture was such that attention tended to focus on its contingency aspects.

495. Several representatives stressed that a significant proportion of the progress achieved with regard to economic and social development in Latin America could be attributed to the dynamic performance of the public sector, the programming of which had been strengthened.

496. Some representatives mentioned the importance of establishing a new mechanism for regional economic co-operation; the Latin American Economic System (SELA), which would take action with regard to the

promotion of development projects and Latin American multinational enterprises, the financing of such projects, and the transfer and development of technologies, and would also be active in other fields deemed suitable by participants.

497. Several delegations mentioned the progress made with regard to the participation of women in the decision-making process at the political, economic and social levels, although such participation was still partial and inadequate and should be strengthened and extended.

498. The representatives of several countries stressed the critical problem of raw materials, the price of which had fallen sharply in recent months, while the cost of manufactures which had to be imported continued to rise substantially. This adverse relationship in the terms of trade had accentuated the external imbalance and threatened to impede economic development unless machinery was found or the requisite action taken to offset or alleviate its effects on the balance of payments.

499. Some delegations also expressed deep concern about the fact that the current difficulties concerning the region's payment capacity were affecting the progress of intra-zonal trade. Some items could not be rerouted to other regions, since they could be absorbed only through the current Latin American marketing channels.

500. The majority of the delegations gave details of the effects of the monetary and the energy crises on their economies, particularly as regards balance of payments, inflationary pressures and exports.

501. The representatives of several international agencies said that, among other aspects, current problems at the regional and the world level and the financial requirements of economic development made it increasingly necessary to strengthen collaboration between their institutions and ECLA so as to assist the development of the Latin American economies.

502. One delegation pointed out that the failure of the First United Nations Development Decade - and even of the Second Decade to date, despite the existence of the IDS - was generally speaking due to the fact that the targets proposed could only be achieved on the basis of willingness and co-operation precisely on the part of those States which bore the historical responsibility for underdevelopment.

503. In the opinion of several delegations, the agricultural sector was another of Latin America's critical problems, since agriculture had not achieved satisfactory rates of development. In that connexion it was observed that low levels of productivity persisted and that an unequal and unfair distribution of land still existed, not to mention the increasing unemployment and underemployment rampant in rural areas.

504. Various representatives stressed inequality in income distribution, which had been aggravated in Latin America as a result of inflationary pressures. Some representatives gave a brief summary of the efforts deployed in their respective countries to reduce this inequality.

505. The role and importance of transnational enterprises commanded special attention from some delegations. Some maintained that although these enterprises had some positive aspects, they represented a new form of external dependence, which also had negative effects on the structure of consumption.

506. Reference was also made to the problem of the transfer of technology, and stress was laid on the need to adjust this to existing factors of production in the developing countries and for the latter to carry out intensive research which would lead to the adaptation and creation of their own technologies.

(c) Activities involving the establishment of machinery

507. Several representatives described the efforts their country had made to devise operational procedures and machinery for resolving their domestic and external problems. Broadly speaking, this consisted of attempts to strengthen and amplify international and regional co-operation and intensify the domestic effort.

/508. Several

508. Several delegations voiced their increasing concern in the face of the sharp increase in the external deficit and felt very strongly that existing machinery was unable to cope with a critical period that showed signs of continuing.

509. They accordingly supported the Executive Secretary's proposal that a "safety net" should be established by means of the creation of a regional fund to meet balance-of-payments crises in Latin American countries. For this purpose, financial co-operation could be requested not only from the Latin American countries themselves, but also from the developed nations and the oil-exporting countries.

510. In the same context, it was considered advisable to supplement such action with existing mechanisms, such as the agreement already reached between Venezuela and the Central American countries. The point was also made that IBRD should show the greatest possible flexibility in granting credits from its "third window".

511. The need was also voiced for amplifying and improving payments machinery and mutual support procedure for coping with temporary shortfalls in liquidity, such as those referred to in the Multilateral Agreement on Reciprocal Balances and Credits and the Santo Domingo Agreement.

512. The representative of IMF said that his organization had proposed the establishment of a subsidy fund for substantially alleviating interest payments due from the most seriously affected countries using the Oil Facility. It was likely, he said, that that subsidy system would come into effect in the near future.

513. Some delegates said that the fixing of prices for primary commodities should not be left to market forces and proposed supporting the decision that the UNCTAD plan in respect of the primary commodities programme should be drawn up within one year so that concrete measures could be adopted. The possible importance was emphasized of introducing a system of indexing for adjusting the prices of such commodities.

/514. Several

514. Several delegations referred to the desirability and urgency of establishing adequate prices for the main raw materials in view of the serious balance-of-payments situation in their countries. The possibility was mooted of setting up a world association of raw materials-exporting countries to organize, integrate and co-ordinate action; such action could be supplemented by buffer-stock machinery which the industrialized countries should help finance.

515. In the light of these external sector problems, some representatives advocated extending the Generalized System of Preferences to agricultural products so as to boost exports.

516. It was agreed that co-operation among Latin American countries should be encouraged and amplified in the current situation by improving existing integration machinery and establishing new forms of collaboration. Some delegations said that, despite the considerable progress that had been made in the field of trade and industrialization, efforts should be stepped up and amplified substantially in both sectors. Moreover, it was thought desirable to extend that co-operation to communications and transport, technology, marketing and financing.

517. The need to persevere in the search for new forms of aid was also stressed as a means of stimulating the development of the relatively less developed Latin American countries. In that connexion, mention was made of the efforts of the various sub-regional integration organizations.

518. Several representatives felt that a new impulse had to be given to industrialization in order to ensure that better use was made of natural resources and possible regional economies of scale, and to promote specialization which would facilitate access to international markets.

519. Several delegations accorded special importance to the creation of Latin American multinational industrial and commercial enterprises, and drew attention to the desirability of installing, on a regional scale, fertilizer, petrochemical, capital goods and basic intermediate goods industries.

520. It was also stated that such Latin American multinational enterprises could find an extensive field of activity in the marketing of commodities and in transport, the importance of the establishment of the Caribbean Merchant Fleet being highlighted in the latter connexion.

521. It was considered that such enterprises could offer advantages not only for imports and exports, but also for concentrating efforts for incorporating or creating technology, and machinery was suggested for using the financial capacity of the oil-exporting countries jointly with the advanced technology of the industrialized nations.

522. Some delegations also suggested that in given areas the bases for the creation of these Latin American multinational enterprises could be found in the corresponding State enterprises of the various countries.

523. Concerning the future work of the Commission on Transnational Enterprises and its Information and Research Centre established in 1974 by the United Nations, one Caribbean nation recommended the setting up in Latin America of a regional office of those bodies to monitor the activities of the transnational enterprises operating in the region.

524. The same delegation noted the appropriateness of giving very high priority in the curricula of the United Nations University to the application of science and technology to development, mainly with regard to the current status of that problem in Latin America and the manner and terms on which technology was transmitted. It also recommended that a study should be made of the possibilities of establishing national technology appropriate for the developing countries, in close co-operation with the universities and research institutions of member States and the assistance of ECLA and ILPES.

525. Some representatives pointed out the major possibilities for technological co-operation offered by Latin American agriculture, for example, in respect of tropical crops.

/526. In

526. In order to preserve sub-regional unity and increase co-operation and co-ordination in various socio-economic fields, some representatives proposed the establishment of a Caribbean Co-operation and Development Committee within ECLA.

527. Referring to the internal efforts which countries had to make, many delegations stressed the pressing need to consider expressly, within the framework of economic policy, specific programmes to deal with the social aspects, and especially those relating to the poverty of the underprivileged masses.

528. In this respect, the importance of revitalizing the agricultural sector was mentioned, since that sector covered the majority of the low-income population groups. Reference was also made to the elaboration of a farming policy within the framework of the integration schemes, aimed at complementarity and specialization between countries.

2. Second regional appraisal of the International Development Strategy

529. In addition to the documents submitted to the Commission ^{3/} on this item (item 4 of the agenda), a detailed statement was made by the secretariat.

530. Mr. Diego Luis Castellanos (Venezuela), Rapporteur in Bogotá of the meeting of the Committee of High-Level Government Experts (CEGAN) and member of his country's delegation to the sixteenth session, presented the report of that meeting (E/CEPAL/983).

531. On the proposal of several delegations, it was decided to take this report as the basis for the discussions and work of the Commission. Several representatives of member Governments which did not take part in the Bogotá meeting made general comments and also specific suggestions on the document under discussion.

^{3/} See page 116 footnote 1.

532. The main themes of the document were considered, and some changes of form and additions were made. A detailed analysis was made of the Plan of Action approved at Bogotá, which was based on the appraisal of the situation in Latin America contained in the first part of the document and encompasses both international and regional action.

533. With regard to international action, the discussion covered, among other points, such topics as primary commodities, reform of the international monetary system, external financing, transnational enterprises and the transfer of technology. Special attention was paid to the balance-of-payments problems currently affecting the economies of various Latin American countries.^{4/}

534. With regard to regional action, possibilities of co-operation with regard to regional trade and financing and machinery for putting such co-operation into practice were studied.

535. Lastly, the Commission considered section III of CEGAN's report, devoted to the work programme of the ECLA secretariat and of the Committee of Experts with regard to those topics. As a result of its discussion, the Commission drew up the document entitled "The Chaguaramas Appraisal".

536. The Commission examined and adopted resolution 347 (XVI) on the "Chaguaramas Appraisal". At the request of the United States delegation a vote was taken on the resolution, which was approved by 22 votes to 1, with no abstentions.

537. Five delegations expressed reservations and comments, as follows:

(a) Statement of reservations made by the Canadian Delegation on the report of the Committee of High-Level Government Experts

Mr. Chairman, on behalf of the Canadian Delegation I should like to make a few general remarks to outline the Canadian approach to the report of the meeting of the Committee of High-Level Government Experts in Bogotá. This document was clearly designed to reflect the views of its drafters or, more broadly, those of the developing countries who are members of ECLA. As such, it is a most useful document which we, in the Canadian Delegation, very much welcome. The "appraisal of

^{4/} The debate on this item is described under point 1 of this section of the report.

development in Latin America and the international situation" is an excellent analysis of the prevailing situation. The "Plan of Action" which follows is a succinctly argued and coherent set of proposals for both international action and regional action to tackle the problems.

Given the nature of this document and the views it was designed to represent, I think it would be inappropriate for Canada to comment in substance on its provisions, or suggest amendments to it. Clearly my Government does have reservations on Part A of the Plan, which proposes international action in eight broad areas, but we by no means reject all its proposals. Some are in line with Canadian thinking. Others raise issues which are not in accord with our present policies, or are on matters where Canadian attitudes are still evolving within our country as a result of interchange of ideas in international fora. The proposals in the Plan of Action are, however, so closely argued that any Canadian effort to seek change at this late stage would be counter-productive and time-consuming and would probably destroy the essential value of the document - i.e., as a clear indication of the aspirations of Latin American countries.

In these circumstances, Mr. Chairman, my delegation could not endorse entirely the contents of the document. We can, of course, support its transmission through plenary to the ECOSOC as an expression of views of the developing countries of ECLA. I can assure you that my Government will give it the close attention it rightly deserves both in Canada and in other international fora.

(b) Comments by the United States delegation

The United States delegation found in Part I of the report, "The Appraisal of Development in Latin America and the International Situation", a valuable analysis of the internal and external sources of strength which stimulated economic and social growth in Latin America during the first part of the Second Development Decade, and of those internal and external elements which impeded growth.

Part II, section II-A, which deals with "International Action" under the "Plan of Action" presents the United States delegation with such fundamental problems that we must record our dissent.

The objections to paragraphs 75-106 related to the substantive treatment of the issues discussed, as well as to some of the language used to describe the underlying situation. They stem from the specific policy recommendations, the background rationale, and the tone caused by the document's failure to take into account the views, actions and policies of the United States, particularly in areas where we have made significant strides toward meeting the needs of developing countries. The United States delegation stated many of these objections, as well as its overall approach to the issues, in our statement in Plenary and in the debate in Committee I.

/The delegation

The delegation believes that many of these problems could have been mitigated had a United States expert been permitted to participate in the meeting at Bogotá. In our view, experience with the appraisal process in ECLA underlines the point we expressed at the time the Committee of High-Level Experts was established: that since ECLA findings and recommendations should reflect the views of all its members, all should participate in the important deliberations of the Committee.

The United States delegation wishes to stress its agreement with the economic and social development objectives of the Latin American countries which stimulated the recommendations. Most of the proposals contained in these paragraphs, however, represent not a consensus of all ECLA members but rather the proposals of some. United States views on these issues have been expressed frequently both in the United Nations and in other forums. The issues are complex, some of our differences deep. They are proper subjects for the give and take of detailed and intensive international negotiation. Indeed such discussions and negotiations are in progress on many of the issues in question, namely primary commodities, trade in manufactures and agriculture, the international monetary system, transfer of technology and transnational enterprises.

In the negotiations, we will be very much aware of Latin American concerns and aspirations, including the expressions of them that we have heard this week. It is our hope and expectation that the negotiations will succeed in narrowing differences and enable us to move forward together to concrete actions in the common interest. In the view of the United States, this is the way that progress will be made.

Part II, Section B, which deals with "Regional Action" under the "Plan of Action", is, like Part I, an important contribution. Its implementation is basically in the hands of the Latin American countries, with whom the United States will co-operate as desired and feasible.

Finally, the United States delegation has reservations on the comments of the Committee of Experts on the work programme in Section III. We will comment on the Work Programme itself when that item is taken up in Committee II.

(c) Comments of the French delegation

Primary commodities: paras. 68 to 75. The French delegation agrees with the general approach of this chapter of the report and with the mechanisms suggested with a view to ensuring the stability of basic commodity prices (marketing networks, buffer stocks, financing stocks).

/With reference

With reference to paragraphs 71 and 72, relating to the indexing of basic commodity prices, the French delegation wishes to point out that:

The "integrated programme on basic commodities" drawn up by the UNCTAD secretariat does not explicitly recommend the indexing of basic commodity prices. To make such a measure "one of the main features of the programme", as stated in paragraph 71 of the report, is tantamount to amending a programme which has yet to be thoroughly discussed by UNCTAD and prejudging the outcome of such discussions.

The UNCTAD secretariat studies on indexing set forth clearly the considerable technical difficulties attendant on a general automatic indexing mechanism. They also show that such a mechanism would be more favourable to some industrialized countries than to the developing countries as a whole.

Therefore, given the current stage of the United Nations work on this subject, the French delegation considers it preferable to abide by the concept of a just and equitable relationship between the prices of the goods exported and the prices of the goods imported by the developing countries.

(d) Statement made by the Netherlands delegation

My delegation has without hesitation voted in favour of the document just approved. We would only like to make a short interpretative statement on the question of indexing.

Since the written comments on this issue circulated by the French delegation fairly adequately reflect the position my government has taken on the issue in other fora, I will simply refer to them.

For the record, I would like to state that as far as my government is concerned a form of indexing might well turn out to be one of the features of an integrated commodity programme, but that it has not formulated its final position pending the further study and elaboration of the proposals on an integrated programme which has been requested by the Trade and Development Board on the recommendation of the UNCTAD Committee on Commodities.

(e) Statement made by the United Kingdom delegation

Paragraphs 68 to 75, on primary commodities contain references to the formation of producer associations. We have expressed formal reservations on this point and our view is that such associations should form part of a wider co-operation between producers and consumers and ideally should be open to consumers. There is also a reference to the UNCTAD "Integrated Programme" on commodities. A consensus resolution in the UNCTAD Committee on Commodities in February was careful to avoid a blanket endorsement of the UNCTAD proposals and did no more

/agree that

agree that further study should be given to the feasibility of an integrated programme. Paragraph 85 covers the Code of Conduct on Liner Conferences. The United Kingdom would wish to point out that it voted against this code. The section on Multilateral Trade Negotiations makes certain demands which go beyond what was agreed at the GATT Ministerial meeting in Tokyo on 14 September, which continues to be the basis of the United Kingdom position on these matters. On paragraphs 92 to 97, on International Monetary Reform, our view is that these matters should be left to IMF as the competent international body, on which developing countries, including Latin America, are already represented. On the last two sections, on Transnational Corporations and the Transfer of Technology (paragraphs 98 to 100), we have agreed to participate in work in process on the possibility of formulating non-binding guidelines on these subjects, but can go no further than that at the present time. In the case of TNCs an ECOSOC Commission has just started work and any further consideration should take place in that Commission.

The United Kingdom also reserves its position on blanket references in the text to the "implementation" of the resolutions of the Sixth Special Session, and on references to specific points on which the United Kingdom had formally recorded its difficulties.

538. The observer for the European Economic Community (EEC) referred to the suggestions contained in the "Chaguaramas Appraisal" in respect of the multilateral trade negotiations and preferences. He said that the Community's position on these matters was well known and added that the EEC appreciated that the multilateral trade negotiations would make it easier for the developing countries to increase their share of world trade.

539. He realized that the possible erosion of preference margins would pose a problem that needed a satisfactory solution but he did not feel that the occasion was appropriate for defining the manner in which that increased share should be achieved. The same applied to the paragraphs of the "Chaguarams Appraisal" dealing with general preference schemes.

540. He was pleased to note that the ECLA secretariat was fully aware of the efforts that the EEC was making to increase the effectiveness of its own preference scheme by making it flexible. In his opinion, the quantitative limits of the scheme simply ensured that escape clauses would not be applied until certain minimum import levels had been reached.

541. Finally,

541. Finally, he stated that the Community accepted the cumulative certificate of origin for integrated groups of countries and that it had declared its willingness to extend the application of the preferences beyond 1980.

542. Under item 4 of the agenda, a draft resolution was examined on immediate balance-of-payments problems and their possible solution, which was adopted by the Commission unanimously.^{5/}

543. Another draft resolution concerning transnational enterprises was discussed and adopted by 20 votes to 1, with 3 abstentions, including that of the Canadian delegation, which requested that its attitude be recorded in the report.^{6/} The United States delegation explained its dissent and the French delegation its abstention in the vote as follows:

(a) Explanation of vote by the United States delegation: There are several reasons why the United States will vote against this resolution. First, several of the preambular paragraphs are unacceptable in that they ascribe to the transnational corporation an image which we do not consider accurate. Second, the United Nations Information and Research Centre has only recently been created and has not yet determined what its programme of work should be, the specific kinds of research that might be necessary, nor where such research might best be carried out. Third, the resolution would authorize the creation of a regional sub-group "for the surveillance of transnational corporations in the region", thus exceeding the mandate of the Centre itself.

(b) Explanation of vote by the French delegation: Mr. Chairman, the French delegation fully realizes the importance for the developing countries and for the world community in general of a better awareness of the impact of the activities of transnational enterprises. It was in order to understand this little-known phenomenon better that my delegation supported the resolutions adopted by the Economic and Social Council and by the United Nations General Assembly as a result of which a committee on transnational enterprises and an information and research centre on the subject were set up.

^{5/} See resolution 348 (XVI) in part III of this report.

^{6/} See resolution 349 (XVI) in part III of this report.

/Consequently our

Consequently our abstention on the resolution submitted by the delegation of Trinidad and Tobago does not in any way signify its lack of interest in the subject nor, of course, a desire to cover up anything reprehensible in the activities of these enterprises.

However, the operative part of the resolution has posed a problem which makes it impossible for us to vote in favour of it. We appreciate why the developing countries wish the regional centre, whose creation is recommended, to be responsible for surveillance. However, we note that this exceeds the mandate of the United Nations committee and information and research centre. In our viewpoint, it is not appropriate for this Commission to go further than the decision that was taken only a short while ago in New York.

544. Another resolution that was adopted unanimously under this item was resolution 350 (XVI), which dealt with the activities of the United Nations University in respect of the application of science and technology to development.

3. Activities of ECLA in relation to international and regional co-operation

(a) Food

545. When introducing this item to the Commission, the secretariat stated that although agriculture was an important and strategic sector for the economic and social development of Latin America, insufficient attention was paid to it in most countries, given the urgency and magnitude of the problem to be solved.

546. The objectives of immediate action included the collection of preliminary information on recent trends in agriculture in Latin America, and especially on the impact on agriculture and, hence, on food production in the region, of the world economic situation, the international food and energy crisis, the fertilizer shortage, uncertainty with regard to markets, and price fluctuations.

547. During the discussion, it was pointed out that the proposed Latin American Food Conference to be convened jointly by ECLA and FAO seemed to be a logical consequence of the ECLA/FAO panel held in Panama City in August 1974 and that the agenda for this Conference required careful preparation, which might take some time.

548. It was considered that the Conference should be held jointly with the Fourteenth Regional Conference of FAO (Lima, August 1976), so as to allow time, for example, for the forthcoming international wheat agreement to take place, for some offers of access to markets in developed countries (meat) to be settled, for ECLA and FAO to prepare the necessary documents, and for countries to state what topics particularly interested them.

549. The agenda should not consist solely of items relating to production and trade but should also include items on topics such as nutrition and the associated problems of poverty, and the way in which countries were coping with them, and stress food and nutrition policies, especially those favouring particularly vulnerable groups.

550. The participants recommended that ECLA and FAO should promptly send the provisional agendas to Governments for their comments, and when organizing the conference, to co-ordinate their efforts with those of other agencies concerned with the same topic at the regional and world levels. The countries of the region should in any case adopt a concerted position for the third session of the World Food Council.

551. Finally, the Commission adopted a draft resolution on the World Food Conference in the context of ECLA's activities in the field of international and regional co-operation. (See Part A of resolution 356 (XVI) in Part III of this report.)

(b) Technical co-operation among developing countries

552. The secretariat submitted section VIII of the document entitled "Conclusions and recommendations of ECLA meetings and other international co-operation activities" (E/CEPAL/988) to the Committee's consideration and pointed out that the countries of Latin America were becoming aware of this new aspect of co-operation and were taking an interest in its various forms. So far they had not been able to use their existing capacity systematically, partly because the exchange of information on the subject was inadequate

and partly because there was no proper machinery for promoting co-operation among them. The secretariat said it could collaborate with the Governments of member States at their request in devising and applying new methods and concepts of technical co-operation among developing countries, and in establishing special institutional machinery for that purpose.

553. Budgetary constraints had prevented the secretariat from making a consistent and effective effort to promote this type of technical co-operation, and from giving full support to member States and UNDP in order to implement the recommendations of the Working Group on Technical Co-operation among Developing Countries ^{2/} and operative paragraph 3 of General Assembly resolution 3251 (XXIX).

554. The UNDP representative, after discussing in greater detail the recommendations of the aforementioned Working Group, informed the Committee about the activities undertaken by the Special Unit responsible for questions relating to technical co-operation among developing countries.

555. Several delegations expressed their agreement with section VIII of the secretariat document and stressed how important it was for ECLA to do everything possible to comply with the terms of General Assembly resolution 3251 (XXIX) and with the recommendations in document DP/69 of the Working Group. There was a consensus in support of the secretariat's activities designed systematically to promote technical co-operation in Latin America. Several delegations noted with satisfaction the secretariat initiative to sponsor jointly with UNDP the organization of a regional Latin American meeting on technical co-operation among developing countries. One delegation, however, thought that ECLA's work in that field should be strengthened but that it was not necessary to hold more meetings.

^{2/} See document DP/69 of 20 May 1974.

556. Stress was laid on the importance of the secretariat's assisting UNDP in the tasks assigned to it by the Working Group and by resolution 3251 (XXIX), so that their combined efforts could make possible the effective, systematic and permanent promotion of technical co-operation among developing countries. Several delegations accordingly supported the secretariat's suggestion that UNDP's support should be sought in creating at the Commission's headquarters in Santiago, Chile, one or more posts for regional advisers, whose main function would be to help the Latin American countries to establish the necessary infrastructure to promote reciprocal technical co-operation. One delegation expressed concern about the financial implications which such a request would have for UNDP.

557. Several delegations noted that this new approach to international co-operation for development should be based on the concept of horizontal co-operation. One delegation pointed out that the traditional approach to international co-operation for development was already a thing of the past and stressed the need to increase the UNDP indicative planning figures for Latin America in order to expand horizontal co-operation, since the amount of multilateral financing available made it difficult to respond to requests as the countries of the region would have wished.

558. One delegation informed the Committee about the interregional project relating to the action programme on economic co-operation among developing countries of different geographical areas in the fields of trade, industry and transport, which had recently begun its activities with a generous contribution from the Governments of the Netherlands and Sweden, and with which the secretariat was collaborating.

559. Resolution 354 (XVI) on technical co-operation among developing countries,^{8/} was adopted at the end of the discussion.

^{8/} See Part III of this report.

(c) Transport and transport facilitation

560. When introducing this item, the secretariat indicated that it had not received a mandate in this field since the thirteenth session of the Commission, held at Lima, Peru in 1969. As the wide sector covered by ECLA's Transport and Communications Division also included insurance and tourism, it was essential that its work programme reflect priorities defined clearly by governments without duplicating the work of other regional and international organizations.

561. ECLA's activities concerning transport and transport facilitation were divided into three specific on-going programmes: (a) facilitation of transport for international trade; (b) improvement of transport planning; and (c) the selection of appropriate transport technology.

562. The three priority projects in the first programme covered respectively (a) regional action to facilitate trade and transport procedures; (b) co-ordination of the positions of Latin American countries prior to world meetings on transport (especially international intermodal transport and international container standards), and (c) appropriate maritime transport freight rates and services for foreign trade.

563. The second programme in progress covered the study of the bases for improving transport planning, and had been carried out jointly with the World Bank for nearly three years. Under that programme, aid had been provided to selected member governments in order to improve their information systems for transport planning.

564. The third programme was important because of the rapidity with which transport technology, especially in relation to maritime transport, was evolving, and because of the need to ensure that the technology adopted was consistent with the economic and social objectives of the countries of the region.

565. One delegation emphasized the importance of speedy ratification of the Code of Conduct for Liner Conferences recently adopted by the United Nations Conference on Trade and Development (UNCTAD), and mentioned the initiative aimed at establishing a multinational Caribbean merchant fleet.

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566. The general consideration of the item resulted in a draft resolution on transport, tourism and telecommunications which was approved by the Commission as section B of resolution 356 (XVI) on ECLA and multinational and regional co-operation.^{9/}

567. The United States delegation expressed regret at being unable to support that resolution because of language implying the exclusion of some member States from some ECLA activities. It said, however, that the United States supported the objectives underlying the resolution, namely those of improving and facilitating transport in Latin America, and proposed to co-operate with ECLA and its member States to that end. Moreover, although it supported the Latin American countries' desire to increase their share of maritime transport, it felt that the text did not make sufficiently clear the advantages of wide competition.

568. Referring to insurance, the secretariat summarized the recommendations adopted by the Round Table Meeting of Latin American Insurance Superintendents held at ECLA headquarters in December 1974, and stressed the resolution proposing the establishment of a Latin American Association of Insurance Superintendents.

569. The Commission recommended to the secretariat that it begin consultations with the member States concerned regarding the possibility of holding the constituent meeting of the proposed Association.

(d) Natural resources, energy and environment

570. The secretariat informed the Commission that it was following the guidelines for its work in the field of energy established by the Committee of the Whole at its eighth extraordinary session, and had accordingly intensified its studies on the impact of the energy crisis on the economy of the region, strengthened its co-operation with the Latin American Energy Organization (OLADE) and prepared technical analyses. The work being sufficiently advanced it had convened

^{9/} See Part III of this report.

a technical symposium on Latin America and the current energy problems which was held in Santiago, Chile, in September 1974.^{10/} 571. In the two coming years, a contribution would be made to appraising the progress of Latin America with regard to mining, energy and the environment. Assistance would be provided to Governments in connexion with the development of their mineral and water resources and the formulation of national policies for the development of energy sources, improvement of information systems, exchange of experience in those fields and substitution of energy sources.

572. Close contact had been maintained with the United Nations Environment Programme (UNEP). Work had begun on the preparation of an inventory of the main environmental problems of the region and a first course on development planning and the environment had been held. It was planned to analyse the impact of the environmental policies of the developed countries, promote the establishment of a documentation service, improve the legislation on and institutions concerned with the environment and continue studying the relationship between the environment and development.

573. The Commission took due note of the fact that the Canadian International Development Agency (CIDA) had approved the financing of two projects relating to the preparation of an inventory of natural resources, the evaluation of those resources and study of their use for development purposes, and investment techniques for the expansion of public energy enterprises.

574. One delegation said that the energy crisis had not occurred spontaneously but was the outcome of a number of factors. The price of oil had been adjusted as a result of currency devaluations, worldwide inflation and a steady deterioration in terms of trade. It was also necessary to obtain higher prices for other raw materials.

^{10/} See document ST/CEPAL/Conf.50/L.4/Rev.1.

575. The representative of the World Meteorological Organization (WHO) stressed the role played by meteorological services in connexion with the development of Latin America and their co-operation with regard to agriculture, environmental protection and transport. WHO, with UNDP financing, was carrying out projects aimed at collecting basic hydrological and meteorological information for the development of water resources (Central America and Colombia) and was also implementing projects aimed at preventing disasters of atmospheric origin, especially in the English-speaking Caribbean and Cuba.

(e) Multilateral trade negotiations

576. The secretariat summarized briefly the work done in this field under a decentralized joint UNCTAD/UNDP/ECLA project 11/ on co-operation with Latin American countries regarding trade policy in connexion with the multilateral trade negotiations.

577. It was stated that the delays in the negotiations themselves had affected the progress of the work and made it necessary to make operational adjustments and arrange for the extension of the project, the second phase of which was to begin early in June 1975. There would have to be a readjustment in the programme for the preparation of technical support documents, which would be carried out in consultation with the governmental negotiators. A cycle of three sub-regional training seminars would be held, starting in June 1975, in Santiago, Chile, with the participation of officials from South American countries. That would be followed by a cycle for the English-speaking Caribbean countries and a third for the other countries of the region covered by the project. It was also stated that sufficient financing was available to enable the second phase of the work to continue until June 1976, in accordance with tentative estimates regarding the conclusion of the negotiations.

11/ See project RLA/72/098.

578. Several representatives stressed the great importance of the multilateral trade negotiations to Latin America. It was requested that dedicated efforts should continue to be made to ensure that UNDP, UNCTAD and ECLA continued to assist countries in preparing for such negotiations; the project aimed at ensuring financial assistance until the negotiations ended commanded support.

579. One delegation observed that advisory services were essential and that it was necessary to formulate specific guidelines for the negotiations, taking into account the outcome of the GATT meeting on basic commodities (Tokyo, 1973).

580. The discussion on this item gave rise to a draft resolution on multilateral trade negotiations which appears as part C of resolution 358 (XVI) on ECLA and international and regional co-operation which was adopted by the Commission.

(f) Economic integration

581. During the discussion of the item, the secretariat referred to the position, problems and outlook for the regional and sub-regional integration schemes and its own co-operation activities with them. It mentioned the document entitled "Integration, Import Substitution and Economic Development in Latin America", which included studies of the progress in import substitution over all and by industrial sector, an analysis of its real and potential importance in the region, its problems and prospects in the Central American Common Market and the Latin American Free Trade Association.^{12/} It also referred to other reports one of which concerned the programme to achieve freer trade and new means of sectoral complementarity agreements within the guidelines of LAFTA.^{13/}

^{12/} Some of the more salient features of this analysis are summarized in document E/CN.12/L.109.

^{13/} Document E/CN.12/L.110.

582. The ECLA office in Montevideo took an active part in preparing the multilateral negotiations for the possible operational change of LAFTA and the three formal meetings which were held by the Contracting Parties to that end. In future an effort would be made to give significant impetus to the study of areas of co-operation and practical measures to facilitate the operational co-ordination of regional and sub-regional integration machinery, in particular that related to new forms of complementarity agreements and to multinational sellers' and producers' associations.

583. The effect of ECLA's and ILPES's direct action in the integration process of the Andean sub-region, which had been appreciable in the past, was still being felt although less intensely. It would be desirable for the secretariat's activities in this field to be renewed, since the Andean countries had clearly defined their aims as units participating in a new co-operation scheme and the repercussions of their taking a lone stand in the world.

584. In more general terms it was time to consider the manner of Latin America's participation in the new scheme and the way to co-ordinate the isolated actions of the sub-regional groups through a new planning approach. ECLA could make a substantial contribution to the evaluation of the first-hand experience acquired in integration and the concept of new activities and approaches aimed at Latin American integration. It would be useful for ECLA to hold a meeting to define ways of bringing co-ordinating integration schemes together, to be attended by high-level officials of the integration agencies: LAFTA, the Caribbean Community (CARICOM), the Board of the Cartagena Agreement (JUNAC), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA).

585. As regards the Central American Common Market, mention was made of the progress achieved in the analysis being carried out by the high-level committee for the restructuring of the CACM, and of the draft treaty drawn up by SIECA, aimed at establishing the

economic and social community of Central America. In accordance with resolution 315 (XV), the ECLA secretariat had been actively supporting the process. Moreover, the Central American Economic Co-operation Committee was to be presented at its tenth session (28-30 May 1975) with a proposal by the Mexico Office of ECLA to reactivate the process of Central American integration in the short-term and speed up its reorganization. The Office had also collaborated with Central America, inter alia, in regional programmes on electrical grid networks and the use of water resources.

586. The secretariat stated that, through its Port-of-Spain Office, ECLA had provided assistance in the negotiations which led to the establishment of the Caribbean Free Trade Association, the East Caribbean Common Market, the Caribbean Development Bank and the integration secretariat (CARIBSEC). More specific activities included studies on the liberalization of trade, the harmonization of tax incentives, industry and the common external tariff, etc. In particular, efforts had been made to bring to their culmination measures aimed at integration: the promotion of intra-regional trade and the bringing of the ECCM into line with the wider common market of the Caribbean Community (CARICOM). Now, the main emphasis needed to be placed on measures for making a start with integration in the main sectors of production with a view to restructuring the economies of the sub-region.

587. Generally speaking, the emphasis of the increasingly broad-based activities of the Port-of-Spain Office was gradually shifting from the short-term aspects of the integration process to the medium-term and long-term aspects.

588. When the topic had been fully considered, the Commission approved a draft resolution on economic integration, as Part D of the resolution on ECLA and international and regional co-operation.^{14/}

^{14/} See part III of this report.

(g) Action in the event of natural disasters

589. The secretariat summed up the activities of ECLA in compliance with the resolutions adopted by the Committee of the Whole at its ninth extraordinary meeting on the hurricane that struck Honduras and the earthquake in Antigua and Barbuda. The Mexico Office of ECLA helped prepare the technical assistance emergency programme for the reconstruction of Honduras by establishing priorities and choosing projects in which UNDP could participate. The Office presented a report on the extent of the damage caused by the hurricane in Honduras and a resolution containing numerous recommendations for action was adopted. As to the earthquake in Antigua and Barbuda, a mission was sent to evaluate damage and propose possible solutions.

590. One delegation, referring to the violent earthquake that struck these islands in October 1974, causing extensive damage, recalled that the Committee of the Whole had, during the same month, adopted resolution 345 (AC.67) whereby it recommended that a mission should be sent to estimate the extent of the damage and submit proposals for the provision of the necessary aid, for circulation among the member States of ECLA. The mission took place towards the end of 1974 and presented a report on its findings.

591. So far, insurance companies had paid out over 10 million East Caribbean dollars in compensation, but this did not cover the damage caused since most properties were not adequately insured. It was necessary to build 40 houses and repair another 900 that had suffered serious damage among the lower-income groups. The repairs had been financed partly out of a one-million dollar loan from the Caribbean Development Bank and a quarter-million dollar loan and 50,000 dollar gift from the Government of Trinidad and Tobago. Unfortunately, however, hundreds of people were unable to avail themselves of this opportunity as they were not in a position to repay the debt.

/592. Although

592. Although the Government, other national agencies and international and foreign organizations had provided assistance, financial resources were still needed to meet the following requirements: construction of housing, materials for repairing the houses of the lower-income groups, loans on easy terms for commercial, industrial and cultural institutions and for inadequately insured private owners, and soft loans to the Government.

(h) Human settlements

593. The Secretary General of HABITAT told the Commission that the present human settlements crisis was particularly serious in Latin America and that the situation would deteriorate further unless fundamental changes were made in the way it was being dealt with and in existing order of priorities.

594. High demographic growth rates combined with rural-urban migration were transforming national structures so quickly that institutions could no longer cope with the situation. As a result there was an increase in the number of settlements of makeshift dwellings with no public utility services unemployment was rife and education facilities almost non-existent.

595. According to his information Latin America would, by the end of the century, be the most urbanized part of the world, but its cities would continue to be underdeveloped areas made up of modern enclaves surrounded by a chaotic mass of provisional housing.

596. Unencouraging though this picture was, there was a confident feeling that solutions could be found; the forthcoming Conference could turn this into a determination to take the necessary policy decisions. Emphasis would accordingly have to be placed on structural change, although not to the exclusion of the technical aspects.

597. He also stressed the great importance of the preparation being made for the Conference; namely, the implementation of new national programmes and policies and the holding of regional meetings on human settlements to discuss the various aspects of the subject. The regional preparatory meeting for Latin America to be held in Caracas could make a decisive contribution to the success of the world Conference.

/(i) Participation

(i) Participation of women in development

598. In introducing this item the secretariat referred to the provisional report 15/of the Seminar on the Integration of Women in Development with special reference to Demographic Factors, held in Caracas, Venezuela, 28 April to 2 May 1975. The report contained three recommendations to ECLA: (a) that a regional conference should be held, after the Conference of the International Women's Year (Mexico, June 1975) to evaluate and consider the application of the World Plan of Action in the Latin American region; (b) that studies be continued on the social, economic and cultural factors conditioning the integration of women in development, with stress on several priority areas; and (c) that the necessary organizational measures be adopted to provide the Governments of the region with advisory assistance on the formulation and application of practical measures in the areas indicated in the preceding item. It was noted that the secretariat had acted under the mandate contained in resolution 321 (XV) which recommended the study of the participation of women in the development of Latin America.

599. One delegation expressed its support for the recommendation of the Caracas Seminar that a regional conference be held to consider the agreements reached at the World Conference in Mexico, and said that its country would be prepared to host the meeting in 1976.

600. Another delegation emphasized the importance of the problem and the major significance of the Conference of the International Women's Year, which was to take place in its country in June 1975, and urged Latin American countries to send high-level representatives. After stressing the importance of the Caracas Seminar and the conclusions reached there, he expressed his support for the proposal of holding a regional conference.

601. Another delegation stated that because of the short time available it was not desirable to go into detailed discussion of the agreements reached at the Caracas Seminar. Note should therefore be taken of the document presented, the highly important Mexico Conference being the competent forum for its consideration.

602. It was therefore agreed to take note of the document and to recommend that it be transmitted to the World Conference in Mexico.

(j) Commodities

603. The Commission adopted the draft resolution that had been submitted on the organization of producers' associations.^{16/} Previously, several delegations had expressed reservations on the text. One delegation stated that its wording was such that it created the risk of confrontation between producers and consumers, since the producers' associations would be established only among developing countries. In its view, the implications of the proposal had not been carefully studied. Another delegation, on the other hand, maintained that such associations did not lead to confrontation but helped to solve the problems of the international division of labour and international trade.

604. Several delegations opposed the resolution on the grounds that it did not take into account the close collaboration that should exist between producer and consumer countries. The Netherlands delegation asked note to be taken of the fact that its vote in favour of the resolution did not modify the position which its Government had taken on the subject in other international fora. The French delegation, for its part, sent the secretariat the following text for inclusion in the summary of proceedings:

"My delegation wishes to submit a formal reservation regarding the draft resolution on the organization of producers' associations. Its abstention should not be interpreted as a sign of opposition in principle to the attempts to organize primary commodity producing and exporting countries. Indeed, when this matter came before the General Assembly of the United Nations, at the time of the adoption of the Declaration on the Establishment of a New International Economic Order, and subsequently of the Charter of Economic Rights and Duties of States, the French Delegation indicated its agreement to the principles recalled in the first and third paragraphs of the resolution just adopted.

However, my Government feels that such associations must not overlook the interdependence which exists between the producers and consumers of primary commodities, nor form closed interest groups, for by so doing they court the risk of confrontation between different economic groupings. Its desire is to see that action by these associations takes place within the framework of international

^{16/} See resolution 352 (XVI) on the organization of producers' associations in Part III of this report.

co-operation, as provided for under Article 4 and the above-mentioned Declaration, thereby contributing to the sustained growth of the world economy.

We regret that these observations were not taken into account by the drafters of the resolution. On the contrary, this resolution seems to us to open the way to the formation of new kinds of "cartels within cartels", but my delegation remains convinced that a solution to the many problems posed by the trade in primary commodities can only be found in a dialogue between producers and consumers."

605. The United Kingdom delegation requested that the following observations expressing its position on the resolution in question should be included in the final report:

"(a) That operative paragraph 1 was not in accordance with its policy of promoting joint producer and consumer associations.

(b) That operative paragraph 2 contained a proposition on splitting the proposed associations on developing/developed lines which would be unacceptable even if consumers were included.

(c) That the United Kingdom had expressed reservations on the relevant passages of the Programme of Action on the Establishment of a New International Economic Order at the sixth special session."

606. Following a lengthy exchange of views, the Commission adopted a draft resolution on import restrictions affecting Latin American products.^{17/} The representative of the United Kingdom, speaking on behalf of the member countries of the European Economic Community which were also members of ECLA, requested that it be placed on record that the Community shared the concern of Latin American countries at restrictions affecting them but felt that it was not desirable to hold isolated negotiations.^{18/} The delegations of Canada and the United States voted against the draft resolution.

^{17/} See resolution 359 (XVI) in Part III of this report.

^{18/} The United Kingdom Government sent the secretariat the following communication on the subject of the drafting of this paragraph: "This text is quite incorrect. The United Kingdom representative, speaking on behalf of the members of the EEC, members of ECLA said that the EEC shared the concern of a number of countries to reestablish normal trade in some of their export products. It had taken steps to ease the situation and had been permanently open to consultations. The problems referred to existed on a world level as the resolution recognized and the EEC would prefer negotiations between producers and consumers to be combined with the MTNs and with the objective of reaching world-wide community agreements. The EEC also disliked the wording in the second preambular paragraph."

607. Another resolution on activities in the field of basic products was adopted and later included as Section E of resolution 356 (XVI) on ECLA and international and regional co-operation. In the course of the discussion the United States delegation objected to ECLA's activities aimed at stimulating producers' associations and expressed its opposition to the resolution. The representative of Canada also voted against the resolution.

(k) Monetary instability and inflation

608. The Commission then studied a draft resolution on monetary instability and inflation which gave rise to an animated discussion. One delegation felt that the proposed study could hardly provide a clear picture of the existing situation since it only dealt with imported inflation, whereas it was difficult to estimate to what extent price increases could be ascribed to the developed countries. Another delegation voiced doubts regarding the usefulness of the study and, in view of its high cost, opposed its being carried out.

609. One delegation said that the influence of the inflation of certain developed market economy countries on the developing countries was much greater than the influence that inflation in the latter could have on the former, and cited studies showing that the increase in the price of petroleum had little effect on inflation. The representative of a developed country remarked that the problem was far more complex than the draft resolution suggested as it stood. A European delegation welcomed the proposed text, as it partly coincided with a request that his country had submitted to the Economic and Social Council. He warned, however, against possible overlapping.

610. The resolution was finally adopted 19/ with the opposition of the United States delegation and the abstention of the delegation of Canada.

19/ See resolution 353 (XVI) in Part III of this report.

4. Rationalization of ECLA's co-operation machinery

(a) Caribbean Development and Co-operation Committee

611. The Commission next examined a draft resolution on the establishment of a Caribbean Development and Co-operation Committee - made up of the countries in the sphere of action of the ECLA Port of Spain Office and the governments of Cuba, Haiti and the Dominican Republic, and open to other Caribbean countries as they gained their independence - as a means of, among other things, strengthening Latin American economic integration and co-operation and dealing with social and economic development needs, especially in the relatively less developed countries of the region.

612. A vote on the resolution was taken by roll call, as a result of which it was adopted by 23 votes to 1 (United States).^{20/} Several delegations welcomed the initiative of setting up the Caribbean Development and Co-operation Committee, some of them emphasizing the important supporting role that the ECLA Office in Port of Spain would be called upon to play. It was deemed necessary to increase the material and human resources of the Office for that purpose. Other delegations, especially those of the Caribbean area, stated the intention of their governments to co-operate with the new Committee in its efforts.

613. The United States delegation said that its vote against the resolution was only due to its position that all member governments of ECLA should have access to the Commission's subsidiary bodies.

614. The French delegation pointed out that its country's presence in the Caribbean, represented by the departments of Guadeloupe, Martinique and Guiana, entitled it as a member State of ECLA to participate in the activities of the new Committee and said that any discrimination among the Commission's members did not exactly facilitate co-operation among them.

615. The Netherlands delegation said that its support of the resolution adopted was not intended to prejudge the position that Surinam might adopt when it achieved independence. The United Kingdom representative

^{20/} See resolution 358 (XVI) in Part III of this report

said that Her Majesty's Government, in the interests of Caribbean integration, might wish to take the opportunity in due course to raise with the Committee, once it had been established, the situation regarding the membership of its other dependencies in the Caribbean area which were not covered by the resolution.

(b) Population

616. The Director of CELADE introduced this item on behalf of the secretariat, treating it under four interrelated sub-headings: CELADE; the Second Latin American Meeting on Population; the Tenth Extraordinary Session of the Committee of the Whole; and the Regional Population Programme.

617. (i) CELADE: Outlining the activities of CELADE during the period 1973-1974, she stated that the teaching programme had been extended to include a course for those taking a Master's degree in economics, with specialization in demography. In accordance with the mandates issued by the Mexico meeting on population, it was expected that it would shortly be possible to organize courses for the staff of national planning offices, with the collaboration of ILPES.

618. Research activities included those which fell under the broad headings of "Population and Development" and the more recent one of "Population Policies". At the same time, work continued on the study of basic demographic variables with particular emphasis on the differential aspects shown by the region. In addition, there were activities aimed at improving and expanding basic demographic data.

619. Technical assistance requested by the countries, which CELADE had generally provided as far as resources permitted, covered a wide spectrum of situations which ranged from advisory services for the organization of national courses and the carrying out of population surveys, to advisory services for implementing national demographic analysis programmes aimed at meeting the needs of development plans and the organization of population units.

620. In the area of exchange, special emphasis was placed on the development of a joint programme with the Escuela Latinoamericana de Sociología in the field of population sociology, while the Centre had participated actively in the Programa de Investigación Social on:

/population problems

population problems relevant to Latin American population policies. Both programmes had proved to be a powerful stimulus to interdisciplinary research.

621. Se stated that during the period in question, computer activities and those of the data bank had been expanded. Publication of the review Notas de Población had begun in 1973, while publication of the Boletín Demográfico had continued.

622. (ii) Second Latin American Meeting on Population (Mexico City, 3-7 March 1975). As a direct consequence of the preparatory activities for the World Population Conference, collaboration between ECLA and CELAD had rapidly grown closer and was really coming to be a joint effort, the most recent expression of which had been the preparation, organization and holding of the Second Latin American Meeting on Population.

623. The large number and high level of the delegations attending the Mexico meeting showed that the countries of the region endorsed ECLA's decision to place the subject of population among those which should receive priority attention both in the secretariat of the Commission and in the countries themselves. In the course of the discussions at the Meeting, participants had reiterated with insistence some of the principles considered as fundamental in the World Plan of Action on Population adopted in Bucharest, especially the principles that the formulation and application of population policies was the sovereign right of each nation and that economic and social change was the essential basis for finding an effective solution to population problems.

624. It was finally stated that the conclusions of the Second Latin American Meeting would be an important source of new activities to be undertaken, without forgetting the desirability of strengthening many activities already in progress in the fields of research, training and above all technical assistance.

625. (iii) Tenth Extraordinary Session of the Committee of the Whole of ECLA (Mexico City, 7 March 1975). The Tenth Extraordinary Session of the Committee of the Whole of the Commission was held at the same time as the Second Latin American Meeting on Population, with the sole purpose of considering the proposal put forward by the government representatives on the Governing Council of CELADE regarding the

/institutional reorganization

institutional reorganization of the Centre. The Committee of the Whole adopted a single resolution providing that CELADE, an autonomous organization under the aegis of ECLA, should be incorporated in the latter's system as a permanent institution with its own identity. In addition, the Committee of the Whole instructed the Executive Secretary to take a number of measures designed to put into practice some operational aspects of the resolution.

626. (iv) Regional Population Programme. With the submission of this document, the secretariat fulfilled several of the instructions given to it in resolution 345 (AC.68), which may be summarized as follows:

(a) inform the Commission that the Executive Secretary had made CELADE responsible for the implementation of ECLA's Population Programme; (b) submit for consideration the broad lines of action laid down in the Population Programme; (c) meet the responsibility entrusted to it concerning the possible institutional modalities of the machinery which governments wished to establish in order to organize a more regular, direct and effective action in the field of population and its relationship with economic and social development.

627. At the same time, as part of a mandate to that effect, the secretariat reported on the action taken and consultations held in order to obtain financial assistance for the 1976-1977 activities of the Latin American Regional Population Programme, whose implementation had been entrusted to CELADE.

628. The discussion which followed the presentation of the documents by the secretariat revealed that a consensus existed on the position adopted by the Latin American countries at the Second Latin American Meeting on Population regarding the urgent need to devote priority attention to the subject of population within the context of national economic and social development plans. It was accordingly deemed advisable to establish permanent machinery for facilitating the exchange of experience among countries and, at the same time, for conducting a

/periodic appraisal

periodic appraisal of the application of the World Population Plan of Action at the regional level and providing general guidelines for ECLA's activities in this field. However, several delegations felt that such a body should not be established immediately but that a longer waiting period was needed while further studies were carried out on the subject.

629. There was also an evident consensus on the need to provide the Executive Secretary with a consultative body on population matters to carry out the tasks referred to in the secretariat document on the Regional Population Programme.

630. With regard to the institutional form that the member governments' role in ECLA's population activities should take, several views were expressed, since the different demographic situations prevailing in the various countries made it necessary to devise machinery enabling them to tackle their own particular problems, since it was desirable for all the member governments of the Commission to participate in such an important field and, finally, since the Executive Secretary needed to be able to consult a flexible and efficient body on such matters.

631. The representative of CIME asked that due note be taken of his organization's offer to collaborate with ECLA and CELADE in their research into international migration, especially the exodus and return of skilled personnel.

632. Following a lengthy debate, there was agreement as to the desirability of adopting a uniform approach to institutional arrangements that could be applied to population activities as well as to industrialization and to science and technology.

(c) Science and technology

633. The secretariat reviewed the recommendations made by the Meeting on Science, Technology and Development (Mexico City, December 1974) and the recent ECLA studies aimed at defining criteria for technological development, and informed delegates that the meeting had advocated

/the introduction

the introduction of science and technology policies and recommended the establishment of an Intergovernmental Expert Committee on Science, Technology and Development.

634. Those proposals were supported by the representative of the United States, who also gave his support to the establishment of a committee made up of experts from all the member countries of ECLA. He suggested that ECLA collect information with a view to the introduction of new technology and the creation of increased domestic capacity to use national scientific and technical resources, as well as seek methods to assist the less developed social sectors and countries. For that, more resources were needed, which could perhaps be obtained from additional UNDP financing. He stated that his country was ready to co-operate in the collection of data and the co-ordination of programmes, and also in having transnational enterprises transfer certain types of research and specialized technology to Latin America in a spirit of co-operation and not of competition.

635. A Caribbean delegation pointed out that the less developed countries could not always absorb new technology because of the shortage of qualified personnel, due in part to the fact that financial resources were insufficient to provide enough training institutions and in part to the brain drain.

636. Another representative stated that the way the technological advances of the developed world were transferred to the developing countries merely increased the latter's dependence and made it indispensable, inter alia, to obtain guaranteed access to technology, to revise contracts on patents between developed and developing countries to train experts, and to carry out joint projects. He further stated that the developing countries should be compensated for the exodus of their qualified human resources, and proposed that a Latin American Committee for the Application of Science and Technology to Development be established.

/637. Another

637. Another delegate mentioned the lack of rapid means of communication, programming and action of regular Latin American forums. The Expert Committee could assist in the preparation of the Latin American position prior to the forthcoming World Conference on Science and Technology.

638. One representative expressed the fear that if such a new organization were established, it would be a move towards a proliferation of Committees which could transform ECLA into a mere secretariat of other secretariats.

639. After discussion of this item, a consensus was reached, as in the case of population, on the desirability of adopting a uniform approach to institutional arrangements.

(d) Industrialization

640. The secretariat's introduction of this item mentioned the activities for which the ECLA secretariat had been responsible in the industrial field, pointing out in particular the conclusions and recommendations of the Latin American Conference on Industrialization (Mexico City, 25-29 November 1974). Special stress was laid on the measures agreed at that Conference, which appear in the document entitled "Industrialization in Latin America: Principles and Plan of Action", in which governments reaffirmed the importance of the industrialization process as a means of promoting economic and social development; stated their desire to achieve a bigger share of world industrial production; stressed the need to readapt the machinery and modalities of international co-operation, and draw attention to the role of the international co-operation, and draw attention to the role of the international community and of the developing countries in particular in building the new international economic order. That document also mentioned that the Latin American governments were resolved to promote industrial development through concerted action at the national, sub-regional, regional, interregional and international levels and recognized the United Nations, its specialized agencies

/and the

and the regional economic commissions as the natural forums of discussion for governments wishing to negotiate agreements and commitments concerning the organization of the new industrial order.

641. The secretariat also noted that in order to implement the Plan of Action, the member countries of the Commission had adopted in Mexico a resolution on the establishment of an Industrial Co-operation Committee as a subsidiary body of ECLA, which was submitted for consideration at the present session. The basic functions of such a committee would be to increase industrial co-operation among the countries of the region and to promote the drafting of instruments and the broadening of the aims and goals of the Mexico Declaration.

642. The UNIDO representative confirmed his organization's full support - already expressed at the Latin American Conference on Industrialization for the establishment of such a committee and repeated UNIDO's determination unreservedly to co-operate with it in conjunction with ECLA. The decisions taken by the Lima Conference in its Declaration and Plan of Action offered new prospects in that connexion.

643. In addition to the promotion of co-operation among countries of the region, the Committee would naturally have an important role to play in connexion with the objective of reorganizing world industry and establishing a system of continuous consultation at the world, sectoral and regional levels, as decided by the Lima Conference.

644. The same representative also said that a resolution recently adopted by the Industrial Development Board would permit the review of the UNIDO programme of work and budget in the light of the implementation of the Lima decisions. He considered that it would be very desirable if the current session could open up similar prospects for ECLA's industrial activities.

645. In the course of the discussions, several delegations expressed their firm conviction that industrialization was essential for the economic and social development of Latin America and stressed the need to achieve higher growth rates than those recorded in the region in the early part of the decade. At the same time, they reiterated their

support for the establishment of the Industrial Co-operation Committee, pointing out that it was regarded as the ideal means of implementing the agreements adopted at the Mexico Conference.

646. Nevertheless, one delegation said that while aware of the importance of industrialization for the development of the Latin American countries, he had some reservations on the subject, since his country had not taken part in the drafting of the Mexico document and the membership of the proposed committee would include only member governments of the Latin American region.

(e) Population, science and technology and industrialization

647. Consultations were held on these three subjects so as to enable delegations to reach some kind of consensus whereby the institutional problems that had arisen in the Commission could be solved. Most of the delegations of the developing countries supported the establishment of committees made up only of representatives of Latin American countries, so as to simplify the discussion of their own problems and organize their position for subsequent joint consideration with the developed countries members of the Commission. On the other hand, the representatives of the industrialized countries stressed their legal right to participate in all the Commission's bodies.

648. Some delegations noted that the establishment of new permanent bodies should not be divorced from the study that was currently being carried out within the United Nations into the possible institutional reorganization of the system.

649. Resolutions 357 (XVI) on "ECLA action: institutional aspects" was finally adopted by the Commission by roll-call vote, the result of which was as follows: in favour: Argentina, Barbados, Bolivia, Brazil, Canada, Colombia, Costa Rica, Cuba, Chile, Ecuador, France, Grenada, Guatemala, Guyana, Haiti, Jamaica, Mexico, Nicaragua, Netherlands, Peru, United Kingdom, Trinidad and Tobago, Uruguay and Venezuela; against: United States. In explaining their votes, the representatives of Canada and the United States made the following statements:

/(a) Canada

(a) Canada: Before voting, Mr. Chairman, my delegation wishes to give an explanation of the reasons underlying the manner in which it intends to vote. Inspired as it is by a spirit of co-operation and a desire to reach an accommodation, my delegation intends to vote for this resolution. We deplore, however, the fact that a number of member States of ECLA - especially those not physically located in the region - have been excluded from participation in the Industrial Co-operation Committee, particularly as there are matters on which I feel that we could make a useful contribution. We consider that it would have been an advantage to know the views of the developed and developing countries on some questions. Furthermore, Mr. Chairman, there are some paragraphs in the resolution which call for the putting into practice of proposals on which Canada has already made known its views and reservations in other meetings, such as that held in Lima last month. We continue to hold these views. Having made this statement, however, we are willing to vote in favour of the resolution.

(b) United States: Mr. Chairman, I would like to explain the reasons for which my delegation is voting against this resolution. As many of the delegates know, the United States devoted considerable time throughout the week in an attempt to negotiate acceptable formulas on the issue of committees. Indeed we had reached agreements on two resolutions, namely population and science and technology, only to have those agreements disappear.

As the United States has made clear whenever the issue of Committee structure was discussed, our position is the following: the United States, as a member of ECLA, has the right to membership on any ECLA committee. There are some of which we might not choose to serve, but as a matter of principle we should not be excluded.

This resolution continues our exclusion from a body, the Committee of High-Level Government Experts, whose creation we opposed for that very reason. This resolution now assigns additional responsibilities, in important substantive fields, to that Committee. Furthermore, it not only deprives the United States of the possibility of participating, but also deprives the regional members of the vital contributions that the developed countries can make. As an example, I cite the many possibilities for joint planning, research, and collaboration in science and technology. It is hard to see how many of the purposes of the resolution can be achieved without participation of the developed countries in the body charged with implementing them. These important tasks are and should be the concern of all ECLA members working together, not merely of one group of members.

Nor do we see merit in converting what should be co-operative ventures into adversary procedures.

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The resolution also asks implementation of recommendations which the United States opposed in the Conference on Industrialization held in Mexico City last November, and at the UNIDO Conference held in Lima last month.

Furthermore in part because of the haste with which the resolution was drafted parts of it are far from clear; others seem to us impractical and not sufficiently thought through in their implications.

My own, and other delegations, have spent a great deal of time this week attempting to negotiate a satisfactory outcome on this issue. You, Mr. Chairman, played an active part. Obviously, there are significant differences between some of us. However, far greater than our difference is the common stake we have in the effective functioning of ECLA. I do not believe that the structural problems are so insurmountable that they cannot be resolved to mutual satisfaction. It was not possible to do so this week in the press of business of the biennial session. But I think they could be resolved, with adequate time for reflection and consideration of all possible alternatives.

One important aspect, though by no means the only one, would be the mechanisms ECLA uses to carry out its business - the structure of substantive bodies.

I very much hope, Mr. Chairman, that it will be possible to take a concerted look at these questions over the next year.

650. In explaining its vote, the United Kingdom delegation said it had supported the resolution because of the interim nature of the decision it took. The United Kingdom held as a principle that no group of countries in an organization might unreasonably exclude from participation in a dependent body other members of that organization. It accepted, however, that the Latin American countries as a whole and as sub-regional groups had to caucus - but this should not be institutionalized in a manner which could be interpreted as being contrary to the constitution of the organization concerned. The United Kingdom also submitted, in writing to the Executive Secretary, the following comments:

(a) Resolution on Transnational Corporations:

The United Kingdom would have abstained in the vote because, while it welcomes an information-gathering role for the proposed unit (as long as it is efficient), the unit should not have a surveillance function, which is the responsibility of the Commission.

(b) Latin American balance-of-payments problems:

The United Kingdom, while joining the consensus on this proposal, does not see itself being in a position to contribute to the Fund concerned.

(f) Latin American Institute for Economic and Social Planning (ILPES)

651. The following report of the Technical Committee of the Latin American Institute for Economic and Social Planning (ILPES), which held its first meeting during the current session, was submitted to the Commission for its consideration.

"The Technical Committee of the Latin American Institute for Economic and Social Planning (ILPES), provided for in resolution 340 (AC.66) of 25 January 1974, met in Port of Spain on 7 May 1975.

The Executive Secretary of the Economic Commission for Latin America (ECLA) invited delegates to propose names for the Bureau of the Committee. The delegates elected the following officers: Chairman: Nicolás Ardito Barletta (Panama); First Vice-Chairman: Pedro Aguayo (Ecuador); Second Vice-Chairman: José Melero (Argentina); Rapporteur: Alfredo Vargas (Venezuela).

The Chairman of the Committee presented the following documents for discussion: "Activities of the Latin American Institute for Economic and Social Planning during 1973-1974" (E/CEPAL/990) and "Future activities of the Latin American Institute for Economic and Social Planning" (E/CEPAL/1000). Mr. Luis Eduardo Rosas, Director of ILPES, then introduced the report on activities during 1973-1974 and the programme of work for 1975, and summarized the reports submitted to the sixteenth session of ECLA.

The representatives of almost all countries expressed their views on the statement by the Director of ILPES and the documents submitted to the meeting, stressing the activities in the field of development planning.

Representatives also referred to the future activities of ILPES and welcomed the inclusion of new items in its programme of work. In that connexion they attached particular importance to the envisaged studies on institutional and political aspects of the planning process, economic policy and planning, planning models and techniques, the tracing of poverty profiles and the analysis of social policies.

They also stressed the need to continue training activities, incorporating therein the analysis of the aspects which had emerged in recent years in the development process and of the experience acquired in various countries. In that connexion it was also proposed that the Basic Course should be re-established.

The members of the Technical Committee also stressed how appropriate it would be for ILPES to arrange exchanges of the national planning experience acquired by the competent ministries or offices. To that end it should strengthen its capacity to study such experience and set up machinery to make that experience available to countries. Among other things, representatives emphasized the need to draft studies prepare courses and provide technical assistance relating to the formulation of integrated plans, the application of models, and the improvement of the administrative capacity of the public sector, in order to promote the implementation of the plan.

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It was stated specifically that ILPES should concern itself with the problems of the Caribbean countries, including project preparation and evaluation and studies on rural planning forms and methods, and that it should take their particular characteristics into account. That task should be carried out in close co-operation with other bodies in the region, such as the University of the West Indies, CARICOM and the Caribbean Development Bank.

The representative of the United Nations Development Programme (UNDP) repeated the recommendation contained in resolution 340 (AC.66) concerning the need to broaden the Institute's sources of financing by urging the Governments of member countries to make voluntary contributions

The outcome of the meeting was that the Committee agreed to adopt with satisfaction the report and programme of work of ILPES and offered its active co-operation in ensuring the successful implementation of that programme.

The Committee decided to set up a Technical Subcommittee comprising representatives of the ministries or bodies responsible for planning in the following countries: Panama, Ecuador, Argentina, Venezuela, Mexico, Brazil and Trinidad and Tobago.

The Subcommittee will advise the ILPES Directorate, and will therefore meet frequently than the Technical Committee, to which it will submit its recommendations. It will also transmit the results of its discussions to the planning authorities of member countries.

"In order to implement that resolution it will be necessary to establish the instrumentalities and machinery for an annual meeting of the Technical Committee, which will be composed of Latin American ministers of planning or heads of planning offices or their high-level representatives. The purpose of the meeting will be the exchange of experience in this field, with a view to enriching and refining the common task of development and, at the appropriate time, strengthening the services provided to countries by ILPES. The first meeting of this Committee will be held in Panama City."

652. The Commission took note of the report and, after considering and paying tribute to the work done by ILPES and emphasizing the significance of the establishment of the Institute's Technical Committee, adopted resolution 351 (XVI) on the future activities of ILPES which appears in Part III of this report.

(g) ECLA procedures and mechanisms

653. The Commission took note of the importance attached by the international community to possible structural reforms in the United Nations system (see General Assembly resolution 3343 (XXIX)) and therefore considered it necessary to request the Executive Secretary, in consultation with such experts as he might deem appropriate, to carry out a study of the procedures and mechanisms of ECLA and to inform the

Committee of the Whole of ECLA within one year of the results obtained and formulate any recommendations which might be called for in order to improve the functioning of the secretariat.

654. Noting that the fundamental aspiration of the member Governments of the Commission was to promote economic progress through international co-operation, the Executive Secretary emphasized the importance which he attached to resolution 360 (XVI) "Study of ECLA procedures and mechanisms" just adopted by the Commission. That work could provide the secretariat with precise guidelines not only as regards its activities but also as regards the institutional framework within which they were carried out.

5. Regional structures and co-ordination with the activities of the United Nations Development Programme (UNDP)

655. The Commission examined the joint note by the secretariat of ECLA and UNDP entitled "Regional co-operation between the United Nations Development Programme and the Economic Commission for Latin America" (E/CEPAL/999). In introducing it, the secretariat referred to the close links it enjoyed with the Office of the Regional Director of UNDP for Latin America; those links had recently been strengthened when UNDP had appointed a Liaison Officer to ECLA and ILPES, based in Santiago, Chile. The Commission was informed about the various UNDP regional projects, in which the secretariat played an active part in both the technical and operational aspects and acted as a regional co-operation body on behalf of the United Nations specialized agencies responsible for the execution of such projects.

656. The secretariat emphasized that ILPES, which was the largest UNDP regional project in Latin America, was not just being guided by ECLA but had in fact been incorporated into the ECLA system as an autonomous body having its own identity, in accordance with a resolution adopted by the Committee of the Whole of the Commission at its eighth extraordinary session.

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657. The UNDP Regional Director for Latin America said that the Programme employed over 2,000 experts in Latin America and was carrying out a fairly wide range of regional and sub-regional projects in the field of economic and social development at the global and sectoral levels. ECLA was a centre of reflexion for the region and a source of ideas and policies aimed at promoting Latin American economic and social development and was responsible for appraising the International Development Strategy and implementing the programme of action on the establishment of the new international economic order. The UNDP was the operational and global agency responsible for defining technical co-operation policies and assisting the countries and sub-regional groups in their development efforts. At the regional level, the activities of the two organizations were therefore complementary, and the progressive integration of regional structures and projects with ECLA in order to ensure close liaison, such as had happened with ILPES, was therefore highly desirable.

658. In discussing this item, some delegations noted that when considering the rationalization of regional structures account should be taken of the debates in the Economic and Social Council and of those that would take place during the forthcoming special session of the General Assembly.

6. Programme of work, budget and order of priorities

659. The Commission then turned its attention to item 9 of the agenda: Programme of Work. The representative of the secretariat introduced the pertinent documents.^{21/}

660. The representative of a Caribbean country noted the efforts that had been made in recent years to help the economies of the smallest countries of the sub-region and observed that the programme of work and order of priorities for 1975-1977 were a fair reflection of the needs of many Caribbean countries, including his own.

^{21/} See "Programme of work and order of priorities, 1975-1977" (E/CEPAL/994); "Priorities, plan of work and institutional machinery of the Commission (Note by the secretariat)" (E/CEPAL/995), and the reference documents "Programme budget proposed for the biennium 1976-1977" (E/CEPAL/996) and "Medium-term plan for 1978-1979" (E/CEPAL/997).

661. A subject of particular interest to his country was that of transport and tourism. He welcomed the fact that the programme of work provided for action in the field of transport but was concerned that no reference was made to tourism, which he considered essential for the economy of his country and that of others in the sub-region. He expressed the hope that assistance in this field could also be included and suggested that ECLA could, for example, co-operate with the Tourism Centre of Barbados in the compilation of relevant statistics.

662. As regards natural resources, he requested that the Caribbean sub-region should be included in the project of assistance to governments in order to improve information and methodologies in respect of research into water, energy and mineral resources.

663. With regard to industrial development, he was glad to note the projects for specific activities in this field in the Caribbean but regretted that no allocation of resources was mentioned in the corresponding table.

664. He asked that agricultural development co-ordination programmes should take into account the problems arising from the lack of food processing technology and the lack of acceptance of domestically produced food products as a replacement for imports.

665. He also welcomed the fact that his country had been included in the project on the evaluation of environmental problems and noted that the Caribbean countries were seriously worried about the problem of pollution. He suggested that ECLA should collaborate closely with UNEP and other relevant United Nations agencies to carry out a study of pollution and other environmental problems affecting the Caribbean and its shoreline. This project should be given a high priority rating for the period 1975-1977.

666. Referring to the increase in resources of the ECLA Office in Port of Spain that had been agreed to at the fourteenth session and again at the fifteenth, he expressed the hope that in the light of the statement of the Prime Minister of Trinidad and Tobago at the opening session - the Office would be given the necessary personnel.

667. One delegation made some observations on the programmes, the budget, and the preparation of the documents discussed. It expressed its regret that no starting dates were given for projects, so that their real scope could not be judged, but expressed its appreciation of efforts to limit the increase in the expenditure of the organization. Continuing its reference to the budget it drew attention to some discrepancies in the figures mentioned in documents E/CEPAL/994 and E/CEPAL/996. It noted the increase in the item "Miscellaneous" in the section on Administration and Common Services and requested a clarification from the secretariat.

668. Finally, it referred to the delay in the distribution of the French texts of the documents and requested that its concern be transmitted to the appropriate quarter. It also regretted that in spite of the fact that French was a working language of the Commission, it had not been provided with translations of many documents drafted in other languages.

669. In the opinion of another delegation, there was need to intensify studies on population, science and technology and industrialization, which were of special interest, and it was requested that the necessary resources be set aside for them and that the support of countries and international organizations be sought in these fields.

670. One representative, after expressing his satisfaction at the quality of the documents submitted by the secretariat, expressed his concern that the multiplication of sectoral activities - which were often of a conjunctural nature - might prove prejudicial to the structural work which ECLA must carry through and which consisted in analysing global aspects of development - particularly in their social context - in order to give guidelines on growth and development for the whole of Latin America.

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671. The representative of a developed country congratulated the secretariat on the preparation of the documents, which were very clear and comprehensive, and suggested that, in order to avoid wasting time discussing them within the Committee, a small group should subsequently be set up for the purpose which should report back to the Committee. He also said that it would be advisable to reintroduce the previous form of presentation, which, unlike the present form, made a clear distinction of priorities. He had some reservations about the priorities assigned to activities, pointing out that on other occasions his delegation had objected to the services afforded to CECLA, which was not part of the United Nations system.

672. He said that some of the activities planned had his delegation's support but that many had budgetary implications, and he requested that economies be made in the less urgent projects because of the limited resources assigned to the Organization. One delegation was pleased that social development was gaining increasing importance in ECLA's activities because in its opinion this was decisive for a better knowledge of development problems and for seeking a balance among the various aspects involved. In that connexion, it expressed the desire that in the country studies to be carried out by ECLA on social aspects of development, its own country should be included for analyses along with Cuba and Mexico.

673. Another representative asked it to be placed on record that he considered that it was important for the ECLA studies being carried out at various levels in the countries to be co-ordinated with other bodies and with the central bodies of the United Nations system.

674. The secretariat representative, replying to some of the remarks made by delegations, said that he was aware of the limited resources available. The programme of work had been drawn up within a framework of budgetary restrictions. A few years previously, annual growth had amounted to 7 per cent, but for the biennium 1976-1977 it amounted to

only 1.7 per cent in real terms. Inflation should be taken into account, since it was actually higher than the figures on which the work was based. In order to avoid the impact of those factors, the approach to planning had been that of seeking improved yield through more efficient programme management. For example, an attempt had been made to concentrate action on the programmes of greatest importance to Latin America.

675. The concern expressed about the weakness of the ECLA Office in Port of Spain was shared by the secretariat, which was sure that the current session had made it possible to appreciate the situation better and to seek possible solutions.

676. As regards the discrepancies appearing in the budgetary tables, the secretariat stated that one of the cases referred to the request the Executive Secretary had made some eight months ago for programme implementation, and the other to the document recently revised by the Office of the Comptroller at Headquarters. Changes could also be introduced in accordance with decisions taken at the present session. As regards the completion dates of the research projects, more precise dates could not be given because there were often projects which were delayed for reasons unforeseeable at the time of their formulation. As far as the fear that the secretariat gave too much attention to sectoral projects, losing sight of the overall view, was concerned, it was pointed out that ECLA had always taken an overall view of development, and in its analyses of the economic situation had adopted an integrated approach. There was therefore a constant desire to maintain an overall view.

677. In respect of the environment the secretariat stated that it was working in close co-operation with UNEP.

678. As regards the determination of priorities, the secretariat stated that in future it would attempt to indicate those programmes to which the secretariat was giving special importance. In view of the limited resources, attention would have to be given to what had the highest priority.

/679. It

679. It was also stated that co-ordination with other national, regional and sub-regional organizations and those of the United Nations system received the continuous attention of the secretariat. A new aspect of the Programme of Work was the presentation of the regional offices. Previously they were shown separately, but now they had received instructions from Headquarters that their activities should appear as part of the programmes of the central office.

680. An official of the Division of Administration of the secretariat stated that ECLA had requested an increase of less than 3 per cent of its budget, which was achieved by limiting its personnel to the minimum, and pointed out that the variations resulted mainly from the changes in costs and salary scales.

681. One representative remarked that the current programme of work was an improvement on the document submitted to the previous session of the Commission in Quito and that it corresponded to Latin America's needs. It allowed the Executive Secretary some flexibility in establishing the order of priorities, and this was in keeping with the dynamics of international economic relations which required the possibility of taking rapid action.

682. The representative of the host country of the session said that the reference made by a previous speaker from a Caribbean country to the enlargement of the ECLA Office in Port of Spain was of crucial importance in view of the interest that existed in the sub-region's integration with Latin America and asked the secretariat to give the matter its close attention. This would be all the more to the point if the Commission adopted the resolution on the establishment of a development and co-ordination committee suggested by his country, since this would increase the pressure of work on the Port of Spain Office.

683. A representative from a non-Latin American country expressed his concern that less resources were being allocated to agriculture, forestry and fishing programmes which were an important factor in the economic development of Latin America. Although funds were short, he urged the secretariat to devote more resources to these activities.

/684. Another

684. Another representative drew attention to the importance of a field not mentioned in the programmes of work: namely price-indexing.

685. Finally, it was proposed that in future sessions the Commission should set up, as it used to in the past, a working group responsible for examining the programme of work and order of priorities for the coming two years.

686. With respect to this agenda item, the United States delegation submitted to the Chairman of the Commission the following communication which it requested should be reproduced in the report:

Mr. Chairman, we have had an opportunity to review the document 994, Programme of Work and Order of Priorities, 1975-1977. My delegation wishes to compliment the secretariat on the clarity and extent of the presentation. We recognize the tremendous amount of work that has gone into its preparation.

The United States Delegation would suggest the creation of a working group or other ad hoc body as has been done in past plenary sessions to review the programme of work and priorities. We feel that this would result in a more useful review of this material.

Time did not permit a detailed review of the substance of each activity in the Work Programme, but my delegation would like to comment on assignment of priorities, the financial implications of certain actions, some of which are under consideration here, as well as some specific substantive remarks, etc.

First, Mr. Chairman, with respect to the form and content, my delegation feels that it is important that the Work Programme be endowed with a system of easily recognizable priorities which, to our view, are presently lacking. We understand that such a system of priorities was included in this document in earlier years. We feel it should be restored. There is an attempt in the document to indicate priorities within the textual remarks but it is difficult quickly to identify these. We have noted also the remarks on priorities contained in Document 995 which was only made available to us here. These remarks are of interest to us but we find them difficult to key to the Work Programme priorities we believe should be more concisely indicated.

Further with regard to Priorities, Mr. Chairman, my delegation wishes to register its reservations with regard to the recommendations of the Work Programme made by the Committee of High-Level Government Experts, Part III, paragraph 132, of Document 983. My delegation has also made a reservation on these recommendations in Committee I.

/The Programme

The Programme of Work and Priorities still includes at least one item (Trade, Activity 4, page 101 of the Document 994) in which ECLA is providing services for CECLA. My Government has in this and other forums of the United Nations noted its objection to the practice of providing services for organizations not included in the United Nations family. We are pleased, in the present instance, to note that such services by ECLA's secretariat seem to have decreased since the last Plenary session.

Mr. Chairman, we note the meetings and new auxiliary agencies or institutional machinery proposed for the biennium 1975-1977 in Document 995, some of which are being discussed in this Committee. All of these proposals have some merit. Some are of priority importance and have the support of my Government. Nevertheless, Mr. Chairman, all of these proposals have very considerable financial implications for the budget and expenses of ECLA. In the face of the budget constraints being encountered by the United Nations, my delegation must urge that the added expenses involved in these proposals, if they materialize, be met within the existing level of resources by cutting expenses in lower priority areas and by other economies. We note that the United Nations budget organs cut the resources to be provided to ECLA below the Commission's request. The Commission must study its staffing and funding to determine where it can economize to offset the cost of new undertakings.

We commend ECLA for including the subject of environment in its discussions and support the activities outlined. It is important that these activities be co-ordinated with the United Nations Environment Programme (UNEP). There is no mention whatsoever of UNEP in this section of the Programme of Work nor any of its activities in Latin America. Some UNEP activities could be useful to ECLA in setting up a regional environmental programme. One of UNEP's main technical assistance activities is, for example, directed toward assisting countries in establishing national environmental policies and institutions. The United States delegation wishes to stress the need for co-ordination in the provision of assistance and the value to both UNEP and ECLA of sharing knowledge and expertise. Mention is made on page 93 on the preparation of an inventory of existing institutional and legal frameworks and the possible creation of an environmental document service. We understand that UNEP is in the progress of setting up a very extensive International Referral System (IRS) for sources of all types of environmental information. There are obvious great advantages to both ECLA and UNEP in establishing co-ordinated information exchange programmes. In addition, PAHO and UNDP are in the process of setting up a regional environmental information centre in Lima which will be equipped to receive, translate and distribute documents. Rather than go to the expense of establishing a duplicative system, ECLA may wish to tie into the UNDP/PAHO project.

/ECLA now

ECLA now has offices in Mexico City, Port of Spain, Bogotá, Río de Janeiro, Montevideo, Buenos Aires, and Washington. There is valuable information in Annex V (page 147) on the Staffing of these offices. In examining the work programme however, it is difficult to establish the need for each of these offices; their utility is not explained in the presentation. Justification for maintaining branch offices should be included in the programme of work and priorities.

Mr. Chairman, we are here because we are interested in the work of ECLA and we share the feelings of others that some new undertakings are warranted. However, in this committee we have urged many new undertakings, the total cost of which could be very considerable. We must recognize the total cost involved in undertaking the actions that may come out of this session and of the heroic efforts that will be required to so tailor the ECLA programme as to be able to meet the costs within current resource levels.

7. Place and date of next session

687. At its sixteenth session the Commission considered the invitation extended to it by the Government of Guatemala to hold the seventeenth session of ECLA in the capital of Guatemala. The Commission thanked the Government of Guatemala for its generous invitation and decided to hold its seventeenth session in Guatemala City at the time considered most suitable after consultation by the Executive Secretary of ECLA with the Secretary-General of the United Nations and the Guatemalan authorities (see resolution 361 (XVI)).

/Statement on

Statement on the financial implications of the resolutions
adopted by the Commission at its sixteenth session

Submitted in accordance with United Nations Financial
Regulation 13.1 and rule 26 of the
Rules of Procedure of ECLA

688. The resolutions listed below, which were adopted by the Commission at its sixteenth session, will have the following financial implications:

Resolution 358 (XVI). Establishment of a Caribbean Development and Co-operation Committee, which also involves strengthening the ECLA Office in Port of Spain:

	<u>Approx. cost per annum</u>
I. <u>Additional staff requirements</u>	
A. <u>Professional</u> (12 m/m each)	
1 Economic Affairs (Industry)	P-4
1 Economist (Trade Policy)	P-4
1 Statistician	P-2/3
1 Training and Co-ordination	P-2
B. <u>General Service</u> (12 m/m each)	
1. <u>Research assistants</u>	
(a) 1 with primarily mathematical background	L-6
(b) 1 with some training in sociology	L-6
2. <u>Secretarial</u>	
1 Administrative assistant	L-6
1 Stenographer/typist	L-4
1 Clerk/typist - statistical material	L-4

/II. Meetings

		<u>Approx. cost per annum</u>
II. <u>Meetings</u> (to be held in Port of Spain) \$/		
Travel of secretariat and conference staff (from Santiago)	\$4,500	
Temporary assistance	3,000	
Interpretation	5,000	
Translation	5,000	
Overtime	2,500	
General expenses: Documentation)		
Communications)	5,500	
Miscellaneous)	25,500	25,500
III. <u>Additional requirements</u> (per annum)		
Travel funds	5,000	
Consultants funds	5,000	10,000
	<u>Total</u>	<u>35,500</u>

Resolution 357 (XVI) ECLA Action: Institutional Aspects:

Part A: Latin American Regional Population Programme

In addition to the financial implications in resolution 345 (AC.68) approved by the Committee of the Whole, the following resources will also be required:

	<u>Per meeting in Santiago \$/</u>
Temporary assistance	\$ 3,000
Four interpreters for 10 days (English/Spanish)	4,000
Overtime	2,500
General Expenses: Documentation)	
Communication)	
Miscellaneous)	5,500
	<u>Total \$ 15,000</u>

/Part B:

Per meeting
in Santiago \$/

Part B: Industrialization

Temporary assistance	\$ 3,000
Four interpreters for 10 days (English/Spanish)	4,000
Overtime	2,500
General Expenses: Documentation)	
Communications)	5,500
Miscellaneous)	

Total: \$ 15,000

Part C: Science and technology

Temporary assistance	3,000
Four interpreters for 10 days (English/Spanish)	4,000
Overtime	2,500
General Expenses: Documentation)	
Communications)	5,500
Miscellaneous)	

Total \$ 15,000

Resolution 360 (XVI) Study of ECLA Procedures and Mechanisms

Consultants funds	\$ 10,000
Travel	5,000
Miscellaneous	3,000

\$ 18,000 \$ 18,000

/Meeting of

Meeting of the Committee of the Whole #/

Temporary assistance	3,000	
Four interpreters for 10 days (English/Spanish)	4,000	
Overtime	2,500	
General Expenses: Documentation)		
Communication)	5,500	
Miscellaneous)		
	<u>\$ 15,000</u>	\$ <u>15,000</u>
<u>Total:</u>		\$ 33,000

Resolution 356 (XVI) ECLA and International and Regional Co-operation

		<u>Per meeting in Santiago #/</u>
<u>Part A: Food and agriculture</u>		
Temporary Assistance		\$ 3,000
Four interpreters for 10 days (English/Spanish)		4,000
Overtime		2,500
General expenses: Documentation)		
Communication)		5,500
Miscellaneous)		
		<u>\$ 15,000</u>
<u>Part D: Economic integration</u>		
Temporary assistance		3,000
Four interpreters for 10 days (English/Spanish)		4,000
Overtime		2,500
General expenses: Documentation)		
Communication)		5,500
Miscellaneous)		
		<u>\$ 15,000</u>

/Part E:

	<u>Per meeting in Santiago \$/</u>
<u>Part E: Primary commodities</u>	
Temporary assistance	\$ 3,000
Four interpreters for 10 days (English/Spanish)	4,000
Overtime	2,500
General expenses: Documentation)	
Communication)	5,500
Miscellaneous)	
<u>Total:</u>	<u>\$ 15,000</u>

Resolution 348 (XVI) Immediate Balance-of-Payments Problems and
Possible Solutions to them

Meeting of a Group of Experts in Santiago \$/

Expert fees	\$ 10,000
Experts travel to Santiago and subsistence	7,000
Contingencies	3,000
	<u>\$ 20,000</u>

Convening a special meeting of the Committee of the
Whole in New York

Travel of Santiago substantive staff and experts to New York	\$ 6,000
Subsistence	3,000
	<u>\$ 9,000</u>

*/ Cost of travel of ECLA Members, Associate Members and Observers is not included and will be borne by their respective governments. In accordance with the United Nations General Assembly resolution, should the Committee meet elsewhere, the host country will be responsible for the difference in cost, i.e., travel and subsistence of United Nations secretariat, including linguistic staff, etc.

PART III

RESOLUTIONS ADOPTED BY THE COMMISSION AT ITS
SIXTEENTH SESSION

689. At its sixteenth session, the Commission adopted the following resolutions:

- 347 (XVI) Second Appraisal of the International Development Strategy. The Chaguaramas Appraisal.
- 348 (XVI) Immediate balance-of-payments problems and possible solutions to them.
- 349 (XVI) Transnational corporations.
- 350 (XVI) Activities of the United Nations University in respect of the application of science and technology to development.
- 351 (XVI) Future activities of the Latin American Institute for Economic and Social Planning.
- 352 (XVI) Organization of producers' associations.
- 353 (XVI) Monetary instability and inflation.
- 354 (XVI) Technical co-operation among developing countries.
- 355 (XVI) Programme of work and order of priorities, 1975-1977.
- 356 (XVI) ECLA and international and regional co-operation.
- 357 (XVI) ECLA action: institutional aspects.
- 358 (XVI) Establishment of a Caribbean Development and Co-operation Committee.
- 359 (XVI) Restrictions on the importation of Latin American products.
- 360 (XVI) Study of ECLA procedures and mechanisms.
- 361 (XVI) Place and date of next session.

347 (XVI) SECOND APPRAISAL OF THE INTERNATIONAL
DEVELOPMENT STRATEGY

The Economic Commission for Latin America,

In pursuance of General Assembly resolution 2626 (XXV), which provides for regional appraisals within the United Nations of the progress made in the implementation of the International Development Strategy;

Considering that the Commission should make an appraisal of the implementation of the International Development Strategy in the first half of the present decade at the current session;

Having examined the document entitled "Latin American development and the international economic situation. Second regional appraisal of the International Development Strategy" (E/CEPAL/981), prepared by the secretariat, which contains an analysis and critical comments designed to facilitate that appraisal;

Having examined the report of the second meeting of the Committee of High-Level Government Experts (E/CEPAL/983) convened by the secretariat in compliance with resolution 310 (XIV) of the Commission;

1. Notes with appreciation the secretariat's contribution to the second regional appraisal of the International Development Strategy for the Second United Nations Development Decade embodied in document E/CEPAL/981;

2. Approves the Chaguaramas Appraisal as the second regional appraisal of the International Development Strategy for the Second United Nations Development Decade;

3. Decides that these two documents, together with the report of the proceedings of the sixteenth session of ECLA containing the reservations and observations pertaining thereto, should be transmitted to the Committee for Development Planning and to the Economic and Social Council.

190th meeting
12 May 1975

/CHAGUARAMAS APPRAISAL

C H A G U A R A M A S A P P R A I S A L

SECOND REGIONAL APPRAISAL OF THE INTERNATIONAL
DEVELOPMENT STRATEGY AND ESTABLISHMENT OF A
NEW INTERNATIONAL ECONOMIC ORDER

I

THE APPRAISAL OF DEVELOPMENT IN LATIN AMERICA
AND THE INTERNATIONAL SITUATION

A. Integrated development: concept
and reality

1. The International Development Strategy (IDS) and the Quito Appraisal ^{1/} stress the need to introduce a new unified approach to development, designed to promote both accelerated economic growth and a fairer social order, and to take appropriate action. In this connexion, it would be well to recall paragraphs 1 to 6 of the Quito Appraisal:

1. A central preoccupation in the review and appraisal of the International Development Strategy should be the concept of integrated development and the differences existing between the phenomenon of economic growth and actual development.

2. Integrated development cannot be achieved through partial efforts in particular sectors of the economy or the social system, but only through concerted progress in all aspects. It is exceedingly difficult to make an appraisal of the development process thus defined, since it is not sufficient to refer to one or more indicators, but it is necessary to observe to what extent concerted progress in all sectors is helping to promote a new type of society oriented towards rapid human development.

3. The growth of economic variables has frequently failed to bring with it qualitative changes of equal importance in human well-being and social justice. This is shown by the continued existence of serious problems such as mass poverty, the incapacity of the system of production to provide employment for the growing labour force, and the lack of economic and

^{1/} Text approved at the fifteenth session of ECLA. (Quito, Ecuador, April 1973) on the basis of the report of the first meeting of the Committee of High-Level Government Experts (E/CN.12/AC.65/3) held in Santiago, Chile, in February 1973.

social participation of broad strata of the population. Clearly, however, these qualitative changes are more difficult to achieve when the economic variables do not grow at satisfactory rates. In line with this approach, achievement of the quantitative targets of the Strategy should constitute the complement necessary to achieve human development, which is the ultimate aim of the process.

4. The traditional structures, inasmuch as they put obstacles in the way of change, hinder social progress and economic development. Accordingly, even more strenuous efforts must be made to effect the qualitative and structural changes mentioned in the IDS, which are indispensable to establish the bases that will permit the achievement of the social and economic objectives of the Strategy. Failure to stress the vital importance of this aspect of development and to put these qualitative and structural changes into practice largely explains the unsatisfactory results achieved by many Latin American countries.

5. These structural changes, which are an essential condition for any integrated process of development, especially one set out in the broad human and social terms in which the IDS states this objective, include: the control and sovereign utilization of natural resources; the reform of land tenure systems as required in order to promote both social justice and agricultural efficiency; the establishment of such forms of public or mixed ownership of property as each country may consider appropriate in those activities which, in its view, require such measures in order to promote self-sustaining independent economic development; and any other type of substantive reform needed to secure that objective.

6. At the same time, accelerated, harmonious and independent growth is essential to the success of these qualitative and structural changes, and consequently, of the objectives of the Strategy, since accelerated growth of the economy as a whole makes it easier to obtain the resources necessary for the investment required for human development.

2. The present international political and economic situation and the urgent need for changes in production structures, social relationships and levels of well-being in the Latin American countries have shown both the aptness of this concept and the complexity of the Governments' task of translating it into action. Although the economy of Latin America as a whole has grown fairly rapidly, this growth has been due to certain precarious trends in the international economy, particularly in raw material prices, rather than to the fulfilment of commitments under the IDS. The more serious social problems persist, as a result of, among other factors, inadequate socio-economic structures. Notable in this respect are the insufficient opportunities of productive employment in the modern sector, the large segments of population living in conditions of abject poverty, the unequal distribution of income and unequal opportunities of social, economic and political participation, and

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the increasing prevalence of patterns of consumption which mainly benefit urban minorities but conflict with - and hinder - the most urgent objectives, namely, investment and the improvement of the well-being of the broad masses.

3. The starting point of the present review is the IDS, but it also takes account of the conceptual terms, targets and proposals adopted by the United Nations system in the Declaration and Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States (which originated in the continent), and the basic conclusions of the United Nations conference on population and food. In this connexion, when mention is made of the IDS in this document, reference is also intended to a series of decisions which the United Nations has brought to the fore in its plan of action in this field. This report, and in particular the chapters which follow, constitutes the contribution of the Committee of High-Level Government Experts to the definition of a set of specific lines of action which in fact constitute new rules for a new international economic order. As a result, the analysis contained in this chapter and the action guidelines given in the following chapter should be viewed in this practical context so that the Seventh Special Session of the General Assembly does not get bogged down in proposals of a general nature which have already been thoroughly dealt with from the point of view of form.

4. Considered in terms of the attainment of objectives capable of satisfying legitimately created expectations and of the fulfilment of the responsibilities assumed by the developed countries under the IDS, the mid-term results of the Second Development Decade are deeply disappointing. A factual analysis of the situation that has arisen in the context of international co-operation for development cannot but kindle serious doubts as to its real effectiveness.

5. The unified approach to development involves - on the part of both governments and international agencies - a constant effort to visualize the entire process as a single undertaking rather than adopt piecemeal and partial approaches in the field of development policy and plans and in the actual development appraisal studies. It must be recognized, however, that since the beginning of the Second Development Decade, not enough progress has been made either in the formulation and use of methodologies for government planning and organization that conform to this approach and correspond to the situations prevailing in the various countries, or in the collection and interpretation of the information required for a properly integrated appraisal. More important still, the present international situation has intensified the challenges faced by the Latin American governments and has made it more difficult but also more urgent for them to reconcile their policies to the unified approach to development or to allocate resources on the basis of long-term strategies. As a result of the economic situation the countries have had to use a considerable part of their economic

/potential for

potential for the immediate solution of such pressing problems as the short supply of imported products, surpluses of exportable products which do not find a suitable market, and financial disequilibria of various kinds, particularly inflation.

6. These circumstances have put pressure on governments, which have had to adopt - in the majority of cases - improvised emergency measures that detract from the unity and consistency of government administration in order to cope with pressing problems. The long term holds so many elements of uncertainty that it affords no basis for strategic criteria that might counteract the tendency towards improvisation and fragmentation of policies.

7. At the same time, the efforts so often advocated by governments to decentralize decisions, redistribute income and grant full participation to broader sectors of the population are today hampered by the need to concentrate such measures so as to be able to control an unstable situation which discourages production, foments speculation and generates excessive demands from the middle and upper social classes which try to maintain and improve their position.

8. The most dynamic opportunities for economic growth in the medium term seem to be linked with the acceptance of a new international division of labour under the aegis of transnational corporations: a trend involving obvious danger to countries which would like to evolve more independent and integrated styles of development. It is therefore advisable for the countries to strengthen the other sectors of their economies and to supervise the activities of these corporations in such a way as to keep them in line with their own economic and social policy objectives. Any attempt to control or gain some advantage from this trend and to establish a new international economic order calls for great unity of action on the part of the countries.

9. The recent trends of economic growth and social change have in many ways accentuated the differences that exist between countries and even within their respective territories, although due recognition must be given to the regional development efforts being made in the countries. Such trends have placed Latin America in a special situation within the other groups of developing countries, since in some respects the region has attained levels equal to those of the developed countries, while in others the prevailing conditions are those of the most underdeveloped nations. This situation could be described in a word as "semi-development". In the last few years the trends towards concentrated urbanization and modernization of patterns of consumption, explosive growth of secondary and higher education, industrialization based on the production of consumer goods, and the increased relative importance of the urban employment strata in the medium- and high-income groups have given rise to new situations whose characteristics are predominantly unfavourable

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- although by no means completely negative considering the governments' capacity to promote more integrated development styles that are more compatible with the total satisfaction of the material and cultural needs of the broad masses under conditions of equality, human dignity and national autonomy.

10. The prevailing style of development involving structural heterogeneity has permitted significant improvements in some aspects of the living conditions, particularly as regards access to education and other social services, which are also important factors in the new situation; at the same time, however, the unequal distribution of income has been accentuated, levels of consumption of such basic items as food and housing have not improved noticeably and the capacity of the economies to offer productive, well-paid employment is as inadequate as before. Inflation and other repercussions of the international situation are sharpening tensions which are inevitable in a style of development whose benefits are so unequally distributed.

11. In spite of the professed aims and of the greater material capacity to eliminate poverty which should be implicit in the favourable economic growth rates of several countries - it is therefore not surprising that the rate of progress towards the attainment of social development goals is extremely slow. It is now more important than ever that the governments of Latin America should not out of excessive optimism regarding the spontaneous results of accelerated economic growth or out of pessimism regarding the possibility of looking into the future and influencing the processes of social change in such a complex and changing situation lose sight of the fact that, in order to achieve equitable and integrated development, greater efforts are needed together with a thorough, realistic knowledge and appreciation of what is happening.

B. Human development and social change

12. Available information does not permit a complete up-to-date analysis of social change in Latin America from the start of the present decade. It is clear, however, that unequal quantitative growth in several areas is generating important qualitative changes in social structures and standards of living and that new problems have arisen which require solving.

13. As regards the population itself, the traditionally high fertility rate in Latin America dropped significantly in some countries and slightly in many others, while in most cases the mortality rate continued to decline. It is therefore inevitable that the proportion of young people of dependent age and the population growth rate will remain high in the 1970s, with the likelihood of a slight drop towards the end of the decade which will gain momentum in subsequent years. Consequently, the pressure of population growth on employment, education, health services, food supply, housing, etc., will continue to be intensive.

/14. The

14. The rapid increase in population has produced some changes in spatial distribution, without essentially altering its marked unevenness. The most densely populated areas have grown in size and have merged to form continuous strips instead of "islands", whereas the virtually uninhabited territories have shrunk. There are, however, still extensive uninhabited or sparsely populated areas in South America. In 1970, half the territory of the continent was occupied by less than a twentieth of the population. The objective, therefore, is to bring about an adjustment between space and population which will ensure the full and well-balanced utilization of resources in the region.

15. The concentration of the population in urban areas has continued with no great change. During the present decade the population of the cities is expected to grow by 75 million, of which 40 million will be absorbed by cities that will have over one million inhabitants in 1980. Urban concentration has created many familiar problems, such as crowding, environmental pollution, distortions in the labour market, etc., but so far the cities have been able to continue functioning without such serious crises as have so often been predicted. The question is how much longer they can continue to do so with a steadily growing population.

16. An increasingly important factor is urban sprawl, the waste of fertile land and the enormous expenditure on roads and other kinds of infrastructure due to the predominance of the motor car and the residential and consumption aspirations of the strata with higher purchasing power. The energy crisis and the increases in the cost of fuels are a further test of the cities' ability to act in the interests of the inhabitants' well-being, and call for urban planning that is more efficient and more in line with the needs of the broad masses.

17. Since the early 1960s, international migration has acquired renewed importance in Latin America. It has changed completely in nature from that which took place in the past, and these changes stem from certain characteristics of the prevailing style of development. First, Latin America is now a region of net emigration. Secondly, migration between countries of the region, which was on a small scale before, is reaching considerable proportions, particularly between adjacent countries. Emigration to other regions, or (to a lesser extent) from the poorer to the more developed nations of Latin America, consists largely of professionals, technicians and skilled workers who are undoubtedly needed in their own countries, although in many cases national development processes fail to offer them opportunities commensurate with their skills. Migration between adjacent countries - which accounts for the largest flow in numerical terms - is primarily composed of unskilled workers from the rural areas endeavouring the escape from extreme poverty and underemployment. It is therefore an international version of the internal rural-urban migratory flows.

/18. The

18. The world situation and increasing unemployment experienced by the rich and developing countries alike suggest that the pressures behind migration will increase, while the countries' readiness to receive immigrants may decrease abruptly. All this makes it imperative to undertake studies that will contribute to a better understanding of the migration phenomenon and to the application of consistent national and international policies reconciling the human rights of migrants with the countries' own interest.

19. The social stratification of Latin America has undergone significant changes during the past decade and the early 1970s. A comparative analysis of the different dimensions of these changes, based on indicators, reveals the presence of major disequilibria and suggests that they may create social tensions liable to distort the development processes. Accordingly, such changes must be taken into account in the development strategies. In this respect, the expansion of secondary and higher education, which provides access to an upward social and occupational mobility, has been more pronounced than the growth of the middle and high occupational sectors, and this in turn has been much greater than the enlargement of the high-income strata.

20. The expansion of secondary and higher education responds in part to real development needs and to the legitimate aspirations of youth. However, it has not been oriented within an appropriate social development policy, nor has it corresponded to the real demands of the labour market. The result is an excessive output of university graduates in the traditional professions and in some new branches, and of persons possessing general knowledge but lacking technical training. Moreover, the pressure of the number of pupils and students has caused the quality of education to decline. Several urban non-manual fields of employment, particularly in the public sector, have expanded to absorb these graduates, but this has had an unfavourable effect on the production of goods and on priority social services.

21. The Guito Appraisal states that "the objective of income redistribution, in the form set out by the Strategy remains unfulfilled in most countries of the region". This statement can be repeated without reservations, now that fuller and more reliable information is available. Available data indicate that in some countries distribution has become concentrated above all in the top 5 per cent, while there has been a decline in the relative share of nearly all the lower income strata. In others, the share of the middle/high strata has grown more rapidly in relative terms, which points to a certain enlargement of the groups benefiting from economic growth. In both cases, the share of the lowest strata has decreased, so that the gaps between the extremes in the distribution scale have widened. Although the economic growth of most countries in the past decade has been sufficient to permit absolute increases

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in the monetary income of nearly all the strata, such increases have been small in the middle-low strata while among the lowest 20 per cent there seems to have been no change.

22. Therefore, the extreme poverty which involves physical privation has remained at fairly high levels, although the percentage of the population in this situation in Latin America is smaller than in other regions. The main source of extreme poverty is still found in the countryside which is still characterized by the dual latifundia-minifundia structure. In spite of the variety of economic and social changes which have taken place in the rural sector over the past few years - such as the capitalistic modernization of agriculture which is making great strides in some areas, exploitation through commercial intermediaries which is taking on new forms in others and agrarian reforms geared to co-operativism which predominate in yet other areas - there is one element which seems to be almost universal: the increasing exclusion of the weaker sectors of the rural population (landless peasants, small-holders) from access to productive or income-generating activities. Part of the resulting poverty is transferred to the cities or to land settlement areas, but perhaps the poorest groups are less inclined to migrate than other sectors of the rural population, owing to their more acute lack of education and skills. Possibly such poverty never even comes to the attention of the rest of society, since these groups exert no pressures.

23. In any case, it may be affirmed that the largest and most dynamic national societies, together with the predominantly urban societies of Latin America, now possess a greater material capacity than in the past to eradicate extreme physical privation and to offer sufficient food and housing to all inhabitants to satisfy basic requirements in terms of hygiene, minimum universal education and health services, and improvement in productive capacity.

24. If such efforts are feeble and sporadic, despite the priority which everybody attributes to this objective, the reasons must in part be sought in inadequate socio-economic structures; in the shortcoming of employment as a means of redistributing income; in the insufficient administrative and planning capacity to extend services to areas where they are most needed, and in the heavier pressure on resources exerted by the "relative poverty" resulting from the gap between the purchasing power and the consumption aspirations of all the other strata of society in each country. It is being increasingly recognized that the reorientation of public services and consumption along such lines as will permit the elimination of extreme poverty, and the securing of a minimum consensus in society in support of this reorientation, are among the most urgent and difficult tasks facing governments.

25. The latest studies on the employment problem indicate that the most urgent issue in most countries has not been overt unemployment or underemployment in terms of abnormally short period of work but full-time employment with very low or fluctuating remuneration, resulting partly from low productivity and partly from the almost negligible bargaining power of a large segment of the economically active population.

26. Open unemployment still exists on a fairly large scale in the urban areas of several countries, but it often affects young people and women rather than the male heads of families. The problem of the incorporation of youth and the participation of women in the labour market will probably become more acute in the immediate future, and this represents a serious challenge to the prevailing style of development. There is also a grave danger that the international situation and the stagnant demand for several export commodities may lead to a significant increase in urban and rural unemployment.

27. The changes in the various components of the standard of living of the broad masses in Latin America have been uneven in recent years. Progress in education has reached nearly all the social groups, in spite of the highly unequal distribution of education services, the extremely high proportion of resources absorbed by higher and secondary education, and the low quality of education offered to the mass of the population, particularly in rural areas, as the high illiteracy and drop-out rates show.

28. Health services have also expanded considerably in nearly all the countries, as is borne out by the general reduction in infant mortality and the increase in life expectancy at birth. On the other hand, it is probable that the basic consumption of the broad masses has not improved, despite a certain diversification associated with urbanization and modernization, and that the consumption levels of some of the poorest groups have deteriorated.

29. There are still shortages in the supply of foodstuffs, especially in some small, predominantly rural countries, and even in countries where the total supply is sufficient it is clear that the poorest strata do not obtain adequate nourishment. The deficient nutrition of children under five years of age is the most serious and moving facet of this problem, in view of its long-term repercussions on the quality of the population and the special difficulties involved in supplying adequate food in sufficient quantities where it is most needed. Improvements in the supply of food for low-income families are as indispensable as they are inadequate, since malnutrition in very young children caused by a lack of protein and calories can be attributed partly to family food distribution habits whose roots are of a cultural nature. Hence, WHO and PAHO experts have stressed the need to deal with the whole environment of children, which is an inescapable but difficult goal to achieve in areas of extreme poverty.

30. The chronic shortage of housing which goes with rural poverty has been neither remedied nor greatly accentuated. The principal change in cities and small towns is a marked improvement in the housing infrastructure (electricity, drinking water and sewerage), although a great deal remains to be done in this field. In the larger and more rapidly growing urban centres, the shortage of housing for the low-income sectors is still increasing, as is the application of unsatisfactory solutions in the form of peripheral settlements or shanty-towns. The conventional machinery for organizing the construction of dwellings has continued to respond to the demand from the high- and middle-income urban strata. The current unit costs established by inefficient but highly profitable building industries set more restrictive limits than were foreseen on the expansion of demand, despite public subsidies and generous terms of payment.

C. Economic growth and the international situation

31. There are marked differences in the economic trends of the countries of Latin America during the first four years of the Second Development Decade and in their future economic prospects. This is the outcome of the different characteristics of the various national economies, the different strategies and policies which have been adopted and the varied nature and magnitude of the effects and repercussions of the crisis in the world economic system and of the prevailing international situation. Naturally, trends of a general nature are discernible within this distinctly heterogeneous setting, and the analysis and evaluation may therefore refer to the economic and social indicators of Latin America as a whole. However, a more detailed appraisal involves identifying individual situations which, for simplicity's sake, may be associated with various groups of countries.

32. Generally speaking, the economic growth rate tended to increase the fairly rapid expansion achieved may be appreciated from the fact that the annual average growth rate of the domestic product was around 7 per cent in Latin America as a whole. It should be observed, however, that not all the countries shared in this improvement and that, in most cases, expansion was irregular and unsatisfactory, lower in quantitative terms than the minimum targets laid down in the International Development Strategy and obviously too low to make any significant contribution to the favourable evolution of the economic and social conditions of the broad masses of the population.

33. A small group of countries, including the largest countries economically and demographically speaking, showed a considerable capacity to expand and adapt themselves so as to make the most of the changing state of world demand. Thanks to their endowment of resources and the increase in the price of their exports, they achieved - albeit at different speeds - intensive investment and

/substantial economic

substantial economic and technological change. These countries are thus in a better position than others to cope with the adverse effects of the international economic situation and to remedy their balance-of-payments deficits thanks to their easier access to sources of external finance, although this will mean a large increase in their foreign debt and, very probably, a reduction in their growth rates.

34. The petroleum exporting countries benefited very quickly from the large increase in their external resources. As a result, they are now able both to give a strong impetus to their own development and to undertake vast external investment programmes. Their growth prospects for the next few years are thus very good.

35. Excluding the seven or eight Latin American countries which find themselves in these circumstances, the great majority of the remaining countries have maintained the same slow economic growth rate of earlier years and find themselves up against very serious and immediate balance-of-payments problems and the prospect of seeing their economic growth rates of production levels drop still further, thereby aggravating their unemployment problems.

36. If an evaluation is made of the relatively more favourable trends which may be observed in Latin America as a whole by taking an average of the above-mentioned situations, and if consideration is given, on the one hand to the fact that these trends were recorded over a short part of a much longer period during which the industrialized countries experienced exceptional economic and technological growth and, on the other, to the nature of the phase through which Latin American economic development is passing and to the region's high demographic growth rate, it must be concluded that, in international terms, the relative position of Latin America has continued to deteriorate. These growth rates have to be significantly higher than those of the more advanced countries if they are to close the large gaps that exist and if the developing countries - the Latin American countries in particular - are to achieve the human development targets and objectives advocated in the IDS. This should be a basic consideration in the strategies and specific measures that are proposed for reorganizing the world economic system. If the economic growth rate of the most advanced countries drops - as official projections indicate - the developing countries cannot allow their own to follow suit. On the contrary, they will have to maintain high growth if they are to attain the aforementioned objectives.

37. Inflation has once again accelerated and has spread to nearly all of Latin America, even reaching countries which have traditionally been fairly stable in this respect. In addition to the usual inflationary pressures in Latin America, the increase in the price of imports has had an immediate effect. Domestic trends were also

/affected by

affected by the increase in export prices, especially in countries where major branches of production are subject to simultaneous internal and external demand. There are numerous differences from country to country as regards both the intensity of inflation and the extent to which the various factors involved contribute to the process. Some countries suffer from the high price of imports without benefiting from any significant increase in the prices of their exports. In others, the two factors have operated simultaneously and have had a more favourable effect on economic growth, but have also created a more complex picture from the standpoint of inflation. Lastly, the oil exporting countries are facing the problem of absorbing foreign exchange earnings into domestic investment for development and of channelling them into external investment, under a comprehensive financial policy designed to minimize the inflationary impact on domestic prices.

38. The growth of agricultural production has been slow and irregular, does not satisfy the needs of the population of Latin America and does not correspond to its productive potential. It is true that, in 1972, adverse weather conditions caused a considerable reduction in certain crops, which coincided with a similar situation throughout the world. It is, however, equally true that, despite the significant recovery of the last two years, the annual average growth rate for Latin America as a whole was only 3.6 per cent, less than the minimum target of 4 per cent laid down by the IDS. Only six countries achieved rates higher than this target, and in most other cases the growth rate was very low and often equal to or less than that of the population.

39. The more dynamic trend of agricultural production over the last two years has revealed some features of special interest. The agricultural sector has demonstrated great resourcefulness and flexibility in taking advantage of favourable situations in external markets, by incorporating new land, diversifying crops and increasing productivity through the rotation of short life-cycle crops, having grasped the importance of demand and rising prices as factors that provide an immediate incentive to production. The process seems mainly to have affected external demand products, and to have had less impact on traditional crops for the domestic market. Since, in addition, managed or modern agriculture has advanced, the technological and economic gaps in productivity and income distribution among the various sections of the agrarian economy have widened.

40. Progress achieved in agricultural efficiency and productivity can be traced back to the dissemination of technological advances which resulted in the increased use of fertilizers, pesticides, fuels and other essential products. The adverse trend being experienced in international prices for agricultural products - simultaneously with the steady rise in input costs - will lead to a drop in profits and a cut-back in the use of technical inputs, the result of which could be a fall in productivity.

/41. Industrial

41. Industrial production has been an important interdependent factor in determining the scope and characteristics of the Latin American economic process. The pattern of its development is similar to that already examined in connexion with the global product. Figures for Latin America as a whole show a marked increase in the growth rate which varies greatly from country to country. Only four of them succeeded in reaching and exceeding - by a wide margin - the minimum IDS target of 8 per cent. The annual industrial growth rate of the remainder was approximately 6.5 per cent, which is low when compared with what is expected of this sector in the development process. In addition, it is also worthwhile pointing out that growth was much lower in the relatively less developed countries.

42. At the Latin American Conference on Industrialization held by ECLA in Mexico in November 1974, the governments defined a regional position with a view to the Second General Conference of UNIDO (Lima, March 1975) and drew up a plan of action on policies and measures which should be adopted at the national, regional and international level in order to give an impetus to progress and industrial expansion in the developing countries. In doing so, the governments took into account the responsibilities incumbent on the developed countries under the provisions of the IDS and the resolutions of the Sixth Special Session of the General Assembly of the United Nations on the establishment of a new international economic order. The intention is to boost Latin American development in keeping with the integrated approach advocated by the IDS, and create the machinery for an international organization which would facilitate, at the world level, the expansion and redistribution of industrial production in favour of the peripheral countries.

43. Energy consumption has been increasing at fairly high rates in Latin America as a result of the process of change and modernization which has been taking place to a differing degree in the various countries. The rise in the cost of hydrocarbons brings to the fore the urgent need to formulate a long-range energy policy, and growing concern in this respect may be observed, in the Latin American countries. The majority have pressed ahead with studies of their water resources and, in some cases, have put large-scale hydroelectric projects into operation.

44. The replacement of petroleum products by coal or natural gas in power stations already in operation is also being studied; this reaffirms the desirability of the policy followed in many Latin American countries of replacing petroleum consumption on a large scale by making more use of water resources and other sources of energy. It is increasingly recognized that, if this aim is to be achieved, domestic prices will have to be higher than in the past.

45. During the 1970s, the fairly large-scale utilization of two new sources of energy was introduced in Latin America: geothermal

/and nuclear

and nuclear energy. It should be pointed out that, with the new oil prices, much smaller nuclear production units become economically viable, thus allowing a wider dissemination of this source of energy.

46. The oil-producing countries of Latin America are also giving some thought to long-range plans. It is considered that further development of their hydroelectric power and other sources of energy will enable them to conserve their resources or to expand domestic production in the petrochemical and other branches of industry that have a great potential for the national economy.

47. The increase in export earnings experienced over the past three years by the countries of Latin America made a direct contribution to the improvement of the region's economic growth rate. The rise in the prices of primary commodities was largely responsible for this increase, although to a varying degree, as well as the considerable boom in industrial exports in some countries. Together with the availability of external financing, this facilitated a substantial increase in imports as a result of the higher levels of production and income and of a more liberal policy in this field. Thus, the Latin American economic process - as far as its links with external variables are concerned - tended to reflect a more outward-directed model which, to a certain extent, was close to that postulated by the IDS.

48. However, it should be pointed out that the factors which brought about an improvement in the development of the Latin American external sector and its positive impact on the rate of growth did not originate in the adoption of the policies and measures embodied in the IDS, which are the responsibility of the industrial countries. Except in the case of oil, this improvement was the result of circumstantial or transient factors; so much so that, as the adverse trend of the economic situation causes some of these factors to disappear and others to be modified, the need to implement such fundamental decisions is keenly felt, and the absence of such action poses a serious threat to the future rate of economic growth.

49. The fact is that - looked at in terms of volume - the exports of the Latin American countries as a whole will not reach the minimum target set in the IDS. On the other hand, the target is exceeded by a wide margin if the comparison is based on current monetary income or on the overall external purchasing power of such income. The volume of exports of primary products, excluding oil, increased at a relatively slow average annual rate of 4.6 per cent over the period 1970-1974. It was the international prices of these exports which increased in value from 1972 onwards, although there were marked differences between the various products. This trend, which continued up to the first half of 1974, led to a change in or compensation for the deterioration in real prices compared with their previous levels.

50. It is important to identify the factors which determine the increase in the prices of primary products in order to appreciate the transient or cyclical nature of this trend in the majority of cases. They included: poor harvests on a world-wide scale, and the consequent depletion of stocks of agricultural products; high demand in the industrial countries as a result of the rapid growth in production and income up to 1973; and stockpiling in the industrial countries of, for example, certain metals, as a hedge against inflation. Of a different nature was the increase in world oil prices which the exporting countries managed to establish. In real terms, this represented a readjustment of the declining prices which this product had been earning over the last 20 years.

51. This boom lasted only a short time. In mid-1974 the trend was reversed, with a recovery in agricultural production and a serious contraction of demand in the industrial countries, which maintained their total product in 1974 at approximately the same levels as in 1973, because stocks of certain products accumulated in previous periods were put on the market and some countries adopted restrictive measures to curb imports. This was the case in the EEC countries, which suspended meat imports in the second half of 1974 and have yet to set a date for the resumption of such purchases.

52. This, therefore, is the start of a new phase of deterioration in the terms of trade, which - in conjunction with the higher petroleum prices - has had a serious impact on balances of payments which is likely to be accentuated in the next few years, although this will vary according to the different foreign trade structure of the Latin American countries.

53. The trade deficit of the non-oil-exporting countries, which amounted to 640 million dollars in 1973, rose to 8,700 million dollars in 1974. Still larger was the 1974 current account deficit on the balance of payments of this group of countries (estimated at 13,000 million dollars). This deficit has been financed largely out of normal sources of credit, on substantially more unfavourable terms and conditions than those applicable to the accumulated debt which thus run counter to the objectives clearly laid down in this matter in the IDS,

54. It is important to stress that, already in 1974, most of the Latin American countries recorded a decline in their terms of trade with respect to 1973, and that in some cases this index was approximately the same as in 1970, contrary to the usual assumption that all the countries still maintain a fairly favourable position in this respect.

55. What is more, statistics show that, if earnings from exports of goods and services are assessed in terms of their external purchasing power, in 1974 a large number of countries saw this

/purchasing power

purchasing power decrease on such a scale as to represent up to 20 and 25 per cent of their real income in 1973. This is the result of reductions in the volume of exports and the above-mentioned deterioration in the terms of trade.

56. In view of these aspects of the international economic situation, it is expected that serious obstacles will prevent the non-oil-exporting countries of Latin America from attaining in the next few years the economic and social development targets established in the IDS. This is particularly likely considering that the economic recession in the industrial countries seems to be lasting longer than was originally expected and that the terms of trade will deteriorate further, with the well-known effects on investment and the rate of economic growth.

57. As stated above, the magnitude and nature of the problems vary appreciably from country to country. Some are in a better position to deal with the immediate difficulties owing to their supply of resources, their capacity to diversify exports, their ability to restrict imports, the extent of their present or future ability to satisfy their own energy requirements and, lastly, their easier access to international financial markets.

58. Others, in contrast, are less capable of solving their balance-of-payments problems without appreciably affecting their rate of growth. It must be stressed that in both these groups of countries the slowing up of economic growth has very serious implications, since an intensely dynamic process is necessary - even when the external situation is deteriorating - in order, within the context of a suitable strategy, to absorb the constant increase in the labour force in productive employment and to promote, within the appropriate span, the participation of the broad masses of the population and the improvement of their material and cultural living conditions.

59. It will therefore be necessary to introduce radical changes to promote the mobilization of domestic resources, and to adopt effective action at the international and regional level with a view to solving the immediate problems and putting into effect longer-term plans for the instrumentation of a new international economic order.

60. It should be mentioned that it was their own domestic efforts which made possible the growth achieved by the Latin American countries. In principle it can be said that the Latin American countries have done their share in achieving the objectives set out in the IDS.

D. The domestic effort for development

61. Broadly speaking, it may be affirmed that the potential availability and supply of the various resources needed for development have improved significantly in Latin America. On the other hand, the strengthening of the capacity to "mobilize" these resources has been more limited and irregular, or else the structural reforms and strategies and policies that are needed to modify the prevailing standard of living and style of development have not been put into effect forcefully enough to bring about sufficiently dynamic progress towards the solution of the serious social problems discussed above.

62. The savings and investment indexes reflect the various situations existing among the Latin American countries as regards the stepping up of overall production capacity and the role played by national savings and net external financing in the promotion of economic growth.

63. During the early 1970s, gross national savings for Latin America as a whole represented 18.6 per cent of the gross national product, and covered about 90 per cent of gross national capital formation. The savings and investment coefficients tended to rise in the last few years, especially in those countries with the most dynamic economies. The savings coefficient for the region as a whole was around 20 per cent in the period 1970-1973. In relation to these trends the countries fall into two distinct groups. On the one side are the large countries and the exporters of petroleum, with rates corresponding to the regional average or above it. The remaining countries show rates of savings substantially lower: between 8 and 14 per cent. A few of these latter countries were able to raise their rates of investment well above the regional average by means of external financing. The countries also show very wide differences in the extent to which the composition of their investment corresponds to priority development needs. In the majority, urban construction continues to absorb an excessive share of investment funds, although the regional average for purchase of machinery and equipment has risen - which is really attributable to the size of the increases in just two countries.

64. The increase in internal resources for investment has derived from a more dynamic internal savings effort and from the sporadic improvement in the terms of trade, which has been an aspect of particular importance in the last three years. As in the past, one can point to gains in the institutionalization of planning, in administrative modernization, in developmental legislation, and in the creation of additional mechanisms for the financing of development. To a large extent, however, these represent forms of potential capacity which have not to date been used as effectively as might have been hoped. Furthermore, progress in the various aspects of the mobilization of internal resources has rarely been balanced. Some countries have attained high rates of investment without introducing

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the institutional reforms that are needed for the benefits to be spread among the greater part of the population. Others have struggled to carry out basic institutional reforms and distribute income more equitably, but have been unable to maintain satisfactory rates of savings and investment or prevent the flight of capital and highly trained manpower.

65. The lack of evidence of any substantial progress in agrarian reform and in the implementation of suitable agricultural policies, except in a very few countries, has particularly serious implications in view of the slow growth in food production and the continuing impoverishment and marginalization of a large part of the rural population. The major advances in agriculture have been in capital-intensive and large-scale modern enterprises, mainly devoted to producing raw materials, and export goods. However, dynamic and essential these advances may be, forms of agricultural modernization and trends in land tenure and use that neglect food production for the domestic market and exclude the poorest strata of the rural population from any hope of a satisfactory livelihood should be a matter for grave concern.

66. The mobilization of human resources is at least as important as the mobilization of financial and material resources. As was emphasized above, the expansion of education at all levels, primarily as a result of the expenditure made by the governments of the region, has greatly enhanced the potential contribution of the human factor to development, but for the most part this increased potential has not been effectively utilized and channelled into activities deserving priority. Moreover, a large part of the investment in education is being wasted, owing to the so-called brain drain. At the same time, the inadequate correspondence between educational output, development needs and the real demands of the labour market is generating pressure on the public sector, thereby causing major distortions in the allocation of resources.

67. The efforts made in disease prevention and control, which have resulted in a reduction in the mortality rate of the Latin American countries, should also be recognized. Progress achieved in social security and housing matters has contributed to improving the quality of living conditions, although it should be mentioned that regional requirements in these three aspects are still very substantial.

II

PLAN OF ACTION

A. International Action

1. Primary commodities

68. The International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States lay down guidelines and make recommendations for international co-operation in the field of international trade in primary commodities. However, apart from some isolated measures established in certain circumstances, the developed countries have not shown the unilateral or collective will to embody in instruments those guidelines and recommendations which aim at guaranteeing remunerative prices for the products exported by the developing countries, so as to increase the purchasing power of their exports and thus promote the dynamic development of their economies, and affording them easier access to the markets of the developed countries. The end of the short boom in the international primary commodity markets makes it necessary for urgent attention to be given to a series of practical measures to offset the unfavourable effects of falling prices, in foreign markets for products of interest to the developing countries.

69. Not only has there not been any progress in the negotiation of international commodity agreements, which for more than twenty years has been unanimously recommended in international forums as an appropriate means of finding solutions to some of the most acute problems arising in the international trade of primary commodities, but, on the contrary, much ground has been lost in recent years for want of co-operation on the part of the developed countries in renewing the regulatory clauses of the international agreements of wheat, coffee and sugar. As a result, it has become necessary to promote new forms of organization among the developing countries in order to defend their export products, one of which could be the creation of producer's associations.

70. The Programme of Action for the Establishment of a New International Economic Order has encouraged the formation of producer's associations and has urged all the countries to promote its objectives which include, among others, the ordered trade of primary commodities and the improvement of the export earnings of the developing countries and of their terms of trade with the developed countries. In view of the fact that the possibilities of organizing producers' associations are not the same for all products, it should be pointed out that action can be taken by producers' associations not only through the direct control of prices but also through the improvement

/of marketing

of marketing networks so as to ensure that the exporting developing countries receive a greater share of the final price of the product.

71. UNCTAD is currently considering the implementation of a general integrated programme on basic commodities, based on its 10 years' experience in commodity problems and policies. A preliminary list includes 18 products, 14 of which are of export interest to the Latin American countries. This integrated programme deserves the firm support of the Latin American countries, because it represents a renewed and promising attempt to solve some of the more serious problems of Latin America's export trade in basic commodities. The main features of the integrated programme should include: (a) indexing of basic commodity prices; (b) guidelines for a new policy on international commodity agreements; (c) financing of buffer stocks at the national and international level; (d) compensatory financing.

72. In the developed countries the indexing of basic commodity prices is a long-established form of intervention in commodity markets. This policy has still not, however, been accepted at the international level. The ineffectiveness of the recommendations on the price policy for basic commodities requires that maximum support should be given to this measure and that all the developing countries should pool their efforts in order to set up - by means of international co-operation - suitable mechanisms for applying the indexing principle in trade in basic commodities.

73. Producers' associations could be one of the new forms of agreement. The Latin American countries propose to explore, primarily with the participation of developing countries in other regions, every possibility of establishing producers' associations, and affirm their decision to convert them into useful instruments for the formulation and implementation of a basic commodities price policy in line with the principles of fair prices for producers and the necessary increase in the income of exporting countries. Where it is not possible to form producers' associations, other machinery for co-ordinating markets and making them more orderly will be explored.

74. In view of the deterioration in the prices of several basic commodities, it is a matter of urgency to establish and operate buffer stocks. It is therefore necessary to study and suggest reforms in the existing financing machinery and to seek new sources of funds to finance buffer stocks of basic commodities of interest to the developing countries, in keeping with world demand. The recently adopted measure for financing the withholding of coffee exports of some Central American countries is a useful precedent in this respect.

75. The policy of compensatory financing should be aimed at protecting the developing countries against the harmful effects of decreases or shortfalls in their export earnings for reasons beyond their control. Compensatory financing is therefore an essential complement to price policy.

2. Exports of manufactures and the Generalized Systems of Preferences

76. Efforts to export manufactures to the developed countries should be continued and intensified. Since these are fairly new activities in the developing countries, they should receive compensation for the fact that they are entering the world markets at an initial disadvantage. Latin American industry is undergoing changes which are improving its efficiency and the countries of the region are gaining experience in external markets. As progress is made in this direction, the countries which are not yet in a position to compete on an equal footing with the developed countries should receive compensation for the disadvantage at which they find themselves. This compensation should take the form of preferential treatment of the developing countries by the industrialized nations, including the elimination of non-tariff barriers and the recognition of the right of developing countries to grant incentives to their export industries. In turn, the developing countries should grant adequate subsidies within reasonable limits.

77. One of the important elements of the special treatment afforded to exports of manufactures from the developing to the industrialized countries is the Generalized System of Preferences which the latter with the exception of the United States, introduced in 1971 or 1972. The schemes supplied so far by the EEC and Japan have been of limited scope and need to be intensified and extended so as to cover a wider range of products and do away with existing restrictions. By bringing about a general reduction in trade barriers against these products in the industrialized countries, the multilateral trade negotiations in the GATT may have an adverse effect on the preference margins of the developing countries. It is essential not only that the developing countries should receive compensation for the loss of these preference margins but also that the advantages accruing to them should be increased.

78. The experience of recent years, during which the Generalized System of Preferences has been in effect, has brought to light some of its major shortcomings and the modifications that would have to be introduced for the System to become a really effective instrument for expanding the exports of manufactures from the developing countries. Essential improvements that should be considered include the need for the preference schemes to cover numerous products that are subject to customs duties (especially processed agricultural goods), the elimination of quota systems,

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the adoption of principles and norms for resorting to escape clauses, the harmonization of the preference schemes of various countries, the adoption of more flexible criteria regarding rules of origin, the simplification of administrative formalities for taking advantage of the preferences, the extension of preferential treatment without reciprocity to non-tariff barriers, the establishment of a prior consultation system when for reasons of force majeure it becomes necessary to restrict the application of the System, and the adoption of other supplementary measures aimed not only at making better use of the various schemes, but also at institutionalizing the Generalized System of Preferences on a firm and clearly defined multilateral basis.

79. It is indispensable that the United States should put its preference scheme into effect rapidly and that its application should take due account of the aspirations of the Latin American countries, especially as regards the products included, rules of origin and escape clauses. It is likewise necessary that it should entail no exclusion or discrimination that prejudices specific countries.

3. The United States 1974 Trade Act

80. The prospects of initiating a new stage in trade relations with the United States, which seemed to be offering new opportunities for expanding reciprocal trade as a result of the Tlatelolco Dialogue, were abruptly spoiled by the provisions contained in the 1974 Trade Act. In essence, this Act contains elements of protectionism and economic coercion. Considering the magnitude of the values of reciprocal trade, the importance of the United States market for the great majority of the Latin American countries and the large proportion of products from key sectors of United States industry purchased by them, it is indispensable that the negative aspects should be eliminated in the implementation of this Act.

81. The Act laid down principles and guidelines for the United States - three or four years after other developed countries - to apply the Generalized System of Preferences in favour of exports of manufactures from the developing countries. The administrative branch of the United States Government has a certain amount of freedom to decide whether to apply some of the system's principles and guidelines as laid down by Congress in a more liberal or restrictive manner. It is important for the developing countries that the more liberal approach should be stressed.

82. The Latin American countries emphatically reject any type of measure involving overt or disguised coercion in respect of the orientation of their trade policy. The terms of the 1974 Trade Act are thus open to criticism in that they seek to make the aim at laying treatment offered to the country benefiting from the Generalized

System of Preferences, dependent, among other things, upon the non-participation of the developing countries in producers' associations and upon certain rules regarding the expropriation or nationalization of foreign investment which - in principle - should be a matter of national sovereignty.

83. The report of the tenth annual meeting of CIES, held in Washington D.C., from 10 to 15 March 1975, endorsed the understandings reached between the Latin American countries and the United States of America and the United States Government's indications that it (a) expected a rapid change in the provision excluding Ecuador and Venezuela from the Generalized System of Preferences, (b) reaffirmed its commitment to comply with the provision of the Tokyo Declaration, with particular reference to special advantages for developing countries, (c) did not expect reciprocity from those countries for the concessions made during the multilateral trade negotiations and (d) in all cases where the 1974 Trade Act was applied, the Executive would interpret its provisions bearing in mind the interests of the Latin American countries.

4. Transport, insurance and tourism

84. Experience in this field during the first half of the decade is discouraging. In spite of the successful efforts of some Latin American countries, the region's share in the world fleet has declined and the deficit in the balance of payments has grown alarmingly.

85. Many of the specific measures of the IDS relating to conference practices have been incorporated in the Code of Conduct of the Shipping Conferences adopted at the United Nations meeting in April 1974. The Code will not be implemented immediately, however, and new developments threaten to undermine its provisions.

5. Multilateral trade negotiations

86. The importance of the multilateral trade negotiations which began in Tokyo does not stem so much from the prospects of the liberalization of world trade as from the fact that these negotiations will lay the foundation of a new international economic order in the field of trade. Their scope cannot, therefore, be limited exclusively to the commercial aspects which are their specific province, for it is necessary to take account of more general economic and international legal considerations. This approach is in line with that of the IDS, which stresses the need to adopt convergent measures in all contexts, with a view to overcoming the obstacles faced by the developing countries.

87. To comply with this objectives, it is necessary to realize the specific aspirations of the developing countries, which Latin America voiced prior to the Tokyo meeting, namely:

/(a) the

(a) the application of the principle of non-reciprocity in the negotiations;

(b) the preservation, enlargement and institutionalization of the General System of Preferences, and its extension to include non-tariff barriers and such trade norms as escape clauses;

(c) the institutionalization of differential treatment by adapting the relevant clauses in the General Agreement and incorporating new rules for the exclusive benefit of the developing countries.

88. The promulgation of the 1974 Trade Act removes one of the major obstacles which have so far stood in the way of the formal initiation of multilateral trade negotiations agreed upon in GATT as long ago as 1972. Since these are the first multilateral trade negotiations in which all countries, whether members of GATT or not, can participate, and since the objective is the reduction not only of tariff barriers but also of non-tariff barriers affecting industrial and agricultural products, the Latin American countries propose to participate in them to seek the adoption of an international trade regime which enables them to recover and increase their share of world trade on bases that are compatible with the gradual development of their economies. If this is to be possible, it is important that the United States should reaffirm its adherence to the principles and objectives contained in the Tokyo Declaration concerning trade with the developing countries, and that the Executive branch of the government should use the discretionary power given to it under the Trade Act in certain areas of the negotiations in a manner favourable to the interests of Latin American countries.

89. The rules of negotiation adopted must be such as to enable the developing countries to participate fully in the negotiations themselves and in the periodic appraisals as well, and must pave the way for the promotion, through the appropriate channels, of action leading to comprehensive solutions in favour of these countries. These rules should recognize the need for simultaneous and parallel progress in all sectors of the negotiations, so that the items of particular interest to the developing countries will at no stage lag behind. Similarly, the final formalization of the negotiations should be conditional upon reasonable consideration being given to the interests of all participating countries, both industrialized and developing.

90. It is necessary to introduce juridical amendments to the General Agreement so that it includes all the principles which the developing countries prepared within UNCTAD with a view to giving the new international economic order an institutional form. These principles should make possible the suitable improvement and updating of Part IV of the General Agreement. As part of the legal framework,

/adequate consultative

adequate consultative machinery should also be provided for solving the problems that may arise in such a way as to guarantee the application of the principles upheld by the developing countries.

91. During the preparatory stage of the negotiations, the countries of Latin America had access to ECLA's advisory services through the ECLA/UNCTAD/UNDP programme, in accordance with the provisions of resolution 326 (XV) on the preparation of Latin America for the 1973 multilateral trade negotiations. In view of the intensive work and preparation which the negotiations have been found to require, it is essential that this programme should receive the necessary financial support and redirect its action towards a more operational phase, so that the Latin American governments will have access, especially in Geneva, to the permanent technical advisory services provided by ECLA.

6. Reform of the international monetary system and external financing

92. The reform of the international monetary system should be regarded as an integrated tripartite process for transforming the bases of the world economy. Latin America believes that, simultaneously and interrelated with the restructuring of the international monetary system, machinery should be established for transferring adequate amounts of real resources to the developing countries on suitable terms, and that arrangements should be made for the developing countries to have greater access to the capital and trade markets of the industrialized countries. Ample support is required from these countries for implementing the measures concerning the link between the creation of liquidity and financial assistance. The Latin American countries reaffirm their decision to contribute to the establishment of a new international economic order, with new rules of conduct as regards money, development financing and international trade.

93. There should be recognition of the importance of Latin America's participation in decisions regarding the reform of the international monetary system and its operation. Therefore, it is a matter of no small concern that minority meetings should periodically be held outside the context of the formally established forums for dealing with these matters. It is not desirable that a minority group of countries should be responsible for judging and deciding on the substantive elements of the reform. The effective participation of the developing countries should ensure that the proposed system is established on an equitable basis.

94. The inflationary process has serious implications for the economic situation of the whole international community and constitute one of the most formidable obstacles to the reform of the monetary system. It is imperative that at the national level of the developed

/countries, which

countries, which are a prime factor in the process, and at the international level in the relevant institutions, effective measures should be taken to prevent or correct inflation.

95. In the face of the external financing situation, several courses should be considered. One such course could be that which was suggested in the Solemn Declaration of Algiers, in which the OPEC countries confirmed their decision to increase co-operation with the developing countries and - as far as possible - to contribute to the implementation of the United Nations special international programme, by means of the concession, in various forms, of special credits and grants-in-aid to those countries. In this context, they agreed to co-ordinate their financial co-operation programme. In addition, in the above-mentioned document the members States of OPEC advocate pooling the financial resources contributed by them with those of the developed countries, which have clearly been insufficient. If this machinery is to be effective, it would be desirable for the concessions necessary for financing to be granted to the developing countries in the form of soft loans from the developing countries (for example, by subsidizing the rate of interest on the loans), combined with financing from the oil-exporting countries.

96. It would also be useful to establish policies by virtue of which the financing is used primarily for purchases of equipment and essential inputs originating from other developing countries, with a view to making the integration and co-operation between those countries more effective.

97. As regards the foregoing, the necessity is reaffirmed of carrying out a review of the criteria and methods traditionally used to measure a country's solvency and absorptive capacity, in order to take into account other factors in particular its potential to develop unexploited or inadequately exploited natural and human resources through national or multinational projects.

7. Transnational enterprises

98. The preparation of a code of conduct for transnational enterprises must be one of the basic objectives of the developing countries. The Latin American countries must use their unity as a basis for the formulation - at the level of the group of developing countries - of a common stand - on substantive principles for the preparation of such a code.

99. The fundamental idea that not only should the Information and Research Centre on Transnational Enterprises participate in the preparation of the code of conduct, but also that its duties should extend to fields of information, studies and research, and technical co-operation should not be shelved. With regard to its information work, it should become a unit for the distribution of information on

/transnational enterprises.

transnational enterprises. Resolutions must be proposed so that the Governments of the countries in which the transnational enterprises originate adopt laws which enable them to pass relevant information on to the Centre. In addition, the countries where the transnational enterprises carry on their activities should be asked to adopt suitable measures to enable them also to report on those activities to the Centre. ECLA and the secretariats of the regional and sub-regional integration agreements (LAFTA, CACM, the Andean Group and CARICOM) could be asked in view of their knowledge of the foreign enterprises which invest in Latin America to collaborate with the Centre in its pursuit of these objectives. Likewise, the governments of the home countries of the enterprises should be required to take suitable measures to enable them to provide the necessary information. As regards studies and research, a programme of work should be prepared which supports the main objectives of the developing countries.

8. The transfer of technology

100. In this field it is considered advisable to put forward the following proposals:

(a) the promotion of a regional information pool on technology marketing techniques, so as to favour individual or joint negotiations on technological know-how by the countries of Latin America;

(b) the provision of incentives at the regional level for the generation and development of national technology and the substitution of imported technology; Latin American multinational enterprises could be suitable instruments for these aims, since their resources make investment in research both possible and profitable;

(c) the study of the possibility of the ratification of standards on developed or imported technology for Latin America, since this would make it possible to standardize the productive structure in order to facilitate the development of their own technology;

(d) the study of the preparation of a code of conduct on the transfer of technology and on the restrictive practices of transnational enterprises in this field;

(e) the strengthening of the main international agencies connected with science and technology as a means of supporting the carrying out of the above proposals and of all the activities proposed by the Latin American countries in the field of technology;

(f) the strengthening of co-operation between developed and developing countries so that the latter can create or strengthen their national infrastructures and thus be better equipped to absorb transfers of technology.

B. Regional Action

101. The difficulties which the world economy is experiencing and the uncertain future of the Latin American economy are important reasons for strengthening the role of national effort and co-operation among developing countries in the fields of trade, industrial and agricultural development, financing, technology and transport. In the past, during difficult periods, the countries of Latin America have tackled their difficulties by making changes and adopting far-reaching decisions enabling them to widen substantially the horizon of their economic development. The industrialization process which followed the crisis of 1930 and economic integration are outstanding examples of the ability of the countries of the region to find new solutions to serious difficulties. In view of present unfavourable circumstances - and side by side with the continuing struggle to obtain consistently remunerative prices for primary products, access of manufactures to the markets of the developed countries and adequate financial co-operation from the industrialized countries - it is imperative to expand and intensify regional co-operation efforts whose implementation depends exclusively on the willingness and determination of the developing countries themselves.

1. Regional trade and industrialization

102. In the field of trade and industrialization, regional co-operation already exists, but there is still room for substantial expansion. Regional trade in Latin America has grown rapidly in recent years and has come to represent a sizeable proportion of the total exports of manufactures of the countries of the region. However, and this is of fundamental importance, it is made up, on average, of goods which have a higher manufacturing value added and greater technological and industrial importance than extra-regional exports.

103. Industries producing capital and intermediate goods are more backward than durable and non-durable consumer goods industries. This backwardness constitutes an important obstacle to development and to the achievement of a sound and well-balanced production structure. At the same time, it largely accounts for the systematic external bottleneck of the Latin American countries, which takes on new and dramatic features in the face of the present difficult international economic situation. These basic industries generally have important economies of scale; the small size of the domestic markets appreciably raises their costs and the necessary investment per unit of production, and reduces their economic and technological capacity to produce on a competitive footing.

104. It is essential that all the Latin American countries should achieve a diversified structure of production and of trade involving important advances as regards capital and intermediate goods, in addition to consumer and agricultural products. Therefore,

/specialization among

specialization among them should not be determined by industries but by products or groups of products within each industry. This will enable the effort and the benefits obtained to be distributed on a rational and equitable basis. In other words, if a country establishes a given basic production which it exports to other Latin American countries, it is essential that the latter should also be able to participate as supplier of other goods involving a similar degree of processing. Spontaneous market forces will not be able to provide solutions of this kind without an integration policy specially designed and oriented by the governments.

105. The expansion of regional trade should thus be closely linked with a policy of Latin American co-operation for the development of basic industries. Trade policy instruments and the reduction of trade barriers are effective factors in promoting the growth of existing economic activities. New industries require, in addition to the free movement of goods within Latin America a minimum degree of policy co-ordination among the countries so as to encourage the kind of specialization that will enable them to make the most of the size of the regional market and of possible comparative advantages. The practical possibilities of achieving such co-ordination vary from one sector to another and from country to country. Despite the practical obstacles to the complete and immediate achievement of these objectives, it is possible to analyse and promote a series of measures in sectors of vital importance for development.

106. In the case of the relatively less developed countries, programming and regional co-operation measures to encourage investment, the establishment of new plants to surmount existing disadvantages in terms of infrastructure and skilled manpower are essential to the establishment of a regional balance that will guarantee adequate development opportunities for all the countries concerned.

2. Agriculture

107. Regional co-operation in the agricultural sector also affords significant opportunities. Imports and exports of agricultural commodities are items of current or potential importance in the balance of payments of the Latin American countries. Moreover, the promotion of agricultural production plays a vital role in meeting food requirements and in the productive absorption of manpower. Making better use of the comparative advantages of the countries will also produce unquestionable benefits. Regional trade in agricultural products and technological co-operation in this sector not only hold out important prospects but in many cases also have a rapid effect, and this is particularly useful in the present international situation.

3. Infrastructure

3. Infrastructure

108. Another basic area of co-operation has to do with the infrastructure of transport, energy and communications. Trade, agricultural and industrial integration is difficult in the absence of minimum physical integration. In addition to setting up basic networks linking countries up in these areas, there are several specific possibilities for action.

109. As regards shipping the Latin American countries should organize sub-regional and regional councils and ensure that they are adequately informed, so as to be able to discuss with international shipping conferences, on a collective rather than an individual basis, the frequently unjustified increases in the freight charges which they establish. Co-operative action is required at the sub-regional and regional levels for the adoption of new technologies, such as the use of containers and international intermodal transport at present being introduced into Latin America by shipping companies of developed countries which do not usually take into consideration their possibly adverse economic and social effects on Latin American countries.

110. As regards rail and road transport, outmoded frontier formalities hamper the efficient utilization of the available infrastructure. Regional and sub-regional co-operation in doing away with these restrictions is vital for the integration of the region. To this end, more intensive use must be made of associations of rail and road carriers, as well as of regional groups responsible for insurance, banking and customs facilities. Other important aspects involved in achieving better international trade and transport include the simplification and harmonization of documents, the adoption of uniform codes for identifying goods and providing other necessary information, the elimination of docking formalities in ports, the replacement of consular documents by less costly procedures, etc.

111. With regard to insurance and tourism, regional and sub-regional co-operation again has a significant contribution to make. As far as insurance is concerned, combined efforts are needed to promote regional reinsurance and to overcome the kind of obstacles that make it easier to reinsure outside rather than inside the region. As regards tourism, multinational tourism circuits should be promoted, bearing in mind that the benefits which they could bring may be particularly attractive to the countries of Latin America.

4. Financial co-operation

112. Two aspects which are very closely linked are the financing and the preparation and promotion of projects. The concern with preparing projects should not be limited to purely technical aspects.

There is a lack of machinery for turning many valuable initiatives into projects that can reach what is known as the pre-implementation stage, including the consideration of financial aspects. Mention has been made of the possibility of setting up bodies which will allow the channelling of resources so that the various initiatives can contribute to creation of enterprises, and it has been stressed how important it is that the power of decision-making in such bodies should remain in Latin American hands. Encouragement could also be given to the co-ordination of existing national financial bodies.

113. A mechanism of this type would make it possible, through capital contributions, to support the implementation of the aforementioned projects, and thus also make it easier to attract the other resources required.

114. Another efficient instrument whose application must be carefully studied is the Latin American system of payments. Limited progress has already been made in this respect, but, in order to have any real impact, much greater progress will have to be made. This instrument cannot be conceived only as a financial mechanism. It must aim at giving a strong impetus to regional trade. For this purpose, financial resources and the possibility of carrying out operations on suitable terms and over suitable periods are required. Moreover, it must contain provisions which encourage countries with credit balances in regional trade to use them to make purchases in countries inside Latin America.

5. Co-operation regarding commodities

115. In view of the undertakings arrived at in other areas regarding primary commodities, the results of which are considered to be useful and desirable for the development of the countries in question, Latin America should consider that the present international situation calls for priority to be given to regional co-operation on this aspect so as to be able to deal with the problems arising from this situation. To this end, the countries of the region must take practical action on both the marketing of their primary commodities and the establishment of a regional compensation fund.

116. The ECLA secretariat is recommended to carry out appropriate studies with a view to putting this aspiration into practice.

6. Technology

117. Another very interesting field for regional co-operation among the Latin American countries is technical co-operation among the countries of the region which possess valuable untapped resources. ECLA should insist on and contribute to the implementation of the decisions that have been taken in the General Assembly and the UNDP Governing Council to promote technical co-operation among developing countries.

118. Co-ordinated action at the Latin American level in respect of consultant services would help to turn numerous initiatives into definitive projects. At present consultant services are frequently provided by foreign enterprises; yet there are a considerable number of Latin American experts working in an unco-ordinated manner, or even for the foreign enterprises themselves. In this context, the preparation of a list of Latin American consultants according to specialization could be envisaged and made available to all interested parties. Co-ordinated action by Latin American countries in the field of consultant services could serve as a means of collaboration with developing countries in other regions.

7. Machinery and action for co-operation

119. The progress made in regional trade in recent years, the impetus which some of the integration processes have acquired (particularly the Cartagena Agreement and CARICOM) and some of the terms of specific agreements aimed at promoting and diversifying trade and investment are positive achievements of unquestionable importance. On the other hand, however, the differences in the stage of development that the countries have reached sometimes cause problems, since the benefits of integration and co-operation tend to accrue mainly to countries and regions at a higher stage of development. This acts as a brake on the integration process itself and makes it necessary to seek formulas conducive to a fair distribution of the benefits achieved through co-operation and more rapid progress towards closer collaboration. In addition, the integration processes themselves - especially LAFTA and the Central American Common Market - are experiencing holdups and facing problems which, for all their efforts they have not yet been able to overcome. Efforts in this direction must be redoubled and new solutions found.

120. The progress made by existing integration processes, their intensive use and the convergence between them can and must be accompanied by the implementation of specific projects and action in major sectors of industry, agriculture and energy.

121. Special importance is attached to the setting up of multinational Latin American enterprises as a highly useful means of supplementing regional co-operation machinery: by operating within frameworks established by the governments, these could establish regional integration on a sounder and more realistic basis, encourage the transformation of the productive structure by supporting sectoral and intra-sectoral integration, open up new prospects for industrial development, generate economies of scale and a better use of available natural and human resources, help to reduce the gaps between the different levels of development, and therefore put the countries on a more equal footing, thus ensuring the fulfilment of the objectives of reciprocity and equity.

/122. The

122. The establishment of these enterprises will increase the possibilities of co-operation between the countries, even if they belong to different integration schemes, and will also help them to rise above the strictly commercial level of integration processes. The enterprises should be directed towards such essential areas as agricultural and food production, infrastructure, transport and communications, marketing and other services, and the production of capital and basic industrial goods, the purpose being to ensure the self-sustained development of the region. The appearance of Latin American multinational enterprises will have a favourable effect on the bargaining power of the region vis-à-vis extra-regional transnational corporations, and on the important aspect of the transfer, adaptation and creation of technology.

123. Another field in which a greater degree of intra-regional co-operation must be promoted is that of public enterprises. Of their multiple activities emphasis should be placed on their role as important consumers of goods and services, and particularly as purchasers of capital goods which in many cases are bought outside Latin America. It is both desirable and feasible that an effort should be made to concentrate such purchasing power so as either to obtain a better bargaining position vis-à-vis their external suppliers, or to induce the production of the aforementioned equipment in the region. State-owned companies operating in a specific line could associate themselves in order to establish an equipment-producing plant.

124. The decision-making power of the governments is a more direct attribute in this case than in the case of private enterprises, and it is considered that this may help to accelerate the integration process. This co-operation should have the effect of encouraging new investment initiatives.

125. The need to take policy decisions involving specific action which are indispensable to a more dynamic and far-reaching regional integration process is more urgent than before because of the difficulties posed by the current economic situation.

III

WORK PROGRAMME OF THE ECLA SECRETARIAT AND OF THE
COMMITTEE OF HIGH-LEVEL GOVERNMENT EXPERTS

126. The Committee of Experts, bearing in mind the responsibilities and tasks which, at the regional level, are incumbent on ECLA and the Committee itself, as well as on the Office of the Executive Secretary, in the light of the provisions of the relevant resolutions ^{1/} of the General Assembly, the Economic and Social Council, ECLA, and those deriving from the present Meeting, recommends the ECLA secretariat to give preferential attention in its work programme to:

(a) investigating basic aspects of the international situation and economic order to help the Latin American countries to interpret correctly the implications for them of the changes which are taking place, and provide them with the necessary criteria for determining the policies and actions which need to be adopted at the international and regional level;

(b) providing technical support within their sphere of competence to groups of Latin American representatives to the main international organizations, where required, and in particular in relation to the activities of the General Assembly and Economic and Social Council in New York, UNCTAD and GATT in Geneva, and other forums which are dealing with matters related to the implementation of the above-mentioned resolutions, especially in aspects of international action - such as trade, monetary and financial aspect - which are interrelated and need appropriate co-ordination.

127. In addition, the Committee recommended the secretariat of ECLA, in conformity with the aforementioned resolutions and especially with General Assembly resolution 3202 (S-VI) and ECLA resolution 310 (XV), to convene this Committee of High-Level Government Experts regularly, at least once a year, in order to deal more fully with basic and specific aspects of the world situation and international action, so as to achieve greater clarity in the analysis of the problems and principal features of a new economic order.

128. The meetings of the Committee, or other ad hoc meetings at the technical level which may have to be held in the next two years, should cover, in particular, the following subjects, subject to changes in priority dictated by the trend of international events:

^{1/} General Assembly resolutions 2626 (XXV), 3201 (S-VI), 3202 (S-VI), 3281 (XXIX), 3343 (XXIX), 3344 (XXIX) and 3348 (XXIX); Economic and Social Council resolutions 1896 (LVII) and 1911 (LVII); and ECLA resolutions 315, 316, 317, 320, 322, 326, 328, 330 and 331.

(a) internal efforts for development; (b) lines of action in connexion with basic commodities, including a study of the integrated programme prepared by UNCTAD: possibilities of new forms of commodity agreements; organization of producers; stabilizing buffer stocks, and the indexing of commodity prices to the prices of manufactured goods imported by the developing countries; (c) monetary system and international financing; (d) possible new guidelines for economic and social co-operation and regional economic integration; and (e) the prospects for Latin America's economic relations with the socialist countries.

129. At each of these meetings, in addition to examining in greater detail one or more of the specific subjects, a review will be made of the broad lines of international events in their economic and financial aspects, so as to provide a frame of reference for dealing with specific subjects and for carrying out a regular review of the procedures which it is advisable to follow.

130. As regards fixing the dates of meetings of the Committee of High-Level Government Experts or of the other meetings at the technical level which it is felt might possibly need to be held in the next two years, the Committee recommended that account should be taken of the preparatory work required at the regional level in connexion with the Seventh Special Session of the United Nations General Assembly, UNCTAD IV, and other international meetings for which it is necessary previously to clarify and co-ordinate the regional positions in order to facilitate and make more fruitful Latin America's dialogue with other countries, thereby contributing to the adoption of common positions and specific forms of co-operation at the international level.

348 (XVI) IMMEDIATE BALANCE-OF-PAYMENTS PROBLEMS AND
POSSIBLE SOLUTIONS TO THEM

The Economic Commission for Latin America,

Considering,

- The seriousness of the balance-of-payments problems being experienced by many of the countries of Latin America and the uncertainty lying ahead of them in the immediate future because of the present international situation,

- The fact that Latin America has remained on the sidelines of many of the international financial lines of action recently adopted, so that it is necessary to strengthen and expand the existing machinery by envisaging the possibility of establishing a new regional financial "safety net" for Latin America,

- The ideas and proposals put forward by member governments and incorporated in the appraisal of the International Development Strategy as part of the accompanying Plan of Action,

- The suggestions put forward by the ECLA secretariat at the present session of the Commission (including those put forward by the Executive Secretary on the urgent need to establish a financial safety net for Latin America), which should be analysed with due care and attention to detail in order to define a pragmatic operational programme of specific measures,

- The urgent need to adopt solutions to deal with the problem of avoiding the serious consequences of the phenomenon of economic contraction and its repercussions both in terms of reduction of the growth rate, increased unemployment and aggravation of the social problems of the region, and in terms of its unfavourable effects on the external trade of the region, which would in their turn contribute to the world-level contraction,

Recommends the ECLA secretariat

1. To give top priority in its immediate work to the analysis of balance-of-payments deficit problems with a view to formulating ideas and proposals for solving or relieving this serious problem of the countries of the region;

/2. To

2. To convene a meeting of a group of experts specially selected for their high qualifications and extensive experience on aspects connected with these problems, to seek possible solutions to them. The group should receive support from the secretariat and should prepare a report as soon as possible presenting its conclusions on possible solutions to the problems of the present situation;

3. To convene a special meeting of the Commission, if this should be considered necessary, to discuss possible measures that could be taken to defend the balance of payments, on the basis of the report of the group of experts mentioned above and such additional documentation as the secretariat might deem appropriate;

4. To maintain close contact with the Latin American groups of representatives to United Nations organizations and other international and intergovernmental organizations in Geneva, New York, Washington, Paris, Brussels and elsewhere so as to ascertain their views and assist them as intensively and effectively as possible;

5. To ask UNDP to provide special support for these activities. The ECLA secretariat should take the necessary steps to arrange this with UNDP.

190th meeting
12 May 1975

349 (XVI) TRANSNATIONAL CORPORATIONS

The Economic Commission for Latin America,

Recalling ECOSOC resolution 1721 (LIII) of 28 July 1972 which launched the present work of the United Nations on the full range of issues relating to transnational corporations,

Recalling also ECOSOC resolutions 1908 (LVIII) of 2 August 1974 and 1913 (LVII) of 5 December 1974 establishing a Commission on Transnational Corporations and an Information and Research Centre to deal on a continuous basis and in a comprehensive way with the activities of transnational corporations,

Recognizing that transnational corporations, notwithstanding their potential for promoting development, can pose a threat to the sovereignty of States,

Reiterating its concern at the role of the transnational corporations in aggravating the imbalance between developed and developing countries through the excessive transfer of income from the developing to the developed countries,

Considering that the operations of transnational corporations may impede the growth of indigenous capacity for the development of national resources in developing countries,

Noting that the United Nations Information and Research Centre for transnational corporations includes among its functions the conduct of research on various political, legal, economic and social aspects relating to transnational corporations,

Considering that such research would best be done by units located in areas where transnational corporations operate,

Recognizing that one such research centre must be located in the Latin American region not only because such a large number of the most powerful transnationals originate in the Western Hemisphere, but also because Latin America and the Caribbean, accounting as they do for such a large percentage of raw material resources, have more than any

/other region

other region attracted transnational corporations from the developed countries not only of the Western Hemisphere, but also of Europe and Asia,

Recommends to the Commission on Transnational Corporations, through the Economic and Social Council, that in the future work of the United Nations Information and Research Centre on transnational corporations a regional unit be established in Latin America for the surveillance of transnational corporations operating in the region, utilizing for this purpose the facilities of the Economic Commission for Latin America.

190th meeting
12 May 1975

350 (XVI) ACTIVITIES OF THE UNITED NATIONS UNIVERSITY IN RESPECT
OF THE APPLICATION OF SCIENCE AND TECHNOLOGY
TO DEVELOPMENT

The Economic Commission for Latin America,

Recalling in connexion with the application of science and technology to development, the provisions of the International Development Strategy for the Second United Nations Development Decade, the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States,

Reiterating the absolute necessity for international action to assist the developing countries in acquiring appropriate scientific and technological know-how on reasonable terms in order to attain their development objectives,

Recognizing that urgent and effective action is needed to reduce the technological gap between developed and developing countries through the development of indigenous technology,

1. Recommends to the Council of the United Nations University that the question of the level of technology in developing countries, its transfer from developed countries and the terms of transfer, and the development of an indigenous technology appropriate to the developing countries should be assigned a very high priority in the work programme of the United Nations University in association with the Universities and research institutions of Member States;

2. Requests the Executive Secretary of ECLA and the Director of the Latin American Institute for Economic and Social Planning to assist in this effort to make the University more effective and promote interest in its work which, according to the Charter approved by the United Nations, must give special attention to the needs of the developing countries.

190th meeting
12 May 1975

351 (XVI) FUTURE ACTIVITIES OF THE LATIN AMERICAN INSTITUTE
FOR ECONOMIC AND SOCIAL PLANNING (ILPES)

The Economic Commission for Latin America,

Bearing in mind the report of the Technical Committee of ILPES,

Considering that the efforts made by the United Nations through ILPES in Latin America and the Caribbean are in keeping with the objectives of the Second United Nations Development Decade,

Taking into account the fact that the United Nations Development Programme has enabled the financing of ILPES to be assured for a further three-year period,

Considering the desirability of ensuring that the necessary resources are made available for securing continuity in ILPES' advisory, research and training services to the countries of the region,

Further considering that it is necessary to achieve closer relations between the planning bodies of the Latin American and Caribbean countries with a view to exchanging experience, practicing mutual co-operation, and integrating efforts,

Noting with satisfaction the report submitted by the Technical Committee of ILPES,

1. Reaffirms the desirability of using planning as a suitable tool for speeding up economic and social development and the need to ensure that ILPES continues its activities in the region and, as a United Nations body integrated with ECLA, promotes, contributes to, helps to improve, and supports planning systems;

2. Thanks UNPD for the support which it is giving to ILPES through the relevant regional project;

3. Urges member countries to make voluntary contributions to assist in the financing of the Institute;

4. Decides that ILPES should co-operate in the exchange of experience and research results on global, sectoral and regional (area) planning between the planning bodies of member countries, so as to promote collaboration among them.

191st meeting
13 May 1975

352 (XVI) ORGANIZATION OF PRODUCERS' ASSOCIATIONS

The Economic Commission for Latin America,

Recalling the Declaration on the Establishment of a New International Economic Order, adopted by the General Assembly at its Sixth Special Session, in which it is stated that the new international economic order should be founded on full respect for the principles enumerated in the Declaration, including "facilitating the role which producers' associations may play within the framework of international co-operation and, in pursuance of their aims, inter alia assisting in the promotion of sustained growth of the world economy and accelerating the development of developing countries",

Taking account of the Programme of Action on the Establishment of a New International Economic Order likewise adopted by the General Assembly at its Sixth Special Session, and more specifically of the statement in that Programme that "all efforts should be made to facilitate the functioning and to further the aims of producers' associations, including their joint marketing arrangements, orderly commodity trading, improvement in the export income of producing developing countries and in their terms of trade, and sustained growth of the world economy for the benefit of all",

Recalling that the Charter of Economic Rights and Duties of States adopted by the General Assembly at its twenty-ninth session recognizes that "all States have the right to associate in organizations of primary commodity producers in order to develop their national economies, to achieve stable financing for their development and, in pursuance of their aims, to assist in the promotion of sustained growth of the world economy, in particular accelerating the development of developing countries. Correspondingly, all States have the duty to respect that right by refraining from applying economic and political measures that would limit it",

Taking note of the Declaration, Programme of Action and resolutions adopted at the recent Conference of Developing Countries on Primary Commodities, and especially of resolution 6, unanimously

/adopted by

adopted by the Conference, which reads: "Reaffirming that associations of producers and exporters, as an essential element in national primary commodity policies, have as their aim the achievement of co-ordination in production, research, development and marketing so as to protect their income, improve their position in the market, and successfully confront the well-organized buyers from the developed countries, thus securing fair and remunerative prices for their commodity exports; Reasserts the unity of the developing countries and their unshakeable solidarity with those among them that are producers and exporters of primary commodities, especially oil; Urges the developing countries to strengthen their present groupings; Recommends the establishment of a council of associations of producers and exporters of primary commodities from the developing countries; and Invites these associations, through the Governments of the developing countries which are members of them, to meet and work out the arrangements for establishing this consultation and co-operation body",

Considering that the Plan of Action adopted at the recent Meeting of the ECLA Committee of High-Level Government Experts states that "the Latin American countries propose to explore, with the participation of developing countries in other regions, every possibility of establishing producers' associations, and affirm their decision to convert them into useful instruments for the formulation and implementation of a basic commodities price policy in line with the principles of fair prices for producers and the necessary increase in the income of exporting countries",

Firmly convinced that the possibility of exercising these rights and the practical application of the recommendations and intentions referred to above would effectively help to improve and develop the economies of the developing countries as a whole and would promote the sustained growth of the world economy,

1. Urges the Governments of Latin America to give their whole-hearted support to the strengthening of existing associations of commodity-producing and exporting countries and the establishment, mainly in collaboration with the governments of the developing countries

/of other

of other regions, of further associations of countries producing and exporting primary commodities whose export is of importance to the developing countries;

2. Invites the existing and future associations of commodity-producing and exporting countries, through the Governments of developing countries which are members of such associations, to set up without delay a council of commodity producer/exporter associations of developing countries. This council should have the aims and objectives mentioned in resolution 6 adopted by the Conference of Developing Countries on Primary Commodities;

3. Instructs the secretariat to carry out, in consultation with the secretariats of UNCTAD and other appropriate bodies, studies aimed at determining and recommending to governments the best way of putting into effect what was decided on this matter in the Programme of Action on the Establishment of a New International Economic Order.

191st meeting
13 May 1975

353 (XVI) MONETARY INSTABILITY AND INFLATION

The Economic Commission for Latin America.

Seriously concerned at the adverse effects which the forms of monetary instability and inflation generated in developed countries are having on the economies of the developing countries in general and those of Latin America in particular,

Instructs the ECLA secretariat to prepare as a matter of the greatest urgency and priority, in collaboration with the appropriate international bodies, a study on the effects of the forms of monetary instability and inflation generated in developed countries on the economies of the countries of the region, with special attention to their incidence in the following matters:

- (a) The real value of international monetary reserves;
- (b) The purchasing power of external financing;
- (c) Interest rates on external financing;
- (d) The real value of income from Latin American export products;
- (e) The cost of technology;
- (f) International freight rates;
- (g) Insurance and reinsurance premiums;
- (h) The relation of the terms of trade of the Latin American countries to those of the developed countries;

Requests the secretariat to examine the most suitable procedures for preventing these monetary phenomena from occurring and for preventing or correcting the adverse effects on the economies of Latin America described in the above-mentioned study;

Urges the member Governments of the Commission to undertake joint action for the adoption of effective measures aimed at the following objectives:

- (a) Eliminating the instability of the international monetary system;

/(b) Checking

(b) Checking or correcting the inflation generated in developed countries, both at the international level, through action in the relevant bodies, and at the national level, through action by the developed countries responsible for the problem;

(c) Maintaining the real value of the international monetary reserves of the developing countries.

191st meeting
13 May 1975

354 (XVI) TECHNICAL CO-OPERATION AMONG DEVELOPING
COUNTRIES

The Economic Commission for Latin America,

Recalling ECLA resolution 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas,

Drawing attention to General Assembly resolution 3202 (S-VI) on the Programme of Action on the Establishment of a New International Economic Order, and particularly section VII on the promotion of co-operation among developing countries,

Drawing attention also to the report of the Working Group on Technical Co-operation among Developing Countries submitted to the eighteenth session of the Governing Council of the United Nations Development Programme and the report of the Administrator of UNDP submitted to the nineteenth session of the Governing Council of UNDP on the same subject,

Bearing in mind the recommendations contained in the final report of the Working Group and in particular those mentioning the role of the regional economic commissions in the promotion of technical co-operation among developing countries,

Bearing in mind also General Assembly resolution 3251 (XXIX) on technical co-operation among developing countries, and especially the operative part, in which the regional economic commissions are requested to study measures aimed at applying the recommendations made to them in the report of the Working Group,

Considering that technical co-operation among developing countries constitutes a new and important dimension of international technical co-operation, in the promotion and co-ordination of which the above-mentioned General Assembly resolution assigns a central role to UNDP,

Believing it is important that the secretariat of the Commission should promote greater co-operation among the developing countries of Latin America and make suitable institutional arrangements for this purpose,

1. Notes with satisfaction the establishment of a co-ordination centre in the secretariat, to be responsible for co-ordinating the Commission's activities connected with the promotion of technical co-operation among the developing countries of the region;

2. Urges the Governments of developing countries members of the Commission:

(a) To increase technical co-operation among themselves;

(b) To draw up, adopt and put into practice specific programmes for technical co-operation among the developing countries of the region;

(c) To set up institutional machinery to programme and co-ordinate activities connected with technical co-operation with other developing countries in the region;

3. Recommends the Executive Secretary of ECLA:

(a) To provide maximum support to the Governments of the developing countries of the region and to UNDP in order to set in motion activities aimed at promoting technical co-operation among such countries, with emphasis on the organization and operation of a system for providing information on the existing capacities and needs of the developing countries of the region;

(b) To co-sponsor with UNDP the Latin American intergovernmental meeting to be held prior to the world intergovernmental symposium on technical co-operation among developing countries, pursuant to the recommendation of the Working Group on Technical Co-operation among Developing Countries (DP/69, paragraph 35) which was endorsed by the General Assembly (resolution 3251 (XXIX), operative paragraph 4);

4. Requests the United Nations Development Programme, under the terms of General Assembly resolution 3251 (XXIX), to consider the need to assign one or more regional advisers to ECLA secretariat headquarters in order to strength mutual co-operation efforts among the developing countries of the region.

191st meeting
13 May 1975

355 (XVI) PROGRAMME OF WORK AND ORDER OF PRIORITIES,
1975-1977

The Economic Commission for Latin America,

Having examined the draft programme of work and order of priorities for 1975-1977,

Having made the changes suggested by the Governments of member States in the draft programme and incorporated the changes arising out of the resolutions adopted at its sixteenth session,

Conscious that its approval of the programme of work and order of priorities also represents approval of the manning table needed to carry out the tasks described therein,

1. Approves the programme of work and order of priorities for 1975-1977 as amended in accordance with the resolutions and decisions adopted at its sixteenth session;

2. Reaffirms the resolutions which provide authority for the specific projects contained in the programme of work and order of priorities;

3. Requests the Executive Secretary to report to the seventeenth session of ECLA on the fulfilment of the 1975-1976 work programme in accordance with the form in which it was approved.

191st meeting
13 May 1975

356 (XVI) ECLA AND INTERNATIONAL AND REGIONAL
CO-OPERATION

The Economic Commission for Latin America,

Bearing in mind in particular the relevant United Nations General Assembly resolutions on the Declaration and Programme of Action on the Establishment of a New International Economic Order (resolutions 3201 (S-VI) and 3202 (S-VI)), on the Charter of Economic Rights and Duties of States (resolution 3281 (XXIX)), and on the special session of the General Assembly devoted to development and international economic co-operation (resolution 3343 (XXIX)),

Also bearing in mind the relevant resolutions of the Economic and Social Council, especially those relating to international co-operation (resolution 1896 (LVII)); implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order; mid-term review and appraisal of the International Development Strategy; and special session of the General Assembly devoted to development and international economic co-operation (resolution 1911 (LVII)),

Likewise taking into account the Quito Appraisal, the reports of the Eighth and Ninth Extraordinary Sessions of the Committee of the Whole of the Commission,^{1/} the conclusions and recommendations of the other meetings and conferences held within the ECLA system since the Commission's fifteenth session,^{2/} including the report of the Committee of High-Level Government experts to appraise the International Development Strategy,^{3/} held in Bogotá, Colombia, from 11-15 March 1975, and also the discussions and conclusions of the present session of the Commission,

^{1/} E/CN.12/AC.66/5 and E/CN.12/AC.67/5/Rev.1.

^{2/} See E/CEPAL/988 and E/CEPAL/995.

^{3/} E/CEPAL/AC.69/4/Rev.1.

/Recognizing that

Recognizing that the specialized conferences, meetings and other activities carried out within the ECLA system since its fifteenth session represent valuable contributions to the fulfilment of the aims and objectives of the above resolutions, in keeping with the new integrated concept of development, aimed also at faster economic growth and a juster social order, which member Governments have again expressed at the present session,

Acknowledging, however, the need to intensify the efforts made to achieve these objectives,

Decides that, in addition to the action called for in other resolutions adopted separately at this session of the Commission, priority attention should be given to the measures indicated in the following fields:

A. LATIN AMERICAN FOOD CONFERENCE

1. Approves the secretariat's suggestion that a Latin American food conference should be convened in conjunction with FAO;

2. Decides that the conference should consider all aspects having to do with the production, distribution and foreign trading of agricultural and food products in general, especially in view of their links with the food requirements and nutrition plans of the Latin American countries;

3. Requests the secretariat to distribute to the countries, as soon as possible, an annotated provisional agenda for the proposed conference so that they can make known their views on the matter in good time;

4. Further requests the secretariat, in agreement with FAO and after consultation with member countries, to fix a date for the conference, which should be held if possible in 1976, before the third regular session of the World Food Council, thus giving the countries, ECLA and FAO sufficient time to co-ordinate their efforts with those of other interested international organizations.

/B. TRANSPORT,

B. TRANSPORT, TOURISM AND TELECOMMUNICATIONS

1. Facilitation of transport for international trade

Taking into account the recommendations of Governments at regional meetings related to transport and its facilitation:

(a) Recommends that the secretariat support regional action to facilitate the procedures applied in trade and transport, both intra-regional and with the rest of the world, and empowers the secretariat to call specialized meetings, after consultation with the governments directly interested, to serve as forums for the countries and regional and sub-regional organizations to co-ordinate their own action programmes in these matters;

(b) Requests the secretariat to assist the Latin American countries, at their request and in such ways as they may suggest, in co-ordinating regional positions prior to world meetings in the field of transport;

(c) Requests the secretariat, in co-ordination with other regional and sub-regional organizations, to assist member countries, through studies, advisory assistance, and such other action as Governments may request, in order that their national and multinational merchant fleets may have a fair and growing share in the transport of their foreign trade, and that ocean freight rates may be made consistent with the objectives of their trade policy.

2. Bases for improving transport planning

Recommends that the secretariat support the efforts made by the countries for establishing and controlling transport policies and improving the bases for transport planning, including information systems. The secretariat is requested to convene a regional meeting on information systems for transport planning, after consultation with interested governments as regards the desirability of such a meeting.

3. Transport technology

Recommends that the secretariat support the joint execution of programmes and projects at the regional or sub-regional level designed to secure the application of the transport technologies most appropriate for the economic and social development of the Latin American countries, through special studies, the convening of technical meetings, and the organization of the exchange of technical missions between interested countries.

4. Urban mass transport

Requests the secretariat to give priority to the study of the problems of mass transport and its implications for urban development, especially in the case of cities with high growth rates.

5. Tourism

Requests that the secretariat assign priority to studies on and promotion of tourism, and particularly to the establishment of regional tourism circuits, with full support for action by the countries and in close co-ordination with the Regional Tourism Commission of the Americas of the World Tourism Organization.

6. Telecommunications

Supports the initiative of the International Telecommunication Union to carry out a regional project financed by UNDP to promote inter alia, through studies and advisory activities, the frontier integration of telecommunications networks, thus contributing to more effective Latin American social and economic integration.

C. MULTILATERAL TRADE NEGOTIATIONS

Requests the ECLA secretariat, in view of recent events connected with the progress and scope of the multilateral trade negotiations, to continue to provide technical assistance in connexion with negotiations to those Latin American governments which so request, and to strengthen its contribution to ECLA/UNCTAD/UNDP regional project RLA/72/098 on co-operation with Latin American countries on trade policy matters connected with the negotiations mentioned;

/Recommends the

Recommends the member governments of ECLA, for the better fulfilment of the objectives of the project in question, to make available as far as possible the services of their specialized officials, when required as consultants and professors by the project co-ordinator;

Requests UNDP to continue to provide financial assistance to the regional project until the multilateral trade negotiations are completed, and

Further requests that, if the negotiations continue beyond June 1976, the ECLA secretariat should take timely steps to obtain further funds from UNDP until they are concluded.

D. ECONOMIC INTEGRATION

Requests the ECLA secretariat and ILPES to intensify their efforts relating to the implementation of resolution 331 (XV) concerning the progress of the regional and sub-regional integration processes in Latin America and the identification of difficulties and new possibilities of action, in particular those which might effectively contribute to the convergent harmonization of those processes;

Further requests the secretariat, insofar as such studies make it possible to determine specific areas and means of action for fresh progress in the field of regional integration, to organize at the appropriate time a technical meeting with the participation of experts from Latin American intergovernmental integration bodies;

Also requests the secretariat, should it prove necessary for the implementation of the above requests, to organize the support required to that end.

/E. ACTIVITIES

E. ACTIVITIES IN THE FIELD OF PRIMARY COMMODITIES

Recommends the ECLA secretariat, in carrying out its programme of work, to give priority attention to research, studies and arrangements for giving advisory assistance and technical support to governments regarding the marketing of primary commodities, in accordance with the recommendations made by the Committee of High-Level Government Experts, which cover the consideration of new possibilities for product agreements, the organization of producers, buffer stocks, and the indexing of prices of primary commodities in keeping with the prices of the manufactured goods imported by the developing countries;

Notes that in these studies and advisory activities it is important to analyse the effect of primary commodity price fluctuations on the balance-of-payments situation of the producer countries and consider what measures could help to solve the problems arising from such fluctuations;

Requests the ECLA secretariat to convene and make preparations for a special meeting of the Committee of High-Level Government Experts to consider general problems and regional approaches in the field of primary commodities;

Asks UNDP to provide support for the above activities, which are of great importance to the countries of Latin America;

Also asks the ECLA secretariat to take the necessary steps and make the necessary arrangements in order to fulfil the requests contained in this resolution.

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13 May 1975

357 (XVI) ECLA ACTION: INSTITUTIONAL ASPECTS

The Economic Commission for Latin America

Bearing in mind the relevant United Nations General Assembly resolutions on the International Development Strategy (2626 (XXV)), the Declaration and Programme of Action on the Establishment of a New International Economic Order (resolutions 3201 (S-VI) and 3202 (S-VI)), the Charter of Economic Rights and Duties of States (resolution 3281 (XXIX)) and the special session of the General Assembly devoted to development and international economic co-operation (resolution 3343 (XXIX)),

Also bearing in mind the relevant resolutions of the Economic and Social Council, especially those relating to international co-operation (resolution 1896 (LVII)) and the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order; mid-term review and appraisal of the International Development Strategy, and special session of the General Assembly devoted to development and international economic co-operation (resolution 1911 (LVII)),

Likewise taking into account the Quito Appraisal, the reports of the Eighth and Tenth Extraordinary Sessions of the Committee of the Whole of the Commission,^{1/} the conclusions and recommendations of the regional meetings on population held in Costa Rica (15-19 April 1974) and Mexico (3-7 March 1975),^{2/} the Latin American Conference on Industrialization (Mexico City, 25-29 November 1974),^{3/} and the Meeting on Science, Technology and Development in Latin America, (Mexico City, 2-6 December 1974),^{4/} those of the other meetings and conferences held within the ECLA system since the Commission's

1/ E/CN.12/AC.66/5 and E/CEPAL/993.

2/ ST/ECLA/Conf.48/L.7/Rev.2 and ST/CEPAL/Conf.54/L.9/Rev.1.

3/ ST/CEPAL/Conf.51/L.5/Rev.1.

4/ ST/CEPAL/Conf.55/L.5/Rev.1.

fifteenth session,^{5/} including the report of the Committee of High-Level Government Experts to appraise the International Development Strategy (CEGAN),^{6/} held in Bogotá, Colombia, from 11-15 March 1975, and also the discussions and conclusions of the present session of the Commission,

Recognizing that the specialized conferences, meetings and other activities carried out within the ECLA system since its fifteenth session represent valuable contributions to the fulfilment of the aims and objectives of the above resolutions and recommendations,

Acknowledging, however, the need to intensify the efforts made to achieve the objectives of those resolutions and recommendations, including the urgent further improvement of the appropriate institutional machinery and procedures,

Decides meanwhile to instruct the Committee of High-Level Government Experts set up under resolution 310 (XIV) of the Commission, as well as other appropriate bodies, to take up the following matters at specialized meetings in accordance with the mandates of the Commission:

A.

In the field of population:

(a) Provide general orientation with regard to the Latin American Regional Population Programme contained in document E/CEPAL/1002, which the Commission hereby approves;

(b) Serve as a consultative mechanism for the Executive Secretary in implementing that Programme and evaluating its results;

(c) Review and approve the reports of the Latin American Demographic Centre (CELADE) on its activities and its programmes of work;

^{5/} E/CEPAL/988 and E/CEPAL/995.

^{6/} E/CEPAL/AC.69/4/Rev.1.

/(d) Establish

(d) Establish the links which will make it possible to co-ordinate the Latin American Regional Population Programme with related programmes at the world level.

B

In the field of industrialization:

Strengthen industrial co-operation among the countries of the region, promote the instrumentation and broaden the targets and objectives of the Plan of Action 7/ adopted by the Latin American Conference on Industrialization held in Mexico City from 25-29 November 1974:

(a) Study and propose the measures needed for putting the Lima Declaration and Plan of Action 8/ into effect as far as Latin America is concerned, and to this end, when it sees fit, set up sub-committees and sponsor expert meetings to analyse specific questions relating to Latin American industrialization and the industrial co-operation needed to back up that process;

(b) Function as a Latin American regional component of the system of permanent consultation established by the Lima Conference at the global, sectoral and regional levels;

C

In the field of science and technology:

(a) Give general guidelines for the analysis and application of science and technology to the development of Latin America, and in particular carry out the functions indicated in resolution No.1 adopted at the Meeting on Science, Technology and Development in Latin America held in Mexico City from 2-6 December 1974;

7/ See Part III of the Report of the Conference (ST/CEPAL/Conf.51/L.5/Rev.1).

8/ See The Lima Declaration and Plan of Action on Industrial Development and Co-operation (ID/B/155/Add.1).

(b) Co-ordinate the preparatory work at the regional level for the World Conference on Science and Technology for Development which the United Nations Economic and Social Council is to convene towards the end of this decade;

(c) Serve as an advisory body to the Executive Secretary of ECLA in matters relating to the analysis and application of science and technology to the economic and social development of Latin America.

The Commission also decides:

A - 1

1. To approve the steps being taken by the Executive Secretary in accordance with the express mandate contained in resolution 345 (AC.68) to obtain funds from UNFPA for activities planned in the ECLA Regional Population Programme during 1976 and 1977.
2. To recommend that the Executive Secretary prepare a detailed plan of work of the activities to be carried out by ECLA within the framework of the Regional Population Programme in the biennium 1978-1979.
3. To provide that, after studying the potential sources of funds for CELADE's activities, as envisaged in paragraph 9 of resolution 345 (AC.68), the Executive Secretary shall report in due course to the Governments of the region on the origin of such potential contributions and the way in which they would be used in the Regional Population Programmes.
4. To reiterate the recommendations of the Tenth Session of the Committee of the Whole that member Governments should request the Governing Council of UNDP to arrange for UNFPA to continue rendering financial support for CELADE's activities from 1976 onwards.
5. To express its thanks to the United Nations Fund for Population Activities (UNFPA) for the financial support it has provided for CELADE's activities, and to request the Executive Director of UNFPA to consider including financing for CELADE's activities during the

/bienniums 1976-1977

bienniums 1976-1977 and 1978-1979 in the plans it is drawing up for consideration by the Governing Council of UNDP in accordance with the recently established budgetary machinery.

B - 1

1. To request the Executive Secretary of ECLA and the Executive Director of UNIDO to work in close co-operation to provide technical aid to the Committee in the programmes of work which it is to determine for itself;
2. To request the Executive Secretary of ECLA and the Executive Director of UNIDO to make the necessary institutional arrangements and take the necessary measures to adapt the programmes of work of the two organizations to the requirements of the servicing of the Committee;
3. To request the secretariat, as recommended to UNIDO by the Industrial Development Board in its resolution 45 (IX), to make such changes in the medium-term plan and programme budget as may be needed in order to ensure that sufficient resources are made available for industrial co-operation in the region and, in particular, for the servicing of the Committee;
4. To call upon all the Governments of the region to participate actively in the work of the Committee and contribute in every possible way to its financing, including the provision of adequate resources;
5. To call upon all relevant international, regional and sub-regional organizations, within their respective spheres of competence in the field of industrial development, to co-operate with the Committee;
6. To request the Executive Secretary of ECLA to submit to the seventeenth session a report prepared in consultation with the Executive Director of UNIDO on the implementation of this resolution.

C - 1

Decides finally that under the terms of this part C of the present resolution, and bearing in mind the resolutions of the Meeting on Science, Technology and Development in Latin America, the Committee shall determine its programme of specific activities with the assistance of the secretariat and other ECLA bodies.

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358 (XVI) ESTABLISHMENT OF A CARIBBEAN DEVELOPMENT AND
CO-OPERATION COMMITTEE

The Economic Commission for Latin America

Recognizing that special attention must be paid to the needs of the Caribbean countries in the light of their special historical, geographical and cultural identity,

Recognizing that these countries have inherited similar economic structures and problems,

Stressing the importance of paying particular attention to the needs of the less developed countries of the region,

Reaffirming the importance of economic co-operation and integration as one of the means to achieve economic and social progress in the area,

Recalling resolutions 288 (XIII) of 19 April 1969, 305 (XIV) of 6 May 1971 and 331 (XV) of 30 March 1973 concerning the sub-regional office of ECLA in Port of Spain,

Reaffirming the need to maintain and strengthen Latin American co-ordination and solidarity,

Considering that the achievement of the aspirations of the countries of the Caribbean, within the framework of Latin American co-operation, can make a positive contribution to the economic development of Latin America,

1. Invites the Governments of the countries within the sphere of action of the ECLA office in Port of Spain and the Governments of Cuba, Haiti and the Dominican Republic and other Caribbean countries as they achieve independence, to form a committee on development and co-operation, composed of Ministers of Economic Affairs or persons appointed by them, to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of ECLA;

/2. Requests

2. Requests the Executive Secretary of ECLA to co-operate with the Governments concerned on matters within his competence which are of concern to these countries;
3. Also requests the Executive Secretary to undertake studies and promote initiatives designed to strengthen co-operation between the other member countries of ECLA and integration groupings of countries of the Latin American region with the committee referred to in paragraph 1, especially in the case of those countries within the area of action of the ECLA offices in Mexico and Bogotá;
4. Invites the Secretary-General of the United Nations, as well as the Administrator of the United Nations Development Programme, to bear in mind the additional responsibilities assigned to the sub-regional office in Port of Spain and the projects in connexion with the work of the new Committee and the action referred to in paragraph 3.

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13 May 1975

359 (XVI) RESTRICTIONS ON THE IMPORTATION OF LATIN
AMERICAN PRODUCTS

The Economic Commission for Latin America,

Taking account of the fact that some European industrialized countries have applied restrictions which affect the access of some Latin American export products,

Considering that such measures are not compatible with the principles which should govern the relations between the industrialized countries and the developing countries and do not fully respect the commitments made in various international forums,

Further considering that negotiations have been carried on in CECON between the countries of the region and the United States concerning access to the latter's market,

Bearing in mind that every effort should be made to find solutions capable of reconciling the various interests involved,

Recommends the countries which import and export products affected by the above-mentioned restrictions to hold consultations and negotiations as soon as possible with a view to correcting the present critical situation and adopting effective measures to prevent any recurrence in the future.

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360 (XVI) STUDY OF ECLA PROCEDURES AND MECHANISMS

The Economic Commission for Latin America

Considering the particular importance attached by the international community to the question of possible structural reforms in the United Nations system, as evidenced by the current efforts of the group of experts appointed pursuant to United Nations General Assembly resolution 3343 (XXIX) and further evidenced by the suggested inclusion of this topic on the draft agenda of the Seventh Special Session of the United Nations General Assembly, to be held in September 1975,

Recognizing that a fundamental aspiration of the member governments of ECLA is the promotion of their economic progress through international co-operation,

Requests the Executive Secretary of ECLA, in consultation with such experts as he may deem appropriate, to undertake a study of ECLA procedures and mechanisms, particularly as they relate to the objectives set forth above, and to report his findings, together with any recommendations for improvements, no later than one year from the date of this resolution, for which purpose he may convene a session of the Committee of the Whole of ECLA.

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361 (XVI) PLACE AND DATE OF NEXT SESSION

The Economic Commission for Latin America

Bearing in mind paragraph 15 of its Terms of Reference and rules 1 and 2 of its Rules of Procedure,

Considering the invitation of the Government of Guatemala to hold the seventeenth session of the Commission in Guatemala City,

1. Thanks the Government of Guatemala for its generous invitation;
2. Decides to hold its seventeenth session in Guatemala City at the time considered most suitable after consultation by the Executive Secretary of the Commission with the Secretary-General of the United Nations and the Government of Guatemala.

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13 May 1975

PART IV

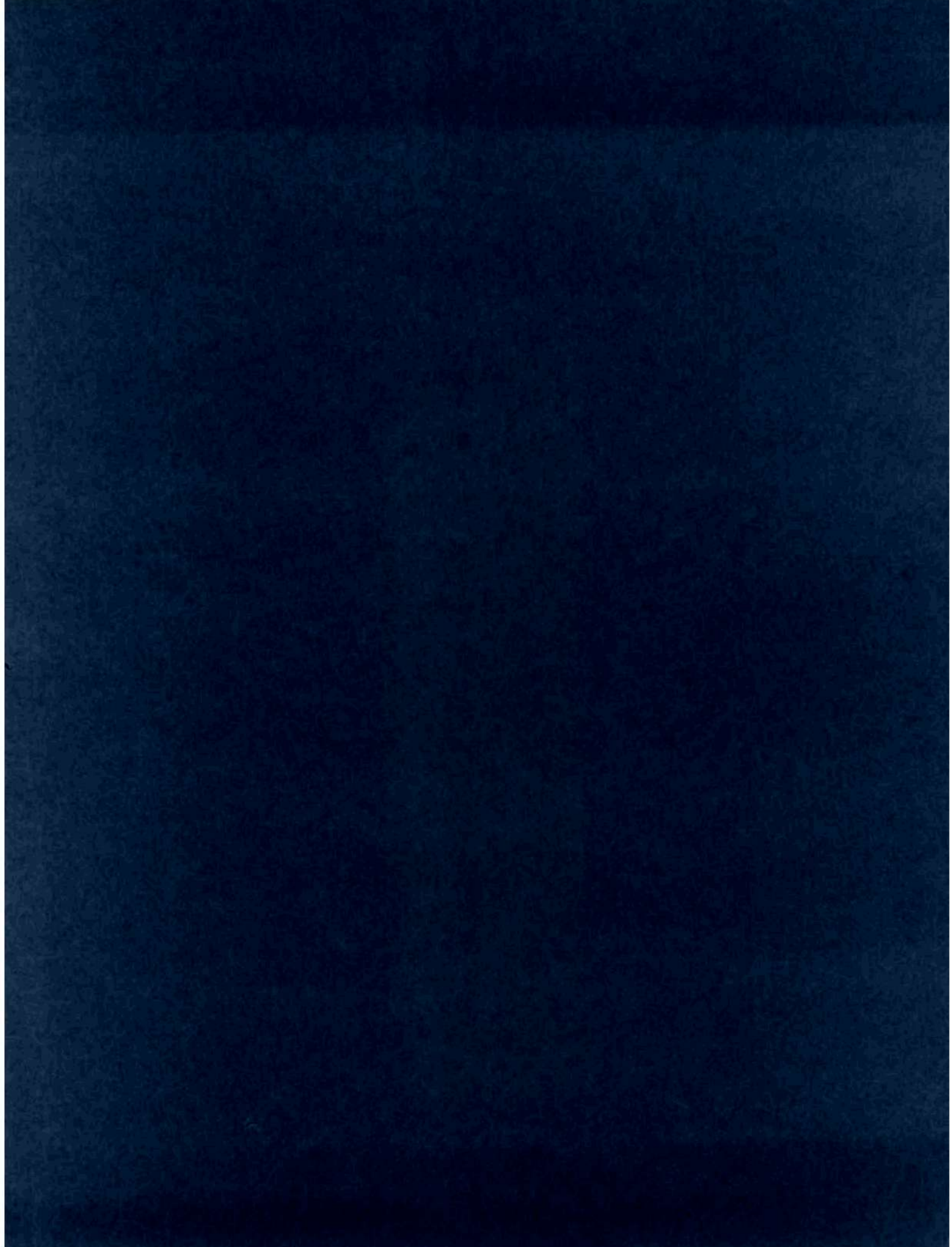
DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND
SOCIAL COUNCIL

690. The Commission decided to transmit the following draft resolution to the Economic and Social Council:

"The Economic and Social Council,

"1. Takes note of the annual report of the Economic Commission for Latin America covering the period 1 March 1974 to 6 May 1975 and of the resolutions and recommendations contained in Parts II and III of that report;

"2. Endorses the programme of work and order of priorities contained in Part V of the report."



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