

I N D E X

Eighteenth Session.
La Paz, Bolivia, 18-26 April 1979.

Conference Room Papers

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
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PROTECTIONISM IN DEVELOPED COUNTRIES

Draft resolution submitted by the delegations of Chile, Ecuador
Uruguay and Venezuela

The Economic Commission for Latin America,

Considering

1. That increasing the exports of the developing countries is of vital importance in order to stimulate their economic growth, and solve their problems of structural unemployment and the low incomes of the more deprived strata;
2. That protectionism in developed countries is increasing and tending to become institutionalized, and often discriminates against the developing countries by applying restrictions to them which are not applied to the exports of other developed countries;
3. That in the medium and long term protectionism has counterproductive effects for the developed countries themselves, above all by

(a) depriving their consumers of access to products which are cheaper and of better quality;

(b) increasing domestic inflationary pressures;

(c) maintaining inefficient industries,

4. That protectionism is closely linked with problems of the balance of payments and the financing of external debt inasmuch as access is not available to international consumer markets,

Bearing in mind the above considerations and the increasing concern at the rise in protectionism in the developed countries against the developing countries,

1. Calls upon the developed countries to eliminate all protectionist measures and replace them by programmes aimed at facilitating the shift of resources from uncompetitive towards more efficient sectors;

2. Urges the developed countries to abide strictly by the undertaking on the status quo, as regards new tariff and non-tariff barriers or the intensification of existing barriers to the exports of the developing countries;

3. Underlines the desirability that the developing countries of the region which are all affected by the protectionist measures of the developed countries, should define a common strategy to enable them to face up to the recrudescence of such protectionist measures through co-ordinated action to strengthen their bargaining power and make use of their strong position as buyers of goods exported by the developed countries and as major suppliers of essential raw materials to those countries. Such joint action might include voluntary economic, financial or trade measures such as:

- (i) Equivalent trade treatment to exports from developed countries,
- (ii) The laying down of guidelines to restrict or encourage imports from a certain developed country or countries,
- (iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

4. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to protectionist measures which affect or may affect export from developing countries of the region and quantification of those effects;

- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination, in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness, or other effects of a similar nature;

5. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

Taking into account also that in the past decade the programmes of economic co-operation and integration among the Latin American countries have been considerably expanded and diversified in response to the purpose of strengthening intra-regional economic relations and adopting concerted means of action to deal with common problems in the promotion of their economic and social development,

Recognizing that the intensification and expansion of economic co-operation and integration among the Latin American countries, on the basis of the organic statement of their general principles and objectives, constitute basic factors for the consolidation of regional solidarity,

Reaffirming that all efforts aimed at expanding and improving economic integration and co-operation among the Latin American countries signify the strengthening of the unity of action of these countries for the establishment of the New International Economic Order,

Bearing in mind that the principles and machinery which direct and regulate economic relations among the Latin American countries must be strengthened and adjusted so as to ensure a fair distribution of advantages and resources, with due consideration of the external and internal needs of the countries, and particularly the problems of the relatively less developed countries,

Decides:

To instruct the Executive Secretary of the Commission, on the basis of technical analyses already made of the regional and subregional co-operation and integration processes and bilateral economic relations, to make a compendium of these analyses and prepare a study for submission at a special meeting of Latin American experts convened in co-ordination with SELA during 1980, to enable the Latin American governments to determine the desirability of drawing up a "Charter of Economic and Social Relations of Latin America" or some other instrument which will

contribute to identifying the bases for a fair and just Latin American economic order for the region, in keeping with the Charter of Economic Rights and Duties of States and the proposals by the region and the developing countries for the establishment of a New International Economic Order;

To ask the Executive Secretary of the Commission, in undertaking the above tasks, to request the views of the Latin American governments and hold consultations with the institutional bodies responsible for the regional and subregional co-operation and integration systems;

To request the Executive Secretary of the Commission, with the aim of guaranteeing the best possible results for this meeting, to promote it as widely as possible and provide appropriate motivation, in order to obtain the effective participation of all the countries of the region.

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STATEMENT OF THE DELEGATION OF CANADA

I should like to reiterate part of my comments of yesterday afternoon. The Canadian delegation congratulates the Latin American group on the preparation of document GL-17. As an agreed position paper of the Latin American group we can accept to adoption by this Committee, although there are aspects of the document which reflect a different view of the issues under discussion and on which, therefore, I must reserve Canada's position.

Before detailing those reservations, the Canadian delegation would like to express its admiration for the whole of section B of Chapter I, that is, paragraphs 8 through 26, which appear to us not only to describe situations but to analyze problems and to propose ways towards their solution. Section C, as well, paragraphs 27 through 59, is very good.

Canada first reserves its position with respect to decisions or recommendations of a body to which it does not belong, and with which decisions and recommendations this delegation is not familiar. I refer particularly to the frequent references in document GL-17 to the 4th Ministerial Meeting of the Group of 77, in Arusha.

With respect to paragraphs 70, 71 and 72, Canada has made serious efforts to resist protectionist pressures. When it has been necessary to take any action to prevent unacceptable loss or damage to Canadian industry, such action has been completely in accordance with Canada's international obligations. The General System of Preferences, in Canada's experience, has had a high rate of utilization and has offered considerable security of access to its users. I should note that the Canadian International Development Agency was instrumental in setting up several seminars on the SGP, which were attended by representatives of governments in the ECLA region.

We should like to reserve Canada's position on the following paragraphs: 73 and 74, 79 through 82, 161 through 173, 239 through 252, 257 through 260, and 281 and 282.

/The Canadian

The Canadian delegation notes paragraph 278 and, in connection with paragraph 279 notes that the criteria for allocation of official assistance resources are at present under review in Canada.

At the opening of the 18th Session of ECLA, we were struck by the following passage from the statement of the President, the Hon. Minister of Planning and Coordination of the Republic of Bolivia:

"The exaggerated belief that growth had to precede distribution blinkered economic thought and constituted the fundamental pattern for investment policies. The maximization of the gross domestic product sidestepped other equally important aspects of society for which that policy had been formulated, including social justice and the elimination of poverty. When all is said and done, what is growth for, if the great majority have not managed to secure any significant increase in their income levels or in their demand capacity? Here the words should be recalled of that eminent economist Raul Prebisch when he argued that 'Man shall not live by GDP alone'."

Those words, very much to the point of this meeting, came to mind again when we read paragraphs 180, 181, 183 and 184 of document GL-17. Our only regret is that these paragraphs, excellent as they are, are not accompanied by the breadth of detailed analysis and proposals that surround such subjects as external trade.

In making this point I should emphasize that Canada is aware of the importance of external trade - in many ways, Canada is also a developing country: a net importer of capital, a net importer of technology, and a major exporter of many of the basic commodities mentioned around this table. Even though

/our positions

our positions are different on many of those issues, therefore, we understand empathize with the struggle of the countries in the region to overcome these problems.

Although I do not wish to propose changes to the text of document GL-17, I believe two paragraphs should be deleted, as they duplicate earlier ones: paragraph 246 is the same as paragraph 70, and paragraph 250 appears to be the same as paragraph 74.

Mr. Chairman, I do not want to conclude without paying tribute to the work of the Secretariat, whose comprehensive background document, E/CEPAL/1061 and 1061/Add.1, supports so well the document under consideration and all the considerations of this committee.

Thank you.

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Draft resolution

CO-OPERATION AMONG DEVELOPING COUNTRIES AND AMONG
DEVELOPING REGIONS OF DIFFERENT
GEOGRAPHICAL AREAS

Draft resolution submitted by the delegations of Cuba, Mexico and Venezuela

The Economic Commission for Latin America,

Taking note of United Nations General Assembly resolutions 32/183 of 19 December 1977 and 33/134 of 19 December 1978 regarding the United Nations Conference on Technical Co-operation among Developing Countries, and resolution 32/182 of 9 December 1977 on technical co-operation among developing countries,

Likewise taking note of United Nations General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on economic co-operation among developing countries,

Bearing in mind the recommendations of the Conference on Economic Co-operation among Developing Countries, held in Mexico City from 13 to 22 September 1976, and especially those addressed to the regional commissions,

Also bearing in mind the Action Programme for Economic Co-operation and the relevant resolutions adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries (Colombo, 16-19 August 1976), as well as the recommendations made on this subject by the Conference of Foreign Ministers of Non-Aligned Countries (Belgrade, 25-30 July 1978),

Also mindful of the first short- and medium-term plan of action for global priorities regarding economic co-operation among developing countries adopted at the Fourth Ministerial Meeting of the Group of 77 (Arusha, February 1979),

Finally bearing in mind the report of the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires from 30 August to 12 September 1978, which saw the emergence of a movement of the developing countries aimed at putting into effect new arrangements for co-operation based on national and collective self-reliance,

Considering that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries adopted at that Conference contains recommendations addressed to the regional commissions which refer explicitly to their role at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas, 354 (XVI) of 13 May 1975 on technical co-operation among developing countries and 363 (XVII) of 5 May 1977 on co-operation between developing countries and regions of different geographical areas,

Recognizing the need to stimulate technical and economic co-operation among the countries and groups of countries of the region and to strengthen the subregional and regional institutions as appropriate means of enhancing the development of the countries of the region,

Also recognizing the importance of forging closer and stronger links of technical and economic co-operation with other developing regions,

Fully aware that the effective implementation of the recommendations contained in the Buenos Aires Plan of Action calls for the combined efforts of all the bodies, organizations and agencies, both subregional and regional and those of the United Nations system, and especially the United Nations Development Programme,

Taking note with satisfaction of the efforts initiated by the secretariat to carry out interregional co-operation activities with other regional commissions and to identify programmes designed to promote co-operation relations at the subregional, regional and interregional levels,^{1/}

1. Urges the governments of the developing member countries of the Commission to intensify their intraregional mutual co-operation programmes and projects and take the necessary steps to put into effect the recommendations of the Buenos Aires Plan of Action relating to the national level;

2. Exhorts the governments of the developed member countries of the Commission to make voluntary contributions for technical co-operation activities among developing countries, without prejudice to the existing programmes, as was recommended in the Buenos Aires Plan of Action;

3. Requests the Executive Secretary of CEPAL to:

(a) Take the necessary steps, as far as CEPAL is concerned, to put into practice the recommendations of the Buenos Aires Plan of Action addressed to the regional commissions, and to that end draw up, where necessary, co-operation or other agreements with the United Nations Development Programme and other bodies, organizations and agencies, both subregional and regional, and those of the United Nations development system, taking due account of their respective sphere of competence and mandates;

(b) Provide the necessary co-operation for the activities, programmes and projects of the United Nations Development Programme in order to achieve the purposes and objectives of technical co-operation among developing countries;

(c) Participate actively in the work of the high-level meetings of representatives of all States participating in the United Nations Development Programme, as was recommended in the Buenos Aires Plan of Action;

^{1/} See document E/CEPAL/1063 of 8 March 1979.

(d) Establish in the secretariat appropriate servicing machinery directly responsible for promotion, information and co-ordination activities related to technical and economic co-operation among developing countries;

(e) Include the subject of technical co-operation among developing countries among the research topics of the secretariat and on the agendas of the intergovernmental and specialized meetings convened by the secretariat, whenever the subject of the research or of the meeting permits;

4. Notes with satisfaction and approval the decision of the Executive Secretaries of the Economic Commission for Africa and the Economic Commission for Latin America to carry out interregional technical and economic co-operation activities between Africa and Latin America in the areas of trade, training and science and technology;

5. Also notes with satisfaction and approval the arrangements being made between the Executive Secretary of the Economic and Social Commission for Asia and the Pacific and the Executive Secretary of CEPAL, in conjunction with the Government of India, to organize a meeting in New Delhi at the beginning of next June, to be attended by representatives from Latin American countries and India, with a view to promoting technical co-operation between Latin America and India within the framework of the principles and objectives of TCDC adopted by the developing countries in the respective forums;

6. Urges the governments and the intergovernmental, subregional and regional organizations of the developing member countries of the Commission to take an active part in the aforementioned interregional activities with the aim of encouraging and strengthening the links between the different geographical regions of the developing world through joint mutual co-operation programmes and projects;

7. Expresses its sincere gratitude to the Government of the Netherlands for the generous special contribution recently made to the secretariat of the Commission to promote economic and technical co-operation activities among developing countries;

8. Decides that the question of co-operation among developing countries and regions should be examined at each session of the Commission by a sessional committee for the purpose of examining the intraregional and interregional co-operation activities carried out by the secretariat of the Commission with a view to formulating appropriate support measures to promote such co-operation;

9. Further decides to strengthen its support for the activities of the intergovernmental, subregional and regional organizations of the developing member countries of the Commission, especially SELA.

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COOPERATION AMONG DEVELOPING COUNTRIES AND AMONG
DEVELOPING REGIONS OF DIFFERENT
GEOGRAPHICAL AREAS

Draft resolution submitted by the delegations of the countries
of Latin America

The Economic Commission for Latin America,

Taking note of United Nations General Assembly resolutions 32/183 of 19 December 1977 and 33/134 of 19 December 1978 regarding the United Nations Conference on Technical Co-operation among Developing Countries, and resolution 32/182 of 9 December 1977 on technical co-operation among developing countries,

Likewise taking note of United Nations General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on economic co-operation among developing countries,

Recalling General Assembly resolutions 2688 (XXV) of 11 December 1970 on the capacity of the United Nations development system, especially its provisions on the establishment of priorities, and 3405 (XXX) of 28 November 1975 on new dimensions of technical co-operation, in particular its aspects related to technical co-operation among developing countries, and Economic and Social Council resolution 1978/74 on regional co-operation and development,

Bearing in mind the recommendations of the Conference on Economic Co-operation among Developing Countries, held in Mexico City from 13 to 22 September 1976, and especially those addressed to the regional commissions,

Also bearing in mind the Action Programme for Economic Co-operation and the relevant resolutions adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries (Colombo, 16-19 August 1976), as well as the recommendations made on this subject by the Conference of Foreign Ministers of Non-Aligned Countries (Belgrade, 25-30 July 1978),

Also mindful of the first short- and medium-term plan of action for global priorities regarding economic co-operation among developing countries adopted at the Fourth Ministerial Meeting of the Group of 77 (Arusha, February 1979),

Finally bearing in mind the report of the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires from 30 August to 12 September 1978, which saw the emergence of a movement of the developing countries aimed at putting into effect new arrangements for co-operation based on national and collective self-reliance,

Considering that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries and the resolutions adopted at that Conference contain recommendations addressed to the regional commissions which refer explicitly to their role at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas, 354 (XVI) of 13 May 1975 on technical co-operation among developing countries and 363 (XVII) of 5 May 1977 on co-operation between developing countries and regions of different geographical areas,

Recognizing the need to stimulate technical and economic co-operation among the countries and groups of countries of the region and to strengthen the subregional and regional institutions as appropriate means of enhancing the development of the countries of the region,

Also recognizing the importance of forging closer and stronger links of technical and economic co-operation with other developing regions,

Fully aware that the effective implementation of the recommendations contained in the Buenos Aires Plan of Action calls for the combined efforts of all the bodies, organizations and agencies, both subregional and regional and those of the United Nations system, and especially the United Nations Development Programme,

Taking note with satisfaction of the views expressed by various delegations on the subject and the efforts initiated by the secretariat to carry out interregional co-operation activities with other regional commissions and to identify programmes designed to promote co-operation relations at the subregional, regional and interregional levels,^{1/}

1. Urges the governments of the developing member countries of the Commission to intensify their intra-regional mutual co-operation programmes and projects and take the necessary steps to put into effect the recommendations of the Buenos Aires Plan of Action and resolutions relating to the national level;
2. Exhorts the governments of the developed member countries of the Commission to make contributions for technical co-operation

^{1/} See document E/CEPAL/1063 of 8 March 1979.

activities among developing countries, without prejudice to the existing programmes, as was recommended in the Plan of Action and resolutions adopted in Buenos Aires;

3. Recommends the Governing Council of the United Nations Development Programme to expedite the measures for ensuring a favourable response to the joint formulation of priorities for the developing countries of the region, in order to use the regional indicative planning figures;

4. Requests the Executive Secretary of CEPAL to:

(a) Take the necessary steps, as far as CEPAL is concerned, to put into practice the recommendations of the Plan of Action and resolutions adopted in Buenos Aires addressed to the regional commissions, and to that end draw up, where necessary, formal co-operation or other agreements with the United Nations Development Programme and other bodies, organizations and agencies, both subregional and regional, and those of the United Nations development system, taking due account of their respective spheres of competence and mandates;

(b) Consult the Administrator of the United Nations Development Programme (UNDP) with the aim of reviewing the practices in force for determining the use of regional indicative planning figures so as to involve the developing countries of the region in the joint establishment of priorities through their appropriate intergovernmental organizations, including the regional commissions or other agencies of the United Nations system, or with their support;

(c) Provide the necessary co-operation for the activities, programmes and projects of the United Nations Development Programme in order to achieve the purposes and objectives of technical co-operation among developing countries;

(d) Participate actively in the work of the high-level meetings of representatives of all States participating in the United Nations Development Programme, as was recommended in the Buenos Aires Plan of Action;

(e) Establish in the secretariat appropriate servicing machinery directly responsible for promotion, information and co-ordination activities related to technical and economic co-operation among developing countries;

(f) Include the subject of technical and economic co-operation among developing countries in the research work of the secretariat and the agendas of the intergovernmental and specialized meetings convened by the secretariat, whenever the subject of the research or of the meeting permits;

5. Notes with satisfaction and approval the decision of the Executive Secretaries of the Economic Commission for Africa and the Economic Commission for Latin America to carry out interregional technical and economic co-operation activities between Africa and Latin America in the areas of trade, training and science and technology;

6. Also notes with satisfaction and approval the arrangements being made between the Executive Secretary of the Economic and Social Commission for Asia and the Pacific and the Executive Secretary of CEPAL, in conjunction with the Government of India, to organize a meeting in New Delhi at the beginning of next June, to be attended by representatives from Latin American countries and India, with a view to promoting technical co-operation between Latin America and India within the framework of the principles and objectives of TCDC adopted by the developing countries in the respective forums;

7. Urges the governments and the intergovernmental, subregional and regional organizations of the developing member countries of the Commission to take an active part in the aforementioned interregional activities with the aim of encouraging and strengthening the links between the different geographical regions of the developing world through joint mutual co-operation programmes and projects;

8. Expresses its gratitude to the Government of the Netherlands for the generous special contribution recently made to the secretariat of the Commission to promote economic and technical co-operation activities among developing countries;

9. Decides that the question of co-operation among developing countries and regions should be examined at each session of the Commission by a sessional committee, prior consultation with the Governments, for the purpose of examining the intra-regional and interregional co-operation activities carried out by the secretariat of the Commission with a view to formulating appropriate support measures to promote such co-operation;

10. Further decides to strengthen its support for the activities of the intergovernmental, subregional and regional organizations of the developing member countries of the Commission, especially SELA.

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STATEMENT OF AMBASSADOR MELISSA WELLS

The CEGAN Report represents a massive effort of work. I understand that it took nearly one month to prepare. There are a number of points made on the report with which we concur strongly.

It is commendable, for example, that drafters of the CEGAN Report reject the goal of economic growth for its own sake and recognize the need to change the style of development. We warmly welcome the view of development as an integral process aimed at achieving both economic and social targets.

The CEGAN Report noted the inadequacy of the structure of production. It generates employment leading to the limited participation of masses of people in the growth process. We congratulate the drafters of the Report for the frankness on this topic.

With respect to the other portions of the CEGAN Report, we feel the report lacks completeness on some issues. We also have a number of reservations on points that are made. I would like to speak to this, issue by issue. May I begin with protectionism.

Protectionism

The United States is committed to an open trading system. Despite strong domestic pressures, we have continued to pursue liberal trade policies. The results of the MTN are evidence of this commitment.

The growth in total LDC exports to the US has been quite impressive in recent years. Taken as a whole, Latin America has not shared in this overall dynamic growth - as the report points - non-petroleum trade remained at a constant 11% of total LDC exports

to the US from 1970-1976. However, this figure conceals the fact that the composition of Latin American exports to the US is changing. Total Latin American basic commodity exports dropped from 79.0% in 1970 to 74.5% in 1976. In 1978 the OAS concluded that, excluding petroleum, the relative share of manufactures in total US imports from the region grew from 20% in 1970 to 34% in 1976.

This encouraging trend toward greater diversification in trade reflects the positive results to be gained from pursuing open market growth strategies.

While the number of private-sector petitions submitted to the USG seeking import relief (escape-clause action) under Section 201 of the Trade Act has increased, the US has taken relatively few restrictive trade-policy actions even in those instances where injury has been determined. Since 1 January, 1975, thirty eight, Section 201 cases have been filed with the ITC. The ITC has ruled on all 38. Of the 35 cases that the President has acted on, he has granted tariff relief action on only seven cases.

The CEGAN Report has not taken these developments into account and has pressed for more radical measures involving, however, no changes in the policies of LDC government to correct Latin America's relatively lagging export performance. The Report calls for DC structural adjustment and transfer of industrial capacity to the region; for monitoring the DC trade restrictive actions; and for structural changes in the GATT which in its view inadequately addresses the trade problems of LDCs in general and Latin America in particular. The USG believes that through the GSP program it has made substantial efforts to support increased export growth of the region.

MTN

The subsidy code was negotiated with the full participation of interested LDCs; two Latin countries represented here today are among the countries that prepared the draft that is open for signature. By strengthening international discipline over the subsidy practices of all countries (including the immediate prohibition of export subsidies for DCs), this code minimizes the risk of a "subsidies war" in which the

LDCs, with their limited resources, have the most to lose. As part of these negotiations, the US will introduce an injury test into its domestic legislation. In addition, the code provides significant S&D, during which it need not fulfill all the obligations of the code while still enjoying its benefits.

We must recognize that no country or group of countries will achieve all its objectives in the MTN. Compromise is the essence of negotiation.

Nevertheless, the MTN will result in a substantial reduction of trade barriers by the US and other major markets. We have offered tariff reductions on \$3 billion of Latin American non-petroleum trade. We are pleased that we were able to negotiate tariff agreements with many Latin American countries. The extent of tariff growth of Latin American exports to all major markets. In addition, improvement of the trading rules resulting from the codes will help the world trading system operate more openly and equitably, which will be of particular benefit to new and small suppliers.

We urge the Latin American countries and other LDCs to participate actively in the GATT in the post-MTN period. This is the most effective means to influence the future evolution of the international trading system and to ensure that their special problems are adequately addressed within that system.

GSP

GSP is a non-negotiable, temporary (US authorizing legislation expires in June 1985) and unilateral concession, the purpose of which is to help LDCs gain increased access for their manufactured exports to the US market. The US GSP provides duty-free entry on a broad range of products (about 2800 tariff categories) to 98 developing countries and 40 dependent territories. Certain more sensitive products are statutorily excluded entirely from preferences. There are also maximum limits on each eligible product (competitive need) above which the normal MTN rates are imposed the following year. These limits are generous: a) \$37.3 million per product per country (the amount is adjusted annually to reflect growth in US GNP); or b) 50% of total

US imports of any product originating in a single beneficiary country. While we have agreed in many international fora to continue to review our GSP scheme to provide the maximum feasible benefits to LDCs, the unilateral nature of the GSP precludes bilateral or multilateral negotiations with G-77 countries. We do have consultations within the Organization of American States (OAS) on an ex post basis on the operation of our GSP scheme. The US has an annual review with public hearings where we consider product additions to GSP requested by beneficiary developing countries, as well as product withdrawals petitioned by US producers of producers competing with imports.

-- 98 (i) -- The elimination of the OPEC exclusion clause of Section 502 (b) (2) would require a Congressional Amendment to the Act.

The US delegation realizes that the Congressionally mandated exclusion of OPEC countries from GSP benefits has been a source of friction in our relations with a number of OPEC countries, and in the Western Hemisphere with Ecuador and Venezuela. The USG has discussed this problem with the countries involved. Given Congressional and public sensitivity on a wide range of energy and trade-related issues, however, we are not able to judge if and when the Administration might introduce any amendment modifying the OPEC exclusion. The Administration is not inclined to introduce legislation that would be defeated.

-- 98 (ii) -- Imported materials can be counted as local materials toward the 35% value-added requirement provided that they have been substantially transformed within the country. A number of rulings issued by US Customs in this area have been published and publicized by UNCTAD. In addition, the US Customs is prepared to make a ruling on any question submitted by a Latin American beneficiary.

-- 98 (iii) -- The competitive need limitation in the Trade Act was designed to remove the preference when it is no longer needed by a particular country for a particular product and to ensure that the benefits of GSP would be spread as widely as possible among all beneficiaries. Even with competitive need limits, 70% of all US duty-free benefits in 1978 were received by the top five beneficiary countries. Competitive need criteria are thus clearly justified to help keep the

benefits from being even more unequally distributed. Any amendment to the GSP that might have the effect of increasing the benefits to more advanced developing countries at the expense of the less developed would have no chance of passage by the US Congress.

-- 98 (iv) -- The US Government has considered many items of interest to Latin America and has added many of these to the GSP list. We are willing to consider additional requests in our annual product review, subject, of course, to the legislative constraint that only products which are not import-sensitive may be added to GSP. Latin American beneficiaries should note that a product added to GSP is eligible for duty-free importation from all 140 beneficiary countries. This means that a Latin American country which is a smaller supplier of a particular product might not gain a preferential advantage from GSP vis-à-vis larger, more competitive suppliers who are also GSP beneficiaries. It also means that a product which does not appear to be import-sensitive from the prospective of a small Latin American supplier might be sensitive when US imports from all potential GSP beneficiaries are added up.

On Commodities

We have made a serious, concerted effort over the last three years to participate constructively in the IPC deliberations, including the Common Fund and the individual commodity discussions. The allegedly slow pace of preparatory work on specific commodities is attributable to the technical and economic complexities of the issues involved, not to political obstruction. Decisions to move from the preparatory phase into formal negotiations for any particular commodity should be left to the producers and consumers directly involved in those talks. Such decisions should also be based on clear findings that international producer/consumer arrangements are called for and are feasible. We are gratified at the success of the latest rounds in the Common Fund and rubber negotiations, which have produced substantial progress toward agreement.

The portions of the Arusha Declaration dealing with commodity issues contain a number of proposals with which the United States does not agree. These issues should properly be discussed during UNCTAD V.

in Manila rather than being adopted as part of the declaration of this meeting of the Commission.

Transnational Corporations

The US believes that TNCs can and do make a positive contribution to the growth process. Not only do they offer capital but important managerial, technical and marketing skills unavailable through aid mechanisms or foreign trade. We respect the host countries' right to establish conditions for foreign investment that will best meet their development needs. The US recognizes, and encourages the parties to such investment to explore the many forms, including joint ventures, wholly owned subsidiaries, management contracts etc., this investment can take. While US investors, including TNCs, have shown considerable flexibility and adaptability in meeting national aspirations and economic objectives (i.e. export goals) of the countries where they are located, the US Government does not wish to recommend any particular investment form or economic objectives since these are a matter of choice and negotiation between a firm and the host country.

The United States is participating actively in the UN negotiations on a code of conduct relating to transnational corporations. It is our view that a code must cover not only the responsibilities of transnational enterprises but also those of the governments of the countries where they operate, both home and host. For the TNCs, the US recognizes and fully accepts that guidelines should be established covering all areas of their operations, and current UN negotiations cover the whole spectrum of such activities -- political, social, and economic. Government responsibilities include such areas as non-discriminatory and national treatment of foreign enterprises, respect for contracts, standards of expropriation and compensation, predictability and clarity of national laws and policies, free transfer of capital, and dispute settlement procedures. The US considers that the code must be voluntary (as is the case with the OECD Guidelines and ILO Declaration on employment and labor standards), seeking to establish international standards recommended and supported by governments, which would represent good practice for both foreign and domestic enterprises. TNCs covered by the

code should include all forms of ownership, whether state owned, private, or of mixed ownership.

Transfer of Technology - Code of Conduct

We have sought to respond constructively to the initiative of the G-77 and the UNCTAD Secretariat for a Code of Conduct. As set forth in the Group B opening statement at the United Nations Conference this fall, we agree fully that a Code of Conduct with benefits for all would constitute an important instrument for promoting and facilitating the international transfer of technology. Developed Countries, however, generally view the Code in the wider context of global interdependence in the flows of trade, investment and technology and of the equally important needs of all countries to strengthen basic technological capabilities.

We believe that the Code should enhance a mutually beneficial climate for technology transfer. To this end, the Code should address, in a balanced manner, the conduct of both governments and commercial parties; its provisions should be consistent with the necessary freedom of the parties to negotiate the terms and conditions of their transactions. It is also our view that the Code should not serve to diminish economic and legal incentives for the generation and dissemination of technology. In respect of the Code's legal nature, it is our position that voluntary guidelines, with appropriate arrangements for overview and review, offer the only prudent and workable basis for agreement, given the complexity and novelty of the subject, its dynamic and diverse nature and the fundamental importance and far reaching implications of some of the questions addressed. These guidelines would thus be intended to identify uniform expectations of conduct to supplement, not substitute for, relevant national law.

We believe that the resumed United Nations Conference in the fall of 1979 could make further progress on the Code along the above lines. At UNCTAD V the prospects of universal agreement on a Code of Conduct will be served best by a spirit of pragmatism and moderation, by reasoned and measured dialogue.

Under the heading of External Financing and Monetary Problems,

the CEGAN document contains a number of suggestions drawn up from the G-77 Arusha Declaration. The proposal that developed countries should finance the SDR component of IMF quota increases for developing countries we feel is neither practical or necessary because an SDR portion of quota subscriptions does not reduce a country's reserve assets. Moreover, such action could adversely effect the smooth functioning of the SDR. The US does agree with the position favoring evolution of the SDR toward becoming the principal reserve asset in the world monetary system.

We would not favor creation of new institutions or facilities for balance of payments financing. The IMF is the appropriate institution for dealing with balance-of-payments problems and has effective arrangements for assisting countries experiencing difficulties. The new IMF guidelines on conditionality are responsive to the concerns expressed by many members, including developing countries and take into account the changing international economic situation and the special characteristics of member countries.

We believe that policy conditionality is essential to ensure adjustment and stabilization of a country in payments disequilibrium and to maintain the financial viability of the fund.

The US favors an effective IMF surveillance of exchange rate systems and supports a strengthening of the Fund's ability to promote a balanced and symmetrical functioning of the adjustment process.

The CEGAN suggestion for modification of the IMF compensatory financing facility is one of several ideas on this subject. A more comprehensive analysis of the CFF is required before any decision can be made on whether or not further changes in the facility are warranted. The institution of a link between SDR and development financing would be inconsistent with the monetary character of the IMF and damaging to the development of the SDR as the principal reserve asset. The US, therefore, continues to oppose this idea. Past discussions on an IMF subsidy account have failed to reach agreement; however, the US agrees to further IMF study of the idea.

In recent years the voice of developing countries in IMF decision-making has increased considerably and, where appropriate, developing country quota and voting shares should be increased to reflect those

member's increased relative economic position.

We do not believe that the convening of an international conference on currency reform is desirable. The IMF is the appropriate forum for negotiations and decisions in monetary issues and, indeed, discussion of monetary issues occurs continuously in the fund.

Graduation

The CEGAN Report states that the multilateral public resources are not increasing at the rate required; actually, lending from the IBRD and the IDB has been growing significantly in real terms. And, Latin America received more of the IBRD's loans last year than any other developing region.

It is true, however, that public financial flows have constituted a falling share of total external resources flowing to Latin America; but that is a reflection of Latin America's growing ability to tap private financial markets. With the growing diversity in sources of external finance available to Latin America, it is only fair that nations of the region, which are able to do so, gradually relinquish their call on scarce concessional lending to poorer countries and regions of the world. The principle of gradualism is not one of discrimination against countries who have achieved some developmental success, but rather is a principle ensuring that the bulk of available development assistance is channelled to those who need it most.

Massive Transfers

As part of a real system of gradualism, we welcome study of various ideas which have been presented for increasing financial flows to middle-income countries.

There are a variety of proposed schemes and care must be taken to identify which proposal we are talking about.

In general, we are interested in learning more about the mechanics of each proposal, bearing in mind that what is important is (1) who finances the transfer (2) who benefits either directly or indirectly, and (3) what is the effect on other types of flows.

The Mexican proposal, which was given a preliminary examination in the IMF-IBRD Development Committee, requires further study on its

technical merits. In particular, potential cost and benefits of the third-party guarantee mechanism to enhance marketability of longer-term bonds merits careful considerations.

Additional questions are: Would it serve to increase overall access or merely improve the terms for a few countries? Would it increase total flows? How can it be related to projects? How does it differ from co-financing or partial MDB guarantees?

The US stands ready to join with its hemispheric neighbors in facing the third development decade with a renewed resolve maintaining the regions growth momentum, and ensuring that the benefits of that growth become available to all.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Proposed additions to the draft resolution on "co-operation among developing countries and among developing regions of different geographical areas", submitted by the Delegation of the Netherlands.

Insert as eight preambular paragraph:

Recalling General Assembly resolution 2688 (XXV) of 11 December 1970 on the capacity of the United Nations Development System, in particular its provisions relating to priority setting, and 3504 (XXX) of 28 November 1975 on new dimensions in technical co-operation, especially its aspects relating to technical co-operation among developing countries as well as Economic and Social Council resolution 1978/74 on regional co-operation and development.

Insert as new operative paragraphs 3 and 4(b)
(renumbering accordingly thereafter)

New operative paragraph 3:

Recommends to the Governing Council of the United Nations Development Programme that it take active steps to ensure the involvement of developing countries of the region in determining collectively the priorities for the utilization of the regional Indicative Planning Figure for the region.

(present operative paragraph 3 will become operative paragraph 4).
New operative paragraph 4(b)

Consult with the Administrator of the United Nations Development Programme (UNDP) with a view to reviewing present practices for determining the utilization of regional Indicative Planning Figures, in order to involve developing countries of the region in the collective setting through their respective regional commissions of priorities for this purpose.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

Draft resolution sponsored by the delegations of Argentina,
Ecuador, Mexico and Venezuela

The Economic Commission for Latin America,

1. Reiterating that any effort towards a New International Development Strategy should be based on the concepts of the New International Economic Order contained in General Assembly resolutions 3201 and 3202 (S-VI) which constitute the Declaration and Programme of Action thereof, and in resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States,
2. Bearing in mind resolution 33/193, by which the General Assembly established a Preparatory Committee which has already begun work on the preparation of a new International Development Strategy for the forthcoming decade, and the fact that the resolution specifies the nature and scope of the new Strategy, which should aim to promote the economic and social progress in the developing countries, and at the same time enumerates various issues and objectives which should be included in the new Strategy for these purposes,
3. Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second Decade and the shaping of a new International Economic Order, these have failed to foster the development of the developing countries due, inter alia, to obstacles created by the industrialized countries, with the result that Latin America development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years.

This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote a strong process of investment and to carry on private and public management of the economy;

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; and situations of intolerable extreme poverty and destitution. It also displays substantial heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities in taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the freedom of action that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped

to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the performance of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and trade among Latin American countries, economic integration is encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the Mexico Programme on ECDC have been obstructed by the industrialized countries, particularly with UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including new measures, resulting in the recrudescence and worsening of the protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The redeployment assistance measures in the developed countries are used exclusively to maintain their inefficient industries.

The agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the developing countries do not participate;

(h) In practice concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order such as grading, selectivity and access to supplies;

(i) International commodity markets, including the commodity exchanges, continue to be practically monopolized by the transnational corporations, in favour of their own interests.

This state of affairs is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income,

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes, co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade which should be linked with the preparation and application of the new International Development Strategy as far as the countries of Latin America and the Caribbean are concerned,

Recalling that resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries; and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase

in the transfer of resources in real terms on a predictable, reliable and continuous basis; organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology and encouragement of the development of domestic technological capabilities,

5. Further recalling that the resolution emphasizes that the new Strategy should reflect, in an appropriate manner, the need for

"adequate policies for the promotion of social development, to be defined by each country within the framework of its development plans and priorities and in accordance with its socio-economic structure and stage of development, taking into account that the final aim of development must be the constant increase of the well-being of the entire population on the basis of its full participation in the process of development and a fair distribution of the benefits therefrom",

as well as other provisions of the resolution relating to the mobilization of national resources, the integration of women and youth, and the protection of the environment, and also

Bearing in mind the proposal contained in this resolution that the new Strategy should "contribute to the promotion of the objective of national and collective self-reliance of the developing countries, especially through the promotion and support of economic and technical co-operation among themselves".

6. Bearing in mind that this resolution requests the regional economic commissions to contribute effectively to the preparatory work for the new strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the aforesaid resolution, and that it also requests the Executive Secretaries of the regional economic commissions to bring their respective experience to bear on the preparation of their inputs for the formulation of the new Strategy, taking fully into account the different levels of development and the differing development situations of their respective regions.

7. Considering that in the context of this General Assembly resolution and the problems affecting Latin American development it is incumbent on CEPAL to contribute to the preparation of the new Strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries, and will at the same time take account of the topics and objectives of transcendental interest for the countries of the region, and that once the new Strategy has been adopted by the General Assembly, CEPAL should promote its implementation at the regional level and organize the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new Strategy,

8. Taking account of the secretariat documents and the biennial appraisals by CEPAL of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade - and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels - the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia:

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to be thwarted. This requires the necessary structural changes in the functioning of the world economy in order to lead to the establishment of a New International Economic Order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the elimination of protectionism; the reform of existing rules and procedures in the financial trade and monetary, field particularly those of IMF and GATT to ensure that due account is taken of the interests of the developing world economy countries; the non-application of concepts contrary to the establishment of

the NIEO, such as grading, selectivity and access to supplies; the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology, and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region;

(b) An essential requisite for the development of the Latin American countries is that the developed countries should allow them full access to their markets for primary, semi-manufactured and manufactured goods, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of developing countries. It is of vital importance to define and put into practice rules that will enable the developing countries to implement dynamic export promotion policies; establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries; and strengthen the Generalized System of Preferences and place it on a permanent footing;

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of vigilance over the protectionist acts of the developed countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country, on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary inter alia, that the developed countries should, adopt effective measures for the redeployment of those sectors of industry requiring structural

adjustment; so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, to avoid protectory inefficient industries and to facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve the stabilization and restructuring of the international commodity markets through the common fund and the essential complementary machinery, establish working product agreements, promote a higher level of processing of commodities in the producing countries themselves and secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) Compliance with the guidelines defined by the fourth session of the Committee of High-Level Government Experts of CEPAL in connexion with transnational corporations is of the utmost importance for the Latin American countries;

(h) It is essential to secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources.

It is also necessary to promote and instrument the decisions adopted in order to make SDRs the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries.

(i) The IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries. In addition, the compensatory financing facility should be improved and expanded in order to compensate fully for the decline in the purchasing power of exports of the developing countries;

(j) The promotion of the flow of real resources to the developing countries should be viewed as an integral element in an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally-induced balance-of-payments difficulties.

B. As regards economic, social and human development

1. Economic development

(a) The development promotion policies of the developing countries will be defined by these countries within the framework of their national development plans and priorities. The dynamism of economic growth must be stepped up to substantially higher rates than those which have been recorded in the region, particularly in a large number of countries where evolution has been extremely slow. This increase in the growth rate is essential in order to increase the social well-being of the entire population and furnish productive employment to the rapidly growing labour force so as to solve the serious problems of unemployment and underemployment on the basis of the dynamic and efficient development of the economies of the region;

(b) In the context of this increased dynamism, appropriate changes in production and technology must be encouraged in order to ensure a process of increasing diversification and integration of the national economies and create firmer bases to support future development;

(c) The growth of agricultural production should be boosted, taking special account of the need to increase the availability of foodstuffs in order to deal as rapidly as possible with the situation of poverty and indigence faced by great masses of the population of Latin America and the need to export in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using suitable methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of essential intermediate products and capital goods must be encouraged in order to ensure sustained economic

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population;

2. Social and human development

(a) Economic growth is a necessary but not by itself sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential;

(b) In this regard, the distribution of income and social consumption should be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in programmes designed to improve their quality of life.

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one-another;

(c) Economic and technical co-operation between countries of Latin America and those of other developing areas should be fostered, in accordance with the guidelines of the Mexico City Conference on Economic Co-operation among Developing Countries and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. This requires the full and unconditioned support of the industrialized countries and of the United Nations system.

Decides:

1. To request the secretariat:

(a) To intensify its studies designed to provide support to Governments in the formulation of the basic development objectives of the Latin American countries for the next decade and the orientation of the strategies and policies which should be considered in order

to achieve those objectives at the regional and international levels in the context of a New International Economic Order;

(b) To prepare a regional action programme aimed at instrumenting the implementation of the Strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America and the Caribbean;

(c) To maintain permanent contact with the Latin American Group and with representatives of other governments in the Preparatory Committee in order to provide them with the technical information they need;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America and the Caribbean (World Bank, Regional Banks and UNDP) and the degree of utilization among the resources channelled to the region. The study should contain specific recommendations for a greater flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of the year and during the following year so that it may evaluate the progress made in the preparatory activities for the new Strategy carried out by the Preparatory Committee, and also the work of the secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new IDS;

2. To recommend the member governments of the Commission:

(a) To participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the New Strategy;

(b) To collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

(c) The member governments of the developing countries of the region should prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the Strategy as far as the Latin American countries are concerned;

3. To recommend that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentation and implementation of the New International Development Strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America and the Caribbean be proclaimed.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

Draft resolution sponsored by the countries of Latin America

The Economic Commission for Latin America,

1. Reiterating that the formulation of the new International Development Strategy should be based on the concepts of the New International Economic Order contained in General Assembly resolutions 3201 and 3202 (S-VI), which constitute the Declaration and Programme of Action thereof, and in resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States, as laid down in General Assembly resolution 33/193, which formulates the guidelines for its preparation;
2. Recalling that General Assembly resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase in the transfer of resources in real terms on a predictable, reliable and continuous basis, organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology, and encouragement of the development

of domestic technological capabilities, and noting that the preparatory committee set up under that resolution has already begun its work;

3. Further recalling that the resolution emphasizes that the new Strategy should reflect, in an appropriate manner, the need for

"adequate policies for the promotion of social development to be defined by each country within the framework of its development plans and priorities and in accordance with its socio-economic structure and stage of development, taking into account that the final aim of development must be the constant increase of the well-being of the entire population on the basis of its full participation in the process of development and a fair distribution of the benefits therefrom",

as well as other provisions of the resolution relating to the mobilization of national resources, the integration of women and youth, and the protection of the environment, and also bearing in mind the proposal contained in this resolution that the new Strategy should "contribute to the promotion of the objective of national and collective self-reliance of the developing countries, especially through the promotion and support of economic and technical co-operation among themselves,

4. Bearing in mind that this resolution requests the regional economic commissions to contribute effectively to the preparatory work for the new Strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the same resolution, and that it also requests the Executive Secretaries of the regional economic commissions to bring their respective experience to bear on the preparation of their inputs for the formulation of the new Strategy, taking fully into account the different levels of development and the differing development situations of their respective regions,

5. Considering that in the context of this General Assembly resolution and the problems affecting Latin American development it is incumbent on CEPAL to contribute to the preparation of the new Strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries and will at the same time take account of the topics and objectives which are of transcendental interest for the solution of the various economic development situation of the countries of the region, and that once the new Strategy has been adopted by the General Assembly, CEPAL should promote its implementation at the regional level and organize itself to carry out the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new Strategy,

6. Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a New International Economic Order, these have not been sufficient to boost the development of the developing countries due, inter alia, to the obstacles created by the industrialized countries and the acceleration of the process of extraction of surpluses by the transnational enterprises, with the result that Latin America development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years.

This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third International Development Strategy, for the problems created by the application of strategies unsuited to the characteristics of the region;

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; and situations of intolerable extreme poverty and indigence. It also displays marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the freedom of action that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the performance of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the Mexico Programme on ECDC have been obstructed by the industrialized countries, particularly in UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including new measures, which have come back and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The redeployment assistance measures in the developed countries are used exclusively to maintain their inefficient industries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the developing countries do not participate;

(h) In practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order, such as grading, selectivity and access to supplies;

(i) International commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income.

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes, co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the new International Development Strategy as far as the countries of Latin America and the Caribbean are concerned.

7. Taking account of the secretariat documents and the biennial appraisals by CEPAL of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade - and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels - the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia.

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to come to naught. This requires the necessary structural changes in the functioning of the world economy in order to lead to the establishment of a

New International Economic Order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the development of the world economy; the elimination of protectionism; the reform of existing rules and procedures in the financial, trade and monetary field - particularly those of IMF and GATT - to ensure that due account is taken of the interests of the developing countries; the non-application of concepts contrary to the establishment of the NIEO, such as grading, selectivity and access to supplies; the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology; and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region.

(b) An essential requisite for the development of the Latin American countries is that the developed countries should allow them full access to their markets for primary, semi-manufactured and manufactured goods, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of developing countries. It is of vital importance to define and put into practice rules that will enable the developing countries to implement dynamic export promotion policies; establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries, and strengthen the Generalized System of Preferences and place it on a permanent footing.

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of

vigilance over the protectionist acts of the developed countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country, on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary, inter alia, that the developed countries should adopt effective measures for the redeployment of those sectors of industry requiring structural

(i) It is necessary to ensure that the General Assembly remains the central body for the development of technology, to ensure that the developing countries have the right conditions for the transfer of technology, and in keeping with the spirit of the Declaration on the Transfer of Technology to the Developing Countries, to ensure that the transfer of technology is on a non-exclusive basis.

(ii) It is necessary to ensure that the General Assembly remains the central body for the development of technology, to ensure that the developing countries have the right conditions for the transfer of technology, and in keeping with the spirit of the Declaration on the Transfer of Technology to the Developing Countries, to ensure that the transfer of technology is on a non-exclusive basis.

(iii) It is necessary to ensure that the General Assembly remains the central body for the development of technology, to ensure that the developing countries have the right conditions for the transfer of technology, and in keeping with the spirit of the Declaration on the Transfer of Technology to the Developing Countries, to ensure that the transfer of technology is on a non-exclusive basis.

adjustment so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, to avoid protecting inefficient industries and to facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices, bearing in mind that certain commodities have their own forums for negotiation. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve the stabilization and restructuring of the international commodity markets through the common fund and the essential complementary machinery, to establish working product agreements, to promote a higher level of processing of commodities in the producing countries themselves, and to secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) Compliance with the guidelines defined by the fourth session of the Committee of High-Level Government Experts of CEPAL as regards transnational corporations is of the utmost importance for the Latin American countries;

(h) It is essential to secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources and to promote and instrument the decisions adopted in order to make SDRs the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries;

(i) A fundamental reform of the international monetary system is urgently needed in order to promote world trade and development in an effective manner;

(j) At the next general review of quotas in the IMF definitive arrangements should be made for the linking of the creation of SDRs and development financing in two ways: a larger allocation of SDRs, over and above the size of the quotas of the developing countries, and the channelling of the allocations corresponding to the developed countries to multilateral and regional financial institutions;

(k) The IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries. In addition, the compensatory financing facility should be improved and expanded in order to compensate fully for the decline in the purchasing power of exports of the developing countries;

(l) The promotion of the flow of real resources to the developing countries should be viewed as an integral element of an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally-induced balance-of-payments difficulties.

B. As regards economic, social and human development

Policies for promoting the development of the developing countries will be defined by those countries within the framework of their national development plans and priorities.

1. Economic development

(a) Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

Governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

(b) In the context of this integral process, it is necessary to promote changes in production and technology of such a nature as to ensure a process of growing diversification and integration of the national economies and lay sounder bases for future development;

(c) The growth of agricultural production must be speeded up, taking special account of the need to increase the availability of food in order to deal as rapidly as possible with the situation of poverty and indigence faced by great masses of the population of Latin America and the need to export in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using suitable methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of consumer goods, essential intermediate products and capital goods must be encouraged in order to ensure sustained economic growth and increase exports of manufactures in the context of a new structure of international trade;

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population;

2. Social and human development

(a) Economic growth is a necessary but not by itself a sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential;

(b) In this regard, the distribution of income and social consumption must be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in the programmes designed to improve their quality of life;

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one another;

(c) Economic and technical co-operation among the countries of Latin America and between them those of other developing areas should be fostered, in accordance with the guidelines of the Mexico City Conference on Economic Co-operation among Developing Countries and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. This

should be considered in order to achieve those objectives at the regional and international levels in the context of a New International Economic Order;

(b) To prepare a regional action programme aimed at instrumenting the implementation of the Strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America and the Caribbean;

(c) To maintain permanent contact with the Latin American Group and with representatives of other governments in the Preparatory Committee in order to provide them with the technical information they need;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America and the Caribbean (World Bank, Regional Banks and UNDP) and their degree of utilization among the resources channelled to the region. The study should contain specific recommendations for a greater flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of the year and during the following year so that it may evaluate the progress made in the preparatory activities for the new Strategy carried out by the Preparatory Committee, and also the work of the secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new IDS;

To recommend the member governments of the Commission:

(a) To participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the New Strategy;

(b) To collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

(c) In the case of the member governments of the developing countries of the region, to prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the Strategy as far as the Latin American countries are concerned;

To recommend that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentation and implementation of the New International Development Strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America and the Caribbean be proclaimed.

in response to the request of the Government of the Republic of the Congo, the Commission has decided to participate in the study.

and that the situation has changed in the countries of the region may be taken into account in the preparation of the new strategy.

(1) In collaboration with the Government of the Republic of the Congo, the Commission has decided to participate in the study.

of information and in the preparation of the new strategy.

required to fulfill the mission assigned to it.

(2) In the case of the member governments of the Commission, the Commission has decided to participate in the study.

including the formation of a working group on regional development.

objectives and goals for the next period, taking into account the

development strategies and policies, and taking into account the

information and the implementation of the strategy as far as the

Latin American countries are concerned.

The Commission has decided to participate in the study.

which will be held only in 1981, a regional working group.

for the implementation of the strategy and the preparation of the

development strategy to be adopted by the Council of Ministers.

considered, and the Commission has decided to participate in the study.

Latin America and the Caribbean is provided.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

Draft resolution sponsored by the delegations of the countries
of Latin America

The Economic Commission for Latin America,

1. Reiterating that the formulation of the new International Development Strategy should be based on the concepts of the New International Economic Order contained in General Assembly resolutions 3201 and 3202 (S-VI), which constitute the Declaration and Programme of Action thereof, and in resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States, as laid down in General Assembly resolution 33/193, which formulates the guidelines for its preparation;
2. Recalling that General Assembly resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase in the transfer of resources in real terms on a predictable, reliable and continuous basis, organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology, and encouragement of the development

of domestic technological capabilities, and noting that the preparatory committee set up under that resolution has already begun its work;

3. Further recalling that the resolution emphasizes that the new Strategy should reflect, in an appropriate manner, the need for

"adequate policies for the promotion of social development to be defined by each country within the framework of its development plans and priorities and in accordance with

its socio-economic structure and stage of development,

taking into account that the final aim of development

must be the constant increase of the well-being of the

entire population on the basis of its full participation

in the process of development and a fair distribution of

the benefits therefrom",

as well as other provisions of the resolution relating to the

mobilization of national resources, the integration of women and

youth, and the protection of the environment, and also bearing

in mind the proposal contained in this resolution that the new

Strategy should "contribute to the promotion of the objective of

national and collective self-reliance of the developing countries,

especially through the promotion and support of economic and

technical co-operation among themselves,

4. Bearing in mind that this resolution requests the regional economic commissions to contribute effectively to the preparatory work for the new Strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the same resolution, and that it also requests the Executive Secretaries of the regional economic commissions to bring their respective experience to bear on the preparation of their inputs for the formulation of the new Strategy, taking fully into account the different levels of development and the differing development situations of their respective regions,

5. Considering that in the context of this General Assembly resolution and the problems affecting Latin American development it is incumbent on CEPAL to contribute to the preparation of the new Strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries and will at the same time take account of the topics and objectives which are of transcendental interest for the solution of the various economic development situation of the countries of the region, and that once the new Strategy has been adopted by the General Assembly, CEPAL should promote its implementation at the regional level and organize itself to carry out the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new Strategy,

6. Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a New International Economic Order, these have not been sufficient to boost the development of the developing countries due, inter alia, to the obstacles created by the industrialized countries and the acceleration of the process of extraction of surpluses by the transnational enterprises, with the result that Latin America development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years.

This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third International Development Strategy, for the problems created by the application of strategies unsuited to the characteristics of the region;

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; situations of intolerable extreme poverty and indigence; marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the freedom of action that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the performance of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the agreements adopted at the Mexico City Conference on Economic Co-operation among Developing Countries on ECDC have been obstructed by the industrialized countries, particularly in UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including new measures which have come back and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The redeployment assistance measures in the developed countries are used exclusively to maintain their inefficient industries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the developing countries do not participate;

(h) In practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order, such as grading, selectivity and access to supplies;

(i) International commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income.

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes, co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the new International Development Strategy as far as the countries of Latin America and the Caribbean are concerned.

7. Taking account of the secretariat documents and the biennial appraisals by CEPAL of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade - and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels - the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia:

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to come to naught. This requires the necessary structural changes in the functioning of the world economy in order to lead to the establishment of a

New International Economic Order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the development of the world economy; the elimination of protectionism; the reform of existing rules and procedures in the financial, trade and monetary field - particularly those of IMF and GATT - to ensure that due account is taken of the interests of the developing countries; the non-application of concepts contrary to the establishment of the NIEO, such as grading, selectivity and access to supplies; the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology, and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region.

(b) An essential requisite for the development of the Latin American countries is that the developed countries should allow them full access to their markets for primary, semi-manufactured and manufactured goods, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of developing countries. It is of vital importance to define and put into practice rules that will enable the developing countries to implement dynamic export promotion policies; establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries, and strengthen the Generalized System of Preferences and place it on a permanent footing;

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of

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vigilance over the protectionist acts of the developed countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary, inter alia, that the developed countries should adopt effective measures for the redeployment of those sectors of industry requiring structural adjustment so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, which avoid protecting inefficient industries and facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices, bearing in mind that certain commodities have their own forums for negotiation. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve the stabilization and restructuring of the international commodity markets through the common fund and the essential complementary machinery, to establish working product agreements, to promote a higher level of processing of commodities in the producing countries themselves, and to secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) compliance with the guidelines defined by the fourth session of the Committee of High-Level Government Experts of CEPAL as regards transnational corporations is of the utmost importance for the Latin American countries;

(h) A fundamental reform of the international monetary system is urgently needed in order to promote world trade and development in an effective manner. To this end it is important to:

(i) Secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources and to promote and instrument the decisions adopted in order to make SDRs the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries;

(ii) At the next general review of quotas in the IMF definitive arrangements should be made for the linking of the creation of SDRs and development financing in two ways: a larger allocation of SDRs, over and above the size of the quotas of the developing countries, and the channelling of the allocations corresponding to the developed countries to multilateral and regional financial institutions;

(iii) The IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries. In addition, the compensatory

financing facility should be improved and expanded in order to compensate fully for the decline in the purchasing power of exports of the developing countries:

(iv) The promotion of the flow of real resources to the developing countries should be viewed as an integral element of an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally-induced balance-of-payments difficulties.

B. As regards economic, social and human development

Policies for promoting the development of the developing countries will be defined by those countries within the framework of their national development plans and priorities.

1. Economic development

(a) Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

Governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

(b) In the context of this integral process, it is necessary to promote changes in production and technology of such a nature as to ensure a process of growing diversification and integration of the national economies and lay sounder bases for future development;

(c) The growth of agricultural production must be speeded up, taking special account of the need to increase the availability of food in order to deal as rapidly as possible with the situation of poverty and indigence faced by great masses of the population of Latin America and the need to export in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using suitable methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of consumer goods, essential intermediate products and capital goods must be encouraged in order to ensure sustained economic growth and increase exports of manufactures in the context of a new structure of international trade;

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population;

2. Social and human development

(a) Economic growth is a necessary but not by itself a sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential.

(b) In this regard, the distribution of income and social consumption must be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which

exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in the programmes designed to improve their quality of life;

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one another;

(c) Economic and technical co-operation among the countries of Latin America and between them those of other developing areas should be fostered, in accordance with the guidelines of the Mexico City Conference on Economic Co-operation among Developing Countries and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. This requires the full and unconditional support of the industrialized countries and of the United Nations system;

Decides:

To request the secretariat:

(a) To intensify its studies designed to provide support to Governments in the formulation of the basic development objectives of the Latin American countries for the next decade and the orientation of the strategies and policies which should be considered in order to achieve those objectives at the regional and international levels in the context of a New International Economic Order;

(b) To prepare a regional action programme aimed at instrumenting the implementation of the Strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America and the Caribbean;

(c) To maintain permanent contact with the Latin American Group and with representatives of other governments in the Preparatory Committee in order to provide them with the technical information they need;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America and the Caribbean (World Bank, Regional Banks and UNDP) and their degree of utilization among the resources channelled to the region. The study should contain specific recommendations for a greater flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of the year and during the following year so that it may evaluate the progress made in the preparatory activities for the new Strategy carried out by the Preparatory Committee, and also the work of the secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new IDS;

To recommend the member governments of the Commission:

(a) To participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the New Strategy;

(b) To collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

(c) In the case of the member governments of the developing countries of the region, to prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the Strategy as far as the Latin American countries are concerned;

To recommend that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentation and implementation of the New International Development Strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America and the Caribbean be proclaimed.

1. The Government of the United States
has a long and distinguished history of

cooperation with the people of the
world in the promotion of peace and
the well-being of all nations.

2. It is the policy of the United States
to support the people of the world in their
struggle for peace and freedom.

3. The United States is committed to the
principles of democracy and human rights,
and to the promotion of economic and social
development.

4. The United States is committed to the
principles of international law and to the
promotion of international cooperation.

5. The United States is committed to the
principles of self-determination and to the
promotion of the well-being of all nations.

6. The United States is committed to the
principles of non-interference and to the
promotion of international peace and security.

7. The United States is committed to the
principles of mutual respect and to the
promotion of international understanding.

8. The United States is committed to the
principles of equality and to the promotion
of international justice.

9. The United States is committed to the
principles of freedom and to the promotion
of international progress.

10. The United States is committed to the
principles of peace and to the promotion
of international harmony.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

PROTECTIONISM IN DEVELOPED COUNTRIES

Draft resolution submitted by the delegations of Chile, Ecuador, Uruguay and Venezuela

The Economic Commission for Latin America

Considering that

1. The growth and diversification of exports by developing countries are of the greatest importance for boosting the growth of their economies, and contribute to solving their problems of structural unemployment and the low incomes of the poorest strata,
2. Protectionism is a growing and selective phenomenon in the developed countries which discriminates against the developing countries in applying harsher restrictions to their exports than to those of other developed countries,
3. The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,
4. The medium- and long-term solution to protectionism lies in the restructuring of industry which should be organized within the developed countries with the full participation of the developing countries,
5. The readjustment measures applied by the developed countries are used exclusively to make the inefficient industries of these countries more competitive,
6. This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves, especially in:

(a) depriving their consumers of access to cheaper and better-quality products;

(b) increasing internal inflationary pressures;

(c) maintaining inefficient industries.

7. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

8. The principle of the maintenance of the status quo has not been observed as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV).

Bearing in mind the above considerations and the growing concern on the part of the developing countries vis-a-vis the increase in protectionism in the developed countries,

1. Urges

(a) the developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries, to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;

(b) the developed countries to replace the protectionist measures by effective assistance programmes and policies for reconversion in the medium- and long-term, on the basis of clear economic and other indicators, so as to avoid having to protect inefficient industries and facilitate a balanced restructuring of world industry;

(c) the member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and

particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; they would be implemented by means of the elimination programmes referred to in operational paragraph 1, while the machinery existing at present and the machinery which will be established within UNCTAD should be strengthened and used intensively;

(d) the developed countries not to continue to apply de facto concepts such as "selectivity" which are not accepted by the international community, and not to encourage the application of the concept of "graduation" in the relevant forums in the areas of trade, money and finance;

(e) the developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures, including those agreed upon by the developing countries in Arusha, during the Fourth Ministerial Meeting of the Group of 77.

2. Underlines the desirability that developing countries of the region should define a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action might include voluntary economic, financial or trade measures such as:

- (i) Equivalent trade treatment applicable to exports from developed countries;
- (ii) The laying down of guidelines to restrict or encourage imports from a certain developed country or countries;
- (iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;
- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination, in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

6. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

PROTECTIONISM IN DEVELOPED COUNTRIES

Draft resolution submitted by the delegations of the Latin American countries

The Economic Commission for Latin America,

Considering that

1. The growth and diversification of exports by developing countries are of the greatest importance for boosting the growth of their economies, and contribute to solving their problems of structural unemployment and the low incomes of the poorest strata,
2. Protectionism is a growing and selective phenomenon in the developed countries and, in the majority of cases, it discriminates against the developing countries in applying harsher restrictions than on imports of other developed countries,
3. The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,
4. The medium- and long-term solution to protectionism lies in the restructuring of industry which should be organized within the developed countries with the full participation of the developing countries, which would help to make the economy and international trade more dynamic,
5. The readjustment measures applied by the developed countries are used exclusively to make the inefficient industries of these countries more competitive,

6. This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves, by reducing the purchasing power of the developing countries,

7. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

8. The principle of the maintenance of the status quo has not been observed by the developed countries as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV).

Bearing in mind the above considerations and the growing concern on the part of the developing countries vis-à-vis the increase in protectionism in the developed countries,

1. Urges

(a) the developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;

(b) the developed countries to replace the protectionist measures by effective assistance programmes and policies for reconversion in the medium- and long-term on the basis of clear economic and other indicators so as to avoid having to protect inefficient industries and facilitate a balanced restructuring of world industry;

(c) the member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; they would

be implemented by means of the elimination programmes referred to in operational paragraph 1, while the machinery existing at present and the machinery which will be established within UNCTAD should be strengthened and used intensively;

(d) the developed countries not to continue to apply de facto concepts such as 'selectivity' which are not accepted by the international community and not to encourage the application to the developing countries of the concept of "graduality" in the relevant forums in the areas of trade and finance;

(e) the developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures including those agreed upon by the developing countries in Arusha, during the Fourth Ministerial Meeting of the Group of 77.

(f) the member countries to promote supervision and analysis in the implementation of the programmes and policies referred to in operative paragraph 1 (b) within the context of UNCTAD and UNIDO, and other relevant forums.

2. Underlines the desirability that developing countries of the region, without prejudice to the bilateral measures they may deem advisable, should define in consultation with the Latin American countries concerned a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action include voluntary economic, financial or trade measures such as:

- (i) Equivalent trade treatment applicable to exports originating from developed countries;
- (ii) The laying down of guidelines to restrict or encourage imports from a certain developed country or countries;

- (iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;
- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

4. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

PROTECTIONISM IN DEVELOPED COUNTRIES

Draft resolution submitted by the delegations of the countries of Latin America

The Economic Commission for Latin America,

Considering that:

1. The growth and diversification of the exports of the developing countries are of the greatest importance for boosting the growth of their economies and thus contributing to solving their problems of structural unemployment and the low incomes of the poorest strata,
2. Protectionism is a growing phenomenon in the developed countries and, in the majority of cases, is selective and discriminatory against the developing countries in applying harsher restrictions than on imports from other developed countries,
3. The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,
4. The medium- and long-term solution to protectionism lies in the restructuring of industry, which should be effected within the developed countries with the full participation of the developing countries, which would help to make the international economy and trade more dynamic,
5. The readjustment measures applied by the developed countries are used exclusively to make their inefficient industries more competitive,

6. This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves by reducing the purchasing power of the developing countries,

7. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

8. The principle of the maintenance of the status quo has not been observed by the developed countries as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV),

Bearing in mind the above considerations and the growing concern on the part of the developing countries at the increase in protectionism in the developed countries,

1. Urges

a) the developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries, to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;

b) the developed countries to replace the protectionist measures by effective assistance programmes and policies for medium- and long-term reconversion on the basis of clear economic and other indicators, so as to avoid protecting inefficient industries and to facilitate a balanced restructuring of world industry;

c) the member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; these would

be implemented through the elimination programmes referred to in operative paragraph 1 (a), while the present and future machinery established within UNCTAD should be strengthened and used intensively;

(d) the developed countries not to continue to apply de facto concepts such as "selectivity" which are not accepted by the international community and not to encourage the application to the developing countries of the concept of "graduality" in the relevant forums in the areas of trade and finance;

(e) the developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures, including those agreed upon by the developing countries in Arusha, during the Fourth Ministerial Meeting of the Group of 77.

(f) the member countries to promote the supervision and analysis of the implementation of the programmes and policies referred to in operative paragraph 1 (b) within the context of UNCTAD and UNIDO, and other relevant forums;

2. Underlines the desirability that the developing countries of the region which are affected, without prejudice to the bilateral measures they may deem advisable, should define in consultation with the rest of the Latin American countries concerned a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action could include voluntary economic, financial or trade measures such as:

- (i) application of equivalent trade treatment to exports originating from developed countries;
- (ii) the laying down of guidelines to restrict or encourage imports from a certain developed country or countries;

(iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;
- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination, in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

4. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of document ConfRoom/COM.I/6
proposed by the delegation of Venezuela

At the end of new operative paragraph 4 (b), replace "through their respective regional commissions" by "through their regional and sub-regional intergovernmental organizations, including or with the support of the regional commissions".

1. *Veronica* *Veronica*

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

PROTECTIONISM

Resolution submitted by the delegation of the United States

The Economic Commission for Latin America,

Considering that,

1. The growth and diversification of exports by developing countries are of the greatest importance for boosting the growth of their economies and contribute to solving their problems of structural unemployment and the low incomes of the poorest strata,
 2. That protectionist pressures have been increasing globally as a result of economic difficulties. They exist in both developed and developing countries and damage both.
 3. That fighting protection requires cooperative adjustments by both developed and developing countries, and that, as relatively stronger economies which collectively have a very large impact on the world trading system and on developing economies, developed countries have a special responsibility to avoid restrictive measures which hurt developing countries,
 4. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,
 5. Bearing in mind the above considerations and the increasing concern at the rise in protectionism pressures,
1. Calls upon the developed countries to deal with domestic structural problems by measures aimed at underlying weaknesses rather than to restrict imports' ;

2! Recommends that the CEPAL secretariat should give special attention to the continuing work being carried out in international and regional bodies on protectionist measures in the international trading system, especially measures that affect or may affect exports from developing countries of the region.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

DRAFT REPORT OF COMMITTEE I

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I. ORGANIZATION OF WORK

1. Committee I was responsible for examining items 3 and 4 of the agenda of the eighteenth session of the Commission and for studying the relevant draft resolutions for subsequent adoption by the Commission. Discussions took place at working meetings from 18 to 22 April 1979.

2. Representatives of 27 Member States of CEPAL attended the Committee: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, the Netherlands, Nicaragua, Paraguay, Peru, Suriname, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela.

3. The following specialized agencies and other bodies of the United Nations were represented: United Nations Industrial Development Organization (UNIDO), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Fund for Population Activities (UNFPA), Intergovernmental Maritime Consultative Organization (IMCO) and World Intellectual Property Organization (WIPO).

The following intergovernmental organizations also attended the meeting: Latin American Free Trade Association (LAFTA), Inter-American Development Bank (IDB), Latin American Economic System (SELA), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), Institute for Latin American Integration (INTAL), Central American Institute for Industrial Research and Technology (ICAITI), Commission of the European Communities (CEC), Inter-American Commission of Women (CIM), Latin American Institute of Agricultural Sciences (IIICA) and Ibero-American Co-operation Centre.

4. The representative of Ecuador was elected Chairman of the Committee; Jorge Ortiz and Washington Herrera replaced Francisco X. Swett Morales in leading the discussions. The First Vice-Chairman was Ramiro León Torres, Cuba; the Second Vice-Chairman was Aly Luis Ipres Corbat, Argentina, and the Rapporteur, Pedro Luis Echeverría, Venezuela.

II. ACCOUNT OF PROCEEDINGS

The economic and social development and external economic relations of Latin America

(Agenda item 3)

5. Consideration of agenda item 3 began with a statement by the Deputy Executive Secretary of the Commission, who presented to the delegates document E/CEPAL/1061, The economic and social development and external economic relations of Latin America, dealing with the main features of the economic and social process. He also referred to the main questions dealt with in document E/CEPAL/1076, Long-term trends and prospects of development in Latin America. The secretariat then presented document E/CEPAL/1061/Add. 1, which contains an analysis of the region's external economic relations.

6. Next, the representative of Ecuador introduced the document prepared at the Fourth Meeting of the Committee of High-Level Government Experts, held in Quito, Ecuador, from 12 to 16 March 1979, laying special emphasis on the main aspects of chapter III, "Latin America's priorities for the 1980s".

7. Following the presentation of the document, it was agreed that it should serve as a basis for the work of Committee I on agenda item 3. Several representatives of Latin American countries then explained the nature and scope of the document, and said that they attributed great importance to the views to which it might give rise among the developed member countries

/of the

of the Commission. Some representatives of non-Latin American countries expressed their opinions on the document, referring both to its intrinsic value and its importance as an expression of the thinking of the Latin American countries; they also observed, however, that their first impression was that it would be difficult to agree with some of its conclusions and that they would submit their reservations in writing.

8. A representative of a developed country said that the report under consideration would be an interesting and useful contribution to the reflexions on the preparation of a new development strategy. He said that since he interpreted the document as a contribution by the member countries of CEGAN, he was not suggesting any amendments, but added that the reservations of his delegation and the member countries of the European Economic Community would be expressed during the general debate.

9. Another representative of a developed country recognized the effort involved in the preparation of the CEGAN document and noted some concepts in it with which her delegation was in agreement, but said that her country had reservations as regards some points in the text, particularly with reference to protectionism, transnational corporations, the Generalized System of Preferences, commodities, the multilateral trade negotiations, the transfer of technology and the principle of grading.

10. A representative of a Latin American country expressed appreciation of the opinions expressed with regard to the CEGAN document and of the fact that the developed member countries of the Commission had mentioned some points of agreement with the concepts expressed in the document, for example with reference to integral development. He said, however, that his delegation was concerned that no new steps had been taken with regard to the criteria expressed, and he trusted that the present exercise would contribute to a major effort of understanding for the future

/discussion of

discussion of these problems in new forums, such as the next session of UNCTAD (UNCTAD V).

11. The representative of IDB regretted that the document made no mention of that Bank among the financial co-operation mechanisms existing in Latin America, particularly as it was an institution in which the Latin American countries had extensive decision-making powers.

12. The representative of WIPO (World Intellectual Property Organization) informed the countries of the region that their active participation in the Conference of Plenipotentiaries to revise the Paris Convention could ensure that the modifications to it safeguarded the interests of Latin America.

13. Taking as a basis the document prepared by the Fourth Meeting of the Committee of High-Level Government Experts, the text of which, as amended by the group of Latin American countries of the Commission, was contained in Conference Room Paper GL/17 and in the addendum and two corrigenda to it, a draft resolution entitled Fourth Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order was prepared for consideration by the plenary of the Commission. This draft resolution is given in Part Three of this report, together with the comments made on the Appraisal by the delegations of Canada and the United States.

14. Under the same agenda item, the Committee approved a draft resolution on the charter of economic and social relations of Latin America, and another draft resolution entitled "Study on machinery for securing resources for natural resource development", both submitted by the delegations of the countries of Latin America. The two draft resolutions appear in part III of the present report.

/14a. The

14a. The Committee ~~also considered a draft resolution submitted by the Latin American~~ countries on protectionism in developed countries. In the discussions on this draft, the representative of the United States expressed reservations concerning the draft and offered to meet with its sponsors in order to reconcile the differences between it and a draft resolution which the United States delegation had itself submitted on the matter. Two Latin American representatives said that while the Latin American group had always been willing to discuss its differences with the developed countries, in the present case the differences were irreconcilable. In response to an enquiry by the Chairman, the United States delegation decided to withdraw its proposal and record its views in a reservation. The United Kingdom representative also reserved his delegation's position on the text. The representative of Canada said that some of the provisions of the draft duplicated tasks already entrusted to UNCTAD. The representative of France said that the situations referred to in one of the preambular paragraphs were due not to protectionism but to unfavourable international circumstances. The representative of the Netherlands said that his delegation's position on the draft would be outlined when it was considered in the plenary. After a discussion the Committee approved the draft resolution and agreed to append to the text the reservations expressed by the United States representative. The draft resolution and the reservation appear in part III of the present report.

14b. Paragraph pending on consideration of the draft resolution on IDS.

15. Concerning the CEGAN meetings mentioned in the operative part of the resolution on the IDS, the delegations of the Latin American countries pointed out that the Office of the Executive Secretary of CEPAL should do its utmost to inform governments of the date of meetings three months in advance, and it should also dispatch the documents six weeks in advance, in accordance with the Rules of Procedure of CEPAL.

/Co-operation among

Co-operation among developing countries and regions

(Agenda item 4)

16. Introducing document E/CEPAL/1063, a member of the secretariat gave a general outline of its content and emphasized that TCDC was carried out both between countries and groups of countries in the same region and between countries and group of countries from different regions. He underlined the importance of the subject, with regard to which the General Assembly, the Economic and Social Council and the regional commissions had, in many resolutions, urged the countries to promote both technical and economic mutual co-operation. He also mentioned that CEPAL was establishing the necessary machinery in the secretariat to comply with the recommendations of the Buenos Aires Plan of Action, that the research and analysis activities carried out by the secretariat would include a TCDC and an ECDC dimension, and that the subject would be included, when appropriate, in the agendas of the meetings convened by CEPAL. Finally, the Committee was informed that the CEPAL system, including the specialized activities of ILPES and CELADE, was ready to serve as an intermediary in the TCDC promotion activities which the countries might wish to initiate.
17. Several representatives congratulated the secretariat on the document submitted, and expressed appreciation for the initiatives taken with a view to promoting intraregional and interregional co-operation.
18. One representative considered that document E/CEPAL/1063 provided a basis for the implementation of the agreements reached by the Buenos Aires Conference on TCDC in the technical and economic spheres. He also emphasized the importance of TCDC at the interregional level, especially with regard to Africa and Asia. As regards the latter region, he considered the steps taken in the field of co-ordination with India to be very positive. He underlined the importance of the Buenos Aires Plan of Action and the significance of the forthcoming Summit Meeting of Non-aligned Countries, which would deal with issues related to technical and economic co-operation among developing countries.

/19. Another

19. Another representative said that TCDC was one of the fundamental instruments of Latin American development, and a corner-stone for the implementation of the New International Economic Order. He emphasized that co-operation among developing countries did not replace multilateral international co-operation efforts, but oriented them according to the priorities of the developing countries. The basic framework for horizontal co-operation had been laid down, starting in 1976, by the Conference on Economic Co-operation among Developing Countries, held in Mexico City, the Fifth Conference of Non-aligned Countries, and the Fourth Ministerial Meeting of the Group of 77, held in Arusha, among other - all of which had developed concepts which helped to provide a basis for secretariat document E/CEPAL/1063. He indicated the need to secure increasing resources from the multilateral financial institutions for TCDC activities, and said that CEPAL and SELA could carry out studies to identify the characteristics of each of the topics in the Buenos Aires Plan of Action and encourage meetings of Latin American countries on the subject.

20. Another representative placed special stress on the fact that the new TCDC activities to be carried out by CEPAL required resources additional to those of the regular CEPAL budget, and said that those resources should be obtained from UNDP and from voluntary contributions from governments, highlighting the role that should be played by the developed countries in the latter case.

21. Another representative expressed satisfaction at CEPAL's action in support of TCDC, in view of the importance of that type of co-operation as a fundamental tool for advancing other types of co-operation, particularly economic co-operation, and also in view of the need to implement the Buenos Aires agreements. He added that CEPAL's role as a United Nations body was that of providing support for TCDC, and that accordingly it should act in accordance with the TCDC policies which the developing countries themselves should formulate individually and in organizations such as SELA.

22. Another representative emphasized the need for co-ordination between CEPAL and other regional and subregional organizations in order to avoid duplication of effort and waste of resources.

23. One representative said that TCDC replaced the old vertical assistance schemes, and that action by CEPAL could provide substantial support for TCDC. TCDC, as an aspect of action by the United Nations, should not be reflected in a proliferation of administrative activities or of meetings, but in the identification of Latin America's possible contributions to national or regional technical co-operation projects. He underlined that the establishment of appropriate TCDC machinery in the secretariat should not involve additional expenditure.

24. The representative of a developed country member of the Commission, after congratulating the secretariat on the document submitted, said that the resolutions of the Buenos Aires Conference on TCDC enjoyed the full support of his government. He reported that his country had recently completed a major policy review relating to TCDC, and enumerated some concrete results to which the review had led. His country was willing to support machinery for action, but this should be financed through the redeployment of resources. Concerning resources for TCDC, he mentioned the need to make use of UNDP, bilateral contributions and resources from the region's middle-income countries.

25. Another representative expressed particular satisfaction with the progress made in the field of technical co-operation with other regions, and stated that Latin America could undertake a fruitful exchange with other developing areas since it was in a position that enabled it to establish useful relations with them. He further stated that CEPAL and ECA could play a catalyst role, contributing to the exchange and strengthening of the capacities of the Latin American and African countries.

/26. The

26. The Executive Secretary of CEPAL thanked the countries for their comments on the document presented by the secretariat and said that TCDC also meant a change of attitude in the international agencies and in the governments themselves, consisting of the replacement of the traditional form of co-operation by a new style in which CEPAL could act as a catalyst and the governments as active agents. The regional commissions did not have a monopoly of that activity, and what was really important was to keep alive the impetus created by the Buenos Aires Conference on TCDC. He referred to the importance of the regional commissions in the field of interregional co-operation and said that the structure of those commissions made them particularly suited to such co-operation activities. He stressed the joint work by CEPAL and the Economic Commission for Africa and referred to the contacts already initiated with India, the purpose of which was to exchange opinions with a view to discovering the co-operation potential. With respect to resources, the governments would employ those available to them; CEPAL would reassign its own resources, and he was confident that UNDP would continue to provide its support, while a special contribution had been made by the Netherlands, for which he expressed his appreciation.

27. With respect to co-operation among developing countries, the Committee approved a draft resolution on co-operation among developing countries and regions of different geographical areas which appears in part III of the present report.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

DRAFT REPORT OF COMMITTEE I

74 190

I. ORGANIZATION OF WORK

1. Committee I was responsible for examining items 3 and 4 of the agenda of the eighteenth session of the Commission and for studying the relevant draft resolutions for subsequent adoption by the Commission. Discussions took place from 18 to 24 April 1979.

2. Representatives of 27 member States of CEPAL attended the Committee: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, the Netherlands, Nicaragua, Paraguay, Peru, Suriname, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela.

3. The following specialized agencies and other bodies of the United Nations were represented: United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), United Nations Fund for Population Activities (UNFPA), Intergovernmental Maritime Consultative Organization (IMCO) and World Intellectual Property Organization (WIPO).

The following intergovernmental organizations also attended the meeting: Latin American Free Trade Association (LAFTA), Inter-American Development Bank (IDB), Latin American Economic System (SELA), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), Institute for Latin American Integration (INTAL), Central American Institute for Industrial Research and Technology (ICAITI), Commission of the European Communities (CEC), Inter-American Commission of Women (CIM), Latin American Institute of Agricultural Sciences (IICA) and Ibero-American Co-operation Centre.

4. The representative of Ecuador was elected Chairman of the Committee; Jorge Ortiz and Washington Herrera replaced Francisco X. Swett Morales in leading the discussions. The First Vice-Chairman was Ramiro León Torres, Cuba; the Second Vice-Chairman was Aly Luis Ipres Corbat, Argentina, and the Rapporteur, Pedro Luis Echeverría, Venezuela.

II. ACCOUNT OF PROCEEDINGS

The economic and social development and external economic relations of Latin America

(Agenda item 3)

5. Consideration of agenda item 3 began with a statement by the Deputy Executive Secretary of the Commission, who presented to the delegates document E/CEPAL/1061, The economic and social development and external economic relations of Latin America, dealing with the main features of the economic and social process. He also referred to the main questions dealt with in document E/CEPAL/1076, Long-term trends and prospects of development in Latin America. The secretariat then presented document E/CEPAL/1061/Add. 1, which contains an analysis of the region's external economic relations.

6. Next, the representative of Ecuador introduced the document prepared at the Fourth Meeting of the Committee of High-Level Government Experts, held in Quito, Ecuador, from 12 to 16 March 1979, laying special emphasis on the main aspects of chapter III, "Latin America's priorities for the 1980s".

7. Following the presentation of the document, it was agreed that it should serve as a basis for the work of Committee I on agenda item 3. Several representatives of Latin American countries then explained the nature and scope of the document, and said that they attributed great importance to the views to which it might give rise among the developed member countries

/of the

of the Commission. Some representatives of non-Latin American countries expressed their opinions on the document, referring both to its intrinsic value and its importance as an expression of the thinking of the Latin American countries; they also observed, however, that their first impression was that it would be difficult to agree with some of its conclusions and that they would submit their reservations in writing.

8. A representative of a developed country said that the report under consideration would be an interesting and useful contribution to the reflexions on the preparation of a new development strategy. He said that since he interpreted the document as a contribution by the member countries of CEGAN, he was not suggesting any amendments, but added that the reservations of his delegation and the member countries of the European Economic Community would be expressed during the general debate.

9. Another representative of a developed country recognized the effort involved in the preparation of the CEGAN document and noted some concepts in it with which her delegation was in agreement, but said that her country had reservations as regards some points in the text, particularly with reference to protectionism, transnational corporations, the Generalized System of Preferences, commodities, the multilateral trade negotiations, the transfer of technology and the principle of grading.

10. A representative of a Latin American country expressed appreciation of the opinions expressed with regard to the CEGAN document and of the fact that the developed member countries of the Commission had mentioned some points of agreement with the concepts expressed in the document, for example with reference to integral development. He said, however, that his delegation was concerned that no new steps had been taken with regard to the criteria expressed, and he trusted that the present exercise would contribute to a major effort of understanding for the future

/discussion of

discussion of these problems in new forums, such as the next session of UNCTAD (UNCTAD V).

11. The representative of IDB regretted that the document made no mention of that Bank among the financial co-operation mechanisms existing in Latin America, particularly as it was an institution in which the Latin American countries had extensive decision-making powers.

12. The representative of WIPO (World Intellectual Property Organization) informed the countries of the region that their active participation in the Conference of Plenipotentiaries to revise the Paris Convention could ensure that the modifications to it safeguarded the interests of Latin America.

13. Taking as a basis the document prepared by the Fourth Meeting of the Committee of High-Level Government Experts, the text of which, as amended by the group of Latin American countries of the Commission, was contained in Conference Room Paper GL/17 and in the addendum and two corrigenda to it, a draft resolution entitled Fourth Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order was prepared for consideration by the plenary of the Commission. This draft resolution is given in Part Three of this report, together with the comments made on the Appraisal by the delegations of Canada and the United States.

14. Under the same agenda item, the Committee approved a draft resolution on the charter of economic and social relations of Latin America, and another draft resolution entitled "Study on machinery for securing resources for natural resource development", both submitted by the delegations of the countries of Latin America. The two draft resolutions appear in part III of the present report.

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15. The Committee also considered a draft resolution submitted by the Latin American countries on protectionism in developed countries. In the discussions of this draft, the representative of the United States expressed reservations concerning the draft and offered to meet with its sponsors in order to reconcile the differences between it and a draft resolution which the United States delegation had itself submitted on the matter. Two Latin American representatives said that while the Latin American group had always been willing to discuss its differences with the developed countries, in the present case the differences were irreconcilable. In response to an enquiry by the Chairman, the United States delegation decided to withdraw its proposal and record its views in a reservation. The United Kingdom representative also reserved his delegation's position on the text. The representative of Canada said that some of the provisions of the draft duplicated tasks already entrusted to UNCTAD. The representative of France said that the situations referred to in one of the preambular paragraphs were due not to protectionism but to unfavourable international circumstances. The representative of the Netherlands said that his delegation's position on the draft would be outlined when it was considered in the plenary. After a discussion the Committee approved the draft resolution and agreed to append to the text the reservations expressed by the United States representative. The draft resolution and the reservation appear in part III of the present report.

/16. Finally,

16. Finally, under this agenda item consideration was given to the draft resolution on CEPAL's preparations for and contributions to the new International Development Strategy for the third United Nations Development Decade, submitted by the delegations of the Latin American countries. Some developed countries expressed their reservations with respect to several aspects of the draft resolution. By common consent of both groups of delegations, a working group was set up to examine the differences in greater detail. The Latin American group presented a number of modifications aimed at embodying those comments on which agreement seemed possible. Once those comments had been analysed by the delegations of the developed countries, they expressed their appreciation of the efforts made, but said that there were still points on which they maintained reservations. The resolution was approved, including the reservations in connexion with those points on which it was not possible to reach a common position. It should be stressed that all the delegations approved by consensus the operative part of the proposed text. This resolution and the corresponding reservations appear in part III of the present report.

17. Concerning the CEGAN meetings mentioned in the operative part of the resolution on the IDS, the delegations of the Latin American countries pointed out that the Office of the Executive Secretary of CEPAL should do its utmost to inform governments of the date of meetings three months in advance, and it should also dispatch the documents six weeks in advance, in accordance with the Rules of Procedure of CEPAL.

/Co-operation among

Co-operation among developing countries and regions

(Agenda item 4)

18. Introducing document E/CEPAL/1063, a member of the secretariat gave a general outline of its content and emphasized that TCDC was carried out both between countries and groups of countries in the same region and between countries and group of countries from different regions. He underlined the importance of the subject, with regard to which the General Assembly, the Economic and Social Council and the regional commissions had, in many resolutions, urged the countries to promote both technical and economic mutual co-operation. He also mentioned that CEPAL was establishing the necessary machinery in the secretariat to comply with the recommendations of the Buenos Aires Plan of Action, that the research and analysis activities carried out by the secretariat would include a TCDC and an ECDC dimension, and that the subject would be included, when appropriate, in the agendas of the meetings convened by CEPAL. Finally, the Committee was informed that the CEPAL system, including the specialized activities of ILPES and CELADE, was ready to serve as an intermediary in the TCDC promotion activities which the countries might wish to initiate.

19. Several representatives congratulated the secretariat on the document submitted, and expressed appreciation for the initiatives taken with a view to promoting intraregional and interregional co-operation.

20. One representative considered that document E/CEPAL/1063 provided a basis for the implementation of the agreements reached by the Buenos Aires Conference on TCDC in the technical and economic spheres. He also emphasized the importance of TCDC at the interregional level, especially with regard to Africa and Asia. As regards the latter region, he considered the steps taken in the field of co-ordination with India to be very positive. He underlined the importance of the Buenos Aires Plan of Action and the significance of the forthcoming Summit Meeting of Non-aligned Countries, which would deal with issues related to technical and economic co-operation among developing countries.

/21. Another

21. Another representative said that TCDC was one of the fundamental instruments of Latin American development, and a corner-stone for the implementation of the New International Economic Order. He emphasized that co-operation among developing countries did not replace multilateral international co-operation efforts, but oriented them according to the priorities of the developing countries. The basic framework for horizontal co-operation had been laid down, starting in 1976, by the Conference on Economic Co-operation among Developing Countries, held in Mexico City, the Fifth Conference of Non-aligned Countries, and the Fourth Ministerial Meeting of the Group of 77, held in Arusha, among other all of which had developed concepts which helped to provide a basis for secretariat document E/CEPAL/1063. He indicated the need to secure increasing resources from the multilateral financial institutions for TCDC activities, and said that CEPAL and SELA could carry out studies to identify the characteristics of each of the topics in the Buenos Aires Plan of Action and encourage meetings of Latin American countries on the subject.

22. Another representative placed special stress on the fact that the new TCDC activities to be carried out by CEPAL required resources additional to those of the regular CEPAL budget, and said that those resources should be obtained from UNDP and from voluntary contributions from governments, highlighting the role that should be played by the developed countries in the latter case.

23. Another representative expressed satisfaction at CEPAL's action in support of TCDC, in view of the importance of that type of co-operation as a fundamental tool for advancing other types of co-operation, particularly economic co-operation, and also in view of the need to implement the Buenos Aires agreements. He added that CEPAL's role as a United Nations body was that of providing support for TCDC, and that accordingly it should act in accordance with the TCDC policies which the developing countries themselves should formulate individually and in organizations such as SELA.

/24. Another

24. Another representative emphasized the need for co-ordination between CEPAL and other regional and subregional organizations in order to avoid duplication of effort and waste of resources.

25. One representative said that TCDC replaced the old vertical assistance schemes, and that action by CEPAL could provide substantial support for TCDC. TCDC, as an aspect of action by the United Nations, should not be reflected in a proliferation of administrative activities or of meetings, but in the identification of Latin America's possible contributions to national or regional technical co-operation projects. He underlined that the establishment of appropriate TCDC machinery in the secretariat should not involve additional expenditure.

26. The representative of a developed country member of the Commission, after congratulating the secretariat on the document submitted, said that the resolutions of the Buenos Aires Conference on TCDC enjoyed the full support of his government. He reported that his country had recently completed a major policy review relating to TCDC, and enumerated some concrete results to which the review had led. His country was willing to support machinery for action, but this should be financed through the redeployment of resources. Concerning resources for TCDC, he mentioned the need to make use of UNDP, bilateral contributions and resources from the region's middle-income countries.

27. Another representative expressed particular satisfaction with the progress made in the field of technical co-operation with other regions, and stated that Latin America could undertake a fruitful exchange with other developing areas since it was in a position that enabled it to establish useful relations with them. He further stated that CEPAL and ECA could play a catalyst role, contributing to the exchange and strengthening of the capacities of the Latin American and African countries.

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28. The Executive Secretary of CEPAL thanked the countries for their comments on the document presented by the secretariat and said that TCDC also meant a change of attitude in the international agencies and in the governments themselves, consisting of the replacement of the traditional form of co-operation by a new style in which CEPAL could act as a catalyst and the governments as active agents. The regional commissions did not have a monopoly of that activity, and what was really important was to keep alive the impetus created by the Buenos Aires Conference on TCDC. He referred to the importance of the regional commissions in the field of interregional co-operation and said that the structure of those commissions made them particularly suited to such co-operation activities. He stressed the joint work by CEPAL and the Economic Commission for Africa and referred to the contacts already initiated with India, the purpose of which was to exchange opinions with a view to discovering the co-operation potential. With respect to resources, the governments would employ those available to them; CEPAL would reassign its own resources, and he was confident that UNDP would continue to provide its support, while a special contribution had been made by the Netherlands, for which he expressed his appreciation.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

New paragraph 14

14. Under the same agenda item, the Committee approved a draft resolution on the charter of economic and social relations of Latin America, and another draft resolution entitled "Study on machinery for securing resources for national resource development", both submitted by the delegations of the countries of Latin America. With respect to the latter resolution, the United States delegation noted that the operative paragraph calling for the CEPAL secretariat to recommend machinery for securing resources to help finance investments in natural resources appeared to be superfluous in view of the recent adoption in the World Bank of a new policy for financing investments in that field. The sponsors of the resolution clarified that its intent was only to direct CEPAL to review current financial mechanisms, and recommend how they might best be used. The texts of both draft resolutions appear in part III of the present report.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

STUDY ON MACHINERY FOR SECURING RESOURCES FOR
NATURAL RESOURCE DEVELOPMENT

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering the need to reduce the Latin American countries' external dependence and to strengthen the control and participation of the public sector and Latin American public and private enterprises in the exploration and development of natural resources,

Taking into account the fact that this would increase the possibility of applying policies which more fully meet the needs of each country,

Bearing in mind that greater national capacity in the fields of technology, administration and financing is required for this purpose,

Recognizing that this would also make it possible to apply technologies and production arrangements which are more suited to the characteristics of the Latin American countries,

Affirming that Latin American co-operation can make a very important contribution to the attainment of these objectives by combining the efforts of the Latin American countries to use domestic resources and secure external resources, spread the risks by encompassing a wider range of goods and sectors, and pool technical and financial efforts in such a way as to achieve a scale of operations in keeping with the very large investments required,

Concluding that the international systems for financial and technical co-operation have failed to devote sufficient attention

and resources to the identification, evaluation and development of the extensive natural resources of Latin America, which remain in the state of unexplored reserves, and that in practice our countries have been left to their own devices or, worse, have been obliged to rely on the transnational corporations for the development of this potential, on terms which have not always been the most favourable for our interests and needs,

Decides to entrust the CEPAL secretariat in consultation with the governments of the region, with the task of carrying out a study to recommend machinery for securing resources to help finance the investments essential for the full use of the natural resources of the Latin American region. The study should contain alternative proposals on the volume and origin of the resources, the possible conditions and arrangements for operation ways of co-ordinating activities with other machinery, and the most suitable systems of administration.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

STUDY ON MACHINERY FOR SECURING RESOURCES FOR
NATURAL RESOURCE DEVELOPMENT

Draft resolution submitted by the delegations of the Latin American countries

The Economic Commission for Latin America,

Considering the need to reduce the Latin American countries' external dependence and to strengthen the control and participation of the public sector and Latin American public and private enterprises in the exploration and development of natural resources,

Taking into account the fact that this would increase the possibility of applying policies which more fully meet the needs of each country,

Bearing in mind that greater national capacity in the fields of technology, administration and financing is required for this purpose,

Recognizing that this would also make it possible to apply technologies and production arrangements which are more suited to the characteristics of the Latin American countries,

Affirming that Latin American co-operation can make a very important contribution to the attainment of these objectives by combining the efforts of the Latin American countries to use domestic resources and secure external resources, spread the risks by encompassing a wider range of goods and sectors, and pool technical and financial efforts in such a way as to achieve a scale of operations in keeping with the very large investments required,

Concluding that the international systems for financial and technical co-operation have failed to devote sufficient attention

and resources to the identification, evaluation and development of the extensive natural resources of Latin America, which remain in the state of unexplored reserves, and that in practice our countries have been left to their own devices or, worse, have been obliged to rely on the transnational corporations for the development of this potential, on terms which have not always been the most favourable for our interests and needs,

Decides to entrust the CEPAL secretariat in consultation with the governments of the region, with the task of carrying out a study to recommend machinery for securing resources to help finance the investments essential for the full use of the natural resources of the Latin American region. The study should contain alternative proposals on the volume and origin of the resources, the possible conditions and arrangements for operation ways of co-ordinating activities with other machinery, and the most suitable systems of administration.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

FOURTH REGIONAL APPRAISAL OF THE IMPLEMENTATION OF THE
INTERNATIONAL DEVELOPMENT STRATEGY

Draft resolution submitted by the delegations of the countries
of Latin America,

In the light of United Nations General Assembly resolution 2626 (XXV) which provides for the carrying out of regional appraisals within the United Nations on the progress made in the implementation of the International Development Strategy (IDS), and especially the appraisal activities established in General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), which contain the Declaration and Programme of Action on the establishment of a New International Economic Order and the Charter of the Economic Rights and Duties of States,

Considering that at this session the Commission must make the fourth appraisal of the implementation of the International Development Strategy (IDS) as part of the establishment of a New International Economic Order,

Having examined the documents "The economic and social development and external economic relations of Latin America" (E/CEPAL/1061 and Add.1) and "The long-term development trends and prospects of Latin America" (E/CEPAL/1076) prepared by the secretariat, which contain analyses and criteria designed to facilitate that critical exercise,

Having also examined the report of the fourth session of the Committees of High-Level Government Experts (E/CEPAL/1073), convened by the secretariat in compliance with CEPAL resolution 310 (XIV),

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1. Takes note with satisfaction of the secretariat's contribution to the critical exercise consisting of the fourth regional appraisal of the implementation of the IDS, as part of the establishment of a New International Economic Order, contained in documents E/CEPAL/1061/and E/CEPAL/1076;
2. Approves under the title of the "La Paz Appraisal", the text of which is included in this resolution, the critical exercise comprising the fourth regional appraisal of the implementation of the IDS as part of the establishment of a New International Economic Order;
3. Decides that the La Paz Appraisal and documents E/CEPAL/1061 and E/CEPAL/1076, together with the report of the eighteenth session of CEPAL, which contains some comments on the subject, should be transmitted to the Economic and Social Council, the United Nations Committee on Development Planning, the Preparatory Committees for the preparation of the New International Development Strategy established in General Assembly resolution 33/193, and the various forums of negotiation and dialogue which are of interest to the countries of the region.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

FOURTH REGIONAL APPRAISAL OF THE IMPLEMENTATION OF THE
INTERNATIONAL DEVELOPMENT STRATEGY

Draft resolution submitted by the delegations of the countries
of Latin America,

In the light of United Nations General Assembly resolution 2626 (XXV) which provides for the carrying out of regional appraisals within the United Nations on the progress made in the implementation of the International Development Strategy (IDS), and especially the appraisal activities established in General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), which contain the Declaration and Programme of Action on the establishment of a New International Economic Order and the Charter of the Economic Rights and Duties of States,

Considering that at this session the Commission must make the fourth appraisal of the implementation of the International Development Strategy (IDS) as part of the establishment of a New International Economic Order,

Having examined the documents "The economic and social development and external economic relations of Latin America" (E/CEPAL/1061 and Add.1) and "The long-term development trends and prospects of Latin America" (E/CEPAL/1076) prepared by the secretariat, which contain analyses and criteria designed to facilitate that critical exercise,

Having also examined the report of the fourth session of the Committees of High-Level Government Experts (E/CEPAL/1073), convened by the secretariat in compliance with CEPAL resolution 310 (XIV),

1. Takes note with satisfaction of the secretariat's contribution to the critical exercise consisting of the fourth regional appraisal of the implementation of the IDS, as part of the establishment of a New International Economic Order, contained in documents E/CEPAL/1061 and E/CEPAL/1076;

2. Approves under the title of the "La Paz Appraisal", the text of which is included in this resolution, the critical exercise comprising the fourth regional appraisal of the implementation of the IDS as part of the establishment of a New International Economic Order;

3. Decides that the La Paz Appraisal and documents E/CEPAL/1061 and E/CEPAL/1076, together with the report of the eighteenth session of CEPAL, which contains some comments on the subject, should be transmitted to the Economic and Social Council, the United Nations Committee on Development Planning, the Preparatory Committee for the preparation of the New International Development Strategy established in General Assembly resolution 33/193, and the various forums of negotiation and dialogue which are of interest to the countries of the region.

LA PAZ APPRAISAL

I. ECONOMIC AND SOCIAL DEVELOPMENT

A. PREAMBLE

1. Development should be conceived of as an integral process characterized by the achievement of economic and social targets which ensure the effective participation of the population in the development process and in its benefits. To this end it is essential to make far-reaching structural changes in this field as a prerequisite for the process of integral development which it is sought to achieve. These two aspects are inseparable parts of a whole which mutually condition each other, and it is difficult to imagine any effective strategy which fails to consider them simultaneously and weigh them in their true dimension. For purposes of presentation and clarity, the two areas figure separately, but in the interpretation of the real processes and the formulation of strategies they must be considered together.

2. It has been observed with concern that this integrated approach has not always found its true expression in the region, and that there has been more emphasis on achieving objectives relating directly to economic growth, while objectives of a social nature, when not openly left on one side, have not received adequate priority.

3. In view of this, some basic concepts of the earlier regional appraisals 1/ are even more valid today:

"The phenomenon of economic growth is not equivalent to development itself, although accelerated and independent economic growth is a prerequisite of integrated development. Growth, in itself, has frequently failed to bring with it qualitative changes which have a decisive influence on (...) human well-being and social justice, since the system of production has continued to prove incapable of providing an answer and solution to urgent problems such as those of mass poverty, growing unemployment, the inadequacy of basic social services and the scant participation of broad strata of the population in the economic and social life of their countries."

1/ Quito Appraisal (1973); Chaguaramas Appraisal (1975), and Guatemala Appraisal (1977).

"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."

"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 (...) which are indispensable to establish the bases that will permit the achievement of the social and economic objectives of the Strategy."

4. The foregoing assertions constitute a major challenge to the countries of the region, especially if it is considered that development is to be achieved in the context of severe external restrictions and in the face of internal obstacles of both a conjunctural and a structural nature. Thus, although some countries have made progress in the export of manufactures, four-fifths of the region's exports are still made up of primary products, with all the harmful sequels implicit in such a brittle nature of the export base. It is superfluous to repeat that as a result the Latin American countries have suffered the effects of chronic problems in their external sectors, in which the adverse effect of the terms of trade has played a leading role.

5. The vulnerability of the external sector, together with its inadequate capacity to generate savings, and the need to maintain a specific rate of economic growth with a view to avoiding unemployment, among other motives, has led in most of the countries to a sharp increase in the external debt, the servicing of which constitutes an increasingly heavy burden that significantly restricts capacity to attend to the urgent social needs of the region.

5bis. In accordance with the above, stress should be placed on the desirability of greater use of planning systems in all sectors of the national economy, in order to help to eliminate the present economic and social conditions endured by the deprived classes of the region and also allow them to participate more effectively in decision-making and in national development plans and programmes."

6. As far as internal restrictions are concerned, the balance between needs and available resources reveals alarming shortfalls which go to make up a picture of extreme poverty for nearly half the population of Latin America. The magnitude of both the open and disguised unemployment from which most of the countries suffer shows the inadequacy of the structure of production to generate employment and it is becoming clear that if this problem is not tackled in a decisive manner, it will mount up to such an extent that this, together with the high social cost it involves, will demand efforts which will eventually prove to be beyond the region's capability.

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7. The member States of CEGAN, without wishing to evade the responsibility for development which primarily falls to them, or forfeiting their sovereign right to control and develop their own natural resources and economic activities in the form they consider appropriate, are aware that international co-operation is needed, in addition to their own efforts, to attain the desired goals of integral development with the necessary rapidity. To this end it will be necessary to effect a massive transfer of resources in real terms and to obtain just and equitable treatment in their economic and trade relations with the developed countries within the spirit of the New International Economic Order and in a manner which respects and strengthens the principles and orientations imparted by each country to its development.

B. THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA

8. This is the fourth time that CEPAL has made an appraisal of the economic and social trends manifested in the region and the policies applied with a view to orienting these trends to bring them into line with the objectives, goals and priorities laid down in the International Development Strategy (IDS) and the resolutions of the United Nations on the establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States. The decade about to end has been a period of major fluctuations and contrasts, with rapid economic growth at the start and a distinct falling-off towards the end. In the long term, despite the significant average economic growth of the last three decades, there has been a persistent lack of adjustment between the growth of the economy and the development of society. These characteristics have helped to create unsatisfied expectations in broad sectors of society which have exacerbated the tensions inherent in development. "It is evident that Latin America as a whole has not been able to transform its economic growth into the integrated development which was envisaged."^{2/}

^{2/} See International Development Strategy and Establishment of a New International Economic Order, Third Regional Appraisal (Guatemala, 1977), CEPAL Cuadernos, Series N° 17, Santiago, Chile, 1977, p. 4, para. 3.

9. In an appraisal like this, which is being made on the eve of the 1980s, a balance sheet must be drawn up of the major problems facing the present development of the region, especially because of the ulterior effects which these problems will have in the immediate future. It therefore seems justified to place the emphasis on a problem-oriented approach highlighting the challenges which must be faced in the coming years. The preparation of the strategy for the United Nations Third Development Decade, already in progress, demands this.

10. This new appraisal of development, despite the big differences to be observed in Latin America, confirms the conclusions reached on substantial aspects in earlier CEPAL appraisals. The stubborn persistence of grave problems in basic aspects of economic and social organization increases and multiplies their seriousness, and this, in addition to making the matter more complex, makes it more difficult to reach an appropriate and lasting solution. This may be seen particularly in such aspects as the concentration of income, the polarization of consumption, the under-utilization of the labour force, and situations of poverty.

11. The operational resources and possibilities now available place many Latin American governments in a more favourable position than in the past for achieving integrated development in keeping with the proposals of the IDS. In order to implement these possibilities effectively, however, it will be necessary to go beyond the reiteration and accumulation of desirable objectives and the mere diagnosis and identification of the most telling problems in order to progress towards the formulation of policy strategies and the specific planning of how to implement them. All of this will require a considerable dose of innovation in terms of policy measures, and in particular a much stronger political commitment to the social and human objectives of development.

12. The persistent recessive economic trends, or the slow rate of growth of the developed countries in recent years, associated with their processes of inflation, have had adverse repercussions on the rates and forms of economic activity in the majority of the countries of the region. The prospect that these trends may continue and that protectionist measures may increase, aggravating the harmful consequences for the international

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economic relations of the countries of Latin America oriented towards an increasing share in the international economy, means that the immediate future appears yet more uncertain, and that the adverse effects on the internal economic and social situation of the countries affected may be further accentuated.

13. The slowing-down of the growth of production is taking place in circumstances in which the levels of production and consumption, the degree of modernization of the economies of the countries and their degree of insertion in the world economy are greater than they were in the past. State capacity and opportunities for reorienting strategies and correcting adverse social and political trends and consequences of the present crisis in the international economy have also increased. Nevertheless, certain features of the overall situation show structural stresses and distortions which make it hard to achieve integrated development. Mention may be made of the following:

(a) In many countries, the maintenance of specific rates of economic growth has been achieved at the cost of growing external indebtedness, on less favourable terms than in the past since current financing is mainly made up of short-term loans from private sources. Some countries are in the extremely difficult position where growing external indebtedness is accompanied by declining output, rapid inflation and falling employment. The burden of the external financial services and the internal and external requirements incumbent on the administration of such high levels of indebtedness contribute to reducing the margin of freedom of action to orient the economic strategies towards simultaneously maintaining a high growth rate, the autonomy of the country's economy, and the achievement of the social objectives of development.

(b) The continuing growth of consumer aspirations - generally exceeding the capacity of the economies to meet them - and the growing pressures for redistribution in one direction or another fan the resistance of important sectors of society to accepting sacrifices for the sake of future development. In such circumstances, transitory stagnation and high rates of inflation aggravate the struggle for redistribution and social tensions increase, calling in question the continuity of the prevailing development style or the possibility of improving the situation of the masses.

(c) Most of the burden of the measures and strategies for economic recovery frequently falls on the poorest and most helpless strata of the population, either in the form of a decline in real wages, relative reductions in income and in the quality and quantity of consumption, increasing unemployment and underemployment, and a marked reduction in public spending on education, health and other social services for the people. If this state of affairs continues, the contradictions between the restrictions on participation and distribution which typify the development process and the priorities and objectives of the IDS will continue to be just as effective and real - or even more so - than those which were pointed out in earlier appraisals.

14. Significant progress has no doubt been achieved in some sectors of society. In view of the aims of the present appraisal, an endeavour will be made to highlight the most crucial problems which require urgent solution in keeping with the goals and objectives of the IDS and the earlier regional appraisals.

(i) Various public programmes in such social sectors as education, health, housing and social security require a considerable quantity of fiscal resources if they are to be implemented adequately. Only in this way will it be possible to satisfy the desirable life expectations of broad sectors of the population. These programmes are at present undergoing a process of reform which endeavours to absorb such higher aspirations, although it will be difficult to satisfy them in the current situation of scanty financing and restrictions to which social programmes in the majority of countries are subject. More precisely, the root of the problem lies in the fact that the redistribution aims of these programmes contradict the trends actually manifested, especially with regard to the forces tending to concentrate personal income and other aspects already mentioned, so that the professed objectives of correcting growing social inequalities prove to be ineffective or inadequately implemented. The resulting challenge is to find a way to increase public understanding and the political and practical feasibility of programmes aimed at mitigating and obviating the hardships of the social sectors which are practically excluded or marginalized from active participation in the development effort and from profiting from its results.

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(ii) The combined action of population growth, urban concentration, deterioration in the quality of the human environment, waste of natural resources and high prices of certain imports calls for deep-seated, long-range changes in present patterns of consumption and in the control of the use of certain resources. The growing pressure of broader social groups towards achieving specific life styles with possible environmental threats and the exhaustion of sources of natural wealth, make energetic action by the State more essential than ever for protecting relations with the natural environment through more suitable patterns of consumption, appropriate use of natural resources and better types of human settlements. The heart of the challenge is how to use these often critical processes to generate a consensus with regard to action possibilities involving feasible objectives and reasonable goals which will locate and order the group of isolated problems into a common frame of reference and give them a sense compatible with the human objectives arising out of the recommendations of the IDS.

(iii) In the perspective of integral development, as defined in earlier regional appraisals (Quito, points 1-7 and 12), the most important challenge is constituted by a related group of social problems which affect considerable sectors of each country: large minorities in some countries, and the majority in others. These include the inequitable distribution of income, critical poverty, underemployment and poor working conditions, the low productivity of a considerable section of the labour force, the backwardness and marginalization of huge urban and rural sectors, generalized illiteracy and semi-illiteracy which have an adverse effect on the capacity of the labour force, and the restricted participation of the masses in economic, social and human development.

15. The present situation of education in Latin America may be described as one of expansion in quantitative terms, while at the same time it shows contradictory tendencies and serious disequilibria in its patterns of growth and the social impact it produces. It may be noted that the vigorous growth of the education system as a whole has tended to be concentrated at the secondary and higher levels, while the growth rate of primary education, which was 3.9% between 1970 and 1975, is scarcely

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higher than population growth. The average schooling of the labour force in the countries of the region was around four years in 1970, thus revealing a situation of generalized semi-illiteracy and illiteracy. The illiteracy rates amount to between 5 and 40% of the labour force.

16. Available statistical evidence shows that the level of concentration of income has not diminished, and the slowing-down of economic growth in recent years, with its subsequent effects and repercussions, has frequently brought with it a further deterioration in income inequality. Sample surveys carried out in a group of countries accounting for 90% of the population of Latin America show that around 1970 the share of the top decile fluctuated between more than one-third and nearly 60% of total income, while the share of the income recipients in the bottom 40% of the distribution varied from 6 to 14%.

17. The existence of poverty is a permanent fact, widely recognized in the region. The notable economic growth achieved in recent decades has not had proportional repercussions on the income of the poor, who account for a considerable percentage of the region's population. The contrasts in the living conditions of the different sectors and strata of the population have been accentuated, and the existence of poverty has become more visible and also more deplorable.

18. This experience has given rise to some scepticism with regard to the traditional beliefs that economic growth would of itself bring with it the solution to the serious and widespread problems of poverty, uneven income distribution, and unemployment and underemployment, which have existed and continue to do so despite the considerable development of the forces of production. According to the latest estimates available, around 40% of the population of Latin America was still living in conditions of poverty around 1970, while the proportion rose to 62% in the case of the rural population. In other words, the fruits of economic growth have not been fairly distributed among the different population groups. Indeed, if present conditions continue, it can be foreseen with a high degree of certainty that the share of the poorer strata in the fruits of future growth will tend to remain at completely inadequate levels.

19. The combination of some measures to alleviate poverty, such as the free distribution of food, employment in public works on a subsistence wage, promotion and facilitation of housing construction in segregated areas and with self-help systems, public services which tend to be differentiated in terms of quality and accessibility, are necessary in short term, but run the risk of converting the present situation of the poor into a systematic and permanent segregation, with different levels of services, qualities of housing and educational possibilities.

20. More energetic and novel measures require to be introduced so that the great marginalized sectors can contribute to the production effort, satisfy their basic needs and organize themselves in defence of their own interests. These measures should ensure a different orientation of investment and production and of the services provided by the State in such a way as will effectively benefit the poor and the needy. This policy, of course, should be promoted in a context of economic and social dynamism which will guarantee poor people sources of work and higher real incomes, while ensuring adequate growth of the economy.

21. The growth of the rates of open unemployment and the continued existence of high levels of generalized underemployment, which together result in a high degree of underutilization of the labour force in the region, constitute one of the most serious problems, owing to the low capacity of absorption of personnel in the modern and dynamic sector of the economy, and the loss of production potential which this implies. Open unemployment and underemployment around 1970 are estimated to have accounted for around 28% of the labour force, i.e., no use was made of the productive potential of one out of every four persons of working age. Although the so-called informal sector has shown unexpected flexibility in offering subsistence opportunities to the urban poor, this has been achieved at the inadmissible cost of very low incomes and great insecurity in the sources of activity which generate them.

22. There are serious doubts as to whether the informal sector can continue to carry out the functions which it has relatively successfully engaged in to date. The growing demand for employment among sectors of increasingly educated young urban dwellers who are facing ever greater

/difficulties in

difficulties in finding suitable jobs can hardly be palliated by the substitute constituted by the informal sector, where the lowest-qualified, transitory and poorest paid jobs predominate. Something similar is to be expected as a result of the increased flow of educated women seeking to enter the job market. This is a source of tensions which will tend to get worse with the rapid growth of these sectors of the population, particularly the new generations of men and women graduating from secondary and higher education, for whom the informal sector has no solutions to offer.

23. The progress achieved in rural production has not given the expected results because the needs of large sectors of the rural population who remain outside the processes of agricultural modernization or have been harmed by them remain unsatisfied. The compelling forces of migration towards the cities have not been countered either (nor the process of disintegration of the archaic but still prevalent forms of production for actual subsistence and social security in the rural milieu). Urban and rural differences continue to increase, frequently to the disadvantage of those groups living in rural areas who do not benefit from the modernization of agriculture.

24. The situation of women in the region varies according to the socio-economic stratum to which they belong. This also means variations in their share in economic, political, social and cultural life, and in the sources and manifestations of the discrimination of which they are the object. These differences should be taken into account in adopting measures to guarantee the equality of men and women and foster the economic and social development of the respective countries. Since the most alarming situations are to be found among women belonging to the poorest groups, and particularly poor rural women, they must be given priority in planning development strategies, and especially in action aimed at alleviating the burden of household chores and improving housing conditions, the infrastructure, health, employment, education and other social aspects. Special attention must also be given to reappraising the contribution of women to society and an effort must be made to improve their social image, which is at present distorted by the mass media and current cultural patterns.

25. Since nearly all adult women in the region are responsible for and actually carry out household tasks, and a considerable percentage of women from the poor strata are heads of households, this link with the family units should be taken into account both as regards its consequences for the situation of women and its effects on children, who are the population of the future. It will therefore be necessary to pay special attention to improving the living conditions of the family units, and this, in addition to lightening the burden of the work done by women and opening up new possibilities for their participation in society, will make it possible to improve the quality of living of the population as a whole. It must be acknowledged that some countries have already established special institutions to facilitate the full participation of women in the social and economic development of their respective countries.

26. Policies regarding human settlements should consider the great variety of problems relating to the habitat as regards the quantity, density and distribution of the population, regional and rural-urban disparities, and the distribution and allocation of production resources, so as to establish a satisfactory environmental and cultural balance in order to increase human well-being and ensure the correct use of natural resources.

C. THE EVOLUTION OF THE ECONOMY DURING THE 1970s AND THE GOALS OF THE INTERNATIONAL DEVELOPMENT STRATEGY

27. The rate and structure of economic growth have undergone changes of great importance in the course of the past decade in Latin America. Taking the region as a whole, three phases can be clearly distinguished: during the first four years, the region maintained and boosted the economic growth it had been experiencing since the end of the 1960s; in 1975, the growth rate plummeted, while 1976 saw the start of a recovery phase of extreme lenticity in most of the countries, in which the average increase in the domestic product has been notably below its traditional rate and that of earlier periods.

28. Of particular influence in this sharply contrasted evolution were government economic strategies and policies, the potential and real economic development capacity of the region, and the course of international trade and the economy of the industrial countries, successively expressed as booms, crises and economic recessions, with recent tendencies towards some level of recovery in a milieu dominated by factors of instability and uncertainty.

29. Internally, the majority of the countries made some progress in mobilizing resources and in their financing efforts, although the variability of external conditions prevented full and continuing benefit from being extracted from this progress. The periods when external conditions were favourable served to illustrate the region's high economic growth potential, and the adverse periods confirmed that the growth rate was vulnerable to external factors.

30. During the 1970s important changes of an institutional nature were begun or continued in many of the Latin American economies, and progress was made in programming public and private activities, by making the definition of the economic policies more coherent. The organization of the financial markets was improved by giving impetus to the accumulation of savings and increased investment. Economic policy measures were applied to control inflation and the constitution of price levels and structures more in keeping with international patterns, and trade policy measures linked to the organization of the exchange markets and the reduction of tariffs and controls on imports to liberalize trade; and various promotion measures and direct stimuli were applied to expand and diversify exports, particularly with the introduction of flows of industrial products and other non-traditional items.

31. This action by the Latin American countries to expand and diversify their role in the world economy in order to give impetus to economic growth in adequate conditions of efficiency, has increasingly come up against the diverse protectionist-type measures which are spreading in the industrial countries.

32. Dynamism in investment was accompanied by the growth of domestic savings. After long periods of savings coefficients of around 18%, the region raised them to over 20% during several years in the course of

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the decade. In this way, domestic savings were able to cover a relatively large proportion of domestic investment - over 90% most years, and about 95% in 1973. However, in those periods when external relations produced a large deficit on the current account of the balance of payments, it was necessary to resort to large sums of external indebtedness which reduced the domestic financing of investment to percentages of around 85%. The region's high domestic savings potential and the restrictions on its use arising in periods of external bottlenecks has thus been demonstrated. In this context, the disparity between countries is very substantial and a considerable number of countries still have not achieved 20% of domestic savings, and finance less than 80% of their investment with their own resources.

33. During the first three years of the decade, the economic growth of the region speeded up, while the dynamism of the economy was particularly influenced by the evolution of exports, their diversification, and the improvement of the terms of trade. However, the favourable trend in the terms of trade was of short duration, and was concentrated in the biennium 1972-1973; furthermore, it did not benefit all the countries, since for many of them the rise in the purchasing power of their exports was offset. The increase in external purchasing power was to some extent reinforced by the greater use of external financing, and all this made possible a rapid inflow of imports, which helped to spur economic growth. In this way, during the period the Latin American economy tended to function unimpeded by the external bottleneck which had hampered it in previous periods, and showed relatively substantial growth potential capable of emerging once the economy had freed itself from the harmful effects of the external bottleneck.

34. In 1974 the Latin American economic picture began to change radically; the oil-exporting countries benefited from a further increase in prices and their terms of trade appreciably improved.

35. Most Latin American countries faced a weakening of external demand as a result of the economic slow-down in the industrial countries, the general decline of commodity prices and the rise in the prices of imports from the developed countries, which was accentuated by the rise in the cost of fuel imports.

36. In 1974 the volume of imports continued to increase, while real income from exports marked time or even dropped. This caused a serious balance-of-payments problem, which required the intensive use of both external finance and currency reserves. The countries of the region still managed to maintain the vigour of their economies, stimulated by domestic investment and demand, but were obliged to incur substantial external debts which later affected the policies adopted by the countries.

37. In 1975 the unfavourable trends in the external sector worsened. Exports declined, and the deterioration of the terms of trade became widespread. The worst-hit countries had to adopt restrictive import controls and hold back domestic demand, and as a result the rate of growth of the domestic product fell drastically: the growth rate was practically the same as the rate of population increase; at the same time, the balance-of-payments deficit began to increase again and external indebtedness rose, although most of the debt was concentrated in a small number of countries.

38. In the oil-exporting nations, the real value of exports dropped from the high level achieved in the previous year, but the rate of economic growth was maintained.

39. The period 1976-1978 was marked by a slow recovery in economic growth. In the past four years (1975-1978) the growth rate of the gross product has reached only 4% a year, reflecting the region's slowest growth in the past three decades. The recovery was achieved through major efforts by the Latin American countries, especially the non-oil-exporting countries, which even cut back the value of their imports in absolute terms.

40. An intensive export promotion policy, together with a slight recovery in external demand, led to a substantial rise in exports. This considerable effort did not suffice to cover servicing of the large accumulated debt, and the deficit on the current account of the balance of payments of the non-oil-exporting countries could only be reduced to \$US 9,000 millions in 1978.

41. Economic trends in the group of oil-exporting countries have also undergone important changes during recent years. In these countries economic growth has tended to rise, and imports have continued to increase,

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but surpluses on the external account have ceased to accumulate, and until the last two years they recorded a deficit on the current account of the balance of payments.

42. Unexpected and frequently uncontrollable developments of a temporary nature which occurred in some of the years referred to above, resulted in significantly higher export earnings from some primary products than they would normally have received, and this affected the general situation of the economies. The large-scale fluctuations of earnings in foreign currencies and their repercussions on other sectors forced the countries affected to make costly readjustments in their economic policies.

43. The differences in productive, technological and social terms between the agricultural sectors in various Latin American countries became sharper in the 1970s. At the national level the emergence of the modern enterprise provided a great stimulus to numerous subsectors, and also led to profound transformations among social groups in the countryside, in the roles of the various producers in the national agricultural markets and in the structure of agricultural exports. Nevertheless, social problems persisted through this process of change, and in some cases even appear to have worsened.

44. The relationships between the agricultural sector and the general economic circumstances of the countries intensified. As the sector's activities and links with urban and industrial activities became diversified, agriculture became increasingly influenced by events in the markets for goods and services and factors of production, by financial policies and machinery and by the actions of public institutions and urban social forces. Thus differences in levels of income, degrees of urbanization, industrialization and technological development, and many other general and urban factors, caused substantial differences in agricultural development in the countries of the region.

45. The public sector intensified its agricultural activities and became more active in financing the sector and in guiding investment in agriculture. In various countries this greater governmental concern led to the provision of more resources for agricultural credit, rises in investment in infrastructure for marketing, the establishment of agro-industries, the development of unexplored natural resources and a marked increase in the areas under irrigation.

46. The processes of agrarian reform have encountered many obstacles. Owing to their high costs and slow realization in the majority of countries, many of the potential beneficiaries of these processes are excluded from them. Thus the capacity to use the land and the human resources of the rural sector remains low, and a large part of the increases in production are achieved through the modern agribusiness sector.

47. Average growth in agricultural output may be regarded as relatively low. A comparison of the levels of output of the region as a whole in the first and last years of the present decade shows an annual cumulative rate of less than 3.5%, markedly below the 4% target laid down in IDS. Less than half the countries studied managed to reach or surpass this target. It is well known that agricultural output is subject to short-term fluctuations because of changes in climatic conditions, but even so that rate is in line with the slow historical trend. This contrasts both with the greater productive potential of the region, and with the fact that greater output is essential to meet the nutritional requirements of a vast mass of Latin Americans living in extreme poverty, as well as the additional requirements for raising exports of primary products and processed products from the agricultural sector, in order to secure the external purchasing power needed to acquire essential imports or avoid increasing the external debt.

48. The process of industrialization in Latin America continued during the 1970s. Industrial output has tended to become diversified as the industries producing intermediate, consumer and capital goods have developed. The characteristics and magnitudes of this process have differed greatly in the different countries of the region, and the differences in industrial productive structures have sharpened. It is also clear that, despite the advances made, expansion of the output of industrial intermediate goods, and particularly of capital goods, has to some extent lagged behind achievements in the other manufacturing activities, and this clearly indicates unbalanced industrial development. In this regard it should be pointed out that a group of Latin American governments are currently making efforts to speed up the development of the branches which are lagging furthest behind.

49. Protection - in many cases excessive and indiscriminate - which has generally characterized industrial promotion, together with the existence of small national markets, made even smaller by the prevailing highly concentrated income distribution patterns, contributed in many cases to shaping productive structures operating on a scale below minimum economic levels, with insufficient degree of specialization, and therefore with high costs.

50. The progress achieved in various aspects of the industrialization process was not, in general, accompanied as much as might be wished by a definite rise in the local capacity to select and adapt foreign technology, still less to generate technological innovations. The region has had a relatively passive attitude to technological matters, although here too marked differences may be observed between countries.

51. The growing importance of the export of manufactures as a means of industrial development further emphasizes the need to increase the local capacity to generate local technology to some extent, and to select and adapt foreign technology, so that, while also dealing with other equally important requirements, the region can play a growing and significant part in trade in manufactures within the region and on a world scale.

52. Regional exports of manufactures have grown relatively fast, and now make up almost 20% of total exports. However, despite the progress made in diversifying the range of products exported, light manufactures still predominate. While a high proportion of exports of manufactures are destined for countries outside the region, the regional market also occupies an important place: in recent years it has absorbed about 40% of such exports, with a relatively high proportion of engineering products.

53. The role of the transnational corporations in exporting manufactures, and more generally in the process of industrialization, is especially important in the most vigorous and advanced areas of the manufacturing sector, sometimes to the detriment of national firms. Their economic, commercial and financial potential, together with their technological superiority, tend to give their activities such scope and range that it is essential to reconcile them with the direction of the industrialization process and, in a broader sense, with the guidelines for overall economic development in each country.

54. The direct contribution of the manufacturing sector to solving the region's serious employment problem has been smaller than had been hoped. Only during periods of expansion has the generation of industrial employment reached relatively high levels. This indicates that accelerating the growth rate well above the average rates achieved in past decades would make it possible to broaden the role of industry in solving the region's serious employment problem, not only through the direct contribution of the sector, but also through its repercussions on other economic activities.

55. The industrial sector is contributing a growing share of the total product, and linkages both within the sector and with other sectors have increased. It is not surprising in such circumstances that the vigour of the sector has been closely related to the periods of expansion, decline and slow recovery of the economy as a whole. The industrial growth rate, which reached around 10% in the biennium 1972-1973, barely exceeded 1% in 1975, and was only 4% in the biennium 1977-1978. These variations, which affected most of the countries to different extents, meant that the average growth rate between 1970 and 1978 for the region as a whole was barely above 6% a year. Only three countries managed to reach or exceed the 8% growth rate laid down in IDS, and in this respect the performance of industry was undoubtedly unsatisfactory.

56. In the course of the 1970s the Latin American countries stepped up efforts to transform their productive systems, which led to the expansion and diversification of industrial enterprises, some progress in the modernization of agriculture and growing linkages between the different sectors of the economy. The depth and dynamism of this process varied from one country to another and from sector to sector. In some countries and sectors a high degree of modernization was effected, based mainly on the direct incorporation of high-cost imported technology. Some efforts were made to adapt imported technology to local circumstances, but greater efforts have to be made in this direction. The development of indigenous technology to improve production techniques in subsistence agriculture and traditional industries has not progressed as rapidly as was anticipated; hence it is not uncommon to find sectors with a high degree of modernization and productivity coexisting with others using inefficient systems of production and characterized by low productivity.

57. As a result of the fluctuations in economic growth described above, growth in the present decade, as measured by comparing the domestic product in 1978 with that of 1970, has reached an annual average rate of only 5.7%, below the IDS target of 6%. Only five countries reached or exceeded that target. The vast majority undershot it, and indeed ten countries failed to reach the figure of 4% a year, and some countries even recorded levels in 1978 which were similar to those of 1970. Thus for the region as a whole, and for a significant number of countries, the present decade has been one of contradiction, since while the growth potential has been demonstrated, the final results have fallen well short of that potential.

58. The decline in the growth rate of most of the countries in the second half of the 1970s has undoubtedly had severe social repercussions. It has severely limited the capacity for absorption in productive employment, in some cases leading to a rise in open unemployment, and still more in underemployment; and it has accentuated the adverse effects of the extreme concentration in the distribution of income, thus exacerbating the struggle for redistribution, with its subsequent effects on inflationary pressures. The conclusion is clear that one of the basic objectives which the countries must pursue is the revival and acceleration of the growth rate in coming years, and especially in the 1980s, since this will furnish a better material basis for the establishment of clear, well-defined objectives in the field of social development and human advancement, which must accompany the process of economic growth.

59. Real per capita income as obtained by adding the terms-of-trade effect to the domestic product showed an average rate of increase of about 3% a year between 1970 and 1978, a rate slightly above the rate of increase in the domestic product (2.8%). A particular influence was the relatively improved terms of trade of some countries, such as the oil exporters, though in another large group the evolution in the terms of trade limited the rise in real income. If these trends were maintained, Latin America would take about another quarter-century to double its per capita income. As with the domestic product, changes in real incomes have been very different depending on the country. Of the 23 countries studied, only

nine recorded a rate higher than the average of 3%, and of the remaining 14 the vast majority achieved a growth rate well below the average; there were many cases where the per capita income in 1978 was practically the same as that of 1970, or only slightly higher. In this way the region as a whole, and a large number of the countries in it, recorded a rise in per capita income which was markedly lower than the rate of 3.5% laid down in IDS as a bench-mark for the developing countries as a whole.

II. THE EXTERNAL RELATIONS OF LATIN AMERICA ON THE THRESHOLD OF THE 1980s.

A. CHANGES IN LATIN AMERICA'S PRIORITIES

60. All the countries of Latin America continue to manifest characteristics and experience problems which are specific to developing countries and shared by the entire Third World. They include the still high share of exports of primary products in total exports; the low degree of development of some industries, especially those producing capital and intermediate goods; inadequate co-ordination in the use of the region's bargaining power; the persistent imbalance on current account and their status of net recipients of external capital in the form of loans and direct investment; and considerable inequality in the distribution of income and the high proportion of the population which is still living in extreme poverty. The latter problems can be solved only by complementing the domestic effort with appropriate international co-operation in the fields of trade and technological and financial matters.

61. These characteristics make it necessary to incorporate in the policies for international co-operation the common denominators shared by all developing countries.

1. Trade policy

62. During the first years of the post-war period, Latin America assigned high priority in its trade policy to primary products, which at that time made up over 95% of the region's total exports. The region's concerns and ideas regarding price stability, a greater degree of processing of its products and participation in the distribution of these goods, which for many years were discussed in various United Nations bodies, were later brought to the attention of UNCTAD. In those first years too, trade policy was designed to promote exports of manufactures, but the related problems and policies were given lesser importance.

/63. Today,

63. Today, Latin America continues to attach much importance to its primary commodity exports, since they still represent more than four-fifths of their total income from exports. Serious problems in gaining access to the markets of developed countries which affect primary products exported by Latin America, sharp fluctuations in incomes arising from such exports and the unfavourable impact of inflation on their purchasing power are some of the main focuses of concern. However, at the same time other aspects of trade policy have been of great importance. The main thrusts of current policy in Latin America are the procurement of equitable prices for exports, the promotion of exports of manufactures and other non-traditional goods and the securing of broad and complete access for these goods in the markets of industrialized countries, and intensification of the process of diversifying markets. Regrettably, in recent years the efforts of the developing countries to increase and diversify their exports have run up against serious obstacles in the form of the protectionist tendencies observed in the industrialized countries; the accentuation of these tendencies is a matter of profound concern, not only among the developing countries but also in the international community.

2. Protectionism

64. Despite the undertaking made by the developed countries during the IV UNCTAD, in its resolution 96 (IV), to maintain the status quo in the application of tariff and non-tariff barriers, new types of protectionist measures have proliferated in those countries in recent years, with a negative impact on the developing countries' exports both of primary products and of manufactures and semi-manufactures.

65. This protectionism, which in recent years has taken on new dimensions and characteristics, is of great concern to Latin American countries, since the new restrictions on trade which are being introduced systematically have a serious effect on agricultural goods and minerals and on semi-manufactures and manufactures of special interest for them (sugar, bananas, soya, flowers, meat, oils, dairy products, copper, zinc, tin, textiles and clothing, footwear and leather manufactures, preserved fish, electronic articles and consumer durables, motor cars, steel and ships).

66. This is of particular gravity since the expansion and rationalization of their domestic production, and opportunities for creating employment for the growing labour force, depend to a large extent on vigorous growth in exports from the sectors mentioned.

67. In view of the implications of protectionism for the world economy, it is necessary to agree upon and implement a co-ordinated international programme of action. In that respect, the Latin American countries should, in the appropriate forums, draw up policies for short-term action to restrain the growth of protectionist measures which can be linked with, and complement, other medium-term and long-term policies.

68. To that end, CEGAN recommends the adoption of the agreements reached at the Latin American co-ordination meeting held under the umbrella of SELA and the Fourth Ministerial Meeting of the Group of 77, and especially those related to the inequitable nature of the new protectionist trends, voluntary measures in the economic, financial or trade fields within the framework of joint action, the limitations which should be incorporated into new protectionist measures to prevent their application to products from the developing countries, and institutional machinery to oversee the development of protectionism and the application of the steps agreed upon for the progressive elimination of the protectionist measures.

69. CEGAN also recommends the strengthening and intensive use of existing forums in Latin America, with the aim of examining the general and particular aspects of protectionism and producing recommendations, in the light of the interests of the region, which will lead to their reduction or elimination.

70. CEGAN further recommends the denunciation, in all appropriate forums, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, and the protectionist barriers against access to their own markets for the manufactures produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and others in a similar position.

/71. Furthermore,

71. Furthermore, this type of protectionism includes arrangements and machinery whereby imports from developing countries are subject to greater restrictions than those from the industrialized countries, although the latter have substantial surpluses on the current account of their balance of payments and the developing countries are finding it difficult to overcome the economic crises they are experiencing.

72. CEGAN also recommends the denunciation of the tendency of the developed countries to take unilaterally measures which present the developing countries with a situation in which they must negotiate bilaterally on terms which are very unequal and contrary to the principles agreed upon multilaterally by the international community.

73. In the light of the principal causes of protectionism, CEGAN reaffirms its conviction that the main solution to protectionism in the medium and long terms lies in the restructuring of industry which should take place within the developed countries, taking into account the real interests of the developing countries.

74. For the above purposes, and in order to facilitate the restructuring of industry and the transfer of the developed countries' industrial capacity to the developing countries, CEGAN recommends that an attempt should be made to negotiate the establishment, in the developed countries, of effective systems of assistance measures for the restructuring.

75. Moreover, bearing in mind that Latin America as a whole has substantial purchasing power and enormous quantities of natural resources, which confer on it considerable bargaining power, CEGAN recommends that, in all the appropriate Latin American forums - especially within CEPAL and SELA - a study should be carried out of the different possibilities of using this purchasing power and the most suitable means of making its use effective. In that regard, and in line with the various possibilities and the areas in which such an approach would be most feasible, emphasis should be placed on the promotion of joint or co-ordinated negotiation and purchasing, within the framework of the action committees of SELA.

3. Industrialization, access to markets and world industrial restructuring

76. In order to ensure more harmonious and balanced economic development, the Latin American countries should gradually replace the model based on import substitution with a model which responds to the needs of the region and enables selected sectors of Latin American industry to compete in international markets, while proceeding with the transformation of the industrial structure and the development of new industries.

77. Manufactures are the most dynamic component for the behaviour of exports, and accordingly the expansion of manufactures is essential in order to stimulate the growth of the economy, combat the external bottleneck and tackle the serious domestic problems of structural unemployment and low incomes with prospects of success.

78. The development of capital and intermediate goods industries which operate efficiently not only alleviates pressures on the balance of payments but also represents a necessary element in the present stage of Latin American technological and industrial development.

79. One of the principal causes of the stagnation in Latin American industry and its low level of utilization is the deterioration in the conditions of access to the markets of the industrialized countries, which continue to apply domestic policies supporting inefficient production sectors, with restrictions on the import of products from the developing countries.

80. The solution to this problem lies fundamentally in a restructuring of world industry compatible with the growth objectives of the developing countries.

81. The long-term policies aimed at a restructuring of world industry which will encourage optimum global growth require conscious efforts by the international community to institute rational productive arrangements in the world. In this regard, it is necessary to create appropriate monitoring machinery in order to follow closely the evolution of the world's production and trading arrangements and to facilitate the shift of production factors from the sectors which need to be restructured in the developed countries, with the aim of achieving the most effective inter-industry and intra-industry international specialization.

82. In this regard, CEGAN recommends the adoption of the agreements which emerged from the Fourth Ministerial Meeting of the Group of 77, and especially those relating to the establishment within UNCTAD of machinery to examine periodically the production and trading arrangements in the world economy and identify the sectors which require a structural readjustment, and those relating to the creation of an appropriate forum to speed up negotiations to

/ensure the

ensure the establishment and application by the developed countries of measures and policies which are necessary to promote the readjustment process in the sectors identified and facilitate the shift of the production factors from those sectors; it is also necessary to ensure constant vigilance in order to avoid the creation, in the developed countries, of uneconomic excess capacity which might lead to demands for protection.

4. Commodities

82bis. Latin America faces not only the problems which affect the purchasing power of its exports, but also the lack of resources for identifying, exploring and developing its sources of basic commodities. Financing for these purposes has been seriously affected by problem of external indebtedness and social pressures in the developing countries. Moreover, there is generally not enough domestic saving capacity to make substantial investments in these fields. The result is that the main sources of financing have tended to be the transnational enterprises, on terms which in many cases have not been compatible with the interests and objectives of the recipient countries.

83. The fundamental problems which continue to affect earnings from the commodity exports of developing countries are: the instability of international commodity prices, the low degree of processing of exports of such products, and the scant participation of the developing countries in their marketing. In order to give an adequate solution to these problems, resolution 93 (IV) on the Integrated Programme for Commodities was adopted at the IV UNCTAD, some of the objectives of which are: (a) to achieve stable conditions for trade in commodities, particularly avoiding excessive fluctuations in prices; (b) to improve and maintain the real incomes of the developing countries, by protecting them against fluctuations in their export earnings, especially from commodities; (c) to improve access to the markets for commodities and products processed from them; and (d) to improve the market structure for commodities.

84. As part of the work schedule of the Integrated Programme, preparatory meetings have been held for negotiations on all the commodities covered by the above-mentioned resolution, with the exception of bananas and bauxite. Because of the lack of political will on the part of the developed countries, very little progress has been recorded, except in rubber, although in the case of some products sufficient elements already exist to convene the negotiating conferences. (To date only the negotiating conference on rubber has been convened.)

85. CEGAN considers that there is a need to develop policies aimed at the rational utilization of non-renewable products (such as minerals) to ensure that the use of these resources contributes to viable socio-economic growth and the protection of the environment in the short as well as the long run.

86. CEGAN therefore recommends that, in the Declaration which will emerge from the eighteenth session of the Commission, the developed countries should be urged to provide maximum collaboration so as to conclude as soon as possible the technical stage of identifying problems detrimental to international trade in those commodities covered by resolution 93 (IV) for which preparatory meetings have been held, so as to reach as rapidly as possible the phase of negotiating international agreements.

87. Mention should also be made of the negotiations on the Common Fund, progress on which has been extremely slow and difficult as a result of insufficient political will on the part of the majority of the developed countries, so that the initial position of the Group of 77 has been deteriorating. The basic elements of the Fund have now been established, and this represents good progress, but there has been some distortion of the initial purpose for which this financial body was set up, namely to influence the commodity markets so as to stabilize the international prices of these products, and reduce the financial burden on the developing countries arising from the establishment of the international measures agreed upon within the international commodity agreements.

88. So as to promote joint action by the developing countries in the negotiations on the Common Fund and on individual commodities, important agreements were reached during the Fourth Ministerial Meeting of the Group of 77, notably on the Common Fund and on commodity negotiations. These agreements should be included in the declaration which will result from the eighteenth session of CEPAL. The aspects which should be highlighted in connexion with the commodity negotiations include the following:

/(i) That

(i) That negotiating conferences should be convened as soon as possible on the commodities at present in the preparatory phase, with regard to which sufficient progress has been made in the technical phase of the identification of problems, on the basis of action programmes to stabilize prices and other measures; these negotiating conferences should be concluded within the extended time-table for the Integrated Programme for Commodities. In order to facilitate the negotiation process, assistance should be given to developing countries which are also producers in their efforts to strengthen and harmonize their negotiating positions, through meetings between such countries or through commodity associations.

(ii) That the signatory governments to the existing international commodity agreements should be invited, in accordance with the appropriate procedure for the adoption of decisions laid down by these agreements, to consider the possibility of including other measures of the Integrated Programme for Commodities, which may be relevant and also consider the participation of these international commodity agreements in the Common Fund, with a view to using both the financial facilities corresponding to buffer stocks and those of other types (first and second windows) where appropriate.

(iii) That provisions should rapidly be adopted for effectively applying appropriate measures and procedures for stabilizing and improving in real terms the prices of commodities exported by the developing countries, taking account of world inflation and the changes in the international economic and monetary situation - including exchange rates - the terms of trade, profits from investment and other relevant factors.

(iv) That in the specific studies and negotiations the processed and semi-processed products manufactured with the raw materials contained listed in resolution 93 (IV) should be included when the developing countries consider this appropriate.

(v) That "horizontal" action should be encouraged permitting agreements between producer countries on specific commodities. The formulae for concerting agreements offered by the producers' associations would be adjusted in order to apply this type of guideline.

89. It should be mentioned that the commodity negotiations have to date been concentrated on price stabilization, which makes it necessary to carry out negotiations to establish measures for action required in areas of critical importance for the countries of the region, such as compensatory financing, the processing and development of commodities, marketing and distribution, research and development, horizontal diversification and the expansion and diversification of the production and trade in foodstuffs.

90. CEGAN recommends that account should be taken of the agreements adopted by the CEPAL-FAO Technical Meeting on Rural Social Development in Latin America and the Fifteenth FAO Regional Conference for Latin America, which were held in August 1978 in Montevideo, Uruguay, since they produced some declarations on agrarian reform, plant and livestock health, technical co-operation among developing countries and especially on the problems of the region's international trade in agricultural products.

5. Transnational corporations

91. The increasing share of the transnational corporations in the economic activity of the region has given rise to concerns which are reflected in the principles upheld by the international community in the Charter of Economic Rights and Duties of States and the efforts of the developing countries to draw up a code of conduct for transnational corporations, and which have progressively become accepted as principles. These basic concerns, which were grouped in the Guatemala Appraisal,^{3/} are fully valid and refer to the need for the implementation of the agreements reached on the subject by the countries in their regional forums; they include the agreements that the transnational corporations should comply with the laws and regulations and submit to the exclusive jurisdiction of the host country; refrain from any interference in the domestic matters, international relations and external policy of the host country; respect national sovereignty over natural and economic resources; comply with

3/ See International Development Strategy and establishment of a New International Economic Order, op. cit., paragraphs 169-173.

national policies, objectives and priorities; report on their activities; make net contributions of financial resources; contribute to the development of local scientific and technological capacity, and abstain from restrictive commercial practices.

92. Within SELA the Latin American countries have established their position vis-à-vis the code of conduct for transnational corporations, and the corresponding proposals are now being analysed within the United Nations Commission on Transnational Corporations, in which the negotiations on this code are taking place.

93. The process of discussion, preparation and acceptance of a code of conduct for the transnational corporations at the international level is complex and difficult. In the meantime, the bargaining power of the Latin American countries must be improved, and they should make efforts to exchange among themselves and other developing countries the information they possess on negotiations with the transnational corporations, thus helping to enhance the individual and collective bargaining power of the countries. Both CEPAL and the United Nations Centre on Transnational Corporations should continue to provide support in this regard.

94. In order to promote the position of the developing countries it is necessary to take as a basis the draft code of conduct for transnational corporations drawn up by a group of Latin American countries, and negotiate on it with the industrialized countries, bearing in mind the principles mentioned above, which are reiterated in the draft code: transnational corporations should comply with national legislation and jurisdiction, their activities should be in keeping with the development objectives of the region and with national interests, they should avoid interfering in the internal affairs of the countries in which they operate, shall not enjoy preferential treatment, shall refrain from seeking diplomatic or other support from their countries of origin, and shall not invoke the application of laws different from those applying in the host country.

6. Technology

95. The solution of the problems of the transfer of science and technology continues to have high priority in the establishment of the New International Economic Order. Questions continue to be asked about the prices used in the transfer of science and technology, the adequacy of the existing institutional arrangements and the degree to which this transfer is in keeping with the conditions of the countries of the region.

96. In the circumstances, the creation of an autonomous technological capacity in the countries of the region has not kept abreast of the progress achieved in the fulfilment of the targets by Latin America, in other areas of the IDS. Technical assistance from the international system has not given sufficient importance to research and development programmes, for example. CEGAN considers it opportune to reiterate the positions which Latin America agreed upon at the Fourth Regular Meeting of the Latin American Council (SELA, Caracas, 3-5 April 1978), when the following aspects were highlighted:

(i) The action arising out of the United Nations Conference on Science and Technology for Development to be held in 1979 should serve to promote the scientific and technological capacity of developing countries according to the conditions adopted by the Group of 77;

(ii) The contribution of UNCTAD in connexion with the function of the system of industrial property in the transfer of technology, in the context of the revision of the Paris Agreement for the Protection of Industrial Property which WIPO is carrying out. In this respect, the Latin American countries reiterate that this revision should provide the means for adopting appropriate measures aimed at preventing the abuses observed in this area;

(iii) Support and assistance from UNCTAD for setting up and strengthening sectoral, national, subregional and regional centres for effecting the transfer of technology and the establishment of links between these centres;

(iv) Application of the rest of the recommendations formulated at the Fourth Ministerial Meeting of the Group of 77 in Arusha (6-10 February 1979) on co-operation in the transfer and development of technology;

/(v) The

(v) The adoption of measures by the countries of the region to foster actively the transfer and mutual dissemination of technology in specific and critical sectors of their economies;

(vi) The full application of UNCTAD resolution 87 (IV), for which more assistance must be provided by the international community with regard to technological plans and policies, and development of local labour resources and technological infrastructure in order to carry out the commitments undertaken;

(vii) The need for joint action by all the countries, through UNCTAD, to correct the adverse aspects of the inverse transfer of technology relating to development.

97. The Latin American countries reaffirm the need to adopt a code of conduct for the transfer of technology, universally applicable under the conditions agreed upon by the Group of 77 in Arusha. The objectives of this code should be:

(1) To abolish the restrictive and unfair practices which affect the transfer of technology,

(2) To strengthen the technological capacity of the developing countries,

(3) To increase the international flow of the different forms of technology in conditions favourable to the developing countries.

98. The law applicable to transactions of the transfer of technology should be the code of conduct and the law of the purchaser country, especially with regard to policy matters in which the country's policy is implicated. Questions concerning the government policy contained in the legislation of the country purchasing the technology should normally be resolved by the authorities of that country. Arbitration is admitted as a means of solving controversies if the forms of selecting the arbiters and the procedures to be followed are fair and equitable, and if the law applied by the arbiter is the code and the national law laid down in the code.

99. The international transactions of the transfer of technology should remain within the context of application of the code, in accordance with the relevant national legislation. The code should moreover, apply to transactions or agreements between parent enterprises, subsidiaries established in the purchaser country, or between subsidiaries or affiliates of the same enterprise wherever they are located.

7. External financing and monetary problems

100. During the early post-war years, faced with the scarcity of private resources and the uncertainties which had characterized private flows of external capital towards the developing countries during the previous two decades, the international community gave great importance to public capital to increase capital flows to these countries. The concept of "targets" was included for the first time in the discussions on international financial policy to ensure a sufficient volume for the transfer of resources and give greater security to the financing of national development plans. In view of the very considerable sensitivity of Latin American balance-of-payments situations and those of other developing countries during those years, the concessionary aspect was highlighted with the object of ensuring more liberal terms and conditions which would be less of a load on official development assistance.

101. As from the collapse of the Bretton Woods system in 1971, international monetary relations have been characterized by extraordinarily high and persistent inflation and by a high degree of instability in the exchange rates of the main currencies. Although specific measures have since been adopted, the process of international adjustment has not been satisfactory and major imbalances continue to exist. This is particularly serious in the context of an international economy in which low rates of growth in production and trade exist alongside high rates of unemployment and underemployment, underutilization of resources and inflation.

102. Flows of public resources at the present time are not increasing at the rate required and are losing relative importance. Furthermore, the OECD countries, both bilaterally and in multilateral forums, are adopting the limited criterion of linking capital flows to per capita income, so that above certain levels, official development assistance is small or has been abolished altogether. Since many Latin American countries at the present time are above these levels of per capita income, the region as a whole is virtually excluded from the official aid flows.

103. Despite the second amendment to the Articles of IMF, international monetary relations continue to be characterized by a high degree of instability, with exchange rates changing frequently and sharply. Correction of the

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imbalances hits the developing countries particularly hard, since a major part of the burden of the adjustment measures falls on them, and moreover they have had to cut back their development programmes and incur extremely high external debts in relation to the size of their economies.

104. The so-called "interim period" intended to solve the severest problems of the international monetary crisis is not regarded as having been satisfactory. As a result, the international monetary system will require structural reforms which ensure the effective participation of the developing countries in the organization and management of a new international monetary system which, among other features, will offer them adequate resources to overcome the problems of disequilibrium in their balance of payments.

105. To this panorama may be added new developments such as the recent introduction of the European Monetary System (EMS), which make it desirable to transfer concern and recommendations regarding the above, to the appropriate forums as subjects for negotiation.

8. Specific aspects of relations with developed areas

106. One of the most striking features of the 1970s is the continuation of the growing internationalization of the region and its economic and financial linking with the developed economies. The external relations of Latin America and the Caribbean have become more complex and diversified, encompassing aspects of trade, technology and financing, and the transnational corporations are playing a very significant role in them. Nevertheless, for reasons which will be indicated below, the region's exports to each of the developed areas have recorded a significant decline in terms of their relative share; in addition, the region has recorded substantial trade deficits with each of those areas. This section deals with some specific problems in these relations in the sphere of trade.

(a) Relations with the United States

107. Despite the changes which have taken place in the centres of economic power in the world economy, the United States maintains its predominant position. It is Latin America's major trading partner, supplying the largest percentage of its imports and purchasing the major part of its exports; it is the main source of investment flows into Latin America, and the most significant supplier of technology. It is involved in the ownership and

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exploitation of a significant number of basic resources which are of critical importance in the economy of many countries. Finally, it is a major source of tourists; expenditure by these visitors accounts for a significant part of the foreign exchange earnings of several Latin American countries. In Latin America's relations with the United States, the prospects and trends observed at the beginning of this decade have further deteriorated, as the analysis hereafter will show.

108. Exports to the United States have continued to be the least dynamic sector of Latin American trade. The growth of Latin American exports of manufactures to the United States is the natural result of the region's development process and its efforts to diversify production and trade. On these efforts the possibilities of increasing Latin America's imports of intermediate equipment and manufactures and the growth of the economies of the region partly depend.

109. As far as basic commodities and agricultural products are concerned, protectionist measures of various types have also proliferated. Mention should be made of those related to quality control and phytosanitary considerations.

110. Also of importance are the periodic inconsiderate sales of strategic reserves of mineral products, principally tin, which have a harmful effect on international prices for such products; and an indefinite freeze on such sales is essential in view of their effect on the economies of the producing countries.

111. The Latin American countries have viewed with concern protectionist tendencies in the United States which affect goods of high priority in Latin American exports. Some examples of the re-emergence protectionism in the United States are: (i) the establishment of the trigger price mechanism for steel products early in 1978, following similar action establishing minimum, or "basic" prices for such products in the European Economic Community; (ii) the Beef Import Act of October 1978, providing a valve to shut off imports of beef when domestic production rises and allow them to increase when it falls; (iii) the duty increase and additional charge on sugar imports; (iv) passage in the Senate and House of Representatives of a bill to prevent the President from making trade concessions in respect of United States textile and apparel imports at the multilateral trade negotiations; and (v) the failure of Congress to extend the President's authorization to waive countervailing duties.

112. Concern also exists at the trade restrictions originating in the United States legislation on countervailing duties and its application, which does not always comply with GATT standards. For that reason great importance is attached to the negotiations on a code of conduct on the subject currently being held in Geneva, which, it is hoped, will lead to special and differential treatment in favour of the developing countries in respect of subsidies and countervailing duties.

113. With regard to the Generalized System of Preferences, the main instrument which the United States has employed in recent years for executing its trade policies designed to benefit the developing countries, concern continues with regard to:

(i) The exclusion of Ecuador, Venezuela and Cuba, contravening the principle of non-discrimination in GSPs accepted by the industrialized countries when they committed themselves to implementing these preferential systems;

(ii) Rules of origin. In order for a product to qualify for preference, at least 35% of its value added must have originated in the exporting country; the figure is 50% in the case of a product with value added in two or more countries forming part of a trade association or integration area. The restrictive nature of these percentage specifications increases very significantly through the fact that the value added is limited, for purposes of the law's application, to direct costs;

(iii) The application of the competitive need formula which restricts Latin American exports of many goods, thus implying the annual elimination of export products of importance to Latin America from the United States preferential system. These provisions prevent the countries from effecting investment derived from the incentives which the system should provide.

(iv) The exclusion of numerous goods of great interest to Latin America.

114. The declaration which will be adopted by CEPAL at its eighteenth session should express the conviction of the countries of the region that the GSP should not constitute an instrument of economic coercion, and that accordingly discrimination in the United States GSP against Cuba, Ecuador and Venezuela should be eliminated.

115. About 700 United States tariff items have been left out on the grounds that they are sensitive and that their exclusion is mandatory under the 1974 Trade Act. Many of the excluded items are of real or potential interest to Latin America (textiles, apparel, footwear, etc.). However, the list of exclusions which is the longest and the most discouraging is that containing all of the products whose absence from the scheme is discretionary. These products have been excluded by decision of the President, after public hearings and recommendations by the International Trade Commission, due to the possibility of unfavourable effects of imports on United States industries and employment.

(b) Relations with the European Economic Community (EEC)

116. The European Economic Community continues to be the second most important market for the Latin American region, after the United States. Exports by the region to the Community, however, have not succeeded in growing at a rate similar to that of imports from the Community, especially in recent years, and this has meant that the balance of trade with the Community, which was a surplus up to 1970, has given way to frequent deficits since then.

117. A review of conditions of access to the EEC market made by CEPAL in 1978 showed that it is highly protected. This affects exports of manufactures and commodities. The obstacles in the way of the free access of Latin American exports to the Community markets are manifested in different forms, and vary from one group of products to another. Tropical products, for example, are largely subject to high and escalating tariffs as the degree of processing of the product increases. The application of the STABEX system to some products may, moreover, persuade the Community to choose to purchase them from the ACP countries. Several others, mainly temperate-zone products, are subject to the Community's agricultural policy, which effectively protects Community farmers and applies various restrictions to imports for this purpose.

118. The different agreements drawn up between EEC and groups of countries have formed a network which covers a large number of the developed and developing countries; this may have adverse consequences for exports by Latin American countries which are not part of the network.

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119. The Community GSP scheme offers better conditions of access to the developing countries for a large number of products; nevertheless, the treatment of the "sensitive" and "semi-sensitive" products affects precisely those manufactures which Latin America is endeavouring to export.

120. The series of protectionist measures adopted by EEC with increasing frequency, and the serious economic harm arising from them, led the First Advisory Meeting on Latin America's Relations with EEC, held under the umbrella of SELA in Punta del Este in November 1978, to draw up specific recommendations to the Latin American Council for consideration at its fifth ordinary meeting.

121. With specific reference to the aspect under consideration, mention should be made of the procedures which might be adopted to strengthen the region's negotiating position vis-à-vis EEC. These might basically involve action by the countries which considered themselves affected, without prejudice to bilateral action which was deemed necessary, to carry out consultations with the other interested countries with a view to deciding on the desirability of formulating and implementing appropriate joint action.

122. This joint action would include such voluntary measures in the economic, financial or trade fields as:

(a) Even-handed trade treatment applicable to exports from the developed country or countries;

(b) The drawing up of guidelines to restrict or stimulate imports to the developing countries from the developed country or countries;

(c) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery in all appropriate forums, in order to safeguard the interests of the countries of the region and for that purpose to promote collective action in such negotiating forums.

(c) Relations with Japan

123. As part of a policy to diversify the external relations of Latin America, it is important to increase the links between the region and Japan in trade, technology and financing. Latin American exports to Japan have increased more slowly than imports. A growing deficit has emerged since 1970, reaching \$US 2,800 million in 1976, i.e., 136% of exports. Commodities with a

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limited degree of processing figure largely in Latin America's exports. Product coverage must thus be expanded and the obstacles restricting the access of both primary goods and manufactures to this market must be removed. Japan's Generalized System of Preferences must be improved and applied to the full, and agreements implemented in order to make it possible to increase exports of commodities and semi-processed products. New agreements must also be reached in the field of technology.

(d) Relations with other developed countries

124. Trade flows with Canada have expanded considerably, and there have been examples of valuable technical and financial co-operation, although still on a small scale. It is important for the studies begun by the secretariat to be brought to a conclusion and their approach should be such as to contribute to solving the problems pending and to detecting new forms of co-operation which will better respond to Latin American needs. The secretariat should consider how technical meetings can be held on relations with Canada and Japan, based on its ongoing studies, in order to obtain useful conclusions for action.

(e) Relations with the European members of the Council for Mutual Economic Assistance (CMEA)

125. The countries of Latin America have maintained trade relations and signed agreements with the European members of the Council for Mutual Economic Assistance (CMEA), but nevertheless in the past two decades their relative importance in the region's total trade has been very small. Starting in the first years of the 1970s Latin American exports have reached a higher annual rate of growth than in previous years, while the number of countries of origin of such exports has risen although there has been no substantial change in the high proportion accounted for by two countries in the total amount of exports. As far as Latin America's imports from CMEA countries are concerned, the trend has been different, since these imports have grown much more slowly than exports, so that the total trade balance has recorded a growing surplus in recent years.

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126. The trends and facts indicated above refer to all Latin American countries except Cuba. Starting at the beginning of the 1960s, Cuba was obliged to redirect most of its external trade (because of the trade blockade against it) which it effected largely towards the European members of CMEA, which at the beginning of the present decade absorbed 64% of Cuba's exports and supplied 63% of its total imports. In more recent years the CMEA countries' share in Cuban trade has been smaller, but relations in the field of co-operation have become much deeper and wide-ranging, particularly since 1972, when Cuba became a member of CMEA.

127. The expansion in trade which has been referred to was further accompanied by a qualitative change in the relationship between the Latin American countries and those of CMEA, to the extent that the strictly commercial agreements have been progressively replaced by agreements of a broader nature, which include aspects of economic, scientific and technological co-operation. To date a substantial number of Latin American countries have signed about 200 agreements of various kinds with the various CMEA countries (including agreements defining the general framework and arrangements for co-operation in various fields), which represent the contractual basis on which the relations between the two groups of countries rest. In that respect it should be pointed out that most of the economic co-operation agreements have entered into force only recently, and consequently in many cases the concrete co-operation projects are in their initial stages of implementation, while in other cases they are in the study or negotiation stage. As a result, it is reasonable to assume that in the medium term Latin American trade with the CMEA countries will continue to increase, especially if advantage is taken of the possibility of negotiating agreements for sales of specific volumes of products of fixed periods.

128. The concerns of the Latin American countries in connexion with these relations are related to, among other matters, the drawing up of multilateral agreements for the settlement of trade balances, and the interest of the countries of the region in diversifying their exports, which are at present concentrated on traditional products with an insufficient degree of processing.

9. Regional and interregional economic integration and co-operation

129. During the 1970s the regional economic integration processes have come up against serious problems, with the exception of the Andean Group, despite which there has been a significant increase in real links and co-operation among Latin American countries. Owing to the importance of regional co-operation in the development and diversification of regional production, economic integration should constitute a basic point of departure in the international development strategy for the 1980s and the establishment of a New International Economic Order.

130. In the cases of LAFTA and the Central American Common Market, one of the aspects which have aggravated the delays and problems of some formal integration processes has been the lack of political will which has obstructed the operation of the programming machinery and has delayed progress, despite achievements in trade matters. Another element which has contributed to hindering the implementation of the objectives of these systems is the difference in the economic structure and the initial degree of development of the member countries which has not made it possible to balance benefits and costs.

131. Despite these difficulties of progress in the formal integration machinery, strong links have been developed in the field of trade, industry, the infrastructure, agriculture, technology and the defence of common interests and in cultural exchange.

131bis. The creation of SELA constitutes an important instrument for giving impetus to co-operation activities in specific fields and defining common regional positions for negotiation in international forums, as adopted in the constituent agreement of Panama.

132. Also of importance is the recently signed Amazonian co-operation treaty, which established regular machinery for co-operation among eight Amazonian countries for the purpose of promoting the harmonious development of their respective Amazonian territories and the sound use of the natural resources of those territories.

132bis. The strategy to be defined for the 1980s should contain the formulae and modalities which will facilitate the convergence and interconnexion of the different integration systems and machinery; the integration systems and SELA in their respective spheres of competence, should play an important role in this task and in the harmonization of the formal systems and the de facto forms of co-operation.

(a) The integration processes

133. During the second half of the 1950s and the 1960s, regional co-operation efforts were mainly channelled towards drawing up integration schemes of an all-embracing nature, and materialized in the establishment of the Central American Common Market, the Latin American Free Trade Association, the Caribbean Free Trade Association which later became the Caribbean Common Market (CARICOM) and the Cartagena Agreement. The Latin American Free Trade Association, which recorded substantial progress in its early years, is going through a period of relative stagnation with regard to new negotiations. This may be a backward step to some extent, owing to the reduction of area preferential margins as a result of the general cuts in customs tariffs by some member countries. The ending of the period of transition of the Montevideo Treaty in 1980 has opened up a phase of activities of a preparatory nature to be implemented this year, so that the meeting of the Council of Ministers can review the process and adapt the legal structure of the Association to present requirements and the needs for its future development, so that it may recover its original dynamism and once again act as the powerhouse of regional integration.

134. The Central American Common Market showed marked dynamism during the first decade in which it functioned, and was successful in giving a firm boost to the industrialization of the Central American countries and in forging ahead with the diversification of their structures of production. The machinery set up included measures for liberalizing trade and joint industrial programming. Since growing difficulties emerged in the application of the latter, the rate of industrial change which had arisen out of the integration process came to a standstill, although inter-area trade continued to expand moderately. In recent years, further specific problems arose and delayed an in-depth reformulation of the original treaty proposed by the Secretariat of the Treaty to imbue the Common Market with new dynamism.

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135. In the CARICOM region (formerly CARIFTA) significant progress has been made in the expansion of trade, the development of financial, administrative and other institutions and consultations on agricultural development and industrial planning. In the past three years the economic difficulties experienced in some of the largest countries of the region have led them to introduce quotas which apply to all imports, including those from other CARICOM countries. This has temporarily affected the development of CARICOM.

136. The Andean Group stands out by its dynamic development, both in the decisions adopted and in the growth of intra-zonal trade. The progress made by the different mechanisms contained in the Agreement is promising, and is reflected in the decisions already adopted, which are aimed at influencing the industrial diversification of the countries and arriving at an appropriate distribution of the benefits among them. Among its achievements mention should be made of Decision 24 referring to a common treatment for foreign investment; since its adoption, there has been significant growth in investment. This subregional integration mechanism has substantial political support from its member countries.

137. Despite the problems experienced by some integration processes, Latin American interregional exports have increased several times more rapidly than extra-regional exports and at present account for nearly 17% of the total. This favourable development has made it possible to lessen the difficulties generated by the protectionist tendencies of the developed countries. During the difficult economic conditions of recent years, the regional market showed its ability to absorb the effect of the drop in exports to extra-regional markets.

138. Exports to the regional market are characterized by a higher content of new products which are industrially and technologically more complex than those exported to the extra-regional market. For some of these new products, particularly in the engineering industries, the regional market made it possible to gain the necessary experience to penetrate the markets of developed countries at a later date. In this

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way, the real link existing between Latin American economies is contributing to the regional industrialization process. Latin American integration and complementarity is a feasible and efficient road to the development of new industries and to imbuing those already in existence with new dynamism. In the field of agriculture, progress has been scanty despite the great potential.

(b) Forms of co-operation in specific aspects

139. An important mechanism for regional co-operation is the Latin American Economic System (SELA) whose action committees constitute a new, expeditious and novel form of co-operation among the countries which compose it. These committees are bodies of the system set up for a limited period to channel and implement projects of common interest to three or more member countries of SELA which are open for the rest of the Latin American countries to join.

140. Among the committees constituted to date within SELA are those on fertilizers, food supplements, handicrafts, public housing and sea and freshwater products; other committees projected are for a technological information network, milk products and meat and meat products, cereals, seeds, fruits and oilseeds and tourism.

141. In addition to action by SELA, joint activities have recently been carried out by two or more Latin American countries in the fields of trade, the infrastructure, production services, technological development and financial co-operation. In the field of intra-regional trade bilateral agreements have been strengthened, particularly between countries situated in the Southern Cone of the continent and in Central America. An example of this form of trade co-operation is given by the bilateral trade liberalization programmes, agreements aimed at intensifying trade in products contained in special lists, supply commitments for commodities over a number of years, and arrangements aimed at promoting direct purchases among public enterprises.

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142. In some geographical areas, progress has been made in integrating the physical infrastructure, particularly in the field of transport, communications and energy. Road transport presents an unbroken physical structure, throughout the region; rail interconnexions are concentrated more in the Southern Cone, and river transport is used to large extent in the River Plate Basin. However, serious transport problems remain which affect land-locked countries and certain regions as regards their access to the sea. For their solution an important contribution should be made by the action envisaged in the strategy being drawn up for the next decade. In the same way, it should be noted that regional and subregional efforts aimed at economic co-operation and integration are seriously limited by the incipient state of development of the physical infrastructure of transport and communications between the different subregions and subsystems in the interior of the continent. The Inter-American Telecommunications Network is making rapid progress, with a few micro-wave interconnexions remaining to be completed.

143. In the field of energy, joint activities are focussed on the electricity sector with a substantial increase in binational projects for hydroelectric development, notably at Itaipú, Yaciretá, Puyango Tumbes, Laguna Merín, Salto Grande and Corpus economic complementarity in the sectors of production has acquired considerable dynamism. The importance of the investment made in other countries of the region by firms located in Latin American countries may be appreciated, as well as the fact that such investment represents flows not only of finance but also of entrepreneurial and technological skills. In the field of technology, recent studies show a potential for internal flows of technological know-how to supplement imported know-how, and this will help to create fields of horizontal co-operation between countries of the area.

144. In the financial sphere there are various examples of machinery in Latin America for co-operation both in finance and trade and in balance-of-payments support. These include the Andean Development Corporation, the Caribbean Development Bank, the Central American Clearing House and the LAFTA Reciprocal Payments and Credit System. They have been joined by the temporary balance-of-payments support machinery of the LAFTA countries and the Dominican Republic (Santo Domingo Agreement), the Latin American Export Bank and the Latin American Tourist Bank.

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The Latin American Arab Bank is a joint effort by the two groups of countries. The Venezuelan Investment Fund is a national body which in addition to its programmes of concessionary aid promotes investment in the region, while the Andean Reserve Fund, which was established recently, offers opportunities for both financial and policy co-operation. Finally, the Latin American Bank Acceptances (ABLA) system, while not a co-operative effort in itself, reflects collaboration by the countries in drawing up banking documents with common features to facilitate their handling in external financial markets.

145. Also of importance are the subregional economic and infrastructure co-operation arrangements between various groups of Latin American countries, such as the River Plate Basin Agreement, the Amazon River Basin Treaty, the Caribbean Development and Co-operation Committee and the Central American Co-operation Committee.

146. Latin America also has public and private sectoral organizations which engage in co-operative activities involving the organizations and enterprises of various countries in a given sector. The Latin American Energy Organization (OLADE), the Latin American State Oil Assistance Association (ARPEL) and the Commission for Regional Electrical Integration (CIER) are operating in the energy sector, the Latin American Railways Association (ALAF), the Latin American Road Transport Association (ALATAC), the Latin American Shipowners Association (ALAMAR) and the Caribbean Multinational Shipping Association (NAMUCAR) in the field of transport; the Latin American Industrial Association (AILA), the Latin American Canning and Allied Industries Association (ALICA), the Latin American Iron and Steel Confederation (ILAFA) and the Latin American Association of Tourist Organizations (COTAL) in the industrial and services sector, in the financial sector there are the Latin American Association of Financial Institutions for Development (ALIDE) and the Latin American Bank Federation (FELABAN), as well as regular meetings of the Governors of the region's central banks.

147. In recent years regional machinery has been established to jointly safeguard the market position of certain basic products of interest to Latin America, including the body representing a group of Latin American and Caribbean sugar exporters (GEPLACEA) and the Union of Banana-exporting Countries (UPEB).

148. The establishment and development of all these bodies and the experience they have acquired furnish a real institutional basis to facilitate the development, expansion and deepening of co-operation within the region and with other developing countries, so that this co-operation can play a vanguard role, especially in the face of the difficulties the international economy may encounter in coming years.

(c) Countries in special situations

149. The countries of the region present a heterogeneous picture of different national situations which are reflected in their stages of development and diversification of their economies, and in other economic and social indicators. This picture alone makes it difficult to generalize and seek solutions to the economic and social problems of the region; but is even more complicated if it considers the existence of less advanced developing countries islands and landlocked countries. In the efforts required to maintain unity and solidarity in the region vis-à-vis the problems which affect it and are common to it, measures should be established which as far as possible will alleviate or solve the specific situations facing these countries, so that they can go ahead with their development.

(d) Economic and technical co-operation among developing countries

150. In the progress towards the establishment of a new international economic order, co-operation between developing countries acquires great importance. It is a topic which in recent years has tended to occupy the attention of the international organizations, the developing countries and the international community.

151. This importance has been recognized in various resolutions, declarations, and decisions by the General Assembly and by the agencies and bodies of the United Nations. The Conference on economic co-operation among developing countries held by the Group of 77 in Mexico in September 1976; the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires in 1978, and various meetings of /the non-aligned

the non-aligned countries, particularly the Fifth Summit Conference held in Colombo in 1976, have confirmed the enormous importance which the developing countries and the international community give to technical and economic co-operation among the developing countries themselves.

152. It is a significant fact, and one which constitutes a commitment for Latin America, that two of the international conferences on this topic have been held in the region. This co-operation is not new for the Latin American countries, since in addition to having developed in the region, it has occasionally extended bilaterally to other regions.

153. This is the moment for this projection towards Africa and Asia to acquire new dimensions. As was said at the Buenos Aires Conference on Technical Co-operation among Developing Countries, such co-operation is a decisive force in initiating, planning, organizing and fostering co-operation among developing countries so that they can create, acquire, adapt, transfer and share know-how and experiences to their mutual benefit, and achieve the national and collective self-reliance which is essential for their social and economic development.^{4/}

154. CEPAL has taken the first steps towards the materialization of co-operation possibilities between Latin America and Africa. This incipient effort must be maintained and amplified. Latin America, with adequate international support and co-operation can play a major role in this effort by underdeveloped countries towards achieving one of the main aspects of the New International Economic Order, and the implementation of the Action Programme adopted at the Mexico Conference on economic co-operation among developing countries.

155. The new formula of SELA action committees makes it possible to identify the areas and sectors which will play the role of nuclei, and also facilitate the implementation of projects by setting up inter-regional action committees in which Latin American, African and Asian countries interested in a specific project take part.

^{4/} See United Nations, Report of the United Nations Conference on Technical Co-operation among Developing Countries, (A/Conf.79/13/Rev.1), New York, 1978, p. 4.

B. EVOLUTION OF THE NORMS AND PRINCIPLES WHICH GOVERN
INTERNATIONAL ECONOMIC RELATIONS

156. In order to facilitate the structural changes necessary for the establishment of the New International Economic Order, it is necessary to reformulate and renegotiate the rules and principles at present governing international trade and economic relations, in the light of the agreements reached at the VI Special Session of the General Assembly and in the Charter of Economic Rights and Duties of States.

157. The present rules and procedures of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT) have failed to satisfy the developing countries' expectations and should be changed in line with their trade development and financial needs.

158. The results of the current negotiations on a code of conduct should reflect the situation of the developing countries, and the General Agreement should be revised to make it more flexible.

159. It is necessary to denounce forcefully the attempts of the developed countries to introduce new concepts, norms and principles in international economic relations which are inconsistent with the norms and principles laid down in the documents relating to the New International Economic Order, since they would produce very harmful consequences, neutralizing the effect of the measures and structural changes required to establish that order. Accordingly, CEGAN recommends rejection of:

(i) The new general framework of "basic needs", which rests on an inadequate conception and systematization which would limit the field of action in the areas included in the programme for the establishment of the New International Economic Order, and which, if applied, would produce enormous pressures on the developing countries to accept objectives incompatible with their development policies;

(ii) The concept of selectivity which the developed countries are in fact applying to exports from the developing countries, and for which they are attempting to gain acceptance in the multilateral trade negotiations within the code of conduct on safeguard clauses;

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(iii) The concept of "access to supplies", which would imply a threat to the principle of permanent sovereignty over natural resources and economic activities;

(iv) The concept of "graduation", which implies discrimination in matters related to trade, financing and development through an attempt to classify the developing countries into different categories. In that regard, CEGAN recommends the forceful denunciation of the effective application of this concept - which has not been accepted by the international community - by various governments of developed countries, which are discriminating against the Latin American countries in diverse protectionist measures, and by the international financial institutions, which have increasingly been focusing their attention on concessional and preferential policies basically designed to assist developing countries with per capita incomes below certain fixed levels, thus excluding almost all the Latin American countries.

160. In view of the foregoing, CEGAN recommends that all appropriate forums should denounce this international economic climate, which appears to be in the process of becoming increasingly unfavourable to Latin America, precisely at the most critical stage of its development.

/III. LATIN

III. LATIN AMERICA'S PRIORITIES FOR THE 1980s

A. GENERAL ASPECTS

161. In section II of this document some conclusions and guides for action were outlined which derive directly from the analysis of the external economic relations of Latin America. These guides for future action should be considered together with the priorities outlined in section III below.

162. Latin America is a region in transition, with great potential for economic development, and at the same time serious problems and fundamental limitations which prevent this potential from being rapidly exploited.

163. In the domestic sphere, Latin America faces serious socio-economic problems which are principally associated with unemployment and the low incomes of large sectors of the population. A solution to these problems depends to a large extent on proper solution of the region's external problems, independently of the efforts which must be made at the domestic level.

164. Inflows of foreign exchange into the region continue to originate basically in the export of primary commodities. The prices of these commodities lack the necessary stability in real terms, so that the planning of economic development in Latin American countries is practically impossible.

165. Latin America's industrialization efforts depend to a large extent on the evolution of the markets of the developed countries, and on access to them. In this regard serious obstacles have arisen in the form of the protectionist trends recorded in the industrialized countries in recent years, the accentuation of which has caused grave concern among the countries of Latin America.

166. Efforts by the Latin American countries to achieve uninterrupted economic development, the sharp fluctuations in international commodity prices and the intensification of protectionism have made an enormous contribution to the emergence of a Latin American balance-of-payments deficit, which the countries of the region have increasingly had to cover

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by means of external borrowing, with the consequent increase in external pressures that make it difficult to solve social problems and redistribute income. As a result, Latin America's external financial position is very closely linked to the solution of the problem of fluctuating commodity prices and the vigour of its exports.

167. The major challenge facing the region is to combine its domestic and external approaches in a consistent integrated policy so as to maintain uninterrupted and balanced economic development.

168. The fundamental external constraints will persist unless the structural changes which are necessary for the establishment of the New International Economic Order, in accordance with the guidelines laid down by the United Nations General Assembly in resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), are introduced.

169. The absence of political will on the part of the industrialized countries to achieve more rapid progress in the negotiations on the establishment of the New International Economic Order, which would permit the gradual adoption of global policies with the full participation of the developing countries in the various fundamental fields for such purposes, continues to limit seriously the integration of the region in the international economy.

170. In recent years, additional phenomena have appeared whose seriousness obstructs the region's economic development efforts, especially those relating to the increasing discrimination suffered by Latin America in various schemes of international co-operation, including in some cases its exclusion from such machinery. This phenomenon is particularly evident in the policies guiding official development assistance, and those which institutions for financial co-operation have adopted or plan to adopt, which in fact constitute an application of the concept of grading into categories in the international financial and technical sphere. To this may be added the fact that some global policies, such as those which refer to access to markets, have particular impact on the region.

171. The sterility of the present international economic order adversely affects not only the developing countries but also the recovery and level of activity in the industrialized countries. The active role of the

developing countries, and particularly of Latin America, in providing anti-cyclical stimuluses in periods of international recession, is frequently ignored. That role could be observed in the sustained capacity to import of the countries of the region in recent years. Exports from the industrial countries to the developing countries have expanded sharply in recent years: between 1969 and 1975 the developing countries absorbed almost a third of the total rise in exports of manufactures from the industrial countries. In 1976, exports of manufactures from the North to the South totalled \$US 125,000 million, while the flow in the opposite direction was only \$US 25,000 million. The positive influence of this volume of sales on the level of employment in the developed countries cannot be denied.

172. From the above one may observe two contradictions which CEGAN recommends should be forcefully denounced. Firstly, while the industrialized countries demand from the developing countries a high capacity for debt repayment, their trade policies minimize the debtors' chances of making such repayments by increasing their capacity to export. Secondly, while the industrial countries have adopted a counter-inflationary policy, restrictions are imposed on products from the developing countries whose productive processes are labour-intensive and which are of high technological quality; the markedly lower costs of the developing countries could logically be of benefit to the consumers of the developed countries.

173. In order to tackle Latin America's fundamental problems, substantial progress should be demanded in the negotiations on the establishment of the New International Economic Order, in a spirit of equity as regards opportunities for all the countries of the world to enjoy the benefits of progress; here there is no place for discriminatory policies of grading into categories which can provoke disagreement in negotiations whose essential features should be universality and mutual benefit, within the framework of the general principles which govern the United Nations system, including the Charter of Economic Rights and Duties of States.

/B. OBJECTIVES

B. OBJECTIVES OF THE INTERNATIONAL DEVELOPMENT STRATEGY (IDS)
IN THE THIRD UNITED NATIONS DEVELOPMENT DECADE

174. The formulation of a new international development strategy must form an integral part of the efforts of the international community to accelerate the economic and social development of the developing countries and establish the New International Economic Order.

175. Consequently, the formulation of the strategy should follow the guidelines laid down by the General Assembly of the United Nations in resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and Programme of Action on the Establishment of a new international economic order; in resolution 3281 (XXIX) of 12 December 1974, containing the Charter of Economic Rights and Duties of States, and 3362 (S-VII) of 16 September 1975, on development and international economic co-operation.

176. The strategy should be aimed at achieving the objectives of the New International Economic Order which are contained in the resolutions mentioned above, and, in addition to defining targets, objectives and policies, should contain a set of interrelated and concerted measures in all development sectors with the purpose of promoting the economic and social development of the developing countries and ensuring their full and effective participation, on an equitable basis, in the formulation and application of all decisions in the sphere of development and international economic co-operation.

177. The strategy should also contribute to promoting the objective of the national and collective self-reliance of the developing countries, in particular through the encouragement of economic and technical co-operation among them and unconditional support for such co-operation by the United Nations system and the industrialized countries.

178. For the above purposes and with a view to the preparatory work for the formulation of the new international development strategy, CEGAN endorses General Assembly resolution 33/193 and further recommends that CEGAN itself should continue to meet periodically in order to properly prepare Latin America's contributions to the formulation of the new strategy, proving support to the Latin American group which is participating in accordance with the resolution.

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C. THE INTERNAL EFFORT BY THE LATIN AMERICAN COUNTRIES
AND REGIONAL ECONOMIC CO-OPERATION

179. Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

180. The highest priority should be given to the organization and participation of the traditionally backward sectors of the population. In this context, the particularly important role of grass-roots organizations, which should be encouraged by means of material, technical and financial support, must be clearly visible.

181. CEGAN considered that the governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

182. Latin America should recover and achieve a high level of economic growth during the next decade, as an essential requirement for facilitating the achievement of the social aims put forward above.

183. This economic growth must be accompanied by an intensive process of change in production which will permit rapid industrialization of the economies and a deep-seated change in the agricultural systems of production, in order adequately to meet the nutritional needs of the population of Latin America and contribute to the growth of the exports required to enable the countries to afford supplies of essential imports.

184. The uncertainties and difficulties which the international economy is now traversing highlight still further the need to strengthen the role assigned to internal efforts and co-operation among developing countries, and particularly regional co-operation.

185. The domestic effort should be focused on the intensification of national savings, which necessarily implies a constraint on consumption - currently polarized in small sectors of society - so that in combination with the accumulation of other resources it can be selectively directed towards agricultural and industrial development, as was observed in earlier paragraphs.

186. Concerning regional co-operation, the priorities set out in the following paragraphs, especially as regards commodities, are to be added to those relating to similar topics set out below in part E of this section, dealing with international economic co-operation.

187. The promotion of regional and subregional co-operation, which is one of the mainstays of the action programme for the establishment of the New International Economic Order, should be conducted in a co-ordinated manner in Latin America, principally through the existing formal integration schemes and SELA, and with support from other regional and subregional institutions and machinery.

188. In order to facilitate this, the governments of the member countries of Latin America should co-ordinate their economic policies with efforts of this kind and provide maximum collaboration for the best possible use of the technological capacity and natural resources of the region. For this purpose, they should make intensive use of the relevant forums existing in the region, which should be adequately reinforced so that they can carry out the complex tasks which will arise in connexion with the achievement of the basic objective of the third international development strategy, which is to establish the New International Economic Order.

189. In order to impart greater dynamism to the economic integration process in Latin America, reforms must be carried out in order to advance in other fields of economic development in addition to tariff reduction and the establishment of industrial complementarity programmes and agreements, such as the infrastructure, agriculture, technology, transport and the defence of common interests. Measures must also be taken within the formal integration schemes to facilitate an effective solution of the problems involved in the fair distribution of benefits and risks among the participating countries, ensuring a real and timely transfer of financial and technological resources to the less developed countries.

190. On the other hand, formulae and machinery must be established to facilitate the convergence and interconnexion of the different integration schemes and machinery for this purpose, the integration systems themselves and SELA, in view of its flexibility, should play an important role within their respective spheres of competence, giving impetus to co-operation activities in specific fields aimed at drawing up common regional positions for negotiations in international forums or for making use of the joint bargaining and purchasing power of Latin America.

191. Considering that LAFTA - which recorded progress in its early years and has experienced a relatively unproductive period - is in the process of carrying out preparatory negotiating activities with a view to the revision of the process, in view of the forthcoming conclusion at the end of 1980 of the period of transition of the Montevideo Treaty, it is recommended that the governments of the member countries should introduce reforms to bring it into line with present requirements, so as to restore it to its original dynamism, giving it greater flexibility as a forum for consultation and co-operation and strengthening the machinery for commodity negotiation and industrial complementarity agreements.

192. As far as the Central American Common Market is concerned, it is urgently necessary to find formulae and practical machinery which will give it new dynamism and permit the speeding up of the rate of industrial change in its member countries. With regard to the Andean Group, which stands out as a result of its dynamic development, new forms of support must be identified which will enable it to implement its important decisions more thoroughly.

193. The Latin American countries must strengthen SELA, whose action committees, which constitute a new, flexible and novel form of co-operation among their members, offer unlimited potential for facilitating economic co-operation.

194. It is also necessary to mention that if the obstacles to economic integration in Latin America are to be overcome, it is of vital importance to speed up the integration of the physical infrastructure of the Latin American countries, particularly in the fields of transport, communications and energy.

195. In order to avoid duplication of efforts by the different secretariats of the integration bodies, periodic meetings should be promoted among these bodies, which can give each other mutual support and exchange experience. CEPAL could play an important role as supporting body and technical assistance agent through specific studies which would supplement the work of these secretariats.

196. In the spirit of the resolutions adopted internationally and regionally, the new development strategy should develop machinery which will make it possible to deal with problems which may affect the economies of the less developed countries of the region, particularly the island and land-locked countries.

197. CEGAN recommends that the physical linking-up of the continent should not take place exclusively along the coastal strip, but also towards the interior, so that the land-locked countries can find improved means of solving the problems involved in marketing their products.

198. With regard to basic commodities, consultations should be stepped up with a view to making the best possible use of the experience and resources of the region. Among possible action is the following:

(i) Establishment, within the framework of the New International Economic Order, of financial machinery capable of providing the resources needed for the identification, exploration and development of the basic commodities of the region, on the basis of the principle of respect for the permanent sovereignty of countries over their national resources and economic activities.

(ii) Strengthening of the present producers' associations and the creation of new ones in the light of co-operation possibilities and the international negotiations in progress.

(iii) Establishment of a system of self-sufficiency in agricultural products.

(iv) Creation of offices of the producer countries of the region in the commodity exchanges which operate in the developed countries so as to observe the evolution of the transactions which cause fluctuations in international commodity prices and ensure that the information they channel on world supply and demand and weather factors is correct and does not distort real trends in this respect.

(v) Establishment of common regional positions with a view to negotiations within the permanent bodies which govern the international commodity agreements and those taking place within the Integrated Programme for Commodities.

/(vi) Application

(vi) Application of common strategies, agreed upon within SELA, vis-à-vis protectionist measures affecting regional exports of commodities and vis-à-vis the sale of the strategic reserves of such commodities by the developed countries.

(vii) Establishment of special machinery to facilitate the consultations and exchange of experience among the countries of the region, with a view to modernizing farming methods and mining and thus increase productivity.

(viii) Increase of research and development within the region with the object of identifying new commodity uses.

(ix) Adoption by the Latin American countries of appropriate plans for expanding and diversifying production of and trade in foodstuffs.

(x) Establishment, as far as possible, of a joint programme for the marketing and distribution of commodities in the region.

(xi) Establishment of a regional financial institution providing technical and financial support for the development of national marketing and distribution systems in the Latin American countries, in particular the financing of the creation of national reserves and storage installations, and the constitution of funds for horizontal diversification funds.

199. With regard to industrialization, in order to speed up the economic and industrial development of the Latin American countries, their collective efforts to expand and create multinational industries based on the development of local resources must be intensified. Similarly, infrastructure must be created to allow a more rational absorption of external capital and technology, expand national and regional markets and substantially increase Latin America's share in the world trade of manufactures.

200. Suitable instruments for quality control must also be adopted, so that exports of manufactures and semimanufactures become more competitive in the international markets.

201. In order to make better use of the regional market as a whole, the Latin American countries must make full use of every possibility of industrial programming and complementarity, and adopt a joint position with regard to the restrictive trade practices imposed by the transnational corporation, in accordance with their position on the code of conduct

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for transnational corporations within SELA, since these corporations hinder the rational use of natural resources and labour. It is necessary to reinforce sectoral meetings of entrepreneurs and promote consultations between entrepreneurial bodies so as to observe the evolution of the intentions of the transnational corporations in the application of such practices. It is also necessary to strengthen the machinery for consultation, establishment and application of standards to quality.

202. With regard to legislative matters, without prejudice to the efforts being made in this respect at the international level, the Latin American countries should adopt, inter alia, effective rules, in accordance with national development policies, to govern foreign investment, the conditions in which the transfer of technology takes place, the restrictive trade practices of the transnational corporations, and questions concerning industrial property, so as to avoid the harm which could stem from possible exclusivity agreements and abuses of market power.

203. Since the growth of industrialization largely depends on the evolution of external factors such as protectionist measures, financing, technology, quality control and transport, it is essential that consultation on these subjects should be intensified and that the region should adopt common positions for the purposes of the international negotiations which are at present being held on the above subjects within the United Nations system, and in associated bodies such as GATT.

204. In the field of technology it is necessary to create special machinery to facilitate the transfer of indigenous technology and the exchange of technical assistance. For these purposes it is recommended that national centres for technological development should be set up which can link up with regional institutions or centres, such as the Latin American Technological Information Network (RITLA), set up during the fourth regular meeting of the Latin American Council of SELA.

205. These links between the national centres and subregional and regional centres for the development and transfer of technology will assist in putting into practice initiatives in such fields as:

(i) The suitable exchange of information on the various possibilities open to the developing countries in the field of technology.

(ii) The establishment of joint technological research and training programmes.

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(iii) The identification of technological needs and the supply of technical assistance for the development of training programmes and the drafting of model contracts for the granting of licences.

206. It is also important to develop appropriate intermediate technology to deal with such problems as subsistence agriculture, which affects vast sectors of the rural population of Latin America.

207. In order to ensure that the international code of conduct for the transfer of technology which is being negotiated in UNCTAD includes all aspects of interest to the Latin American countries, continued co-ordinated action is essential.

208. As far as transnational corporations are concerned, their increasing participation in economic activity in the region has led to concern which is reflected in the principles upheld by the international community in the Charter of Economic Rights and Duties of States and by the developing countries in the negotiation of a code of conduct for the transnational corporations.

209. An information system on technology and on transnational corporations must be established in the region, combining resources from the United Nations Centre on Transnational Corporations and those of the regional commissions, plus the necessary additional resources.

210. It is necessary to stimulate the use of new contractual arrangements with the transnational corporations, taking advantage of the region's joint bargaining power, in order to select those elements in which the contribution of the transnational corporations is irreplaceable and minimize the costs involved in such negotiations.

211. As regards the negotiations on the code of conduct for transnational corporations, the governments of Latin America should keep up their co-ordination activities in defining and applying joint positions, with the support of CEPAL and SELA.

212. With regard to protectionism, it is essential to combat the present protectionist trends in the developed countries, in order to allow Latin American exports of commodities, manufactures and semi-manufactures to grow suitably.

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213. Independently of the action being advocated at the international level to halt the new wave of protectionism, regional machinery might be established to monitor the evolution of the trends and the implications of protectionism in the interests of Latin America.

214. This machinery might decide on the steps which the Latin American countries deem necessary in the economic, financial and trade fields, such as:

(i) Even-handed trade treatment applicable to exports from the developed country or countries;

(ii) Guidelines to restrict or stimulate imports by the developing countries from the developed country or countries;

(iii) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery in all appropriate forums, in order to safeguard the interests of the countries of the region, and the encouragement of collective action in those negotiating forums.

215. A rapid information system might also be established which would make it possible to identify more quickly and accurately the non-tariff barriers applied by the developed countries and the forms in which they are applied.

216. As far as energy products are concerned, Latin America as a whole depends more on hydrocarbons than other regions of the world for its energy supply. In addition, because of the level of development of the region, it is very difficult in the short or medium term to divorce economic growth from a parallel rise in energy consumption. Furthermore, the firm intention to raise the level of welfare of the marginal sectors of our societies higher and higher will result in growing energy consumption. In addition, it is clearer day by day that in the 1980s man's demand for this resource will exceed the capacity to produce it. This raises serious problems in devising a strategy for sustained social and economic development in Latin America...

217. Furthermore, the geographical spread of Latin America, with huge unexplored areas with oil-bearing potential in addition to the wide availability of other little-used conventional energy resources, such as

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water, and other sources which are still unconventional and untried, mean that in the next decade the countries of Latin America, individually and jointly, must adopt integrated energy policies taking account of projections of their requirements, the availability of resources and technological progress in this field. These policies must tend towards the achievement of self-sufficiency in energy in the region, which will ensure a transition to a post-oil energy era without major difficulties.

218. This individual and joint effort offers a broad field for international co-operation between the countries of the region and the rest of the world. For this purpose, national efforts must be supplemented by support for and strengthening of the efforts which are being carried out by our regional organizations which specialize in this area, such as OLADE, ARPEL, CIER, UCEL and CEE.

219. On the basis of UNCTAD resolutions and the results of earlier regional meetings, CEGAN recommends that the eighteenth session of CEPAL should decide to convene a meeting of Latin American insurance and reinsurance supervisory officials in order to move ahead on the decisions already taken for the establishment of a regional association in this field.

D. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

220. Economic co-operation among developing countries is one of the fundamental pillars of the programme of action for the establishment of the New International Economic Order.

221. Economic co-operation among developing countries, as a matter of fundamental concern to them, should be formulated and promoted by the countries themselves, at the subregional, regional, interregional and global levels.

222. In this context, the developed countries and the organizations of the United Nations system have a role to play in supporting and participating in this process, which they should fulfil unconditionally in compliance with the various resolutions of the General Assembly and UNCTAD.

223. The fundamental framework of economic co-operation among developing countries consist of:

(i) The decisions adopted at the Conference on Economic Co-operation among Developing Countries (Mexico, 13-22 September 1976);

(ii) The Programme of Action on Economic Co-operation and the corresponding resolutions adopted by the Fifth Conference of Heads of State or Government of the Non-aligned Countries, (Colombo, 16-19 August 1976), concerning co-operation between developing countries, as well as the recommendations on the subject drawn up at the Conference of Ministers for Foreign Affairs of the Non-aligned Countries (Belgrade, 24-29 July 1978);

(iii) The first short- and medium-term plan of action for global priorities relating to economic co-operation among developing countries adopted by the Fourth Ministerial Meeting of the Group of 77 (Arucha, February 1979).

(iv) The Buenos Aires Action Plan, adopted at the United Nations Conference on Technical Co-operation among Developing Countries (30 August-12 September 1978).

224. On the basis of the Mexico programme, the Commission on Economic Co-operation among Developing Countries adopted a programme of work which served as a background for the drawing up, at the Fourth Ministerial Meeting of the Group of 77, of the First Plan of Action in the Short and Medium Term for Economic Co-operation among Developing Countries.

225. In this regard CEGAN recommends that at its eighteenth session CEPAL should endorse the content of the above plan of action.

226. With the aim of facilitating agreements and the adoption of joint positions by the region concerning the subjects and actions referred to by the above plan of action, CEGAN recommends that the appropriate regional bodies, especially SELA and CEPAL, should be strengthened.

227. It also recommends that SELA, in co-operation with CEPAL and the regional and subregional organizations for Latin American integration, should draw up a programme of studies designed to identify the characteristics of the region's problems in each of the areas included in the above Plan of Action; and that on the basis of those studies, intergovernmental meetings of experts from Latin American countries should be convened to identify the problems which arise from the commitments to, and characteristics of, the economic integration of Latin America, and adopt joint positions most in accordance with the interests of the region.

228. In order to make possible the fulfilment of such tasks, the links of co-operation between the regional and subregional organizations for economic co-operation and integration in Latin America and the United Nations Development Programme should be /intensified. In

intensified. In this regard, CEGAN recommends that the desirability should be studied of setting-up special divisions on economic co-operation among developing countries should be created in the secretariats of SELA, CEPAL and the various subregional organizations for economic integration in Latin America, on the understanding that the possible creation of such divisions would entail a reallocation of, and not necessarily an increase in, their resources.

229. Finally, UNCTAD should continue to furnish technical assistance to the regional and subregional organizations for economic integration in the region.

230. As far as technical co-operation among developing countries is concerned, it should be emphasized that the form in which such co-operation has been conceived by the developing countries on various previous occasions and by the United Nations Conference on Technical Co-operation among Developing Countries represents a fundamental instrument to stimulate economic co-operation among developing countries.

231. The Buenos Aires Action Plan and resolutions adopted by the above Conference must be implemented promptly and effectively. Among the very important provisions of the Buenos Aires Action Plan, mention should be made in this context of the need to promote the creation of national research and training centres of multinational scope in the developing countries, or strengthen those which already exist, which is also the subject of one of the resolutions adopted by the Conference.

232. Furthermore, in support of the implementation of the Plan, emphasis should be placed on the importance of the contribution of the developed countries and the international organizations to raising the national and collective capacity of the developing countries to assist themselves and one another, with the aim of implementing, among other provisions, those in the agricultural and industrial fields.

233. Since the first meeting of the United Nations intergovernmental forum to which global consideration of technical co-operation among developing countries has been entrusted, in accordance with the agreement reached in Buenos Aires, is to take place in 1980, it is necessary for the Group of 77 to take the necessary steps to ensure that it is properly prepared, in order to arrive at a joint position prior to these meetings.

E. INTERNATIONAL ECONOMIC CO-OPERATION

234. In addition to the developing countries' efforts at the domestic, regional and interregional levels, the co-operation of the industrialized countries is needed in order to eliminate the external factors which block the economic development of the developing countries.

1. Trade policy

235. In order to secure greater access to the markets of the developed countries it is necessary to draw up and apply in the relevant forums and incorporate in the legislation of the developed countries new rules on subsidies and countervailing duties to enable the developing countries to carry out vigorous export promotion policies.

236. In the field of tariffs, it is necessary to combat the present protectionist tendencies in order to permit proper expansion of Latin American exports of basic commodities, manufactures and semi-manufactures, by eliminating or reducing the tariffs of the industrial countries which affect their imports from the Latin American countries. It is also necessary to eliminate or reduce the tariff escalation which imposes higher duties as the goods are more processed, thus discouraging the process of industrialization. For that purpose, it is necessary to negotiate on the basis of effective rather than nominal protection, so as to achieve greater reductions in those tariffs which rise in line with the value added in manufacturing.

237. Concerning non-tariff barriers, action should be taken in three areas:

(i) To establish new information systems which can indicate with greater speed and security which are the existing non-tariff barriers, how they are applied and where;

(ii) To achieve their elimination in the case of products of interest to Latin America, or, if that is not possible, agreement that they should be applied only as an exceptional measure.

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(iii) To envisage the possibility of responding vigorously when new non-tariff barriers are established to trade or when existing barriers are increased. To that end, it is necessary to make intensive use of and strengthen the existing machinery and to envisage the possibility of establishing additional machinery to carry out this monitoring and to organize the response.

238. For this purpose, CEGAN recommends the adoption of the agreements reached in the meeting on Latin American co-ordination held under the umbrella of SELA and during the fourth Ministerial Meeting of the Group of 77.

2. Protectionism

239. The implications of protectionism for the world economy make it necessary to agree upon and implement a co-ordinated international programme of action. In the face of protectionist measures proposed or adopted by an industrialized country or group of countries which affect exports of products from the developing countries, especially those of Latin America, including the conclusion or extension of voluntary limitation agreements, the Latin American country or countries affected, without prejudice to the bilateral action which they may deem desirable, may consult the other interested developing countries with a view to determining the desirability of drawing up and implementing appropriate joint action. For this purpose, maximum possible use should be made of the margin of action within the agreements and institutional framework, by defining and applying appropriate trade policy measures.

240. Furthermore, such joint action would include voluntary measures in the economic, financial or trade fields, such as:

(i) Even-handed trade treatment applicable to exports from the developed country or countries;

(ii) The drawing up of guidelines to restrict or stimulate imports from the developed country or countries to the developing countries;

(iii) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery

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in all appropriate forums, to safeguard the interests of the countries of the region, and for that purpose to promote collective action in such negotiating forums;

(iv) Strengthening of the bargaining power of Latin America as a whole in the international trade negotiations, and making maximum use of it. For this purpose, it is essential to co-ordinate the negotiating positions of the Latin American countries among themselves and with the rest of the developing world.

241. It is considered that one of the main medium- and long-term solutions vis-à-vis the protectionist policies lies in the industrial redeployment which should take place within the developed countries, with the full participation of the developing countries. This redeployment would be based, among other elements, on a high degree of intra-industry specialization.

242. Long-term policies to restructure world industry and thus encourage optimum global growth will require deliberate efforts by the international community to institute rational production arrangements in the world.

243. In this regard, CEGAN recommends the adoption of the agreements originating in the fourth Ministerial Meeting of the Group of 77, and especially those relating to the establishment, within UNCTAD, of machinery to analyse periodically production and trade in the world economy and identify the sectors which require a structural readjustment, and the creation of an appropriate forum to accelerate negotiations with a view to the drawing up and application by the developed countries of measures and policies required to promote the process of readjustment in the sectors identified and facilitate the shift of those countries' production factors, and permanently to keep a close watch in order to avoid the creation in the developed countries of uneconomic excess capacity which might provoke demands for protection.

245. CEGAN also recommends the intensive use and strengthening of existing forums in Latin America to examine the general and particular aspects of protectionism and, in the light of the interests of the region, generate recommendations to reduce or eliminate it.

246. CEGAN further recommends the denunciation, in all appropriate forums, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, while they raise protectionist barriers against access to their own markets for the goods produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and other countries in a similar position.

247. Bearing in mind that Latin America as a whole has substantial purchasing power and enormous quantities of natural resources, which confer on it considerable bargaining power, CEGAN recommends that, in all the appropriate Latin American forums - especially within CEPAL and SELA - studies should be carried out of the different possibilities of using the purchasing power and the most suitable means of making its use effective. In that regard, and in line with the various possibilities and the areas in which such an approach would be most feasible, emphasis should be placed on the promotion of joint or co-ordinated negotiation or purchasing activities, within the framework of the SELA action committees.

248. The rules which currently govern international trade should be revised so that they take full account of the interests of the developing countries and facilitate the elimination of the new protectionist measures.

3. Restructuring of world industry

249. In order to prevent the developed countries from continuing to apply protectionist measures to protect their inefficient industries, and in order to achieve a new international division of labour, it is necessary to restructure world industry in a way which will encourage optimal, rational global growth in industrial production in the world.

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250. In this regard, the developed countries must establish effective assistance measures for redeployment in all sectors where inefficiency and lack of competitiveness call for a structural readjustment.

251. For the above purposes, monitoring machinery must be created to periodically analyse world production and trade in order to identify the sectors which require a structural readjustment, and to review the efforts of the developed countries in the adoption of the measures and policies required to promote the process of redeployment in the sectors identified and facilitate the shift of the production factors from these sectors. With regard to this area, it is also recommended that the agreements reached at the fourth Ministerial Meeting of the Group of 77 should be adopted.

252. In order that the restructuring of world industry should work in favour of the interests of the developing countries, it is essential that these countries should play a full part in all the decisions taken in this regard, so that the new international division of labour represents a harmonious and equitable balance between the interests of the developed countries and those of the developing countries, and ensures that industrial development in the developing countries is not concentrated solely on basic and light industries, and that the latter can also develop products in the heavy industry and high technology sectors, in accordance with the guidelines of their industrial policy.

4. Commodities

253. CEGAN believes that the objectives proposed in the Integrated Programme for Commodities should continue to be pursued so that they may help to achieve fair terms of trade with prices which are remunerative in real terms and fair for all concerned. However, certain products already possess their own negotiating forums which are therefore the appropriate bodies to decide on the measures to be taken on those products.

254. The application of the strategy of the Integrated Programme must be made more flexible in order to achieve effective integration of the negotiations on the different measures which are applicable, and to continue as soon as possible in the commodity negotiations to the phase of the negotiation of international commodity agreements.

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255. There should be a tendency towards applying appropriate measures and procedures for the stabilization and improvement in real terms of the prices of commodities exported by the developing countries, taking into account world inflation and the changes which occur in the world economic and monetary situation with regard to exchange rates, trade conditions, rate of return on investment and other relevant factors.

256. The common fund to be set up should be an efficient and economically viable institution for the financing of the arrangements on the constitution of reserves and other measures relating to commodities aimed at stabilizing the commodity markets and greater processing of commodities. Its operations should contribute towards improving the structure of the market and international trade in commodities of interest to the developing countries, and towards achieving stable conditions for this trade at price levels which will be just and remunerative for the producers, and fair for the consumers.

257. Should the common fund not fulfil these objectives, it will be necessary to create supplementary machinery which will effectively stabilize the international markets in these products.

258. The commodity negotiations should include manufactures and semimanufactures fabricated with the raw materials appearing in the list contained in UNCTAD resolution 93 (IV).

259. The compensatory financing facility used in IMF should be expanded and made more flexible in order to offset the deficits in the export earnings from commodities in developing countries. A framework must be established for international co-operation with a view to increasing the processing of primary products in developing countries and access to the markets of the developed countries for such products.

260. Commitments must also be established to regulate production and investment in synthetic substitutes which compete with natural products. It is also indispensable to establish a framework for increasing the share of developing countries in the marketing and distribution of the commodities they export. Programmes should also be adopted for research and development,

market promotion and horizontal diversification. With regard to the aspects listed above, CEGAN recommends the adoption of the agreements reached at the fourth Ministerial Meeting of the Group of 77.

5. Specific aspects of relations with industrialized countries

261. The international economic policy of the developed countries, including economic groupings of such countries, and their national policies which have international repercussions, should contribute to promoting growth in the developing countries, bearing in mind their short-term and long-term needs. The United States and the European Community should adopt a more favourable attitude towards the problems and needs of Latin American countries, and the developing countries generally, in trade in manufactures and basic commodities.

262. Highly important in Latin America's relations with the United States are not only specific aspects of their mutual relations but also the role of the United States in the solution of international, multilateral problems which are the subject of the North-South dialogue. The matters of priority interest for Latin America include:

(i) The need for the Generalized System of Preferences not to be used as an instrument of economic coercion, and accordingly for the elimination of the discrimination in the system against Cuba, Ecuador and Venezuela;

(ii) Improvement of conditions of access to the United States market for exports from Latin American countries, for example by means of improvement of the United States Generalized System of Preferences, and especially its extension to a larger number of products of interest to the region, and the elimination of the restrictions arising from the application of the competitive need formula and rules of origin;

(iii) The gradual elimination of tariff and non-tariff restrictions on primary, semi-manufactured and manufactured goods of major export interest to the region;

(iv) Support by the United States for the search for special and differential arrangements for the use of subsidies and countervailing duties, which should go beyond the narrow limits of what is emerging on this issue from the multilateral trade negotiations;

/(v) Adherence

(v) Adherence by the United States to the measures to reduce and eventually eliminate instability in export revenues vis-à-vis the import requirements of the developing countries caused by factors external to their economies.

263. The aspects of greatest interest to Latin America in the trade policy of the European Economic Community are:

(i) The elimination of phytosanitary and other restrictions which impede access for various products of interest for Latin America, and especially meat and meat products;

(ii) The elimination of obstacles to trade in goods for which Latin America has competitive advantages, and avoidance of a revival of protectionism;

(iii) The adoption of a programme for the gradual elimination of harmful features of the Common Agricultural Policy.

264. Improvement of the EEC Generalized System of Preferences, to benefit not only the relatively less developed countries, but all developing countries. In this regard, mention should be made of:

(i) The expansion of quotas for "sensitive" products;

(ii) The inclusion of a larger number of agricultural products in the Generalized System of Preferences;

(iii) The widening of the margins of preference for agricultural products which have an excessively narrow margin of preferential treatment.

265. Of importance for Latin America within the general policy for the expansion and diversification of economic relations is the expansion and diversification of its trade and other economic relations with other developed countries, particularly Canada and Japan; it is necessary to correct the deficit trend in the region's trade balance and broaden the range of goods exported.

266. Exports from Latin American countries to the European members of the Council for Mutual Economic Assistance (CMEA) have recorded relatively rapid growth in recent years. A large number of trade and payments agreements have been signed between countries of the two areas, many of

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which go beyond the strictly commercial field and include issues of industrial, scientific and technological co-operation. The existing contractual basis augurs well for further expansion in trade, although this may in part depend on satisfactory solutions being found for the establishment of multilateral arrangements for the settlement of trade balances. Mention should also be made of the interest of Latin American countries in diversifying their exports to the CMEA countries (which at present consists almost entirely of primary products) by exporting manufactured products.

6. Transnational corporations

267. Strong impetus should be given to the work aimed at concluding an international code of conduct for the transnational corporations which will regulate their activities.

268. The Latin American countries should uphold their view, expressed in the Guatemala Appraisal, that the transnational corporations should conform to the following principles:

(i) Transnational corporations must comply with the laws and regulations of the host country and, in the event of litigation, they must submit to the exclusive jurisdiction of the courts of the country in which they operate;

(ii) They must refrain from any interference in the internal affairs of the States where they operate;

(iii) They must refrain from interference in or disruption of the relations between the Government of the host country and other States;

(iv) They must not serve as instruments of the foreign policy of another State or as a means to extend to the host country legal provisions of their country of origin;

(v) They shall be subject to the permanent sovereignty exercised by the host country over all its wealth, natural resources and economic activities;

(vi) They must comply with national development policies, goals and priorities and make a positive contribution to attaining them;

/(vii) They

(vii) They must supply the Government of the host country with the relevant information on their activities in order to ensure that these are in keeping with the national development policies, goals and priorities of the host country;

(viii) They must carry on their operations in such a way that these result in a new inflow of financial resources for the host country;

(ix) They must contribute to the development of the domestic, scientific and technological capacity of the host country;

(x) They must refrain from restrictive commercial practices.

269. At the same time, it is important to prepare guidelines for the future negotiations on direct investment between government and transnational corporations, on the basis of recent experience in this regard both in Latin America and in other regions of the world. High priority is assigned to more intensive use of the potential bargaining power of the Latin American countries, of which limited use has been made until now.

270. The Latin American countries should make efforts to exchange among themselves and with other developing countries the information they possess on negotiations with the transnational corporations, so as to enhance their individual and collective bargaining power. In this regard, it is considered necessary to strengthen the Latin American focal point in the CEPAL secretariat so that, in co-ordination with the United Nations Centre on Transnational Corporations, it can collect and disseminate all the information on the corporations on a regular and systematic basis.

7. Technology

271. Latin America considers that it is of fundamental importance to emphasize the urgent need to adopt a mandatory international code of conduct for the transfer of technology.

272. The region also attaches great importance to:

(i) The establishment in the countries of the region of appropriate institutional machinery, particularly national centres for the development and transfer of technology;

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(ii) The strengthening of the region's own capacity for adapting and creating technology, this being an objective which, together with the transfer of technology from abroad, should be achieved in the conditions required by the development of each country and in accordance with the orientations established by each country;

(iii) The introduction and improvement of machinery in the public sector to contribute to the search for and dissemination of technologies suited to these conditions, which will enable the State to fulfil its responsibility in acquiring in the world market technologies which are suitable for development;

(iv) The drawing up of preferential agreements for the development and transfer of technology between Latin America and other developing regions;

(v) The establishment in Latin America of subregional and regional centres for the development and transfer of technology which will serve as a link with the national centres of the other developing countries, or the strengthening of existing centres;

(vi) The establishment or strengthening of subregional, regional or interregional centres in Latin America for the development and transfer of technology in specific sectors of key importance.

273. The countries of the region, recognizing that substantial technological progress has been achieved in Latin America, should adopt measures actively to encourage the mutual transfer and dissemination of technologies in areas which can stimulate balanced economic and social development.

8. External financing and monetary problems

(a) What is required of the international monetary system

274. It is necessary to work for the strengthening of the decisions recently adopted within IMF concerning the increase in quotas, the establishment of the additional financing facility and the new allocation of special drawing rights (SDRs). In this regard CEGAN recommends:

/(i) That

(i) That account should be taken in future increases of quotas of the proposal made on the occasion of the seventh general review that the developed countries should finance the SDR component of the quota increases of the developing countries;

(ii) The establishment of a complementary long-term financial facility for the purchase by the developing countries of capital goods on the most favourable possible terms, is also necessary;

(iii) Significant progress in the implementation of the decisions adopted to make special drawing rights the principal reserve asset in the International Monetary System, with the aim of ensuring that world liquidity does not originate in the structural imbalances or payments deficits of the reserve-currency countries.

(iv) More flexible conditionality for the use of the IMF balance-of-payments resources to stimulate a recovery in general economic activity in the developing countries, the growth of their trade and employment in particular and to facilitate a more balanced process of adjustment.

275. When overseeing the principal exchange rates in the present system of dirty floating, IMF should intensify its oversight of the principal currencies and pay due attention to the special circumstances of the developing countries.

276. It will be necessary to improve and extend the existing compensatory financing facilities with the aim of fully offsetting the drop in the purchasing power of the exports of the developing countries resulting from changes in relative prices or from falls in volume measured against the trend in the growth rate. In this regard CEGAN reiterates the recommendations of the meeting of high-level officials of the Group of 77, held in Arusha (6 to 12 February 1979). These recommendations had previously been approved at the Latin American Co-ordination Meeting for the fourth Ministerial Meeting of the Group of 77 (Caracas, 15 to 19 January 1979) preparatory to the V UNCTAD.

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277. Of the recommendations adopted in Arusha, CEGAN emphasizes the following:

(i) Inclusion of measures by virtue of which the developed countries with surpluses and the reserve-currency countries accept a fair share of the burden of adjustment and the institution of a link between the creation of special drawing rights and the financing of development, in accordance with the forms proposed at the Arusha meeting;

(ii) Ensuring fairer and more effective participation by the developing countries in the taking of decisions in the institutions of the international monetary system;

(iii) Opening of a subsidy account so that the developing countries can seek loans from the complementary facility of IMF.

(iv) Making use of the IMF and Group of 77 meetings to be held in Belgrade in 1979 to study the desirability of convening an international conference on currency reform;

(v) Reaffirmation of the principle that the international financing institutions should fulfil their role without establishing distinctions among their member countries, and without co-operation being tied;

(vi) Advocating that the multilateral monetary and financial institutions should grant credits without invoking political criteria; in addition, that they should not make their balance-of-payments support financing conditional on the acceptance by the developing country of measures and programmes which involve social costs and damage, thus running counter to the fundamental purposes and objectives for which they were created.

(b) Net flows of resources and terms of their transfer

278. CEGAN supports not only the objective that the developed countries should earmark 0.7% of their gross product for official development assistance, but also the objective of achieving a higher level with an appropriate share for Latin America, without jeopardizing the flows of resources to the remaining developing countries. The policies of the official development financing institutions should be subject to the priorities of the developing countries.

279. New criteria should be agreed for the allocation of official assistance resources, to replace the sole criterion of per capita income.

280. The transfer of resources should be depoliticized and realized in an increasingly secure, continuous and automatic manner and be distributed in a rational and fair way among the developing countries. The quality of Official Development Aid (ODA) should be improved in accordance with the forms agreed upon at the meeting of officials of the Group of 77, held in Arusha preparatory to the fifth session of UNCTAD.

281. The developed donor countries should deposit the ODA resources in a revolving fund once they have been earmarked, in view of the fact that there are substantial amounts destined for such and which have still not been disbursed, and they should increase the resources of the international financial agencies, such as IBRD, IDB and CDB, including in them concessional resources to an amount compatible with the increased investment requirements of the countries of the region.

282. The developing countries should renew their demands for the reactivation of the Third Window of the World Bank, with subsidized interest for economic infrastructure projects in the Latin American countries in particular.

283. They should also work towards a parallel increase in transfer of financing resources which are concessional in nature for social development programmes and low-income sectors, within the context of the objective of establishing the New International Economic Order.

284. CEGAN reiterates that the proposal for the establishment in the World Bank of a long-term facility for the financing of the purchase of capital goods by the developing countries should be examined at the earliest opportunity, with the aim of taking a positive decision as soon as possible.

285. It likewise urges that a greater volume of multilateral technical assistance should be furnished, both for the formulation and for the implementation of development projects.

286. CEGAN rejects the principle of "graduation" in financial aspects which is being introduced in IBRD and other international financing agencies.

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In this respect, it recommends the elimination of the criteria of graduation by the international agencies, in view, among other aspects, of the recent drafting by them of a list of 44 food priority countries which includes only 4 from Latin America, and the fact that such agencies are attempting systematically to exclude Latin America from international loans on concessional or soft terms.

287. The special programmes being put forward in favour of the least developed of the developing countries should be "additional" to the measures taken to benefit all the developing countries. When United Nations resolutions relating to the least developed countries are applied, the interests of all the developing countries should also be taken into account.

(c) Private capital

288. The Development Committee of the International Monetary Fund and the World Bank have examined the problem of access to the capital markets of the industrial countries. It is necessary to expand access to the capital markets of those countries. To that end, action by the IMF may be very important and should take into account the recommendations of the Third and Fourth Ministerial Meetings of the Group of 77 (Manila, January and February 1976, and Arusha, February 1979) to assist in eliminating the present obstacles.

289. The recently approved European Monetary System should not lead to a currency realignment which might cause excessive costs for the countries of the region with liabilities in those currencies.

290. Direct private investment should be compatible with national legislation and with the development priorities of the countries of Latin America, including the aim of permitting greater local participation in management, administration, employment and in-service training of local staff, as well as greater local participation in ownership of the enterprises concerned. In that regard, mention should be made of the urgent need to draft a code of conduct to govern the activities of transnational corporations.

/(d) International

(d) International financial co-operation

291. At the fourth Ministerial Meeting of the Group of 77, Latin America together with the other developing countries approved a programme of action on monetary and financial issues to whose application the region attaches great importance. CEGAN wishes to stress in particular in this appraisal that Latin America reiterates the need for the developed countries to commit themselves effectively to the drawing up of a broad system of financial co-operation in the firm conviction that this would prove to be of benefit to the entire international community. The objectives of the system should include the following:

(i) A transfer of resources in real terms should be ensured so that the developing countries reach the targets they have laid down for development;

(ii) The form and composition of these capital flows should be compatible with the development plans of these countries and fully in keeping with their development priorities;

(iii) The terms of this transfer of resources should be in keeping with the debt servicing capacity of the developing debtor countries;

(iv) The developed countries which have not yet reached the internationally accepted target for ODA should increase their aid substantially so as to attain the target, and introduce qualitative improvements in their aid;

(v) A multilateral framework should be established for the future borrowing operations of interested developing countries, which should safeguard their development plans;

(vi) The transfer of resources should be founded on a predictable and increasingly secure basis so that the developing countries can prepare their development programmes with certainty;

(vii) Periodic checking or evaluation should be effected both of the inputs required from the developed donor countries and multilateral institutions and of the operation of any of the elements of the system of international co-operation, in order to correct shortcomings.

/(e) Other

(e) Other aspects

292. CEGAN urges that due attention should be paid to the recommendations for the establishment of a separate multilateral guarantee facility for interested developing countries and recommends a change in the basic instruments of the multilateral financial institutions so that they can offer guarantees, including partial guarantees, more easily. Such guarantees should lead to additional flows of capital for the countries concerned and should not affect the access to capital markets which some countries of the region already have.

293. CEGAN supports the proposal agreed in Arusha for the establishment of a multilateral export credit guarantee facility designed to increase access by the developing countries to the international capital markets and facilitate the diversification of their exports, on the understanding that this multilateral facility would not affect in any way the access to capital markets already enjoyed by some developing countries.

294. The possibility might be examined of setting up special working groups at the regional level to consider both official development assistance and private capital, with the co-operation of CEPAL, IDB, CDB, the Latin American Center for Monetary Studies (CEMLA) and SELA.

295. CEGAN invites the developed countries to apply fully and without discrimination the special measures referred to in UNCTAD resolution 165 (S-IX).

296. Maritime transport should continue to be emphasized during the Third United Nations Development Decade, since it remains the principal means by which foreign trade is conducted. The approach adopted for the Second Decade should be expanded to embrace not only the behaviour of liner conferences but also the manner in which they introduce and respond to technological change. A problem of continuing importance is the difficulty in obtaining liner rate reductions to reflect port improvements. It is also necessary to study the adaptation of the region's merchant marine policies in order to deal with unilateral decisions of the liner conferences and their negative effects on the developing countries. In addition, during the next decade the developing countries should achieve full participation in the formulation of policies or decisions at the international level for this sector in keeping with those adopted for the region.

297. Another serious problem for Latin America concerns the introduction of new transport technology, particularly that associated with the use of containers.

298. Containerization affects not only ships themselves but also port, road and railway infrastructure as well. If the introduction of container or other cargo handling services is not adequately planned and regulated, this can lead to the obsolescence of transport units and handling equipment of the developing countries which, for economic reasons cannot respond to the challenge of the new technology, or to staggering investments in new units and equipment. Account should also be taken of the evolution, both at the technical level and as regards costs, being registered in the world as a result of the adoption of multimodal transport.

/298 (a) In

298 (a) In the next decade, the Latin American transport system should be reshaped on the basis of the physical linking of the Atlantic and Pacific subsystems in South and Central America so as to make it possible to incorporate the interior of the continent into economic activity and eliminate the problems resulting from the traditional peripheral development. In addition, the Latin American transport network should take account of the use of different modes of transport and combinations of them, and introduce the necessary technological advances.

299. With regard to international land transport, encouragement should be given to Latin American meetings aimed towards integration, such as the annual meetings of Ministers of Public Works and Transport of the countries of the Southern Cone, at which promising results have been obtained.

F. RECOMMENDATIONS TO THE SECRETARIAT OF CEPAL AND FUTURE
ACTIVITIES BY CEGAN WITH REGARD TO REGIONAL PARTICIPATION
IN THE PREPARATION AND APPLICATION OF THE NEW
INTERNATIONAL DEVELOPMENT STRATEGY

299 (a) The Latin American and Caribbean member States of CEPAL should play an active part at the political and technical level in the discussions being held in connexion with the preparation of the new strategy, so that it will come to constitute a genuine and effective international action programme to promote the economic and social development of the developing countries, taking adequate account of the interests and viewpoints of the countries of the region. The central element in an international development strategy should be the implementation of the action programme for the establishment of a New International Economic Order, and measures should be taken to allow an increase in the part played by the developing countries in the processes for the international adoption of decisions for the administration of the world economy.

300. In order to contribute to the materialization of these aims, the secretariat is requested:

(i) To press forward in the basic studies on the nature and scope of the new strategy, and other matters not considered in section III of this Appraisal, or in matters which it is considered desirable to study in greater depth, in accordance with the relevant resolutions of the General Assembly, and also in the analysis of the objectives, targets, policies and measures which the new Strategy should contain, and in particular the machinery which might be established for analysis and appraisal;

(ii) To review the various aspects of the role which CEPAL and the countries of the region should play in the application of the new strategy to be adopted by the General Assembly;

(iii) To consider the best way of complementing and expanding the international development strategy to be adopted by the General Assembly by means of a regional action programme for the forthcoming decade which will promote the strategy's efficient application and corresponding periodic appraisal;

(iv) To consider at the eighteenth session of the Commission whether CEPAL should convene CEGAN in accordance with the pre-established machinery, taking into account the progress of the work of the secretariat and the programme of activities of the Preparatory Committee for the new international development strategy;

(v) To provide all possible support for activities which SELA may have to carry out in connexion with the preparatory work for the new IDS and for its implementation.

/STATEMENTS ON

STATEMENTS ON THE APPRAISAL

Canada

"I should like to reiterate part of my comments of yesterday afternoon. The Canadian delegation congratulates the Latin American group on the preparation of document GL/17. As an agreed position paper of the Latin American group we can accept to adoption by this Committee, although there are aspects of the document which reflect a different view of the issues under discussion and on which, therefore, I must reserve Canada's position.

"Before detailing those reservations, the Canadian delegation would like to express its admiration for the whole of section B of Chapter I, that is, paragraphs 8 through 26, which appear to us not only to describe situations but to analyse problems and to propose ways towards their solution. Section C, as well, paragraphs 27 through 59, is very good.

"Canada first reserves its position with respect to decisions or recommendations of a body to which it does not belong, and with which decisions and recommendations this delegation is not familiar. I refer particularly to the frequent references in document GL/17 to the Fourth Ministerial Meeting of the Group of 77, in Arusha.

"With respect to paragraphs 70, 71 and 72, Canada has made serious efforts to resist protectionist pressures. When it has been necessary to take any action to prevent unacceptable loss or damage to Canadian industry, such action has been completely in accordance with Canada's international obligations. The General System of Preferences, in Canada's experience, has had a high rate of utilization and has offered considerable security of access to its users. I should note that the Canadian International Development Agency was instrumental in setting up several seminars on the SGP, which were attended by representatives of governments of the CEPAL region.

/ "We

"We should like to reserve Canada's position on the following paragraphs: 73 and 74, 79 through 82, 161 through 173, 239 through 252, 257 through 260 and 281 and 282.

"The Canadian delegation notes paragraph 278 and, in connexion with paragraph 279 notes that the criteria for allocation of official assistance resources are at present under review in Canada.

"At the opening of the 18th Session of CEPAL, we were struck by the following passage from the statement of the President the Hon. Minister of Planning and Coordination of the Republic of Bolivia:

'The exaggerated belief that growth had to precede distribution blinkered economic thought and constituted the fundamental pattern for investment policies. The maximization of the gross domestic product sidestepped other equally important aspects of society for which that policy had been formulated, including social justice and the elimination of poverty. When all is said and done, what is growth for, if the great majority have not managed to secure any significant increase in their income levels or in their demand capacity? Here the words should be recalled of that eminent economist Raúl Prebisch when he argued that 'Man shall not live by GDP alone.'

"Those words, very much to the point of this meeting, came to mind again when we read paragraphs 180, 181, 183 and 184 of document GL/17. Our only regret is that these paragraphs, excellent as they are, are not accompanied by the breadth of detailed analysis and proposals that surround such subjects as external trade.

/ "In

"In making this point I should emphasize that Canada is aware of the importance of external trade - in many ways, Canada is also a developing country: a net importer of capital, a net importer of technology, and a major exporter of many of the basic commodities mentioned around this table. Even though our positions are different on many of those issues, therefore, we understand and empathize with the struggle of the countries in the region to overcome these problems.

"Although I do not wish to propose changes to the text of document GL/17, I believe two paragraphs should be deleted, as they duplicate earlier ones: paragraph 246 is the same as paragraph 70, and paragraph 250 appears to be the same as paragraph 74.

"Mr. Chairman, I do not want to conclude without paying tribute to the work of the secretariat, whose comprehensive background document, E/CEPAL/1061 and 1061/Add.1, supports so well the document under consideration and all the considerations of this committee.

"Thank you."

United States

"The CEGAN Report represents a massive effort of work. I understand that it took nearly one month to prepare. There are a number of points made on the report with which we concur strongly.

"It is commendable, for example, that drafters of the CEGAN Report reject the goal of economic growth for its own sake and recognize the need to change the style of development. We warmly welcome the view of development as an integral process aimed at achieving both economic and social targets.

"The CEGAN Report noted the inadequacy of the structure of production. It generates employment leading to the limited participation of masses of people in the growth process. We congratulate the drafters of the Report for the frankness on this topic.

/"With

"With respect to the other portions of the CEGAN Report, we feel the report lacks completeness on some issues. We also have a number of reservations on points that are made. I would like to speak to this, issue by issue. May I begin with protectionism."

Protectionism

"The United States is committed to an open trading system. Despite strong domestic pressures, we have continued to pursue liberal trade policies. The results of the MTN are evidence of this commitment.

"The growth in total LDC exports to the US has been quite impressive in recent years. Taken as a whole, Latin America has not shared in this overall dynamic growth - as the report points - non-petroleum trade remained at a constant 11% of total LDC exports to the US from 1970-1976. However, this figure conceals the fact that the composition of Latin American exports to the US is changing. Total Latin American basic commodity exports dropped from 79.0% in 1970 to 74.5% in 1976. In 1978 the OAS concluded that, excluding petroleum, the relative share of manufactures in total US imports from the region grew from 20% in 1970 to 34% in 1976.

"This encouraging trend toward greater diversification in trade reflects the positive results to be gained from pursuing open market growth strategies.

"While the number of private-sector petitions submitted to the USG seeking import relief (escape-clause action) under Section 201 of the Trade Act has increased, the US has taken relatively few restrictive trade-policy actions even in those instances where injury has been determined. Since 1 January, 1975, thirty-eight, Section 201 cases have been filed with the ITC. The ITC has ruled on all 38. Of the 35 cases that the President has acted on, he has granted tariff relief action on only seven cases.

"The CEGAN Report has not taken these developments into account and has pressed for more radical measures involving, however, no changes in the policies of LDC government to correct Latin America's relatively lagging export performance. The Report calls for DC structural adjustment and transfer of industrial capacity to the region; for monitoring the DC trade restrictive actions; for structural changes in the GATT which in its view inadequately addresses the trade problems of LDCs in general and Latin America in particular. The USG believes that through the GSP program it has made substantial efforts to support increased export growth of the region.

Multilateral Trade Negotiations

"The subsidy code was negotiated with the full participation of interested LDCs; two Latin countries represented here today are among the countries that prepared the draft that is open for signature. By strengthening international discipline over the subsidy practices of all countries (including the immediate prohibition of export subsidies for DCs), this code minimizes the risk of a "subsidies war" in which the LDCs, with their limited resources, have the most to lose. As part of these negotiations, the US will introduce an injury test into its domestic legislation. In addition, the code provides significant S&D, during which it need not fulfill all the obligations of the code while still enjoying its benefits.

"We must recognize that no country or group of countries will achieve all its objectives in the MTN. Compromise is the essence of negotiation.

"Nevertheless, the MTN will result in a substantial reduction of trade barriers by the US and other major markets. We have offered tariff reductions on \$3 billion of Latin American non-petroleum trade. We are pleased that we were able to negotiate tariff agreements with many Latin American countries. The extent of tariff growth of Latin American exports to all major markets. In

markets. In addition, improvement of the trading rules resulting from the codes will help the world trading system operate more openly and equitable, which will be of particular benefit to new and small suppliers.

"We urge the Latin American countries and other LDCs to participate actively in the GATT in the post-MTN period. This is the most effective means to influence the future evolution of the international trading system and to ensure that their special problems are adequately addressed within that system.

GSP

"GSP is a non-negotiable, temporary (US authorizing legislation expires in June 1985) and unilateral concession, the purpose of which is to help LDCs gain increased access for their manufactures exports to the US market. The US GSP provides duty-free entry on a broad range of products (about 2,800 tariff categories) to 98 developing countries and 40 dependent territories. Certain more sensitive products are statutorily excluded entirely from preferences. There are also maximum limits on each eligible product (competitive need) above which the normal MTN rates are imposed the following year. These limits are generous:

a) \$37.3 million per product per country (the amount is adjusted annually to reflect growth in US GNP); or b) 50% of total US imports of any product originating in a single beneficiary country. While we have agreed in many international fora to continue to review our GSP scheme to provide the maximum feasible benefits to LDCs, the unilateral nature of the GSP precludes bilateral or multilateral negotiations with G-77 countries. We do have consultations within the Organization of American States (OAS) on an ex post basis on the operation of our GSP scheme. The US has an annual review with public hearings where we consider product additions to GSP requested by beneficiary developing countries, as well as product withdrawals petitioned by US producers of producers competing with imports.

"-- 98 (i) -- The elimination of the OPEC exclusion clause of Section 502 (b) (2) would require a Congressional Amendment to the Act.

"The US delegation realizes that the Congressionally mandated exclusion of OPEC countries from GSP benefits has been a source of friction in our relations with a number of OPEC countries, and in the Western Hemisphere with Ecuador and Venezuela. The USG has discussed this problem with the countries involved. Given Congressional and public sensitivity on a wide range of energy and trade-related issues, however, we are not able to judge if and when the Administration might introduce any amendment modifying the OPEC exclusion. The Administration is not inclined to introduce legislation that would be defeated.

"-- 98 (ii) -- Imported materials can be counted as local materials toward the 35% value-added requirement provided that they have been substantially transformed within the country. A number of rulings issued by US Customs in this area have been published and publicized by UNCTAD. In addition, the US Customs is prepared to make a ruling on any question submitted by a Latin American beneficiary.

"-- 98 (iii) -- The competitive need limitation in the Trade Act was designed to remove the preference when it is no longer needed by a particular country for a particular product and to ensure that the benefits of GSP would be spread as widely as possible among all beneficiaries. Even with competitive need limits, 70% of all US duty-free benefits in 1978 were received by the top five beneficiary countries. Competitive need criteria are thus clearly justified to help keep the benefits from being even more unequally distributed. Any amendment to the GSP that might have the effect of increasing the benefits to more advanced developing countries at the expense of the less developed would have no chance of passage by the US Congress.

"-- 98 (iv) -- The US Government has considered many items of interest to Latin America and has added many of these to the GSP list. We are willing to consider additional requests in our annual product review, subject, of course, to the legislative constraint /that only

that only products which are not import-sensitive may be added to GSP. Latin American beneficiaries should note that a product added to GSP is eligible for duty-free importation from all 140 beneficiary countries. This means that a Latin American country which is a small supplier of a particular product might not gain a preferential advantage from GSP vis-a-vis larger, more competitive suppliers who are also GSP beneficiaries. It also means that a product which does not appear to be import-sensitive from the prospective of a small Latin American supplier might be sensitive when US imports from all potential GSP beneficiaries are added up.

On Commodities

"We have made a serious, concerted effort over the last three years to participate constructively in the IPC deliberations, including the Common Fund and the individual commodity discussions. The allegedly slow pace of preparatory work on specific commodities is attributable to the technical and economic complexities of the issues involved, not to political obstruction. Decisions to move from the preparatory phase into formal negotiations for any particular commodity should be left to the producers and consumers directly involved in those talks. Such decisions should also be based on clear findings that international producer/consumer arrangements are called for and are feasible. We are gratified at the success of the latest rounds in the Common Fund and rubber negotiations, which have produced substantial progress toward agreement.

"The portions of the Arusha Declaration dealing with commodity issues contain a number of proposals with which the United States does not agree. These issues should properly be discussed during UNCTAD V in Manila rather than being adopted as part of the declaration of this meeting of the Commission.

Transnational Corporations

The US believes that TNCs can and do make a positive contribution to the growth process. Not only do they offer capital but important managerial, technical and marketing skills unavailable through aid mechanisms or foreign trade. We respect the host /countries' right

countries' right to establish conditions for foreign investment that will best meet their development needs. The US recognizes, and encourages the parties to such investment to explore the many forms, including joint ventures, wholly owned subsidiaries, management contracts, etc., this investment can take. While US investors, including TNCs, have shown considerable flexibility and adaptability in meeting national aspirations and economic objectives (i.e. export goals) of the countries where they are located, the US Government does not wish to recommend any particular investment form or economic objectives since these are a matter of choice and negotiation between a firm and the host country.

"The United States is participating actively in the UN negotiations on a code of conduct relating to transnational corporations. It is our view that a code must cover not only the responsibilities of transnational enterprises but also those of the governments of the countries where they operate, both home and host. For the TNCs, the US recognizes and fully accepts that guidelines should be established covering all areas of their operations, and current UN negotiations cover the whole spectrum of such activities - political, social, and economic. Government responsibilities include such areas as non-discriminatory and national treatment of foreign enterprises, respect for contracts, standards of expropriation and compensation, predictability and clarity of national laws and policies, free transfer of capital, and dispute settlement procedures. The US considers that the code must be voluntary (as in the case with the OECD Guidelines and ILO Declaration on employment and labour standards), seeking to establish international standards recommended and supported by governments, which would represent good practice for both foreign and domestic enterprises. TNCs covered by the code should include all forms of ownership, whether state owned, private, or of mixed ownership.

/Transfer of

Transfer of Technology - Code of Conduct

"We have sought to respond constructively to the initiative of the G-77 and the UNCTAD Secretariat for a Code of Conduct. As set forth in the Group B opening statement at the United Nations Conference this fall, we agree fully that a Code of Conduct with benefits for all would constitute an important instrument for promoting and facilitating the international transfer of technology. Developed countries, however, generally view the Code in the wider context of global interdependence in the flows of trade, investment and technology and of the equally important needs of all countries to strengthen basic technological capabilities.

"We believe that the Code should enhance a mutually beneficial climate for technology transfer. To this end, the Code should address, in a balanced manner, the conduct of both governments and commercial parties, its provisions should be consistent with the necessary freedom of the parties to negotiate the terms and conditions of their transactions. It is also our view that the Code should not serve to diminish economic and legal incentives for the generation and dissemination of technology. In respect of the Code's legal nature, it is our position that voluntary guidelines, with appropriate arrangements for overview and review, offer the only prudent and workable basis for agreement, given the complexity and novelty of the subject, its dynamic and diverse nature and the fundamental importance and far-reaching implications of some of the questions addressed. These guidelines would thus be intended to identify uniform expectations of conduct to supplement, not substitute for, relevant national law.

"We believe that the resumed United Nations Conference in the fall of 1979 could make further progress on the Code along the above lines, that UNCTAD V the prospects of universal agreement on a Code of Conduct will be served best by a spirit of pragmatism and moderation, by reasoned and measured dialogue.

/"Under

"Under the heading of External Financing and Monetary Problems, the CEGAN document contains a number of suggestions drawn up from the G-77 Arusha Declaration. The proposal that developed countries should finance the SDR component of IMF quota increases for developing countries we feel is neither practical nor necessary because an SDR portion of quota subscriptions does not reduce a country's reserve assets. Moreover, such action could adversely effect the smooth functioning of the SDR. The US does agree with the position favouring evolution of the SDR toward becoming the principal reserve asset in the world monetary system.

"We would not favour creation of new institutions or facilities for balance-of-payments financing. The IMF is the appropriate institution for dealing with balance-of-payments problems and has effective arrangements for assisting countries experiencing difficulties. The new IMF guidelines on conditionality are responsive to the concerns expressed by many members, including developing countries and take into account the changing international economic situation and the special characteristics of member countries.

"We believe that policy conditionality is essential to ensure adjustment and stabilization of a country in payments disequilibrium and to maintain the financial viability of the fund.

"The US favours an effective IMF surveillance of exchange rate systems and supports a strengthening of the Fund's ability to promote a balanced and symmetrical functioning of the adjustment process.

"The CEGAN suggestion for modification of the IMF compensatory financing facility is one of several ideas on this subject. A more comprehensive analysis of the CFF is required before any decision can be made on whether or not further changes in the facility are warranted. The institution of a link between SDR and development financing would be inconsistent with the monetary character of the IMF and damaging to the development of the SDR as the principal reserve asset. The US, therefore, continues to oppose this idea. Past discussions on an IMF subsidy account have failed to reach agreement; however, the US agrees to further IMF study of the idea.

"In recent years the voice of developing countries in IMF decision-making has increased considerably and, where appropriate, developing country quota and voting shares should be increased to reflect those member's increased relative economic position.

"We do not believe that the convening of an international conference on currency reform is desirable. The IMF is the appropriate forum for negotiations and decisions in monetary issues and, indeed, discussion of monetary issues occurs continuously in the fund.

Graduation

"The CEGAN Report states that the multilateral public resources are not increasing at the rate required; actually, lending from the IBRD and the IDB has been growing significantly in real terms. And, Latin America received more of the IBRD's loans last year than any other developing region.

"It is true, however, that public financial flows have constituted a falling share of total external resources flowing to Latin America; but that is a reflection of Latin America's growing ability to tap private financial markets. With the growing diversity in sources of external finance available to Latin America, it is only fair that nations of the region, which are able to do so, gradually relinquish their call on scarce concessional lending to poorer countries /and regions of the world/. The principle of gradualism is not one of discrimination against countries who have achieved some developmental success, but rather is a principle ensuring that the bulk of available development assistance is channelled to those who need it most.

Massive Transfers

"As part of a real system of gradualism, we welcome study of various ideas which have been presented for increasing financial flows to middle-income countries.

"There are a variety of proposed schemes and care must be taken to identify which proposal we are talking about.

"In general, we are interested in learning more about the mechanics of each proposal, bearing in mind that what is important is (1) who finances the transfer (2) who benefits either directly or indirectly, and (3) what is the effect on other types of flows.

"The Mexican proposal, which was given a preliminary examination in the IMF-IBRD Development Committee, requires further study on its technical merits. In particular, potential cost and benefits of the third-party guarantee mechanism to enhance marketability of longer-term bonds merits careful considerations.

"Additional questions are: Would it serve to increase overall access or merely improve the terms for a few countries? Would it increase total flows? How can it be related to projects? How does it differ from co-financing or partial MDB guarantees?

"The US stands ready to join with its hemispheric neighbours in facing the third development decade with a renewed resolve, maintaining the regions growth momentum, and ensuring that the benefits of that growth become available to all."

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

DRAFT RESOLUTIONS APPROVED BY COMMITTEE I
FOR CONSIDERATION BY THE COMMISSION

CHARTER OF ECONOMIC AND SOCIAL RELATIONS OF LATIN AMERICA

Draft resolution submitted by the delegations of the countries of Latin America

The Economic Commission for Latin America,

Considering that the developing member countries of the Commission have stated in United Nations General Assembly resolution 3202 (S-VI) that "collective self-reliance and growing co-operation among developing countries will further strengthen their role in the new international economic order", and that they have likewise confirmed their decision to strengthen and expand mutual co-operation and economic integration among them by expressing their adherence to the general principles and programme statements of the Charter of Economic Rights and Duties of States adopted in General Assembly resolution 3281 (XXIX), and in particular to the content of articles 21 and 23 of that instrument,

Taking into account that in accordance with the previous statements of the Commission, in resolution 363 (XVII), it decided to instruct the secretariat to adopt the necessary institutional arrangements to promote co-operation among developing countries of the region and also, in its resolution 365 (XVII), after acknowledging for the Latin American countries how necessary it is "to take integrated action through co-operation efforts designed to lend impetus to the action of the individual countries and strengthen the position of Latin America as a whole in its relations with the rest of the world", decided to request the secretariat to organize a technical seminar on Latin American integration and co-operation,

Taking into account also that in the past decade the programmes of economic co-operation and integration among the Latin American countries have been considerably expanded and diversified in response to the purpose of strengthening intra-regional economic relations and adopting concerted means of action to deal with common problems in the promotion of their economic and social development,

Recognizing that the intensification and expansion of economic co-operation and integration among the Latin American countries, on the basis of the organic statement of their general principles and objectives, constitute basic factors for the consolidation of regional solidarity,

Reaffirming that all efforts aimed at expanding and improving economic integration and co-operation among the Latin American countries signify the strengthening of the unity of action of these countries for the establishment of the New International Economic Order,

Bearing in mind that the principles and machinery which direct and regulate economic relations among the Latin American countries must be strengthened and adjusted so as to ensure a fair distribution of advantages and resources, with due consideration of the external and internal needs of the countries, and particularly the problems of the relatively less developed countries,

Decides:

To instruct the Executive Secretary of the Commission, on the basis of technical analyses already made of the regional and subregional co-operation and integration processes and bilateral economic relations, to make a compendium of these analyses and prepare a study for submission at a special meeting of Latin American experts convened in co-ordination with SELA during 1980, to enable the Latin American governments to determine the desirability of drawing up a "Charter of Economic and Social Relations of Latin America" or some other instrument which will

contribute to identifying the bases for a fair and just Latin American economic order for the region, in keeping with the Charter of Economic Rights and Duties of States and the proposals by the region and the developing countries for the establishment of a New International Economic Order;

To ask the Executive Secretary of the Commission, in undertaking the above tasks, to request the views of the Latin American governments and hold consultations with the institutional bodies responsible for the regional and subregional co-operation and integration systems;

To request the Executive Secretary of the Commission, with the aim of guaranteeing the best possible results for this meeting, to promote it as widely as possible and provide appropriate motivation, in order to obtain the effective participation of all the countries of the region.

STUDY ON MACHINERY FOR SECURING RESOURCES FOR
NATURAL RESOURCE DEVELOPMENT

The Economic Commission for Latin America,

Considering the need to reduce the Latin American countries' external dependence and to strengthen the control and participation of the public sector and Latin American public and private enterprises in the exploration and development of natural resources,

Taking into account the fact that this would increase the possibility of applying policies which more fully meet the needs of each country,

Bearing in mind that greater national capacity in the fields of technology, administration and financing is required for this purpose,

Recognizing that this would also make it possible to apply technologies and production arrangements which are more suited to the characteristics of the Latin American countries,

Affirming that Latin American co-operation can make a very important contribution to the attainment of these objectives by combining the efforts of the Latin American countries to use domestic resources and secure external resources, spread the risks by encompassing a wider range of goods and sectors, and pool technical and financial efforts in such a way as to achieve a scale of operations in keeping with the very large investments required,

Concluding that the international systems for financial and technical co-operation have failed to devote sufficient attention

and resources to the identification, evaluation and development of the extensive natural resources of Latin America, which remain in the state of unexplored reserves, and that in practice our countries have been left to their own devices or, worse, have been obliged to rely on the transnational corporations for the development of this potential, on terms which have not always been the most favourable for our interests and needs,

Decides to entrust the CEPAL secretariat, in consultation with the governments of the region, with the task of carrying out a study to recommend machinery for securing resources to help finance the investments essential for the full use of the natural resources of the Latin American region. The study should contain alternative proposals on the volume and origin of the resources, the possible conditions and arrangements for operation ways of co-ordinating activities with other machinery, and the most suitable systems of administration.

PROTECTIONISM IN DEVELOPED COUNTRIES

The Economic Commission for Latin America,

Considering that:

1. The growth and diversification of the exports of the developing countries are of the greatest importance for boosting the growth of their economies and thus contributing to solving their problems of structural unemployment and the low incomes of the poorest strata,
2. Protectionism is a growing phenomenon in the developed countries and, in the majority of cases, is selective and discriminatory against the developing countries in applying harsher restrictions than on imports from other developed countries,
3. The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,
4. The medium- and long-term solution to protectionism lies in the restructuring of industry, which should be effected within the developed countries with the full participation of the developing countries, which would help to make the international economy and trade more dynamic,
5. The readjustment measures applied by the developed countries are used exclusively to make their inefficient industries more competitive,

6. This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves, by reducing the purchasing power of the developing countries;

7. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

8. The principle of the maintenance of the status quo has not been observed by the developed countries as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV),

Bearing in mind the above considerations and the growing concern on the part of the developing countries at the increase in protectionism in the developed countries,

1. Urges

a) the developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries, to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;

b) the developed countries to replace the protectionist measures by effective assistance programmes and policies for medium- and long-term reconversion on the basis of clear economic and other indicators, so as to avoid protecting inefficient industries and to facilitate a balanced restructuring of world industry;

c) the member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; these would

be implemented through the elimination programmes referred to in operative paragraph 1 (a), while the present and future machinery established within UNCTAD should be strengthened and used intensively;

(d) the developed countries not to continue to apply de facto concepts such as "selectivity" which are not accepted by the international community and not to encourage the application to the developing countries of the concept of "graduality" in the relevant forums in the areas of trade and finance;

(e) the developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures, including those agreed upon by the developing countries in Arusha, during the Fourth Ministerial Meeting of the Group of 77.

(f) the member countries to promote the supervision and analysis of the implementation of the programmes and policies referred to in operative paragraph 1 (b) within the context of UNCTAD and UNIDO, and other relevant forums;

2. Underlines the desirability that the developing countries of the region which are affected, without prejudice to the bilateral measures they may deem advisable, should define in consultation with the rest of the Latin American countries concerned a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action could include voluntary economic, financial or trade measures such as:

(i) application of equivalent trade treatment to exports originating from developed countries;

(ii) the laying down of guidelines to restrict or encourage imports from a certain developed country or countries;

- (iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;
- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination, in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

4. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

Reservation by the United States

The United States delegation considers that this resolution suffers from imbalance, since it only refers to the protectionism of the developed countries. Furthermore, it considers that the actions it recommends the CEPAL secretariat to take would constitute a duplication of those already performed by other international and regional bodies. In the opinion of the United States delegation, the resolution should have contained at least the following points:

- (1) Protectionist pressures have been increasing globally as a result of economic difficulties. They exist in both developed and developing countries, and damage both; and
- (2) Fighting protectionism requires co-operative adjustments by both developed and developing countries and, as relatively stronger economies which collectively have a very large impact on the world trading system and on developing economies, the developed countries have a special responsibility to avoid restrictive measures which hurt developing countries.

Bearing in mind the above, the CEPAL secretariat should give special attention to the continuing work being carried out in international and regional bodies on protectionist measures in the international trading system, especially measures that affect or may affect exports from developing countries of the region.

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

The Economic Commission for Latin America,

1. Reiterating that the formulation of the new International Development Strategy should be based on the concepts of the New International Economic Order contained in General Assembly resolutions 3201 and 3202 (S-VI), which constitute the Declaration and Programme of Action thereof, and in resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States, as laid down in General Assembly resolution 33/193, which formulates the guidelines for its preparation;
2. Recalling that General Assembly resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase in the transfer of resources in real terms on a predictable, reliable and continuous basis, organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology, and encouragement of the development

of domestic technological capabilities, and noting that the preparatory committee set up under that resolution has already begun its work;

3. Further recalling that the resolution emphasizes that the new Strategy should reflect, in an appropriate manner, the need for

"adequate policies for the promotion of social development to be defined by each country within the framework of its development plans and priorities and in accordance with its socio-economic structure and stage of development, taking into account that the final aim of development must be the constant increase of the well-being of the entire population on the basis of its full participation in the process of development and a fair distribution of the benefits therefrom",

as well as other provisions of the resolution relating to the mobilization of national resources, the integration of women and youth, and the protection of the environment, and also bearing in mind the proposal contained in this resolution that the new Strategy should "contribute to the promotion of the objective of national and collective self-reliance of the developing countries, especially through the promotion and support of economic and technical co-operation among themselves,

4. Bearing in mind that this resolution requests the regional economic commissions to contribute effectively to the preparatory work for the new Strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the same resolution, and that it also requests the Executive Secretaries of the regional economic commissions to bring their respective experience to bear on the preparation of their inputs for the formulation of the new Strategy, taking fully into account the different levels of development and the differing development situations of their respective regions,

5. Considering that in the context of this General Assembly resolution and the problems affecting Latin American development it is incumbent on CEPAL to contribute to the preparation of the new Strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries and will at the same time take account of the topics and objectives which are of transcendental interest for the solution of the various economic development situation of the countries of the region, and that once the new Strategy has been adopted by the General Assembly, CEPAL should promote its implementation at the regional level and organize itself to carry out the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new Strategy,

6. Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a New International Economic Order, these have not been sufficient to boost the development of the developing countries due, inter alia, to the obstacles deriving from the policies and measures imposed by the industrialized countries and the acceleration of the remittance of profits outside the region and other negative practices of the transnational enterprises, with the result that Latin American development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years.

This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an internal and external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third International Development Strategy, for the problems created by the application of strategies unsuited to the characteristics of the region:

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; situations of intolerable extreme poverty and indigence; marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the self-determination that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the performance of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the agreements adopted at the Mexico City Conference on Economic Co-operation among Developing Countries on ECDC have not received sufficient support from the industrialized countries, particularly in UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including new measures which have come back and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The industrial redeployment assistance measures in the developed countries which are used to maintain inefficient industries adversely affect the interests of the developing countries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the developing countries do not participate;

(h) In practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order, such as grading, selectivity and access to supplies;

(i) International commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income.

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes, co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the new International Development Strategy as far as the countries of Latin America and the Caribbean are concerned.

7. Taking account of the secretariat documents and the biennial appraisals by CEPAL of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade - and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels - the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia:

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to come to naught. This requires the necessary structural changes in the functioning of the world economy in order to lead to the establishment of a

New International Economic Order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the development of the world economy; the elimination of protectionism; the reform of existing rules and procedures in the financial, trade and monetary field - particularly those of IMF and GATT - to ensure that due account is taken of the interests of the developing countries; the non-application of concepts contrary to the establishment of the NIEO, such as grading selectivity and access to supplies, the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology, and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region.

(b) An essential requisite for the development of the Latin American countries is that the developed countries should substantially improve access to their markets for primary, semi-manufactured and manufactured goods, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of developing countries. It is of vital importance to define and put into practice rules that will enable the developing countries to implement dynamic export promotion policies, establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries, and strengthen the Generalized System of Preferences and place it on a permanent footing;

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of

vigilance over the protectionist acts of the developed countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary, inter alia, that the developed countries should adopt effective measures for the redeployment of those sectors of industry requiring structural adjustment so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, which avoid protecting inefficient industries and facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices, bearing in mind that certain commodities have their own forums for negotiation. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve the stabilization and restructuring of the international commodity markets through the common fund and the essential complementary machinery, to establish working product agreements, to promote a higher level of processing of commodities in the producing countries themselves, and to secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) Transnational enterprises should comply with the guidelines defined by the fourth session of the Committee of High-Level Government Experts of CEPAL as regards transnational corporations is of the utmost importance for the Latin American countries;

(h) A fundamental reform of the international monetary system is urgently needed in order to promote world trade and development in an effective manner. To this end it is important to:

(i) Secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources and to promote and instrument the decisions adopted in order to make SDRs the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries;

(ii) At the next general review of quotas in the IMF definitive arrangements should be made for the linking of the creation of SDRs and development financing in two ways: a larger allocation of SDRs, over and above the size of the quotas of the developing countries, and the channelling of the allocations corresponding to the developed countries to multilateral and regional financial institutions;

(iii) The IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries. In addition, the compensatory

financing facility should be improved and expanded in order to compensate fully for the decline in the purchasing power of exports of the developing countries;

(iv) The promotion of the flow of real resources to the developing countries should be viewed as an integral element of an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally-induced balance-of-payments difficulties.

B. As regards economic, social and human development

Policies for promoting the development of the developing countries will be defined by those countries within the framework of their national development plans and priorities.

1. Economic development

(a) Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

Governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

(b) In the context of this integral process, it is necessary to promote changes in production and technology of such a nature as to ensure a process of growing diversification and integration of the national economies and lay sounder bases for future development;

(c) The growth of agricultural production must be speeded up, taking special account of the need to increase the availability of food in order to deal as rapidly as possible with the situation of poverty and indigence faced by great masses of the population of Latin America and the need to export in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using suitable methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of consumer goods, essential intermediate products and capital goods must be encouraged in order to ensure sustained economic growth and increase exports of manufactures in the context of a new structure of international trade;

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population;

2. Social and human development

(a) Economic growth is a necessary but not by itself a sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential.

(b) In this regard, the distribution of income and social consumption must be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which

exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in the programmes designed to improve their quality of life;

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one another;

(c) Economic and technical co-operation among the countries of Latin America and between them those of other developing areas should be fostered, in accordance with the guidelines of the Mexico City Conference on Economic Co-operation among Developing Countries and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. This requires the full and unconditional support of the industrialized countries and of the United Nations system,

Decides:

To request the secretariat:

(a) To intensify its studies designed to provide support to Governments in the formulation of the basic development objectives of the Latin American countries for the next decade and the orientation of the strategies and policies which should be considered in order to achieve those objectives at the regional and international levels in the context of a New International Economic Order;

(b) To prepare a regional action programme aimed at instrumenting the implementation of the Strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America and the Caribbean;

(c) To maintain permanent contact with the Latin American Group and with representatives of other governments in the Preparatory Committee in order to provide them with the technical information they need;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America and the Caribbean (World Bank, Regional Banks and UNDP) and their degree of utilization among the resources channelled to the region. The study should contain specific recommendations to improve the flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of the year and during the following year so that it may evaluate the progress made in the preparatory activities for the new Strategy carried out by the Preparatory Committee, and also the work of the Secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new IDS;

To recommend the member governments of the Commission:

(a) To participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the New Strategy;

(b) To collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

(c) In the case of the member governments of the developing countries of the region, to prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the Strategy as far as the Latin American countries are concerned;

To recommend that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentation and implementation of the New International Development Strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America and the Caribbean be proclaimed.

CO-OPERATION AMONG DEVELOPING COUNTRIES AND AMONG
DEVELOPING REGIONS OF DIFFERENT
GEOGRAPHICAL AREAS

The Economic Commission for Latin America,

Taking note of United Nations General Assembly resolutions 32/183 of 19 December 1977 and 33/134 of 19 December 1978 regarding the United Nations Conference on Technical Co-operation among Developing Countries, and resolution 32/182 of 9 December 1977 on technical co-operation among developing countries,

Likewise taking note of United Nations General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on economic co-operation among developing countries,

Recalling General Assembly resolutions 2688 (XXV) of 11 December 1970 on the capacity of the United Nations development system, especially its provisions on the establishment of priorities, and 3405 (XXX) of 28 November 1975 on new dimensions of technical co-operation, in particular its aspects related to technical co-operation among developing countries, and Economic and Social Council resolution 1978/74 on regional co-operation and development,

Bearing in mind the recommendations of the Conference on Economic Co-operation among Developing Countries, held in Mexico City from 13 to 22 September 1976, and especially those addressed to the regional commissions,

Also bearing in mind the Action Programme for Economic Co-operation and the relevant resolutions adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries (Colombo, 16-19 August 1976), as well as the recommendations made on this subject by the Conference of Foreign Ministers of Non-Aligned Countries (Belgrade, 25-30 July 1978),

Also mindful of the first short- and medium-term plan of action for global priorities regarding economic co-operation among developing countries adopted at the Fourth Ministerial Meeting of the Group of 77 (Arusha, February 1979),

Finally bearing in mind the report of the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires from 30 August to 12 September 1978, which saw the emergence of a movement of the developing countries aimed at putting into effect new arrangements for co-operation based on national and collective self-reliance,

Considering that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries and the resolutions adopted at that Conference contain recommendations addressed to the regional commissions which refer explicitly to their role at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas, 354 (XVI) of 13 May 1975 on technical co-operation among developing countries and 363 (XVII) of 5 May 1977 on co-operation between developing countries and regions of different geographical areas,

Recognizing the need to stimulate technical and economic co-operation among the countries and groups of countries of the region and to strengthen the subregional and regional institutions as appropriate means of enhancing the development of the countries of the region,

Also recognizing the importance of forging closer and stronger links of technical and economic co-operation with other developing regions,

Fully aware that the effective implementation of the recommendations contained in the Buenos Aires Plan of Action calls for the combined efforts of all the bodies, organizations and agencies, both subregional and regional and those of the United Nations system; and especially the United Nations Development Programme,

Taking note with satisfaction of the views expressed by various delegations on the subject and the efforts initiated by the secretariat to carry out interregional co-operation activities with other regional commissions and to identify programmes designed to promote co-operation relations at the subregional, regional and interregional levels,^{1/}

1. Urges the governments of the developing member countries of the Commission to intensify their intra-regional mutual co-operation programmes and projects and take the necessary steps to put into effect the recommendations of the Buenos Aires Plan of Action and resolutions relating to the national level;
2. Exhorts the governments of the developed member countries of the Commission to make contributions for technical co-operation

^{1/} See document E/CEPAL/1063 of 8 March 1979.

activities among developing countries, without prejudice to the existing programmes, as was recommended in the Plan of Action and resolution adopted in Buenos Aires:

3. Recommends the Governing Council of the United Nations Development Programme to expedite the measures for ensuring a favourable response to the joint formulation of priorities for the the developing countries of the region, in order to use the regional indicative planning figures:

4. Requests the Executive Secretary of CEPAL to:

(a) Take the necessary steps, as far as CEPAL is concerned, to put into practice the recommendations of the Plan of Action and resolutions adopted in Buenos Aires addressed to the regional commissions, and to that end draw up, where necessary, formal co-operation or other agreements with the United Nations Development Programme and other bodies, organizations and agencies, both subregional and regional, and those of the United Nations development system, taking due account of their respective spheres of competence and mandates:

(b) Consult the Administrator of the United Nations Development Programme (UNDP) with the aim of reviewing the practices in force in order to give the most positive response possible to the joint formulation by the developing countries of priorities for the use of regional indicative planning figures, through their appropriate intergovernmental organizations, including the regional commissions or other agencies of the United Nations system, or with their support:

(c) Provide the necessary co-operation for the activities, programmes and projects of the United Nations Development Programme in order to achieve the purposes and objectives of technical co-operation among developing countries:

(d) Participate actively in the work of the high-level meetings of representatives of all States participating in the United Nations Development Programme, as was recommended in the Buenos Aires Plan of Action;

(e) Establish in the secretariat appropriate servicing machinery directly responsible for promotion, information and co-ordination activities related to technical and economic co-operation among developing countries;

(f) Include the subject of technical and economic co-operation among developing countries in the research work of the secretariat and the agendas of the intergovernmental and specialized meetings convened by the secretariat, whenever the subject of the research or of the meeting permits;

5. Notes with satisfaction and approval the decision of the Executive Secretaries of the Economic Commission for Africa and the Economic Commission for Latin America to carry out interregional technical and economic co-operation activities between Africa and Latin America in the areas of trade, training and science and technology;

6. Also notes with satisfaction and approval the arrangements being made between the Executive Secretary of the Economic and Social Commission for Asia and the Pacific and the Executive Secretary of CEPAL, in conjunction with the Government of India, to organize a meeting in New Delhi at the beginning of next June, to be attended by representatives from Latin American countries and India, with a view to promoting technical co-operation between Latin America and India within the framework of the principles and objectives of TCDC adopted by the developing countries in the respective forums;

7. Urges the governments and the intergovernmental, subregional and regional organizations of the developing member countries of the Commission to take an active part in the aforementioned interregional activities with the aim of encouraging and strengthening the links between the different geographical regions of the developing world through joint mutual co-operation programmes and projects;
8. Expresses its gratitude to the Government of the Netherlands for the generous special contribution recently made to the secretariat of the Commission to promote economic and technical co-operation activities among developing countries;
9. Decides that the question of co-operation among developing countries and regions should be examined at each session of the Commission by a sessional committee, prior consultation with the Governments, for the purpose of examining the intra-regional and interregional co-operation activities carried out by the secretariat of the Commission with a view to formulating appropriate support measures to promote such co-operation;
10. Further decides to strengthen its support for the activities of the intergovernmental, subregional and regional organizations of the developing member countries of the Commission, especially SELA.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Reservations to the resolution:

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

United States reservations

The United States delegation regrets that, because of the inability of the Committee to engage in a real discussion and negotiation of the proposals made on the International Development Strategy, the reservations of the United States Government on this resolution are much greater than would have otherwise been the case. Some of the reservations dealt with substantive differences on which agreement is probably not possible at this time. The position of the United States on those substantive issues were stated by the United States representative during the meeting and are contained in the United States reservation to the La Paz Appraisal. However, some reservations concern language, often unnecessarily abrasive, that was not essential to the specific proposal provision. In some instances reservations appear because of an absence of serious dialogue on the analytic provisions of the resolution and the insistence of some of the Latin American countries that the resolution only reflect their own views.

Resolution 33/193 affirms that the new international development strategy should be formulated "within the framework of the New International Economic Order". Regarding

paragraph 1, as the United States did not vote for resolutions 3201 and 3202 (S-VI) and resolution 3281 (XXIX), it cannot commit itself to the formulation of the New International Development Strategy based solely on the concepts of the New International Economic Order as defined in these texts:

It should be noted with regard to paragraph 2 that GA Res. 33/193 refers to special and preferential trade treatment for developing countries where feasible and appropriate.

The United States rejects the incorrect and unfair statements regarding the industrialized countries and transnational enterprises and regarding the effects of trade and investment contained in paragraphs 6, 6(a), 6(b), 6(d), 6(f), and 6(i). The implication of paragraph 6(e) that the industrialized countries have hampered economic co-operation among developing countries is false. Paragraph 6(h) runs counter to international efforts to help the poorer and economically disadvantaged developing countries.

Section A, "As regards international co-operation", of the resolution is unacceptable for the reasons already cited in COM.I/5/Rev.1.

The United States cannot agree with vague and unspecific calls for support, as in paragraph C(c). Negotiation might have clarified this point.

The United States does not object to the study called for in operative paragraph (e), but such a study should include the financing for the production and exploitation of commodities available from private sources in order to be fully relevant to the needs of developing countries.

Statement by the Delegation of the Netherlands concerning resolution I/7

The Delegation of the Netherlands does not wish to detract from the importance of resolution I/7 on the preparations and contributions by CEPAL for the formulation of the New International Development Strategy for the development decade, whose origins and terms are influenced by the results obtained at the latest meeting of the Group of 77 in Arusha. The delegation wishes to state that it is able to accept its operative part. With regard to the preamble, the delegation is of the opinion that it expresses some view points which do not necessarily coincide with the opinion of the Netherlands concerning the new development strategy, since the formulation of the strategy is to be the object of world negotiations to be held shortly in order international forums.

United Kingdom reservation

The United Kingdom delegation stated that, although in agreement with the operative part of the resolution, it wished to reserve its position on the following paragraphs: 1, 6, 6(a), 6(e), 6(f), 6(h), 6(i) and the paragraph following 6(i) of the preamble. It also reserved its position on paragraphs 7(a), 7(b), 7(c), 7(d), 7(e), 7(g) and 7(h).

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REPORT OF COMMITTEE I

I. ORGANIZATION OF WORK

1. Committee I was responsible for examining items 3 and 4 of the agenda of the eighteenth session of the Commission and for studying the relevant draft resolutions for subsequent adoption by the Commission. Discussions took place from 18 to 24 April 1979.
2. Representatives of 27 member States of CEPAL attended the Committee: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, the Netherlands, Nicaragua, Paraguay, Peru, Suriname, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela.
3. The following specialized agencies and other bodies of the United Nations were represented: United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), United Nations Fund for Population Activities (UNFPA), Intergovernmental Maritime Consultative Organization (IMCO) and World Intellectual Property Organization (WIPO).

The following intergovernmental organizations also attended the meeting: Latin American Free Trade Association (LAFTA), Inter-American Development Bank (IDB), Organization of American States (OAS), Latin American Economic System (SELA), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), Institute for Latin American Integration (INTAL), Central American Institute for Industrial Research and Technology (ICAITI), Commission of the European Communities (CEC), Inter-American Commission of Women (CIM), Latin American Institute of Agricultural Sciences (IICA) and Ibero-American Co-operation Centre.

4. The representative of Ecuador was elected Chairman of the Committee; Jorge Ortiz and Washington Herrera replaced Francisco X. Swett Morales in leading the discussions. The First Vice-Chairman was Ramiro León Torres, Cuba; the Second Vice-Chairman was Aly Luis Ipres Corbat, Argentina and the Rapporteur, Pedro Luis Echeverría, Venezuela.

II. ACCOUNT OF PROCEEDINGS

The economic and social development and external economic relations of Latin America

(Agenda item 3)

5. Consideration of agenda item 3 began with a statement by the Deputy Executive Secretary of the Commission, who presented to the delegates document E/CEPAL/1061, The economic and social development and external economic relations of Latin America, dealing with the main features of the economic and social process. He also referred to the main questions dealt with in document E/CEPAL/1076, Long-term trends and prospects of development in Latin America. The Director of the Trade Policy Division then presented document E/CEPAL/1061/Add.1, which contains an analysis of the region's external economic relations.

6. Next, the representative of Ecuador introduced the document prepared at the Fourth Meeting of the Committee of High-Level Government Experts, held in Quito, Ecuador, from 12 to 16 March 1979, laying special emphasis on the main aspects of chapter III, "Latin America's priorities for the 1980s".

7. Following the presentation of the document, it was agreed that it should serve as a basis for the work of Committee I on agenda item 3. Several representatives of Latin American countries then explained the nature and scope of the document, and said that they attributed great importance to the views to which it might give rise among the developed member countries

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of the Commission. Some representatives of non-Latin American countries expressed their opinions on the document, referring both to its intrinsic value and its importance as an expression of the thinking of the Latin American countries; they also observed, however, that their first impression was that it would be difficult to agree with some of its conclusions and that they would submit their reservations in writing.

8. A representative of a developed country said that the report under consideration would be an interesting and useful contribution to the reflexions on the preparation of a new development strategy. He said that since he interpreted the document as a contribution by the member countries of CEGAN, he was not suggesting any amendments, but added that the reservations of his delegation and the member countries of the European Economic Community would be expressed during the general debate.

9. Another representative of a developed country recognized the effort involved in the preparation of the CEGAN document and noted some concepts in it with which her delegation was in agreement, but said that her country had reservations as regards some points in the text, particularly with reference to protectionism, transnational corporations, the Generalized System of Preferences, commodities, the multilateral trade negotiations, the transfer of technology and the principle of grading.

10. A representative of a Latin American country expressed appreciation of the opinions expressed with regard to the CEGAN document and of the fact that the developed member countries of the Commission had mentioned some points of agreement with the concepts expressed in the document, for example with reference to integral development. He said, however, that his delegation was concerned that no new steps had been taken with regard to the criteria expressed, and he trusted that the present exercise would contribute to a major effort of understanding for the future

/discussion of

discussion of these problems in new forums, such as the next session of UNCTAD (UNCTAD V).

11. The representative of IDB regretted that the document made no mention of that Bank among the financial co-operation mechanisms existing in Latin America, particularly as it was an institution in which the Latin American countries had extensive decision-making powers.

12. The representative of WIPO (World Intellectual Property Organization) informed the countries of the region that their active participation in the Conference of Plenipotentiaries to revise the Paris Convention could ensure that the modifications to it safeguarded the interests of Latin America.

13. Taking as a basis the document prepared by the Fourth Meeting of the Committee of High-Level Government Experts, the text of which, as amended by the group of Latin American countries of the Commission, was contained in Conference Room Paper GL/17 and in the addendum and two corrigenda to it, a draft resolution entitled Fourth Regional Appraisal of the International Development Strategy and the Establishment of a New International Economic Order was prepared for consideration by the plenary of the Commission. This draft resolution is given in Part Three of this report, together with the comments made on the Appraisal by the delegations of Canada and the United States.

14. Under the same agenda item, the Committee approved a draft resolution on the charter of economic and social relations of Latin America, and another draft resolution entitled "Study on machinery for securing resources for natural resource development", both submitted by the delegations of the countries of Latin America. The two draft resolutions appear in part III of the present report, together with the reservation entered by the United States in respect of the second of them.

/15. The

15. The Committee also considered a draft resolution submitted by the Latin American countries on protectionism in developed countries. In the discussions of this draft, the representative of the United States expressed reservations concerning the draft and offered to meet with its sponsors in order to reconcile the differences between it and a draft resolution which the United States delegation had itself submitted on the matter. Two Latin American representatives said that while the Latin American group had always been willing to discuss its differences with the developed countries, in the present case the differences were irreconcilable. In response to an enquiry by the Chairman, the United States delegation decided to withdraw its proposal and record its views in a reservation. The United Kingdom representative also reserved his delegation's position on the text. The representative of Canada said that some of the provisions of the draft duplicated tasks already entrusted to UNCTAD. The representative of France said that the situations referred to in one of the preambular paragraphs were due not to protectionism but to unfavourable international circumstances, and entered a reservation regarding the resolution. The representative of the Netherlands said that his delegation's position on the draft would be outlined when it was considered in the plenary. After a discussion the Committee approved the draft resolution and agreed to append to the text the reservations expressed by the representatives of the United States and France. The draft resolution and the reservations appear in part III of the present report.

16. Finally

16. Finally, under this agenda item consideration was given to the draft resolution on CEPAL's preparations for and contributions to the new International Development Strategy for the third United Nations Development Decade, submitted by the delegations of the Latin American countries. Some developed countries expressed their reservations with respect to several aspects of the draft resolution. By common consent of both groups of delegations, a working group was set up to examine the differences in greater detail. The Latin American group presented a number of modifications aimed at embodying those comments on which agreement seemed possible. Once those comments had been analysed by the delegations of the developed countries, they expressed their appreciation of the efforts made, but said that there were still points on which they maintained reservations. The resolution was approved, including the reservations in connexion with those points on which it was not possible to reach a common position. It should be stressed that all the delegations approved by consensus the operative part of the proposed text. This resolution and the corresponding reservations appear in part III of the present report.

17. Concerning the CEGAN meetings mentioned in the operative part of the resolution on the IDS, the delegations of the Latin American countries pointed out that the Office of the Executive Secretary of CEPAL should do its utmost to inform governments of the date of meetings three months in advance, and it should also dispatch the documents six weeks in advance, in accordance with the Rules of Procedure of CEPAL.

/Co-operation among

Co-operation among developing countries and regions

(Agenda item 4)

18. Introducing document E/CEPAL/1063, a member of the secretariat gave a general outline of its content and emphasized that TCDC was carried out both between countries and groups of countries in the same region and between countries and group of countries from different regions. He underlined the importance of the subject, with regard to which the General Assembly, the Economic and Social Council and the regional commissions had, in many resolutions, urged the countries to promote both technical and economic mutual co-operation. He also mentioned that CEPAL was establishing the necessary machinery in the secretariat to comply with the recommendations of the Buenos Aires Plan of Action, that the research and analysis activities carried out by the secretariat would include a TCDC and an ECDC dimension, and that the subject would be included, when appropriate, in the agendas of the meetings convened by CEPAL. Finally, the Committee was informed that the CEPAL system, including the specialized activities of ILPES and CELADE, was ready to serve as an intermediary in the TCDC promotion activities which the countries might wish to initiate.

19. Several representatives congratulated the secretariat on the document submitted, and expressed appreciation for the initiatives taken with a view to promoting intraregional and interregional co-operation.

20. One representative considered that document E/CEPAL/1063 provided a basis for the implementation of the agreements reached by the Buenos Aires Conference on TCDC in the technical and economic spheres. He also emphasized the importance of TCDC at the interregional level, especially with regard to Africa and Asia. As regards the latter region, he considered the steps taken in the field of co-ordination with India to be very positive. He underlined the importance of the Buenos Aires Plan of Action and the significance of the forthcoming Summit Meeting of Non-aligned Countries, which would deal with issues related to technical and economic co-operation among developing countries.

/21. Another

21. Another representative said that TCDC was one of the fundamental instruments of Latin American development, and a corner-stone for the implementation of the New International Economic Order. He emphasized that co-operation among developing countries did not replace multilateral international co-operation efforts, but oriented them according to the priorities of the developing countries. The basic framework for horizontal co-operation had been laid down, starting in 1976, by the conference on Economic Co-operation among Developing Countries, held in Mexico City, the Fifth Conference of Non-aligned Countries, and the Fourth Ministerial Meeting of the Group of 77, held in Arusha, among others, all of which had developed concepts which helped to provide a basis for secretariat document E/CEPAL/1063. He indicated the need to secure increasing resources from the multilateral financial institutions for TCDC activities, and said that CEPAL and SELA could carry out studies to identify the characteristics of each of the topics in the Buenos Aires Plan of Action and encourage meetings of Latin American countries on the subject.

22. Another representative placed special stress on the fact that the new TCDC activities to be carried out by CEPAL required resources additional to those of the regular CEPAL budget, and said that those resources should be obtained from UNDP and from voluntary contributions from governments, highlighting the role that should be played by the developed countries in the latter case.

23. Another representative expressed satisfaction at CEPAL's action in support of TCDC, in view of the importance of that type of co-operation as a fundamental tool for advancing other types of co-operation, particularly economic co-operation, and also in view of the need to implement the Buenos Aires agreements. He added that CEPAL's role as a United Nations body was that of providing support for TCDC, and that accordingly it should act in accordance with the TCDC policies which the developing countries themselves should formulate individually and in organizations such as SELA.

24. Another representative said that the TCDC activities should be carried out in accordance with the principles of the Buenos Aires Plan of Action.

24. Another representative emphasized the need for co-ordination between CEPAL and other regional and subregional organizations in order to avoid duplication of effort and waste of resources.

25. One representative said that TCDC replaced the old vertical assistance schemes, and that action by CEPAL could provide substantial support for TCDC. TCDC, as an aspect of action by the United Nations, should not be reflected in a proliferation of administrative activities or of meetings, but in the identification of Latin America's possible contributions to national or regional technical co-operation projects. He underlined that the establishment of appropriate TCDC machinery in the secretariat should not involve additional expenditure.

26. The representative of a developed country member of the Commission, after congratulating the secretariat on the document submitted, said that the resolutions of the Buenos Aires Conference on TCDC enjoyed the full support of his government. He reported that his country had recently completed a major policy review relating to TCDC, and enumerated some concrete results to which the review had led. His country was willing to support machinery for action, but this should be financed through the redeployment of resources. Concerning resources for TCDC, he mentioned the need to make use of UNDP, bilateral contributions and resources from the region's middle-income countries.

27. The representative of a developed country expressed the view that the developing countries of the region should be involved, through the regional commissions, in the joint setting of priorities for the use of regional co-operation funds.

28. Another representative said that he was particularly pleased at the progress made in the field of technical co-operation with other regions, and stated that Latin America could undertake a fruitful exchange with other developing areas since it was in a position that enabled it to establish useful relations with them. He further stated that CEPAL and ECA could play a catalyst role, contributing to the exchange and strengthening of the capacities of the Latin American and African countries.

29. The Executive Secretary of CEPAL thanked the countries for their comments on the document presented by the secretariat and said that TCDC also meant a change of attitude in the international agencies and in the governments themselves, consisting of the replacement of the traditional form of co-operation by a new style in which CEPAL could act as a catalyst and the governments as active agents. The regional commissions did not have a monopoly of that activity, and what was really important was to keep alive the impetus created by the Buenos Aires Conference on TCDC. He referred to the importance of the regional commissions in the field of interregional co-operation and said that the structure of those commissions made them particularly suited to such co-operation activities. He stressed the joint work by CEPAL and the Economic Commission for Africa and referred to the contacts already initiated with India, the purpose of which was to exchange opinions with a view to discovering the co-operation potential. With respect to resources, the governments would employ those available to them; CEPAL would reassign its own resources, and he was confident that UNDP would continue to provide its support, while a special contribution had been made by the Netherlands, for which he expressed his appreciation.

30. With respect to co-operation among developing countries, the Committee approved a draft resolution on co-operation among developing countries and regions of different geographical areas which appears in part III of the present report.

III. DRAFT RESOLUTIONS APPROVED BY COMMITTEE I
FOR CONSIDERATION BY THE COMMISSION

CHARTER OF ECONOMIC AND SOCIAL RELATIONS OF LATIN AMERICA

The Economic Commission for Latin America,

Considering that the developing member countries of the Commission have stated in United Nations General Assembly resolution 3202 (S-VI) that "collective self-reliance and growing co-operation among developing countries will further strengthen their role in the new international economic order", and that they have likewise confirmed their decision to strengthen and expand mutual co-operation and economic integration among them by expressing their adherence to the general principles and programme statements of the Charter of Economic Rights and Duties of States adopted in General Assembly resolution 3281 (XXIX), and in particular to the content of articles 21 and 23 of that instrument,

Taking into account that in accordance with the previous statements of the Commission, in resolution 363 (XVII), it decided to instruct the secretariat to adopt the necessary institutional arrangements to promote co-operation among developing countries of the region and also, in its resolution 365 (XVII), after acknowledging for the Latin American countries how necessary it is "to take integrated action through co-operation efforts designed to lend impetus to the action of the individual countries and strengthen the position of Latin America as a whole in its relations with the rest of the world", decided to request the secretariat to organize a technical seminar on Latin American integration and co-operation,

Taking into account also that in the past decade the programmes of economic co-operation and integration among the Latin American countries have been considerably expanded and diversified in response to the purpose of strengthening intra-regional economic relations and adopting concerted means of action to deal with common problems in the promotion of their economic and social development,

Recognizing that the intensification and expansion of economic co-operation and integration among the Latin American countries, on the basis of the organic statement of their general principles and objectives, constitute basic factors for the consolidation of regional solidarity,

Reaffirming that all efforts aimed at expanding and improving economic integration and co-operation among the Latin American countries signify the strengthening of the unity of action of these countries for the establishment of the New International Economic Order,

Bearing in mind that the principles and machinery which direct and regulate economic relations among the Latin American countries must be strengthened and adjusted so as to ensure a fair distribution of advantages and resources, with due consideration of the external and internal needs of the countries, and particularly the problems of the relatively less developed countries,

Decides:

To instruct the Executive Secretary of the Commission, on the basis of technical analyses already made of the regional and subregional co-operation and integration processes and bilateral economic relations, to make a compendium of these analyses and prepare a study for submission at a special meeting of Latin American experts convened in co-ordination with SELA during 1980, to enable the Latin American governments to determine the desirability of drawing up a "Charter of Economic and Social Relations of Latin America" or some other instrument which will

contribute to identifying the bases for a fair and just Latin American economic order for the region, in keeping with the Charter of Economic Rights and Duties of States and the proposals by the region and the developing countries for the establishment of a New International Economic Order;

To ask the Executive Secretary of the Commission, in undertaking the above tasks, to request the views of the Latin American governments and hold consultations with the institutional bodies responsible for the regional and subregional co-operation and integration systems;

To request the Executive Secretary of the Commission, with the aim of guaranteeing the best possible results for this meeting, to promote it as widely as possible and provide appropriate motivation, in order to obtain the effective participation of all the countries of the region.

STUDY ON MACHINERY FOR SECURING RESOURCES FOR
NATURAL RESOURCE DEVELOPMENT

The Economic Commission for Latin America,

Considering the need to reduce the Latin American countries' external dependence and to strengthen the control and participation of the public sector and Latin American public and private enterprises in the exploration and development of natural resources,

Taking into account the fact that this would increase the possibility of applying policies which more fully meet the needs of each country,

Bearing in mind that greater national capacity in the fields of technology, administration and financing is required for this purpose,

Recognizing that this would also make it possible to apply technologies and production arrangements which are more suited to the characteristics of the Latin American countries,

Affirming that Latin American co-operation can make a very important contribution to the attainment of these objectives by combining the efforts of the Latin American countries to use domestic resources and secure external resources, spread the risks by encompassing a wider range of goods and sectors, and pool technical and financial efforts in such a way as to achieve a scale of operations in keeping with the very large investments required,

Concluding that the international systems for financial and technical co-operation have failed to devote sufficient attention

and resources to the identification, evaluation and development of the extensive natural resources of Latin America, which remain in the state of unexplored reserves, and that in practice our countries have been left to their own devices or, worse, have been obliged to rely on the transnational corporations for the development of this potential, on terms which have not always been the most favourable for our interests and needs,

Decides to entrust the CEPAL secretariat in consultation with the governments of the region, with the task of carrying out a study to recommend machinery for securing resources to help finance the investments essential for the full use of the natural resources of the Latin American region. The study should contain alternative proposals on the volume and origin of the resources, the possible conditions and arrangements for operation ways of co-ordinating activities with other machinery, and the most suitable systems of administration.

Reservation by the United States Delegation on the Resolution Entitled "Study on Machinery for Securing Resources for Natural Resource Development"

The United States Delegation agrees with the wisdom of the basic objective underlying this resolution, to increase greatly investments in exploration and development of natural resources in Latin America.

However, the conclusion that "international systems for financial and technical co-operation have failed to devote sufficient attention to the natural resources field" is entirely judgemental and may be refused by reference to recent actions by the World Bank, and proposals by the Inter-American Development Bank, to increase investments in that area. The United States Delegation also objects to the contentious tone of that part of the concluding statement which mentions transnational corporations.

The United States Delegation feels that existing international financial machinery should prove sufficient as sources of investment capital in the natural resources area, and therefore sees no need for CEPAL, as implied as the resolution, to recommend new machinery for that purpose. We would, however, see some utility in asking the CEPAL secretariat to review present machinery, and recommend how that machinery might be better employed to foster development of the natural resources sector in Latin America.

PROTECTIONISM IN DEVELOPED COUNTRIES

The Economic Commission for Latin America,

Considering that:

1. The growth and diversification of the exports of the developing countries are of the greatest importance for boosting the growth of their economies and thus contributing to solving their problems of structural unemployment and the low incomes of the poorest strata,
2. Protectionism is a growing phenomenon in the developed countries and, in the majority of cases, is selective and discriminatory against the developing countries in applying harsher restrictions than on imports from other developed countries,
3. The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,
4. The medium- and long-term solution to protectionism lies in the restructuring of industry, which should be effected within the developed countries with the full participation of the developing countries, which would help to make the international economy and trade more dynamic,
5. The readjustment measures applied by the developed countries are used exclusively to make their inefficient industries more competitive,

6. This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves, by reducing the purchasing power of the developing countries,

7. Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

8. The principle of the maintenance of the status quo has not been observed by the developed countries as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV),

Bearing in mind the above considerations and the growing concern on the part of the developing countries at the increase in protectionism in the developed countries,

1. Urges

a) the developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries, to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;

b) the developed countries to replace the protectionist measures by effective assistance programmes and policies for medium- and long-term reconversion on the basis of clear economic and other indicators, so as to avoid protecting inefficient industries and to facilitate a balanced restructuring of world industry;

c) the member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; these would

be implemented through the elimination programmes referred to in operative paragraph 1 (a), while the present and future machinery established within UNCTAD should be strengthened and used intensively;

(d) the developed countries not to continue to apply de facto concepts such as "selectivity" which are not accepted by the international community and not to encourage the application to the developing countries of the concept of "graduality" in the relevant forums in the areas of trade and finance;

(e) the developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures, including those agreed upon by the developing countries in Arusha, during the Fourth Ministerial Meeting of the Group of 77.

(f) the member countries to promote the supervision and analysis of the implementation of the programmes and policies referred to in operative paragraph 1 (b) within the context of UNCTAD and UNIDO, and other relevant forums;

2. Underlines the desirability that the developing countries of the region which are affected, without prejudice to the bilateral measures they may deem advisable, should define in consultation with the rest of the Latin American countries concerned a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action could include voluntary economic, financial or trade measures such as:

(i) application of equivalent trade treatment to exports originating from developed countries;

(ii) the laying down of guidelines to restrict or encourage imports from a certain developed country or countries;

(iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the CEPAL secretariat should give special attention to the following tasks:

(i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;

(ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;

(iii) Examination in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

4. Requests the United Nations Development Programme (UNDP) to provide the CEPAL secretariat with the necessary financial support to undertake the activities mentioned above.

Reservation by the United States

The United States delegation considers that this resolution suffers from imbalance, since it only refers to the protectionism of the developed countries. Furthermore, it considers that the actions it recommends the CEPAL secretariat to take would constitute a duplication of those already performed by other international and regional bodies. In the opinion of the United States delegation, the resolution should have contained at least the following points:

- (1) Protectionist pressures have been increasing globally as a result of economic difficulties. They exist in both developed and developing countries, and damage both; and
- (2) Fighting protectionism requires co-operative adjustments by both developed and developing countries and, as relatively stronger economies which collectively have a very large impact on the world trading system and on developing economies, the developed countries have a special responsibility to avoid restrictive measures which hurt developing countries.

Bearing in mind the above, the CEPAL secretariat should give special attention to the continuing work being carried out in international and regional bodies on protectionist measures in the international trading system, especially measures that affect or may affect exports from developing countries of the region.

Reservation by France

The delegation of France expresses reservations with regard to the draft resolution on protectionism in developed countries. Some paragraphs express points of view which are not shared by this delegation, while others do not seem to reflect the true state of affairs.

PREPARATIONS AND CONTRIBUTIONS BY CEPAL FOR THE FORMULATION
OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE
THIRD UNITED NATIONS DEVELOPMENT DECADE

The Economic Commission for Latin America,

1. Reiterating that the formulation of the new International Development Strategy should be based on the concepts of the New International Economic Order contained in General Assembly resolutions 3201 and 3202 (S-VI), which constitute the Declaration and Programme of Action thereof, and in resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States, as laid down in General Assembly resolution 33/193, which formulates the guidelines for its preparation;
2. Recalling that General Assembly resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase in the transfer of resources in real terms on a predictable, reliable and continuous basis, organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology, and encouragement of the development

of domestic technological capabilities, and noting that the preparatory committee set up under that resolution has already begun its work;

3. Further recalling that the resolution emphasizes that the new Strategy should reflect, in an appropriate manner, the need for

"adequate policies for the promotion of social development to be defined by each country within the framework of its development plans and priorities and in accordance with its socio-economic structure and stage of development, taking into account that the final aim of development must be the constant increase of the well-being of the entire population on the basis of its full participation in the process of development and a fair distribution of the benefits therefrom",

as well as other provisions of the resolution relating to the mobilization of national resources, the integration of women and youth, and the protection of the environment, and also bearing in mind the proposal contained in this resolution that the new Strategy should "contribute to the promotion of the objective of national and collective self-reliance of the developing countries, especially through the promotion and support of economic and technical co-operation among themselves,

4. Bearing in mind that this resolution requests the regional economic commissions to contribute effectively to the preparatory work for the new Strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the same resolution, and that it also requests the Executive Secretaries of the regional economic commissions to bring their respective experience to bear on the preparation of their inputs for the formulation of the new Strategy, taking fully into account the different levels of development and the differing development situations of their respective regions,

5. Considering that in the context of this General Assembly resolution and the problems affecting Latin American development it is incumbent on CEPAL to contribute to the preparation of the new Strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries and will at the same time take account of the topics and objectives which are of transcendental interest for the solution of the various economic development situation of the countries of the region, and that once the new Strategy has been adopted by the General Assembly, CEPAL should promote its implementation at the regional level and organize itself to carry out the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new Strategy,

6. Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a New International Economic Order, these have not been sufficient to boost the development of the developing countries due, inter alia, to the obstacles deriving from the policies and measures imposed by the industrialized countries and the acceleration of the remittance of profits outside the region and other negative practices of the transnational enterprises, with the result that Latin American development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years.

This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an internal and external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third International Development Strategy, for the problems created by the application of strategies unsuited to the characteristics of the region;

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income distribution and consumption; increasing foreign debt; situations of intolerable extreme poverty and indigence; marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the self-determination that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the performance of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the agreements adopted at the Mexico City Conference on Economic Co-operation among Developing Countries on ECDC have not received sufficient support from the industrialized countries, particularly in UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including new measures which have come back and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The industrial redeployment assistance measures in the developed countries which are used to maintain inefficient industries adversely affect the interests of the developing countries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the developing countries do not participate;

(h) In practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a New International Economic Order, such as grading, selectivity and access to supplies;

(i) International commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income.

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes, co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the new International Development Strategy as far as the countries of Latin America and the Caribbean are concerned.

7. Taking account of the secretariat documents and the biennial appraisals by CEPAL of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade - and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels - the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia:

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to come to naught. This requires the necessary structural changes in the functioning of the world economy in order to lead to the establishment of a

New International Economic Order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the development of the world economy; the elimination of protectionism; the reform of existing rules and procedures in the financial, trade and monetary field - particularly those of IMF and GATT - to ensure that due account is taken of the interests of the developing countries; the non-application of concepts contrary to the establishment of the NIEO, such as grading selectivity and access to supplies; the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology, and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region.

(b) An essential requisite for the development of the Latin American countries is that the developed countries should substantially improve access to their markets for primary, semi-manufactured and manufactured goods, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of developing countries. It is of vital importance to define and put into practice rules that will enable the developing countries to implement dynamic export promotion policies, establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries, and strengthen the Generalized System of Preferences and place it on a permanent footing;

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of

vigilance over the protectionist acts of the developed countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary, inter alia, that the developed countries should adopt effective measures for the redeployment of those sectors of industry requiring structural adjustment so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, which avoid protecting inefficient industries and facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices, bearing in mind that certain commodities have their own forums for negotiation. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve the stabilization and restructuring of the international commodity markets through the common fund and the essential complementary machinery, to establish working product agreements, to promote a higher level of processing of commodities in the producing countries themselves, and to secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) Transnational enterprises should comply with the guidelines defined by the fourth session of the Committee of High-Level Government Experts of CEPAL as regards transnational corporations is of the utmost importance for the Latin American countries;

(h) A fundamental reform of the international monetary system is urgently needed in order to promote world trade and development in an effective manner. To this end it is important to:

(i) Secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources and to promote and instrument the decisions adopted in order to make SDRs the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries;

(ii) At the next general review of quotas in the IMF definitive arrangements should be made for the linking of the creation of SDRs and development financing in two ways: a larger allocation of SDRs, over and above the size of the quotas of the developing countries, and the channelling of the allocations corresponding to the developed countries to multilateral and regional financial institutions;

(iii) The IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries. In addition, the compensatory

financing facility should be improved and expanded in order to compensate fully for the decline in the purchasing power of exports of the developing countries;

(iv) The promotion of the flow of real resources to the developing countries should be viewed as an integral element of an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally-induced balance-of-payments difficulties.

B. As regards economic, social and human development

Policies for promoting the development of the developing countries will be defined by those countries within the framework of their national development plans and priorities.

1. Economic development

(a) Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

Governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

(b) In the context of this integral process, it is necessary to promote changes in production and technology of such a nature as to ensure a process of growing diversification and integration of the national economies and lay sounder bases for future development;

(c) The growth of agricultural production must be speeded up, taking special account of the need to increase the availability of food in order to deal as rapidly as possible with the situation of poverty and indigence faced by great masses of the population of Latin America and the need to export in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using suitable methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of consumer goods, essential intermediate products and capital goods must be encouraged in order to ensure sustained economic growth and increase exports of manufactures in the context of a new structure of international trade;

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population;

2. Social and human development

(a) Economic growth is a necessary but not by itself a sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential.

(b) In this regard, the distribution of income and social consumption must be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which

exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in the programmes designed to improve their quality of life;

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one another;

(c) Economic and technical co-operation among the countries of Latin America and between them those of other developing areas should be fostered, in accordance with the guidelines of the Mexico City Conference on Economic Co-operation among Developing Countries and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. This requires the full and unconditional support of the industrialized countries and of the United Nations system,

Decides:

To request the secretariat:

(a) To intensify its studies designed to provide support to Governments in the formulation of the basic development objectives of the Latin American countries for the next decade and the orientation of the strategies and policies which should be considered in order to achieve those objectives at the regional and international levels in the context of a New International Economic Order;

(b) To prepare a regional action programme aimed at instrumenting the implementation of the Strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America and the Caribbean;

(c) To maintain permanent contact with the Latin American Group and with representatives of other governments in the Preparatory Committee in order to provide them with the technical information they need;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America and the Caribbean (World Bank, Regional Banks and UNDP) and their degree of utilization among the resources channelled to the region. The study should contain specific recommendations to improve the flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of the year and during the following year so that it may evaluate the progress made in the preparatory activities for the new Strategy carried out by the Preparatory Committee, and also the work of the secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new IDS;

To recommend the member governments of the Commission:

(a) To participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the New Strategy;

(b) To collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

(c) In the case of the member governments of the developing countries of the region, to prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the Strategy as far as the Latin American countries are concerned;

To recommend that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentation and implementation of the New International Development Strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America and the Caribbean be proclaimed.

Reservation by the United States

The United States regrets that, because it was not possible for this meeting to engage in a real discussion and negotiation of the proposals made on the International Development Strategy, the reservations of the U.S. government on this resolution are much greater than would have otherwise been the case. Some of these reservations deal with substantive differences on which agreement is probably not possible at this time. The position of the United States on those substantive issues were stated by the U.S. representative during the meeting and are contained in document COM.I/5/Rev.1 which is annexed to this statement. However, some reservations concern language, often times unnecessarily abrasive, that was not essential to the specific proposal provision. In some instances reservations appear because it was not possible to hold a serious dialogue on the analytic provisions of the resolution and the insistence of some of the Latin American countries that the resolution only reflect their own views.

Resolution 33/193 affirms that the new international development strategy should be formulated "within the framework of the New International Economic Order". Regarding paragraph 1, as the United States did not vote for resolutions 3201 and 3202 (S-VI) and resolution 3281 (XXIX), it cannot commit itself to the formulation of the new International Development Strategy based solely on the concepts of the New International Economic Order as defined in these texts:

It should be noted with regard to paragraph 2 that GA Res. 33/193 refers to special and preferential treatment for developing countries where feasible and appropriate.

The United States rejects the negative statements regarding the industrialized countries and transnational enterprises and regarding the effects of trade and investment contained in paragraphs 6, 6(a), 6(b), 6(d), 6(f), and 6(i). The implication of paragraph 6(e) that the industrialized countries have hampered economic co-operation among developing countries is not factual. Paragraph 6(h) runs counter to international efforts to help the poorer and economically disadvantaged developing countries.

Section A, "As regards international co-operation", of the resolution is unacceptable for the reasons already cited in COM.I/5/Rev.1.

The United States cannot agree with calls for support of a general nature, as in paragraph C(c). Negotiation might have clarified this point.

The United States does not object to the study called for in operative paragraph (e), but such a study should include the financing for the production and exploitation of commodities available from private sources in order to be fully relevant to the needs of developing countries.

Reservation by the Netherlands

The delegation of the Netherlands does not wish to detract from the importance of resolution 1/7 on the preparations and contributions by CEPAL for the formulation of the new international development strategy for the third development decade, whose origins and terms are influenced by the results obtained at the latest meeting of the Group of 77 in Arusha. The delegation wishes to state that it is able to accept its operative part. With regard to the preamble, the delegation is of the opinion that it expresses some viewpoints which do not necessarily coincide with the opinion of the Netherlands concerning the new development strategy, since the formulation of the strategy is to be the object of world negotiations to be held shortly in other international forums.

Reservations by the United Kingdom

The representative of the United Kingdom said that, although his delegation was in agreement with the operative part of the resolution, it wished to reserve its position on the following paragraphs of the preamble: 1, 6, 6(a), 6(e), 6(f), 6(g), 6(h), 6(i), the paragraph following paragraph 6(i), 7(a), 7(b), 7(c), 7(d), 7(e), 7(g) and 7(h).

Reservation by Canada

The Canadian delegation expressed regret that the words, "The international situation described above..." had been substituted for "This state of affairs...", immediately following sub-paragraph (i) of preambular paragraph 6, considering that this wording no longer accurately reflected the sense of the preceding sections of the paragraph.

Canada reserves its position on the following sub-paragraphs of Section A, "As regards international co-operation": (c), (d) and (h).

The Canadian delegation supported the operative paragraphs of the draft, and praised in particular Section B, "As regards economic, social and human development".

Reservation by France

The delegation of France wishes to make the following comments concerning the resolution on the new strategy: The delegation of France endorses the final version of the operational part of the draft resolution.

As regards the preamble, the delegation enters reservations concerning the following paragraphs:

(h), (i). As regards part A: (a), (b), (c), (d), (e), (g), (h). As regards part C: (c).

CO-OPERATION AMONG DEVELOPING COUNTRIES AND AMONG
DEVELOPING REGIONS OF DIFFERENT
GEOGRAPHICAL AREAS

The Economic Commission for Latin America,

Taking note of United Nations General Assembly resolutions 32/183 of 19 December 1977 and 33/134 of 19 December 1978 regarding the United Nations Conference on Technical Co-operation among Developing Countries, and resolution 32/182 of 9 December 1977 on technical co-operation among developing countries,

Likewise taking note of United Nations General Assembly resolutions 3177 (XXVIII) of 17 December 1973, 3241 (XXIX) of 29 November 1974, 3442 (XXX) of 9 December 1975, 31/119 of 16 December 1976, 32/180 of 19 December 1977 and 33/195 of 29 January 1979 on economic co-operation among developing countries,

Recalling General Assembly resolutions 2688 (XXV) of 11 December 1970 on the capacity of the United Nations development system, especially its provisions on the establishment of priorities, and 3405 (XXX) of 28 November 1975 on new dimensions of technical co-operation, in particular its aspects related to technical co-operation among developing countries, and Economic and Social Council resolution 1978/74 on regional co-operation and development,

Indigenous peoples have the right to self-determination, by which they freely determine their political status and economic, social and cultural development.

Bearing in mind the recommendations of the Conference on Economic Co-operation among Developing Countries, held in Mexico City from 13 to 22 September 1976, and especially those addressed to the regional commissions,

Also bearing in mind the Action Programme for Economic Co-operation and the relevant resolutions adopted at the Fifth Conference of Heads of State or Government of Non-Aligned Countries (Colombo, 16-19 August 1976), as well as the recommendations made on this subject by the Conference of Foreign Ministers of Non-Aligned Countries (Belgrade, 25-30 July 1978),

Also mindful of the first short- and medium-term plan of action for global priorities regarding economic co-operation among developing countries adopted at the Fourth Ministerial Meeting of the Group of 77 (Arusha, February 1979),

Finally bearing in mind the report of the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires from 30 August to 12 September 1978, which saw the emergence of a movement of the developing countries aimed at putting into effect new arrangements for co-operation based on national and collective self-reliance,

Considering that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries and the resolutions adopted at that Conference contain recommendations addressed to the regional commissions which refer explicitly to their role at the subregional, regional and interregional levels,

Recalling its resolutions 316 (XV) of 29 March 1973 on co-operation among developing countries of different geographical areas, 354 (XVI) of 13 May 1975 on technical co-operation among developing countries and 363 (XVII) of 5 May 1977 on co-operation between developing countries and regions of different geographical areas,

Recognizing the need to stimulate technical and economic co-operation among the countries and groups of countries of the region and to strengthen the subregional and regional institutions as appropriate means of enhancing the development of the countries of the region,

Also recognizing the importance of forging closer and stronger links of technical and economic co-operation with other developing regions,

Fully aware that the effective implementation of the recommendations contained in the Buenos Aires Plan of Action calls for the combined efforts of all the bodies, organizations and agencies, both subregional and regional and those of the United Nations system, and especially the United Nations Development Programme,

Taking note with satisfaction of the views expressed by various delegations on the subject and the efforts initiated by the secretariat to carry out interregional co-operation activities with other regional commissions and to identify programmes designed to promote co-operation relations at the subregional, regional and interregional levels,^{1/}

1. Urges the governments of the developing member countries of the Commission to intensify their intra-regional mutual co-operation programmes and projects and take the necessary steps to put into effect the recommendations of the Buenos Aires Plan of Action and resolutions relating to the national level;
2. Exhorts the governments of the developed member countries of the Commission to make contributions for technical co-operation

^{1/} See document E/CEPAL/1063 of 8 March 1979.

activities among developing countries, without prejudice to the existing programmes, as was recommended in the Plan of Action and resolution adopted in Buenos Aires;

3. Recommends the Governing Council of the United Nations Development Programme to expedite the measures for ensuring a favourable response to the joint formulation of priorities for the developing countries of the region, in order to use the regional indicative planning figures;

4. Requests the Executive Secretary of CEPAL to:

(a) Take the necessary steps, as far as CEPAL is concerned, to put into practice the recommendations of the Plan of Action and resolutions adopted in Buenos Aires addressed to the regional commissions, and to that end draw up, where necessary, formal co-operation or other agreements with the United Nations Development Programme and other bodies, organizations and agencies, both subregional and regional, and those of the United Nations development system, taking due account of their respective spheres of competence and mandates;

(b) Consult the Administrator of the United Nations Development Programme (UNDP) with the aim of reviewing the practices in force in order to give the most positive response possible to the joint formulation by the developing countries of priorities for the use of regional indicative planning figures, through their appropriate intergovernmental organizations, including the regional commissions or other agencies of the United Nations system, or with their support;

(c) Provide the necessary co-operation for the activities, programmes and projects of the United Nations Development Programme in order to achieve the purposes and objectives of technical co-operation among developing countries;

(d) Participate actively in the work of the high-level meetings of representatives of all States participating in the United Nations Development Programme, as was recommended in the Buenos Aires Plan of Action;

(e) Establish in the secretariat appropriate servicing machinery directly responsible for promotion, information and co-ordination activities related to technical and economic co-operation among developing countries;

(f) Include the subject of technical and economic co-operation among developing countries in the research work of the secretariat and the agendas of the intergovernmental and specialized meetings convened by the secretariat, whenever the subject of the research or of the meeting permits;

5. Notes with satisfaction and approval the decision of the Executive Secretaries of the Economic Commission for Africa and the Economic Commission for Latin America to carry out interregional technical and economic co-operation activities between Africa and Latin America in the areas of trade, training and science and technology;

6. Also notes with satisfaction and approval the arrangements being made between the Executive Secretary of the Economic and Social Commission for Asia and the Pacific and the Executive Secretary of CEPAL, in conjunction with the Government of India, to organize a meeting in New Delhi at the beginning of next June, to be attended by representatives from Latin American countries and India, with a view to promoting technical co-operation between Latin America and India within the framework of the principles and objectives of TCDC adopted by the developing countries in the respective forums;

7. Urges the governments and the intergovernmental, subregional and regional organizations of the developing member countries of the Commission to take an active part in the aforementioned interregional activities with the aim of encouraging and strengthening the links between the different geographical regions of the developing world through joint mutual co-operation programmes and projects;

8. Expresses its gratitude to the Government of the Netherlands for the generous special contribution recently made to the secretariat of the Commission to promote economic and technical co-operation activities among developing countries;

9. Decides that the question of co-operation among developing countries and regions should be examined at each session of the Commission by a sessional committee, prior consultation with the Governments, for the purpose of examining the intra-regional and interregional co-operation activities carried out by the secretariat of the Commission with a view to formulating appropriate support measures to promote such co-operation;

10. Further decides to strengthen its support for the activities of the intergovernmental, subregional and regional organizations of the developing member countries of the Commission, especially SELA.

FOURTH REGIONAL APPRAISAL OF THE IMPLEMENTATION OF THE
INTERNATIONAL DEVELOPMENT STRATEGY */

The Economic Commission for Latin America,

In the light of United Nations General Assembly resolution 2626 (XXV) which provides for the carrying out of regional appraisals within the United Nations on the progress made in the implementation of the International Development Strategy (IDS), and especially the appraisal activities established in General Assembly resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), which contain the Declaration and Programme of Action on the establishment of a New International Economic Order and the Charter of the Economic Rights and Duties of States,

Considering that at this session the Commission must make the fourth appraisal of the implementation of the International Development Strategy (IDS) as part of the establishment of a New International Economic Order,

Having examined the documents "The economic and social development and external economic relations of Latin America" (E/CEPAL/1061) and "The long-term development trends and prospects of Latin America" (E/CEPAL/1076) prepared by the secretariat, which contain analyses and criteria designed to facilitate that critical exercise,

Having also examined the report of the fourth session of the Committee of High-Level Government Experts (E/CEPAL/1073), convened by the secretariat in compliance with CEPAL resolution 310 (XIV),

*/ In the final version of this report, which will be forwarded to participants from CEPAL headquarters, the pages and paragraphs will be suitably renumbered.

1. Takes note with satisfaction of the secretariat's contribution to the critical exercise consisting of the fourth regional appraisal of the implementation of the IDS, as part of the establishment of a New International Economic Order, contained in documents E/CEPAL/1061/and E/CEPAL/1076;
2. Approves under the title of the "La Paz Appraisal", the text of which is included in this resolution, the critical exercise comprising the fourth regional appraisal of the implementation of the IDS as part of the establishment of a New International Economic Order;
3. Decides that the La Paz Appraisal and documents E/CEPAL/1061 and E/CEPAL/1076, together with the report of the eighteenth session of CEPAL, which contains some comments on the subject, should be transmitted to the Economic and Social Council, the United Nations Committee on Development Planning, the Preparatory Committee for the preparation of the New International Development Strategy established in General Assembly resolution 33/193, and the various forums of negotiation and dialogue which are of interest to the countries of the region.

LA PAZ APPRAISAL

I. ECONOMIC AND SOCIAL DEVELOPMENT

A. PREAMBLE

1. Development should be conceived of as an integral process characterized by the achievement of economic and social targets which ensure the effective participation of the population in the development process and in its benefits. To this end it is essential to make far-reaching structural changes in this field as a prerequisite for the process of integral development which it is sought to achieve. These two aspects are inseparable parts of a whole which mutually condition each other, and it is difficult to imagine any effective strategy which fails to consider them simultaneously and weigh them in their true dimension. For purposes of presentation and clarity, the two areas figure separately, but in the interpretation of the real processes and the formulation of strategies they must be considered together.
2. It has been observed with concern that this integrated approach has not always found its true expression in the region, and that there has been more emphasis on achieving objectives relating directly to economic growth, while objectives of a social nature, when not openly left on one side, have not received adequate priority.
3. In view of this, some basic concepts of the earlier regional appraisals 1/ are even more valid today:

"The phenomenon of economic growth is not equivalent to development itself, although accelerated and independent economic growth is a prerequisite of integrated development. Growth, in itself, has frequently failed to bring with it qualitative changes which have a decisive influence on (...) human well-being and social justice, since the system of production has continued to prove incapable of providing an answer and solution to urgent problems such as those of mass poverty, growing unemployment, the inadequacy of basic social services and the scant participation of broad strata of the population in the economic and social life of their countries."

1/ Quito Appraisal (1973); Chaguaramas Appraisal (1975), and Guatemala Appraisal (1977).

"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."

"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 (...) which are indispensable to establish the bases that will permit the achievement of the social and economic objectives of the Strategy."

4. The foregoing assertions constitute a major challenge to the countries of the region, especially if it is considered that development is to be achieved in the context of severe external restrictions and in the face of internal obstacles of both a conjunctural and a structural nature. Thus, although some countries have made progress in the export of manufactures, four-fifths of the region's exports are still made up of primary products, with all the harmful sequels implicit in such a brittle nature of the export base. It is superfluous to repeat that as a result the Latin American countries have suffered the effects of chronic problems in their external sectors, in which the adverse effect of the terms of trade has played a leading role.

5. The vulnerability of the external sector, together with its inadequate capacity to generate savings, and the need to maintain a specific rate of economic growth with a view to avoiding unemployment, among other motives, has led in most of the countries to a sharp increase in the external debt, the servicing of which constitutes an increasingly heavy burden that significantly restricts capacity to attend to the urgent social needs of the region.

5bis. In accordance with the above, stress should be placed on the desirability of greater use of planning systems in all sectors of the national economy, in order to help to eliminate the present economic and social conditions endured by the deprived classes of the region and also allow them to participate more effectively in decision-making and in national development plans and programmes."

6. As far as internal restrictions are concerned, the balance between needs and available resources reveals alarming shortfalls which go to make up a picture of extreme poverty for nearly half the population of Latin America. The magnitude of both the open and disguised unemployment from which most of the countries suffer shows the inadequacy of the structure of production to generate employment and it is becoming clear that if this problem is not tackled in a decisive manner, it will mount up to such an extent that this, together with the high social cost it involves, will demand efforts which will eventually prove to be beyond the region's capability.

7. The member States of CEGAN, without wishing to evade the responsibility for development which primarily falls to them, or forfeiting their sovereign right to control and develop their own natural resources and economic activities in the form they consider appropriate, are aware that international co-operation is needed, in addition to their own efforts, to attain the desired goals of integral development with the necessary rapidity. To this end it will be necessary to effect a massive transfer of resources in real terms and to obtain just and equitable treatment in their economic and trade relations with the developed countries within the spirit of the New International Economic Order and in a manner which respects and strengthens the principles and orientations imparted by each country to its development.

B. THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA

8. This is the fourth time that CEPAL has made an appraisal of the economic and social trends manifested in the region and the policies applied with a view to orienting these trends to bring them into line with the objectives, goals and priorities laid down in the International Development Strategy (IDS) and the resolutions of the United Nations on the establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States. The decade about to end has been a period of major fluctuations and contrasts, with rapid economic growth at the start and a distinct falling-off towards the end. In the long term, despite the significant average economic growth of the last three decades, there has been a persistent lack of adjustment between the growth of the economy and the development of society. These characteristics have helped to create unsatisfied expectations in broad sectors of society which have exacerbated the tensions inherent in development. "It is evident that Latin America as a whole has not been able to transform its economic growth into the integrated development which was envisaged."^{2/}

^{2/} See International Development Strategy and Establishment of a New International Economic Order, Third Regional Appraisal (Guatemala, 1977), CEPAL Cuadernos, Series N° 17, Santiago, Chile, 1977, p. 4, para. 3.

9. In an appraisal like this, which is being made on the eve of the 1980s, a balance sheet must be drawn up of the major problems facing the present development of the region, especially because of the ulterior effects which these problems will have in the immediate future. It therefore seems justified to place the emphasis on a problem-oriented approach highlighting the challenges which must be faced in the coming years. The preparation of the strategy for the United Nations Third Development Decade, already in progress, demands this.

10. This new appraisal of development, despite the big differences to be observed in Latin America, confirms the conclusions reached on substantial aspects in earlier CEPAL appraisals. The stubborn persistence of grave problems in basic aspects of economic and social organization increases and multiplies their seriousness, and this, in addition to making the matter more complex, makes it more difficult to reach an appropriate and lasting solution. This may be seen particularly in such aspects as the concentration of income, the polarization of consumption, the under-utilization of the labour force, and situations of poverty.

11. The operational resources and possibilities now available place many Latin American governments in a more favourable position than in the past for achieving integrated development in keeping with the proposals of the IDS. In order to implement these possibilities effectively, however, it will be necessary to go beyond the reiteration and accumulation of desirable objectives and the mere diagnosis and identification of the most telling problems in order to progress towards the formulation of policy strategies and the specific planning of how to implement them. All of this will require a considerable dose of innovation in terms of policy measures, and in particular a much stronger political commitment to the social and human objectives of development.

12. The persistent recessive economic trends, or the slow rate of growth of the developed countries in recent years, associated with their processes of inflation, have had adverse repercussions on the rates and forms of economic activity in the majority of the countries of the region. The prospect that these trends may continue and that protectionist measures may increase, aggravating the harmful consequences for the international

/economic relations

economic relations of the countries of Latin America oriented towards an increasing share in the international economy, means that the immediate future appears yet more uncertain, and that the adverse effects on the internal economic and social situation of the countries affected may be further accentuated.

13. The slowing-down of the growth of production is taking place in circumstances in which the levels of production and consumption, the degree of modernization of the economies of the countries and their degree of insertion in the world economy are greater than they were in the past. State capacity and opportunities for reorienting strategies and correcting adverse social and political trends and consequences of the present crisis in the international economy have also increased. Nevertheless, certain features of the overall situation show structural stresses and distortions which make it hard to achieve integrated development. Mention may be made of the following:

(a) In many countries, the maintenance of specific rates of economic growth has been achieved at the cost of growing external indebtedness, on less favourable terms than in the past since current financing is mainly made up of short-term loans from private sources. Some countries are in the extremely difficult position where growing external indebtedness is accompanied by declining output, rapid inflation and falling employment. The burden of the external financial services and the internal and external requirements incumbent on the administration of such high levels of indebtedness contribute to reducing the margin of freedom of action to orient the economic strategies towards simultaneously maintaining a high growth rate, the autonomy of the country's economy, and the achievement of the social objectives of development.

(b) The continuing growth of consumer aspirations - generally exceeding the capacity of the economies to meet them - and the growing pressures for redistribution in one direction or another fan the resistance of important sectors of society to accepting sacrifices for the sake of future development. In such circumstances, transitory stagnation and high rates of inflation aggravate the struggle for redistribution and social tensions increase, calling in question the continuity of the prevailing development style or the possibility of improving the situation of the masses.

/(c) Most

(c) Most of the burden of the measures and strategies for economic recovery frequently falls on the poorest and most helpless strata of the population, either in the form of a decline in real wages, relative reductions in income and in the quality and quantity of consumption, increasing unemployment and underemployment, and a marked reduction in public spending on education, health and other social services for the people. If this state of affairs continues, the contradictions between the restrictions on participation and distribution which typify the development process and the priorities and objectives of the IDS will continue to be just as effective and real - or even more so - than those which were pointed out in earlier appraisals.

14. Significant progress has no doubt been achieved in some sectors of society. In view of the aims of the present appraisal, an endeavour will be made to highlight the most crucial problems which require urgent solution in keeping with the goals and objectives of the IDS and the earlier regional appraisals.

(i) Various public programmes in such social sectors as education, health, housing and social security require a considerable quantity of fiscal resources if they are to be implemented adequately. Only in this way will it be possible to satisfy the desirable life expectations of broad sectors of the population. These programmes are at present undergoing a process of reform which endeavours to absorb such higher aspirations, although it will be difficult to satisfy them in the current situation of scanty financing and restrictions to which social programmes in the majority of countries are subject. More precisely, the root of the problem lies in the fact that the redistribution aims of these programmes contradict the trends actually manifested, especially with regard to the forces tending to concentrate personal income and other aspects already mentioned, so that the professed objectives of correcting growing social inequalities prove to be ineffective or inadequately implemented. The resulting challenge is to find a way to increase public understanding and the political and practical feasibility of programmes aimed at mitigating and obviating the hardships of the social sectors which are practically excluded or marginalized from active participation in the development effort and from profiting from its results.

/(ii) The

(ii) The combined action of population growth, urban concentration, deterioration in the quality of the human environment, waste of natural resources and high prices of certain imports calls for deep-seated, long-range changes in present patterns of consumption and in the control of the use of certain resources. The growing pressure of broader social groups towards achieving specific life styles with possible environmental threats and the exhaustion of sources of natural wealth, make energetic action by the State more essential than ever for protecting relations with the natural environment through more suitable patterns of consumption, appropriate use of natural resources and better types of human settlements. The heart of the challenge is how to use these often critical processes to generate a consensus with regard to action possibilities involving feasible objectives and reasonable goals which will locate and order the group of isolated problems into a common frame of reference and give them a sense compatible with the human objectives arising out of the recommendations of the IDS.

(iii) In the perspective of integral development, as defined in earlier regional appraisals (Quito, points 1-7 and 12), the most important challenge is constituted by a related group of social problems which affect considerable sectors of each country: large minorities in some countries, and the majority in others. These include the inequitable distribution of income, critical poverty, underemployment and poor working conditions, the low productivity of a considerable section of the labour force, the backwardness and marginalization of huge urban and rural sectors, generalized illiteracy and semi-illiteracy which have an adverse effect on the capacity of the labour force, and the restricted participation of the masses in economic, social and human development.

15. The present situation of education in Latin America may be described as one of expansion in quantitative terms, while at the same time it shows contradictory tendencies and serious disequilibria in its patterns of growth and the social impact it produces. It may be noted that the vigorous growth of the education system as a whole has tended to be concentrated at the secondary and higher levels, while the growth rate of primary education, which was 3.9% between 1970 and 1975, is scarcely

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higher than population growth. The average schooling of the labour force in the countries of the region was around four years in 1970, thus revealing a situation of generalized semi-illiteracy and illiteracy. The illiteracy rates amount to between 5 and 40% of the labour force.

16. Available statistical evidence shows that the level of concentration of income has not diminished, and the slowing-down of economic growth in recent years, with its subsequent effects and repercussions, has frequently brought with it a further deterioration in income inequality. Sample surveys carried out in a group of countries accounting for 90% of the population of Latin America show that around 1970 the share of the top decile fluctuated between more than one-third and nearly 60% of total income, while the share of the income recipients in the bottom 40% of the distribution varied from 6 to 14%.

17. The existence of poverty is a permanent fact, widely recognized in the region. The notable economic growth achieved in recent decades has not had proportional repercussions on the income of the poor, who account for a considerable percentage of the region's population. The contrasts in the living conditions of the different sectors and strata of the population have been accentuated, and the existence of poverty has become more visible and also more deplorable.

18. This experience has given rise to some scepticism with regard to the traditional beliefs that economic growth would of itself bring with it the solution to the serious and widespread problems of poverty, uneven income distribution, and unemployment and underemployment, which have existed and continue to do so despite the considerable development of the forces of production. According to the latest estimates available, around 40% of the population of Latin America was still living in conditions of poverty around 1970, while the proportion rose to 62% in the case of the rural population. In other words, the fruits of economic growth have not been fairly distributed among the different population groups. Indeed, if present conditions continue, it can be foreseen with a high degree of certainty that the share of the poorer strata in the fruits of future growth will tend to remain at completely inadequate levels.

19. The combination of some measures to alleviate poverty, such as the free distribution of food, employment in public works on a subsistence wage, promotion and facilitation of housing construction in segregated areas and with self-help systems, public services which tend to be differentiated in terms of quality and accessibility, are necessary in short term, but run the risk of converting the present situation of the poor into a systematic and permanent segregation, with different levels of services, qualities of housing and educational possibilities.

20. More energetic and novel measures require to be introduced so that the great marginalized sectors can contribute to the production effort, satisfy their basic needs and organize themselves in defence of their own interests. These measures should ensure a different orientation of investment and production and of the services provided by the State in such a way as will effectively benefit the poor and the needy. This policy, of course, should be promoted in a context of economic and social dynamism which will guarantee poor people sources of work and higher real incomes, while ensuring adequate growth of the economy.

21. The growth of the rates of open unemployment and the continued existence of high levels of generalized underemployment, which together result in a high degree of underutilization of the labour force in the region, constitute one of the most serious problems, owing to the low capacity of absorption of personnel in the modern and dynamic sector of the economy, and the loss of production potential which this implies. Open unemployment and underemployment around 1970 are estimated to have accounted for around 28% of the labour force, i.e., no use was made of the productive potential of one out of every four persons of working age. Although the so-called informal sector has shown unexpected flexibility in offering subsistence opportunities to the urban poor, this has been achieved at the inadmissible cost of very low incomes and great insecurity in the sources of activity which generate them.

22. There are serious doubts as to whether the informal sector can continue to carry out the functions which it has relatively successfully engaged in to date. The growing demand for employment among sectors of increasingly educated young urban dwellers who are facing ever greater

/difficulties in

difficulties in finding suitable jobs can hardly be palliated by the substitute constituted by the informal sector, where the lowest-qualified, transitory and poorest paid jobs predominate. Something similar is to be expected as a result of the increased flow of educated women seeking to enter the job market. This is a source of tensions which will tend to get worse with the rapid growth of these sectors of the population, particularly the new generations of men and women graduating from secondary and higher education, for whom the informal sector has no solutions to offer.

23. The progress achieved in rural production has not given the expected results because the needs of large sectors of the rural population who remain outside the processes of agricultural modernization or have been harmed by them remain unsatisfied. The compelling forces of migration towards the cities have not been countered either (nor the process of disintegration of the archaic but still prevalent forms of production for actual subsistence and social security in the rural milieu). Urban and rural differences continue to increase, frequently to the disadvantage of those groups living in rural areas who do not benefit from the modernization of agriculture.

24. The situation of women in the region varies according to the socio-economic stratum to which they belong. This also means variations in their share in economic, political, social and cultural life, and in the sources and manifestations of the discrimination of which they are the object. These differences should be taken into account in adopting measures to guarantee the equality of men and women and foster the economic and social development of the respective countries. Since the most alarming situations are to be found among women belonging to the poorest groups, and particularly poor rural women, they must be given priority in planning development strategies, and especially in action aimed at alleviating the burden of household chores and improving housing conditions, the infrastructure, health, employment, education and other social aspects. Special attention must also be given to reappraising the contribution of women to society and an effort must be made to improve their social image, which is at present distorted by the mass media and current cultural patterns.

25. Since nearly all adult women in the region are responsible for and actually carry out household tasks, and a considerable percentage of women from the poor strata are heads of households, this link with the family units should be taken into account both as regards its consequences for the situation of women and its effects on children, who are the population of the future. It will therefore be necessary to pay special attention to improving the living conditions of the family units, and this, in addition to lightening the burden of the work done by women and opening up new possibilities for their participation in society, will make it possible to improve the quality of living of the population as a whole. It must be acknowledged that some countries have already established special institutions to facilitate the full participation of women in the social and economic development of their respective countries.

26. Policies regarding human settlements should consider the great variety of problems relating to the habitat as regards the quantity, density and distribution of the population, regional and rural-urban disparities, and the distribution and allocation of production resources, so as to establish a satisfactory environmental and cultural balance in order to increase human well-being and ensure the correct use of natural resources.

C. THE EVOLUTION OF THE ECONOMY DURING THE 1970s AND THE GOALS OF THE INTERNATIONAL DEVELOPMENT STRATEGY

27. The rate and structure of economic growth have undergone changes of great importance in the course of the past decade in Latin America. Taking the region as a whole, three phases can be clearly distinguished: during the first four years, the region maintained and boosted the economic growth it had been experiencing since the end of the 1960s; in 1975, the growth rate plummeted, while 1976 saw the start of a recovery phase of extreme lenticity in most of the countries, in which the average increase in the domestic product has been notably below its traditional rate and that of earlier periods.

28. Of particular influence in this sharply contrasted evolution were government economic strategies and policies, the potential and real economic development capacity of the region, and the course of international trade and the economy of the industrial countries, successively expressed as booms, crises and economic recessions, with recent tendencies towards some level of recovery in a milieu dominated by factors of instability and uncertainty.

29. Internally, the majority of the countries made some progress in mobilizing resources and in their financing efforts, although the variability of external conditions prevented full and continuing benefit from being extracted from this progress. The periods when external conditions were favourable served to illustrate the region's high economic growth potential, and the adverse periods confirmed that the growth rate was vulnerable to external factors.

30. During the 1970s important changes of an institutional nature were begun or continued in many of the Latin American economies, and progress was made in programming public and private activities, by making the definition of the economic policies more coherent. The organization of the financial markets was improved by giving impetus to the accumulation of savings and increased investment. Economic policy measures were applied to control inflation and the constitution of price levels and structures more in keeping with international patterns, and trade policy measures linked to the organization of the exchange markets and the reduction of tariffs and controls on imports to liberalize trade; and various promotion measures and direct stimuli were applied to expand and diversify exports, particularly with the introduction of flows of industrial products and other non-traditional items.

31. This action by the Latin American countries to expand and diversify their role in the world economy in order to give impetus to economic growth in adequate conditions of efficiency, has increasingly come up against the diverse protectionist-type measures which are spreading in the industrial countries.

32. Dynamism in investment was accompanied by the growth of domestic savings. After long periods of savings coefficients of around 18%, the region raised them to over 20% during several years in the course of

/the decade.

the decade. In this way, domestic savings were able to cover a relatively large proportion of domestic investment - over 90% most years, and about 95% in 1973. However, in those periods when external relations produced a large deficit on the current account of the balance of payments, it was necessary to resort to large sums of external indebtedness which reduced the domestic financing of investment to percentages of around 85%. The region's high domestic savings potential and the restrictions on its use arising in periods of external bottlenecks has thus been demonstrated. In this context, the disparity between countries is very substantial and a considerable number of countries still have not achieved 20% of domestic savings, and finance less than 80% of their investment with their own resources.

33. During the first three years of the decade, the economic growth of the region speeded up, while the dynamism of the economy was particularly influenced by the evolution of exports, their diversification, and the improvement of the terms of trade. However, the favourable trend in the terms of trade was of short duration, and was concentrated in the biennium 1972-1973; furthermore, it did not benefit all the countries, since for many of them the rise in the purchasing power of their exports was offset. The increase in external purchasing power was to some extent reinforced by the greater use of external financing, and all this made possible a rapid inflow of imports, which helped to spur economic growth. In this way, during the period the Latin American economy tended to function unimpeded by the external bottleneck which had hampered it in previous periods, and showed relatively substantial growth potential capable of emerging once the economy had freed itself from the harmful effects of the external bottleneck.

34. In 1974 the Latin American economic picture began to change radically; the oil-exporting countries benefited from a further increase in prices and their terms of trade appreciably improved.

35. Most Latin American countries faced a weakening of external demand as a result of the economic slow-down in the industrial countries, the general decline of commodity prices and the rise in the prices of imports from the developed countries, which was accentuated by the rise in the cost of fuel imports.

36. In 1974 the volume of imports continued to increase, while real income from exports marked time or even dropped. This caused a serious balance-of-payments problem, which required the intensive use of both external finance and currency reserves. The countries of the region still managed to maintain the vigour of their economies, stimulated by domestic investment and demand, but were obliged to incur substantial external debts which later affected the policies adopted by the countries.

37. In 1975 the unfavourable trends in the external sector worsened. Exports declined, and the deterioration of the terms of trade became widespread. The worst-hit countries had to adopt restrictive import controls and hold back domestic demand, and as a result the rate of growth of the domestic product fell drastically: the growth rate was practically the same as the rate of population increase; at the same time, the balance-of-payments deficit began to increase again and external indebtedness rose, although most of the debt was concentrated in a small number of countries.

38. In the oil-exporting nations, the real value of exports dropped from the high level achieved in the previous year, but the rate of economic growth was maintained.

39. The period 1976-1978 was marked by a slow recovery in economic growth. In the past four years (1975-1978) the growth rate of the gross product has reached only 4% a year, reflecting the region's slowest growth in the past three decades. The recovery was achieved through major efforts by the Latin American countries, especially the non-oil-exporting countries, which even cut back the value of their imports in absolute terms.

40. An intensive export promotion policy, together with a slight recovery in external demand, led to a substantial rise in exports. This considerable effort did not suffice to cover servicing of the large accumulated debt, and the deficit on the current account of the balance of payments of the non-oil-exporting countries could only be reduced to \$US 9,000 million in 1978.

41. Economic trends in the group of oil-exporting countries have also undergone important changes during recent years. In these countries economic growth has tended to rise, and imports have continued to increase,

/but surpluses

but surpluses on the external account have ceased to accumulate, and until the last two years they recorded a deficit on the current account of the balance of payments.

42. Unexpected and frequently uncontrollable developments of a temporary nature which occurred in some of the years referred to above, resulted in significantly higher export earnings from some primary products than they would normally have received, and this affected the general situation of the economies. The large-scale fluctuations of earnings in foreign currencies and their repercussions on other sectors forced the countries affected to make costly readjustments in their economic policies.

43. The differences in productive, technological and social terms between the agricultural sectors in various Latin American countries became sharper in the 1970s. At the national level the emergence of the modern enterprise provided a great stimulus to numerous subsectors, and also led to profound transformations among social groups in the countryside, in the roles of the various producers in the national agricultural markets and in the structure of agricultural exports. Nevertheless, social problems persisted through this process of change, and in some cases even appear to have worsened.

44. The relationships between the agricultural sector and the general economic circumstances of the countries intensified. As the sector's activities and links with urban and industrial activities became diversified, agriculture became increasingly influenced by events in the markets for goods and services and factors of production, by financial policies and machinery and by the actions of public institutions and urban social forces. Thus differences in levels of income, degrees of urbanization, industrialization and technological development, and many other general and urban factors, caused substantial differences in agricultural development in the countries of the region.

45. The public sector intensified its agricultural activities and became more active in financing the sector and in guiding investment in agriculture. In various countries this greater governmental concern led to the provision of more resources for agricultural credit, rises in investment in infrastructure for marketing, the establishment of agro-industries, the development of unexplored natural resources and a marked increase in the areas under irrigation.

46. The processes of agrarian reform have encountered many obstacles. Owing to their high costs and slow realization in the majority of countries, many of the potential beneficiaries of these processes are excluded from them. Thus the capacity to use the land and the human resources of the rural sector remains low, and a large part of the increases in production are achieved through the modern agribusiness sector.

47. Average growth in agricultural output may be regarded as relatively low. A comparison of the levels of output of the region as a whole in the first and last years of the present decade shows an annual cumulative rate of less than 3.5%, markedly below the 4% target laid down in IDS. Less than half the countries studied managed to reach or surpass this target. It is well known that agricultural output is subject to short-term fluctuations because of changes in climatic conditions, but even so that rate is in line with the slow historical trend. This contrasts both with the greater productive potential of the region, and with the fact that greater output is essential to meet the nutritional requirements of a vast mass of Latin Americans living in extreme poverty, as well as the additional requirements for raising exports of primary products and processed products from the agricultural sector, in order to secure the external purchasing power needed to acquire essential imports or avoid increasing the external debt.

48. The process of industrialization in Latin America continued during the 1970s. Industrial output has tended to become diversified as the industries producing intermediate, consumer and capital goods have developed. The characteristics and magnitudes of this process have differed greatly in the different countries of the region, and the differences in industrial productive structures have sharpened. It is also clear that, despite the advances made, expansion of the output of industrial intermediate goods, and particularly of capital goods, has to some extent lagged behind achievements in the other manufacturing activities, and this clearly indicates unbalanced industrial development. In this regard it should be pointed out that a group of Latin American governments are currently making efforts to speed up the development of the branches which are lagging furthest behind.

49. Protection - in many cases excessive and indiscriminate - which has generally characterized industrial promotion, together with the existence of small national markets, made even smaller by the prevailing highly concentrated income distribution patterns, contributed in many cases to shaping productive structures operating on a scale below minimum economic levels, with insufficient degrees of specialization, and therefore with high costs.

50. The progress achieved in various aspects of the industrialization process was not, in general, accompanied as much as might be wished by a definite rise in the local capacity to select and adapt foreign technology, still less to generate technological innovations. The region has had a relatively passive attitude to technological matters, although here too marked differences may be observed between countries.

51. The growing importance of the export of manufactures as a means of industrial development further emphasizes the need to increase the local capacity to generate local technology to some extent, and to select and adapt foreign technology, so that, while also dealing with other equally important requirements, the region can play a growing and significant part in trade in manufactures within the region and on a world scale.

52. Regional exports of manufactures have grown relatively fast, and now make up almost 20% of total exports. However, despite the progress made in diversifying the range of products exported, light manufactures still predominate. While a high proportion of exports of manufactures are destined for countries outside the region, the regional market also occupies an important place: in recent years it has absorbed about 40% of such exports, with a relatively high proportion of engineering products.

53. The role of the transnational corporations in exporting manufactures, and more generally in the process of industrialization, is especially important in the most vigorous and advanced areas of the manufacturing sector, sometimes to the detriment of national firms. Their economic, commercial and financial potential, together with their technological superiority, tend to give their activities such scope and range that it is essential to reconcile them with the direction of the industrialization process and, in a broader sense, with the guidelines for overall economic development in each country.

54. The direct contribution of the manufacturing sector to solving the region's serious employment problem has been smaller than had been hoped. Only during periods of expansion has the generation of industrial employment reached relatively high levels. This indicates that accelerating the growth rate well above the average rates achieved in past decades would make it possible to broaden the role of industry in solving the region's serious employment problem, not only through the direct contribution of the sector, but also through its repercussions on other economic activities.

55. The industrial sector is contributing a growing share of the total product, and linkages both within the sector and with other sectors have increased. It is not surprising in such circumstances that the vigour of the sector has been closely related to the periods of expansion, decline and slow recovery of the economy as a whole. The industrial growth rate, which reached around 10% in the biennium 1972-1973, barely exceeded 1% in 1975, and was only 4% in the biennium 1977-1978. These variations, which affected most of the countries to different extents, meant that the average growth rate between 1970 and 1978 for the region as a whole was barely above 6% a year. Only three countries managed to reach or exceed the 8% growth rate laid down in IDS, and in this respect the performance of industry was undoubtedly unsatisfactory.

56. In the course of the 1970s the Latin American countries stepped up efforts to transform their productive systems, which led to the expansion and diversification of industrial enterprises, some progress in the modernization of agriculture and growing linkages between the different sectors of the economy. The depth and dynamism of this process varied from one country to another and from sector to sector. In some countries and sectors a high degree of modernization was effected, based mainly on the direct incorporation of high-cost imported technology. Some efforts were made to adapt imported technology to local circumstances, but greater efforts have to be made in this direction. The development of indigenous technology to improve production techniques in subsistence agriculture and traditional industries has not progressed as rapidly as was anticipated; hence it is not uncommon to find sectors with a high degree of modernization and productivity coexisting with others using inefficient systems of production and characterized by low productivity.

57. As a result of the fluctuations in economic growth described above, growth in the present decade, as measured by comparing the domestic product in 1978 with that of 1970, has reached an annual average rate of only 5.7%, below the IDS target of 6%. Only five countries reached or exceeded that target. The vast majority undershot it, and indeed ten countries failed to reach the figure of 4% a year, and some countries even recorded levels in 1978 which were similar to those of 1970. Thus for the region as a whole, and for a significant number of countries, the present decade has been one of contradiction, since while the growth potential has been demonstrated, the final results have fallen well short of that potential.

58. The decline in the growth rate of most of the countries in the second half of the 1970s has undoubtedly had severe social repercussions. It has severely limited the capacity for absorption in productive employment, in some cases leading to a rise in open unemployment, and still more in underemployment; and it has accentuated the adverse effects of the extreme concentration in the distribution of income, thus exacerbating the struggle for redistribution, with its subsequent effects on inflationary pressures. The conclusion is clear that one of the basic objectives which the countries must pursue is the revival and acceleration of the growth rate in coming years, and especially in the 1980s, since this will furnish a better material basis for the establishment of clear, well-defined objectives in the field of social development and human advancement, which must accompany the process of economic growth.

59. Real per capita income as obtained by adding the terms-of-trade effect to the domestic product showed an average rate of increase of about 3% a year between 1970 and 1978, a rate slightly above the rate of increase in the domestic product (2.8%). A particular influence was the relatively improved terms of trade of some countries, such as the oil exporters, though in another large group the evolution in the terms of trade limited the rise in real income. If these trends were maintained, Latin America would take about another quarter-century to double its per capita income. As with the domestic product, changes in real incomes have been very different depending on the country. Of the 23 countries studied, only

nine recorded a rate higher than the average of 3%, and of the remaining 14 the vast majority achieved a growth rate well below the average; there were many cases where the per capita income in 1978 was practically the same as that of 1970, or only slightly higher. In this way the region as a whole, and a large number of the countries in it, recorded a rise in per capita income which was markedly lower than the rate of 3.5% laid down in IDS as a bench-mark for the developing countries as a whole.

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II. THE EXTERNAL RELATIONS OF LATIN AMERICA ON THE THRESHOLD OF THE 1980s

A. CHANGES IN LATIN AMERICA'S PRIORITIES

60. All the countries of Latin America continue to manifest characteristics and experience problems which are specific to developing countries and shared by the entire Third World. They include the still high share of exports of primary products in total exports; the low degree of development of some industries, especially those producing capital and intermediate goods; inadequate co-ordination in the use of the region's bargaining power; the persistent imbalance on current account and their status of net recipients of external capital in the form of loans and direct investment; and considerable inequality in the distribution of income and the high proportion of the population which is still living in extreme poverty. The latter problems can be solved only by complementing the domestic effort with appropriate international co-operation in the fields of trade and technological and financial matters.

61. These characteristics make it necessary to incorporate in the policies for international co-operation the common denominators shared by all developing countries.

1. Trade policy

62. During the first years of the post-war period, Latin America assigned high priority in its trade policy to primary products, which at that time made up over 95% of the region's total exports. The region's concerns and ideas regarding price stability, a greater degree of processing of its products and participation in the distribution of these goods, which for many years were discussed in various United Nations bodies, were later brought to the attention of UNCTAD. In those first years too, trade policy was designed to promote exports of manufactures, but the related problems and policies were given lesser importance.

/63. Today,

63. Today, Latin America continues to attach much importance to its primary commodity exports, since they still represent more than four-fifths of their total income from exports. Serious problems in gaining access to the markets of developed countries which affect primary products exported by Latin America, sharp fluctuations in incomes arising from such exports and the unfavourable impact of inflation on their purchasing power are some of the main focuses of concern. However, at the same time other aspects of trade policy have been of great importance. The main thrusts of current policy in Latin America are the procurement of equitable prices for exports, the promotion of exports of manufactures and other non-traditional goods and the securing of broad and complete access for these goods in the markets of industrialized countries, and intensification of the process of diversifying markets. Regrettably, in recent years the efforts of the developing countries to increase and diversify their exports have run up against serious obstacles in the form of the protectionist tendencies observed in the industrialized countries; the accentuation of these tendencies is a matter of profound concern, not only among the developing countries but also in the international community.

2. Protectionism

64. Despite the undertaking made by the developed countries during the IV UNCTAD, in its resolution 96 (IV), to maintain the status quo in the application of tariff and non-tariff barriers, new types of protectionist measures have proliferated in those countries in recent years, with a negative impact on the developing countries' exports both of primary products and of manufactures and semi-manufactures.

65. This protectionism, which in recent years has taken on new dimensions and characteristics, is of great concern to Latin American countries, since the new restrictions on trade which are being introduced systematically have a serious effect on agricultural goods and minerals and on semi-manufactures and manufactures of special interest for them (sugar, bananas, soya, flowers, meat, oils, dairy products, copper, zinc, tin, textiles and clothing, footwear and leather manufactures, preserved fish, electronic articles and consumer durables, motor cars, steel and ships).

66. This is of particular gravity since the expansion and rationalization of their domestic production, and opportunities for creating employment for the growing labour force, depend to a large extent on vigorous growth in exports from the sectors mentioned.

67. In view of the implications of protectionism for the world economy, it is necessary to agree upon and implement a co-ordinated international programme of action. In that respect, the Latin American Countries should, in the appropriate forums, draw up policies for short-term action to restrain the growth of protectionist measures which can be linked with, and complement, other medium-term and long-term policies.

68. To that end, CEGAN recommends the adoption of the agreements reached at the Latin American co-ordination meeting held under the umbrella of SELA and the Fourth Ministerial Meeting of the Group of 77, and especially those related to the inequitable nature of the new protectionist trends, voluntary measures in the economic, financial or trade fields within the framework of joint action, the limitations which should be incorporated into new protectionist measures to prevent their application to products from the developing countries, and institutional machinery to oversee the development of protectionism and the application of the steps agreed upon for the progressive elimination of the protectionist measures.

69. CEGAN also recommends the strengthening and intensive use of existing forums in Latin America, with the aim of examining the general and particular aspects of protectionism and producing recommendations, in the light of the interests of the region, which will lead to their reduction or elimination.

70. CEGAN further recommends the denunciation, in all appropriate forums, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, and the protectionist barriers against access to their own markets for the manufactures produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and others in a similar position.

71. Furthermore,

71. Furthermore, this type of protectionism includes arrangements and machinery whereby imports from developing countries are subject to greater restrictions than those from the industrialized countries, although the latter have substantial surpluses on the current account of their balance of payments and the developing countries are finding it difficult to overcome the economic crises they are experiencing.

72. CEGAN also recommends the denunciation of the tendency of the developed countries to take unilaterally measures which present the developing countries with a situation in which they must negotiate bilaterally on terms which are very unequal and contrary to the principles agreed upon multilaterally by the international community.

73. In the light of the principal causes of protectionism, CEGAN reaffirms its conviction that the main solution to protectionism in the medium and long terms lies in the restructuring of industry which should take place within the developed countries, taking into account the real interests of the developing countries.

74. For the above purposes, and in order to facilitate the restructuring of industry and the transfer of the developed countries' industrial capacity to the developing countries, CEGAN recommends that an attempt should be made to negotiate the establishment, in the developed countries, of effective systems of assistance measures for the restructuring.

75. Moreover, bearing in mind that Latin America as a whole has substantial purchasing power and enormous quantities of natural resources, which confer on it considerable bargaining power, CEGAN recommends that, in all the appropriate Latin American forums - especially within CEPAL and SELA - a study should be carried out of the different possibilities of using this purchasing power and the most suitable means of making its use effective. In that regard, and in line with the various possibilities and the areas in which such an approach would be most feasible, emphasis should be placed on the promotion of joint or co-ordinated negotiation and purchasing, within the framework of the action committees of SELA.

3. Industrialization, access to markets and world industrial restructuring

76. In order to ensure more harmonious and balanced economic development, the Latin American countries should gradually replace the model based on import substitution with a model which responds to the needs of the region and enables selected sectors of Latin American industry to compete in international markets, while proceeding with the transformation of the industrial structure and the development of new industries.

77. Manufactures are the most dynamic component for the behaviour of exports, and accordingly the expansion of manufactures is essential in order to stimulate the growth of the economy, combat the external bottleneck and tackle the serious domestic problems of structural unemployment and low incomes with prospects of success.

78. The development of capital and intermediate goods industries which operate efficiently not only alleviates pressures on the balance of payments but also represents a necessary element in the present stage of Latin American technological and industrial development.

79. One of the principal causes of the stagnation in Latin American industry and its low level of utilization is the deterioration in the conditions of access to the markets of the industrialized countries, which continue to apply domestic policies supporting inefficient production sectors, with restrictions on the import of products from the developing countries.

80. The solution to this problem lies fundamentally in a restructuring of world industry compatible with the growth objectives of the developing countries.

81. The long-term policies aimed at a restructuring of world industry which will encourage optimum global growth require conscious efforts by the international community to institute rational productive arrangements in the world. In this regard, it is necessary to create appropriate monitoring machinery in order to follow closely the evolution of the world's production and trading arrangements and to facilitate the shift of production factors from the sectors which need to be restructured in the developed countries, with the aim of achieving the most effective inter-industry and intra-industry international specialization.

82. In this regard, CEGAN recommends the adoption of the agreements which emerged from the Fourth Ministerial Meeting of the Group of 77, and especially those relating to the establishment within UNCTAD of machinery to examine periodically the production and trading arrangements in the world economy and identify the sectors which require a structural readjustment, and those relating to the creation of an appropriate forum to speed up negotiations to

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ensure the establishment and application by the developed countries of measures and policies which are necessary to promote the readjustment process in the sectors identified and facilitate the shift of the production factors from those sectors; it is also necessary to ensure constant vigilance in order to avoid the creation, in the developed countries, of uneconomic excess capacity which might lead to demands for protection.

4. Commodities

82bis. Latin America faces not only the problems which affect the purchasing power of its exports, but also the lack of resources for identifying, exploring and developing its sources of basic commodities. Financing for these purposes has been seriously affected by problem of external indebtedness and social pressures in the developing countries. Moreover, there is generally not enough domestic saving capacity to make substantial investments in these fields. The result is that the main sources of financing have tended to be the transnational enterprises, on terms which in many cases have not been compatible with the interests and objectives of the recipient countries.

83. The fundamental problems which continue to affect earnings from the commodity exports of developing countries are: the instability of international commodity prices, the low degree of processing of exports of such products, and the scant participation of the developing countries in their marketing. In order to give an adequate solution to these problems, resolution 93 (IV) on the Integrated Programme for Commodities was adopted at the IV UNCTAD, some of the objectives of which are: (a) to achieve stable conditions for trade in commodities, particularly avoiding excessive fluctuations in prices; (b) to improve and maintain the real incomes of the developing countries, by protecting them against fluctuations in their export earnings, especially on from commodities; (c) to improve access to the markets for commodities and products processed from them; and (d) to improve the market structure for commodities.

84. As part of the work schedule of the Integrated Programme, preparatory meetings have been held for negotiations on all the commodities covered by the above-mentioned resolution, with the exception of bananas and bauxite. Because of the lack of political will on the part of the developed countries, very little progress has been recorded, except in rubber, although in the case of some products sufficient elements already exist to convene the negotiating conferences. (To date only the negotiating conference on rubber has been convened.)

85. CEGAN considers that there is a need to develop policies aimed at the rational utilization of non-renewable products (such as minerals) to ensure that the use of these resources contributes to viable socio-economic growth and the protection of the environment in the short as well as the long run.

86. CEGAN therefore recommends that, in the Declaration which will emerge from the eighteenth session of the Commission, the developed countries should be urged to provide maximum collaboration so as to conclude as soon as possible the technical stage of identifying problems detrimental to international trade in those commodities covered by resolution 93 (IV) for which preparatory meetings have been held, so as to reach as rapidly as possible the phase of negotiating international agreements.

87. Mention should also be made of the negotiations on the Common Fund, progress on which has been extremely slow and difficult as a result of insufficient political will on the part of the majority of the developed countries, so that the initial position of the Group of 77 has been deteriorating. The basic elements of the Fund have now been established, and this represents good progress, but there has been some distortion of the initial purpose for which this financial body was set up, namely to influence the commodity markets so as to stabilize the international prices of these products, and reduce the financial burden on the developing countries arising from the establishment of the international measures agreed upon within the international commodity agreements.

88. So as to promote joint action by the developing countries in the negotiations on the Common Fund and on individual commodities, important agreements were reached during the Fourth Ministerial Meeting of the Group of 77, notably on the Common Fund and on commodity negotiations. These agreements should be included in the declaration which will result from the eighteenth session of CEPAL. The aspects which should be highlighted in connexion with the commodity negotiations include the following:

/(i) That

(i) That negotiating conferences should be convened as soon as possible on the commodities at present in the preparatory phase, with regard to which sufficient progress has been made in the technical phase of the identification of problems, on the basis of action programmes to stabilize prices and other measures; these negotiating conferences should be concluded within the extended time-table for the Integrated Programme for Commodities. In order to facilitate the negotiation process, assistance should be given to developing countries which are also producers in their efforts to strengthen and harmonize their negotiating positions, through meetings between such countries or through commodity associations.

(ii) That the signatory governments to the existing international commodity agreements should be invited, in accordance with the appropriate procedure for the adoption of decisions laid down by these agreements, to consider the possibility of including other measures of the Integrated Programme for Commodities, which may be relevant and also consider the participation of these international commodity agreements in the Common Fund, with a view to using both the financial facilities corresponding to buffer stocks and those of other types (first and second windows) where appropriate.

(iii) That provisions should rapidly be adopted for effectively applying appropriate measures and procedures for stabilizing and improving in real terms the prices of commodities exported by the developing countries, taking account of world inflation and the changes in the international economic and monetary situation - including exchange rates - the terms of trade, profits from investment and other relevant factors.

(iv) That in the specific studies and negotiations the processed and semi-processed products manufactured with the raw materials contained listed in resolution 93 (IV) should be included when the developing countries consider this appropriate.

(v) That "horizontal" action should be encouraged permitting agreements between producer countries on specific commodities. The formulae for concerting agreements offered by the producers' associations would be adjusted in order to apply this type of guideline.

89. It should be mentioned that the commodity negotiations have to date been concentrated on price stabilization, which makes it necessary to carry out negotiations to establish measures for action required in areas of critical importance for the countries of the region, such as compensatory financing, the processing and development of commodities, marketing and distribution, research and development, horizontal diversification and the expansion and diversification of the production and trade in foodstuffs.

90. CEGAN recommends that account should be taken of the agreements adopted by the CEPAL-FAO Technical Meeting on Rural Social Development in Latin America and the Fifteenth FAO Regional Conference for Latin America, which were held in August 1978 in Montevideo, Uruguay, since they produced some declarations on agrarian reform, plant and livestock health, technical co-operation among developing countries and especially on the problems of the region's international trade in agricultural products.

5. Transnational corporations

91. The increasing share of the transnational corporations in the economic activity of the region has given rise to concerns which are reflected in the principles upheld by the international community in the Charter of Economic Rights and Duties of States and the efforts of the developing countries to draw up a code of conduct for transnational corporations. These basic concerns, which were progressively become accepted as principles and which have progressively become accepted as principles, These basic concerns, which were grouped in the Guatemala Appraisal,^{3/} are fully valid and refer to the need for the implementation of the agreements reached on the subject by the countries in their regional forums; they include the agreements that the transnational corporations should comply with the laws and regulations and submit to the exclusive jurisdiction of the host country; refrain from any interference in the domestic matters, international relations and external policy of the host country; respect national sovereignty over natural and economic resources; comply with

3/ See International Development Strategy and establishment of a New International Economic Order, op. cit., paragraphs 169-173.

national policies, objectives and priorities; report on their activities; make net contributions of financial resources; contribute to the development of local scientific and technological capacity, and abstain from restrictive commercial practices.

92. Within SELA the Latin American countries have established their position vis-à-vis the code of conduct for transnational corporations, and the corresponding proposals are now being analysed within the United Nations Commission on Transnational Corporations, in which the negotiations on this code are taking place.

93. The process of discussion, preparation and acceptance of a code of conduct for the transnational corporations at the international level is complex and difficult. In the meantime, the bargaining power of the Latin American countries must be improved, and they should make efforts to exchange among themselves and other developing countries the information they possess on negotiations with the transnational corporations, thus helping to enhance the individual and collective bargaining power of the countries. Both CEPAL and the United Nations Centre on Transnational Corporations should continue to provide support in this regard.

94. In order to promote the position of the developing countries it is necessary to take as a basis the draft code of conduct for transnational corporations drawn up by a group of Latin American countries, and negotiate on it with the industrialized countries, bearing in mind the principles mentioned above, which are reiterated in the draft code: transnational corporations should comply with national legislation and jurisdiction, their activities should be in keeping with the development objectives of the region and with national interests, they should avoid interfering in the internal affairs of the countries in which they operate, shall not enjoy preferential treatment, shall refrain from seeking diplomatic or other support from their countries of origin, and shall not invoke the application of laws different from those applying in the host country.

6. Technology

95. The solution of the problems of the transfer of science and technology continues to have high priority in the establishment of the New International Economic Order. Questions continue to be asked about the prices used in the transfer of science and technology, the adequacy of the existing institutional arrangements and the degree to which this transfer is in keeping with the conditions of the countries of the region.

96. In the circumstances, the creation of an autonomous technological capacity in the countries of the region has not kept abreast of the progress achieved in the fulfilment of the targets by Latin America, in other areas of the IDS. Technical assistance from the international system has not given sufficient importance to research and development programmes, for example. CEGAN considers it opportune to reiterate the positions which Latin America agreed upon at the Fourth Regular Meeting of the Latin American Council (SELA, Caracas, 3-5 April 1978), when the following aspects were highlighted:

(i) The action arising out of the United Nations Conference on Science and Technology for Development to be held in 1979 should serve to promote the scientific and technological capacity of developing countries according to the conditions adopted by the Group of 77;

(ii) The contribution of UNCTAD in connexion with the function of the system of industrial property in the transfer of technology, in the context of the revision of the Paris Agreement for the Protection of Industrial Property which WIPO is carrying out. In this respect, the Latin American countries reiterate that this revision should provide the means for adopting appropriate measures aimed at preventing the abuses observed in this area;

(iii) Support and assistance from UNCTAD for setting up and strengthening sectoral, national, subregional and regional centres for effecting the transfer of technology and the establishment of links between these centres;

(iv) Application of the rest of the recommendations formulated at the Fourth Ministerial Meeting of the Group of 77 in Arusha (6-10 February 1979) on co-operation in the transfer and development of technology;

/(v) The

(v) The adoption of measures by the countries of the region to foster actively the transfer and mutual dissemination of technology in specific and critical sectors of their economies;

(vi) The full application of UNCTAD resolution 87 (IV), for which more assistance must be provided by the international community with regard to technological plans and policies, and development of local labour resources and technological infrastructure in order to carry out the commitments undertaken;

(vii) The need for joint action by all the countries, through UNCTAD, to correct the adverse aspects of the inverse transfer of technology relating to development.

97. The Latin American countries reaffirm the need to adopt a code of conduct for the transfer of technology, universally applicable under the conditions agreed upon by the Group of 77 in Arusha. The objectives of this code should be:

(1) To abolish the restrictive and unfair practices which affect the transfer of technology,

(2) To strengthen the technological capacity of the developing countries,

(3) To increase the international flow of the different forms of technology in conditions favourable to the developing countries.

98. The law applicable to transactions of the transfer of technology should be the code of conduct and the law of the purchaser country, especially with regard to policy matters in which the country's policy is implicated. Questions concerning the government policy contained in the legislation of the country purchasing the technology should normally be resolved by the authorities of that country. Arbitration is admitted as a means of solving controversies if the forms of selecting the arbiters and the procedures to be followed are fair and equitable, and if the law applied by the arbiter is the code and the national law laid down in the code.

99. The international transactions of the transfer of technology should remain within the context of application of the code, in accordance with the relevant national legislation. The code should moreover, apply to transactions or agreements between parent enterprises, subsidiaries established in the purchaser country, or between subsidiaries or affiliates of the same enterprise wherever they are located.

7. External financing and monetary problems

100. During the early post-war years, faced with the scarcity of private resources and the uncertainties which had characterized private flows of external capital towards the developing countries during the previous two decades, the international community gave great importance to public capital to increase capital flows to these countries. The concept of "targets" was included for the first time in the discussions on international financial policy to ensure a sufficient volume for the transfer of resources and give greater security to the financing of national development plans. In view of the very considerable sensitivity of Latin American balance-of-payments situations and those of other developing countries during those years, the concessionary aspect was highlighted with the object of ensuring more liberal terms and conditions which would be less of a load on official development assistance.

101. As from the collapse of the Bretton Woods system in 1971, international monetary relations have been characterized by extraordinarily high and persistent inflation and by a high degree of instability in the exchange rates of the main currencies. Although specific measures have since been adopted, the process of international adjustment has not been satisfactory and major imbalances continue to exist. This is particularly serious in the context of an international economy in which low rates of growth in production and trade exist alongside high rates of unemployment and underemployment, underutilization of resources and inflation.

102. Flows of ^{multilateral} public resources at the present time are not increasing at the rate required and are losing relative importance. Furthermore, the OECD countries, both bilaterally and in multilateral forums, are adopting the limited criterion of linking capital flows to per capita income, so that above certain levels, official development assistance is small or has been abolished altogether. Since many Latin American countries at the present time are above these levels of per capita income, the region as a whole is virtually excluded from the official aid flows.

103. Despite the second amendment to the Articles of IMF, international monetary relations continue to be characterized by a high degree of instability, with exchange rates changing frequently and sharply. Correction of the

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imbalances hits the developing countries particularly hard, since a major part of the burden of the adjustment measures falls on them, and moreover they have had to cut back their development programmes and incur extremely high external debts in relation to the size of their economies.

104. The so-called "interim period" intended to solve the severest problems of the international monetary crisis is not regarded as having been satisfactory. As a result, the international monetary system will require structural reforms which ensure the effective participation of the developing countries in the organization and management of a new international monetary system which, among other features, will offer them adequate resources to overcome the problems of disequilibrium in their balance of payments.

105. To this panorama may be added new developments such as the recent introduction of the European Monetary System (EMS), which make it desirable to transfer concern and recommendations regarding the above, to the appropriate forums as subjects for negotiation.

8. Specific aspects of relations with developed areas

106. One of the most striking features of the 1970s is the continuation of the growing internationalization of the region and its economic and financial linking with the developed economies. The external relations of Latin America and the Caribbean have become more complex and diversified, encompassing aspects of trade, technology and financing, and the transnational corporations are playing a very significant role in them. Nevertheless, for reasons which will be indicated below, the region's exports to each of the developed areas have recorded a significant decline in terms of their relative share; in addition, the region has recorded substantial trade deficits with each of those areas. This section deals with some specific problems in these relations in the sphere of trade.

(a) Relations with the United States

107. Despite the changes which have taken place in the centres of economic power in the world economy, the United States maintains its predominant position. It is Latin America's major trading partner, supplying the largest percentage of its imports and purchasing the major part of its exports; it is the main source of investment flows into Latin America, and the most significant supplier of technology. It is involved in the ownership and

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exploitation of a significant number of basic resources which are of critical importance in the economy of many countries. Finally, it is a major source of tourists; expenditure by these visitors accounts for a significant part of the foreign exchange earnings of several Latin American countries. In Latin America's relations with the United States, the prospects and trends observed at the beginning of this decade have further deteriorated, as the analysis hereafter will show.

108. Exports to the United States have continued to be the least dynamic sector of Latin American trade. The growth of Latin American exports of manufactures to the United States is the natural result of the region's development process and its efforts to diversify production and trade. On these efforts the possibilities of increasing Latin America's imports of intermediate equipment and manufactures and the growth of the economies of the region partly depend.

109. As far as basic commodities and agricultural products are concerned, protectionist measures of various types have also proliferated. Mention should be made of those related to quality control and phytosanitary considerations.

110. Also of importance are the periodic inconsiderate sales of strategic reserves of mineral products, principally tin, which have a harmful effect on international prices for such products; and an indefinite freeze on such sales is essential in view of their effect on the economies of the producing countries.

111. The Latin American countries have viewed with concern protectionist tendencies in the United States which affect goods of high priority in Latin American exports. Some examples of the re-emergence protectionism in the United States are: (i) the establishment of the trigger price mechanism for steel products early in 1978, following similar action establishing minimum, or "basic" prices for such products in the European Economic Community; (ii) the Beef Import Act of October 1978, providing a valve to shut off imports of beef when domestic production rises and allow them to increase when it falls; (iii) the duty increase and additional charge on sugar imports; (iv) passage in the Senate and House of Representatives of a bill to prevent the President from making trade concessions in respect of United States textile and apparel imports at the multilateral trade negotiations; and (v) the failure of Congress to extend the President's authorization to waive countervailing duties.

112. Concern also exists at the trade restrictions originating in the United States legislation on countervailing duties and its application, which does not always comply with GATT standards. For that reason great importance is attached to the negotiations on a code of conduct on the subject currently being held in Geneva, which, it is hoped, will lead to special and differential treatment in favour of the developing countries in respect of subsidies and countervailing duties.

113. With regard to the Generalized System of Preferences, the main instrument which the United States has employed in recent years for executing its trade policies, designed to benefit the developing countries, concern continues with regard to:

(i) The exclusion of Ecuador, Venezuela and Cuba, contravening the principle of non-discrimination in GSPs accepted by the industrialized countries when they committed themselves to implementing these preferential systems;

(ii) Rules of origin. In order for a product to qualify for preference, at least 35% of its value added must have originated in the exporting country; the figure is 50% in the case of a product with value added in two or more countries forming part of a trade association or integration area. The restrictive nature of these percentage specifications increases very significantly through the fact that the value added is limited, for purposes of the law's application, to direct costs;

(iii) The application of the competitive need formula which restricts Latin American exports of many goods, thus implying the annual elimination of export products of importance to Latin America from the United States preferential system. These provisions prevent the countries from effecting investment derived from the incentives which the system should provide.

(iv) The exclusion of numerous goods of great interest to Latin America.

114. The declaration which will be adopted by CEPAL at its eighteenth session should express the conviction of the countries of the region that the GSP should not constitute an instrument of economic coercion, and that accordingly discrimination in the United States GSP against Cuba, Ecuador and Venezuela should be eliminated.

115. About

115. About 700 United States tariff items have been left out on the grounds that they are sensitive and that their exclusion is mandatory under the 1974 Trade Act. Many of the excluded items are of real or potential interest to Latin America (textiles, apparel, footwear, etc.). However, the list of exclusions which is the longest and the most discouraging is that containing all of the products whose absence from the scheme is discretionary. These products have been excluded by decision of the President, after public hearings and recommendations by the International Trade Commission, due to the possibility of unfavourable effects of imports on United States industries and employment.

(b) Relations with the European Economic Community (EEC)

116. The European Economic Community continues to be the second most important market for the Latin American region, after the United States. Exports by the region to the Community, however, have not succeeded in growing at a rate similar to that of imports from the Community, especially in recent years, and this has meant that the balance of trade with the Community, which was a surplus up to 1970, has given way to frequent deficits since then.

117. A review of conditions of access to the EEC market made by CEPAL in 1978 showed that it is highly protected. This affects exports of manufactures and commodities. The obstacles in the way of the free access of Latin American exports to the Community markets are manifested in different forms, and vary from one group of products to another. Tropical products, for example, are largely subject to high and escalating tariffs as the degree of processing of the product increases. The application of the STABEX system to some products may, moreover, persuade the Community to choose to purchase them from the ACP countries. Several others, mainly temperate-zone products, are subject to the Community's agricultural policy, which effectively protects Community farmers and applies various restrictions to imports for this purpose.

118. The different agreements drawn up between EEC and groups of countries have formed a network which covers a large number of the developed and developing countries; this may have adverse consequences for exports by Latin American countries which are not part of the network.

119. The Community GSP scheme offers better conditions of access to the developing countries for a large number of products; nevertheless, the treatment of the "sensitive" and "semi-sensitive" products affects precisely those manufactures which Latin America is endeavouring to export.

120. The series of protectionist measures adopted by EEC with increasing frequency, and the serious economic harm arising from them, led the First Advisory Meeting on Latin America's Relations with EEC, held under the umbrella of SELA in Punta del Este in November 1978, to draw up specific recommendations to the Latin American Council for consideration at its fifth ordinary meeting.

121. With specific reference to the aspect under consideration, mention should be made of the procedures which might be adopted to strengthen the region's negotiating position vis-à-vis EEC. These might basically involve action by the countries which considered themselves affected, without prejudice to bilateral action which was deemed necessary, to carry out consultations with the other interested countries with a view to deciding on the desirability of formulating and implementing appropriate joint action.

122. This joint action would include such voluntary measures in the economic, financial or trade fields as:

- (a) Even-handed trade treatment applicable to exports from the developed country or countries;

- (b) The drawing up of guidelines to restrict or stimulate imports to the developing countries from the developed country or countries;

- (c) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery in all appropriate forums, in order to safeguard the interests of the countries of the region and for that purpose to promote collective action in such negotiating forums.

(c) Relations with Japan

123. As part of a policy to diversify the external relations of Latin America, it is important to increase the links between the region and Japan in trade, technology and financing. Latin American exports to Japan have increased more slowly than imports. A growing deficit has emerged since 1970, reaching \$US 2,300 million in 1976, i.e., 136% of exports. Commodities with a

/limited degree

limited degree of processing figure largely in Latin America's exports.

Product coverage must thus be expanded and the obstacles restricting the access of both primary goods and manufactures to this market must be removed. Japan's Generalized System of Preferences must be improved and applied to the full, and agreements implemented in order to make it possible to increase exports of commodities and semi-processed products. New agreements must also be reached in the field of technology.

(d) Relations with other developed countries

124. Trade flows with Canada have expanded considerably, and there have been examples of valuable technical and financial co-operation, although still on a small scale. It is important for the studies begun by the secretariat to be brought to a conclusion and their approach should be such as to contribute to solving the problems pending and to detecting new forms of co-operation which will better respond to Latin American needs. The secretariat should consider how technical meetings can be held on relations with Canada and Japan, based on its ongoing studies, in order to obtain useful conclusions for action.

(e) Relations with the European members of the Council for Mutual Economic Assistance (CMEA)

125. The countries of Latin America have maintained trade relations and signed agreements with the European members of the Council for Mutual Economic Assistance (CMEA), but nevertheless in the past two decades their relative importance in the region's total trade has been very small. Starting in the first years of the 1970s Latin American exports have reached a higher annual rate of growth than in previous years, while the number of countries of origin of such exports has risen although there has been no substantial change in the high proportion accounted for by two countries in the total amount of exports. As far as Latin America's imports from CMEA countries are concerned, the trend has been different, since these imports have grown much more slowly than exports, so that the total trade balance has recorded a growing surplus in recent years.

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126. The trends and facts indicated above refer to all Latin American countries except Cuba. Starting at the beginning of the 1960s, Cuba was obliged to redirect most of its external trade (because of the trade blockade against it) which it effected largely towards the European members of CMEA, which at the beginning of the present decade absorbed 64% of Cuba's exports and supplied 63% of its total imports. In more recent years the CMEA countries' share in Cuban trade has been smaller, but relations in the field of co-operation have become much deeper and wide-ranging, particularly since 1972, when Cuba became a member of CMEA.

127. The expansion in trade which has been referred to was further accompanied by a qualitative change in the relationship between the Latin American countries and those of CMEA, to the extent that the strictly commercial agreements have been progressively replaced by agreements of a broader nature, which include aspects of economic, scientific and technological co-operation. To date a substantial number of Latin American countries have signed about 200 agreements of various kinds with the various CMEA countries (including agreements defining the general framework and arrangements for co-operation in various fields), which represent the contractual basis on which the relations between the two groups of countries rest. In that respect it should be pointed out that most of the economic co-operation agreements have entered into force only recently, and consequently in many cases the concrete co-operation projects are in their initial stages of implementation, while in other cases they are in the study or negotiation stage. As a result, it is reasonable to assume that in the medium term Latin American trade with the CMEA countries will continue to increase, especially if advantage is taken of the possibility of negotiating agreements for sales of specific volumes of products of fixed periods.

128. The concerns of the Latin American countries in connexion with these relations are related to, among other matters, the drawing up of multilateral agreements for the settlement of trade balances, and the interest of the countries of the region in diversifying their exports, which are at present concentrated on traditional products with an insufficient degree of processing.

9. Regional and interregional economic integration
and co-operation

129. During the 1970s the regional economic integration processes have come up against serious problems, with the exception of the Andean Group, despite which there has been a significant increase in real links and co-operation among Latin American countries. Owing to the importance of regional co-operation in the development and diversification of regional production, economic integration should constitute a basic point of departure in the international development strategy for the 1980s and the establishment of a New International Economic Order.

130. In the cases of LAFTA and the Central American Common Market, one of the aspects which have aggravated the delays and problems of some formal integration processes has been the lack of political will which has obstructed the operation of the programming machinery and has delayed progress, despite achievements in trade matters. Another element which has contributed to hindering the implementation of the objectives of these systems is the difference in the economic structure and the initial degree of development of the member countries which has not made it possible to balance benefits and costs.

131. Despite these difficulties of progress in the formal integration machinery, strong links have been developed in the field of trade, industry, the infrastructure, agriculture, technology and the defence of common interests and in cultural exchange.

131bis. The creation of SELA constitutes an important instrument for giving impetus to co-operation activities in specific fields and defining common regional positions for negotiation in international forums, as adopted in the constituent agreement of Panama.

132. Also of importance is the recently signed Amazonian co-operation treaty, which established regular machinery for co-operation among eight Amazonian countries for the purpose of promoting the harmonious development of their respective Amazonian territories and the sound use of the natural resources of those territories.

132bis. The strategy to be defined for the 1980s should contain the formulae and modalities which will facilitate the convergence and interconnexion of the different integration systems and machinery; the integration systems and SELA in their respective spheres of competence, should play an important role in this task and in the harmonization of the formal systems and the de facto forms of co-operation.

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(a) The integration processes

133. During the second half of the 1950s and the 1960s, regional co-operation efforts were mainly channelled towards drawing up integration schemes of an all-embracing nature, and materialized in the establishment of the Central American Common Market, the Latin American Free Trade Association, the Caribbean Free Trade Association which later became the Caribbean Common Market (CARICOM) and the Cartagena Agreement. The Latin American Free Trade Association, which recorded substantial progress in its early years, is going through a period of relative stagnation with regard to new negotiations. This may be a backward step to some extent, owing to the reduction of area preferential margins as a result of the general cuts in customs tariffs by some member countries. The ending of the period of transition of the Montevideo Treaty in 1980 has opened up a phase of activities of a preparatory nature to be implemented this year, so that the meeting of the Council of Ministers can review the process and adapt the legal structure of the Association to present requirements and the needs for its future development, so that it may recover its original dynamism and once again act as the powerhouse of regional integration.

134. The Central American Common Market showed marked dynamism during the first decade in which it functioned, and was successful in giving a firm boost to the industrialization of the Central American countries and in forging ahead with the diversification of their structures of production. The machinery set up included measures for liberalizing trade and joint industrial programming. Since growing difficulties emerged in the application of the latter, the rate of industrial change which had arisen out of the integration process came to a standstill, although inter-area trade continued to expand moderately. In recent years, further specific problems arose and delayed an in-depth reformulation of the original treaty proposed by the Secretariat of the Treaty to imbue the Common Market with new dynamism.

135. In the CARICOM region (formerly CARIFTA) significant progress has been made in the expansion of trade, the development of financial, administrative and other institutions and consultations on agricultural development and industrial planning. In the past three years the economic difficulties experienced in some of the largest countries of the region have led them to introduce quotas which apply to all imports, including those from other CARICOM countries. This has temporarily affected the development of CARICOM.

136. The Andean Group stands out by its dynamic development, both in the decisions adopted and in the growth of intra-zonal trade. The progress made by the different mechanisms contained in the Agreement is promising, and is reflected in the decisions already adopted, which are aimed at influencing the industrial diversification of the countries and arriving at an appropriate distribution of the benefits among them. Among its achievements mention should be made of Decision 24 referring to a common treatment for foreign investment; since its adoption, there has been significant growth in investment. This subregional integration mechanism has substantial political support from its member countries.

137. Despite the problems experienced by some integration processes, Latin American interregional exports have increased several times more rapidly than extra-regional exports and at present account for nearly 17% of the total. This favourable development has made it possible to lessen the difficulties generated by the protectionist tendencies of the developed countries. During the difficult economic conditions of recent years, the regional market showed its ability to absorb the effect of the drop in exports to extra-regional markets.

138. Exports to the regional market are characterized by a higher content of new products which are industrially and technologically more complex than those exported to the extra-regional market. For some of these new products, particularly in the engineering industries, the regional market made it possible to gain the necessary experience to penetrate the markets of developed countries at a later date. In this

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way, the real link existing between Latin American economies is contributing to the regional industrialization process. Latin American integration and complementarity is a feasible and efficient road to the development of new industries and to imbuing those already in existence with new dynamism. In the field of agriculture, progress has been scanty despite the great potential.

(b) Forms of co-operation in specific aspects

139. An important mechanism for regional co-operation is the Latin American Economic System (SELA) whose action committees constitute a new, expeditious and novel form of co-operation among the countries which compose it. These committees are bodies of the system set up for a limited period to channel and implement projects of common interest to three or more member countries of SELA which are open for the rest of the Latin American countries to join.

140. Among the committees constituted to date within SELA are those on fertilizers, food supplements, handicrafts, public housing and sea and freshwater products; other committees projected are for a technological information network, milk products and meat and meat products, cereals, seeds, fruits and oilseeds and tourism.

141. In addition to action by SELA, joint activities have recently been carried out by two or more Latin American countries in the fields of trade, the infrastructure, production services, technological development and financial co-operation. In the field of intra-regional trade bilateral agreements have been strengthened, particularly between countries situated in the Southern Cone of the continent and in Central America. An example of this form of trade co-operation is given by the bilateral trade liberalization programmes, agreements aimed at intensifying trade in products contained in special lists, supply commitments for commodities over a number of years, and arrangements aimed at promoting direct purchases among public enterprises.

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142. In some geographical areas, progress has been made in integrating the physical infrastructure, particularly in the field of transport, communications and energy. Road transport presents an unbroken physical structure, throughout the region; rail interconnexions are concentrated more in the Southern Cone, and river transport is used to large extent in the River Plate Basin. However, serious transport problems remain which affect land-locked countries and certain regions as regards their access to the sea. For their solution an important contribution should be made by the action envisaged in the strategy being drawn up for the next decade. In the same way, it should be noted that regional and subregional efforts aimed at economic co-operation and integration are seriously limited by the incipient state of development of the physical infrastructure of transport and communications between the different subregions and subsystems in the interior of the continent. The Inter-American Telecommunications Network is making rapid progress, with a few micro-wave interconnexions remaining to be completed.

143. In the field of energy, joint activities are focussed on the electricity sector with a substantial increase in binational projects for hydroelectric development, notably at Itaipú, Yaciretá, Puyango Tumbes, Laguna Merín, Salto Grande and Corpus economic complementarity in the sectors of production has acquired considerable dynamism. The importance of the investment made in other countries of the region by firms located in Latin American countries may be appreciated, as well as the fact that such investment represents flows not only of finance but also of entrepreneurial and technological skills. In the field of technology, recent studies show a potential for internal flows of technological know-how to supplement imported know-how, and this will help to create fields of horizontal co-operation between countries of the area.

144. In the financial sphere there are various examples of machinery in Latin America for co-operation both in finance and trade and in balance-of-payments support. These include the Andean Development Corporation, the Caribbean Development Bank, the Central American Clearing House and the LAFTA Reciprocal Payments and Credit System. They have been joined by the temporary balance-of-payments support machinery of the LAFTA countries and the Dominican Republic (Santo Domingo Agreement), the Latin American Export Bank and the Latin American Tourist Bank.

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The Latin American Arab Bank is a joint effort by the two groups of countries. The Venezuelan Investment Fund is a national body which in addition to its programmes of concessionary aid promotes investment in the region, while the Andean Reserve Fund, which was established recently, offers opportunities for both financial and policy co-operation. Finally, the Latin American Bank Acceptances (ABLA) system, while not a co-operative effort in itself, reflects collaboration by the countries in drawing up banking documents with common features to facilitate their handling in external financial markets.

145. Also of importance are the subregional economic and infrastructure co-operation arrangements between various groups of Latin American countries, such as the River Plate Basin Agreement, the Amazon River Basin Treaty, the Caribbean Development and Co-operation Committee and the Central American Co-operation Committee.

146. Latin America also has public and private sectoral organizations which engage in co-operative activities involving the organizations and enterprises of various countries in a given sector. The Latin American Energy Organization (OLADE), the Latin American State Oil Assistance Association (ARPEL) and the Commission for Regional Electrical Integration (CIER) are operating in the energy sector, the Latin American Railways Association (ALAF), the Latin American Road Transport Association (ALATAC), the Latin American Shipowners Association (ALAMAR) and the Caribbean Multinational Shipping Association (NAMUCAR) in the field of transport; the Latin American Industrial Association (AILA), the Latin American Canning and Allied Industries Association (ALICA), the Latin American Iron and Steel Confederation (ILAFA) and the Latin American Association of Tourist Organizations (COTAL) in the industrial and services sector; in the financial sector there are the Latin American Association of Financial Institutions for Development (ALIDE) and the Latin American Bank Federation (FELABAN), as well as regular meetings of the Governors of the region's central banks.

147. In recent years regional machinery has been established to jointly safeguard the market position of certain basic products of interest to Latin America, including the body representing a group of Latin American and Caribbean sugar exporters (GEPLACEA) and the Union of Banana-exporting Countries (UPEB).

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148. The establishment and development of all these bodies and the experience they have acquired furnish a real institutional basis to facilitate the development, expansion and deepening of co-operation within the region and with other developing countries, so that this co-operation can play a vanguard role, especially in the face of the difficulties the international economy may encounter in coming years.

(c) Countries in special situations

149. The countries of the region present a heterogeneous picture of different national situations which are reflected in their stages of development and diversification of their economies, and in other economic and social indicators. This picture alone makes it difficult to generalize and seek solutions to the economic and social problems of the region; but is even more complicated if it considers the existence of less advanced developing countries islands and landlocked countries. In the efforts required to maintain unity and solidarity in the region vis-a-vis the problems which affect it and are common to it, measures should be established which as far as possible will alleviate or solve the specific situations facing these countries, so that they can go ahead with their development.

(d) Economic and technical co-operation among developing countries

150. In the progress towards the establishment of a new international economic order, co-operation between developing countries acquires great importance. It is a topic which in recent years has tended to occupy the attention of the international organizations, the developing countries and the international community.

151. This importance has been recognized in various resolutions, declarations, and decisions by the General Assembly and by the agencies and bodies of the United Nations. The Conference on economic co-operation among developing countries held by the Group of 77 in Mexico in September 1976; the United Nations Conference on Technical Co-operation among Developing Countries held in Buenos Aires in 1978, and various meetings of /the non-aligned

the non-aligned countries, particularly the Fifth Summit Conference held in Colombo in 1976, have confirmed the enormous importance which the developing countries and the international community give to technical and economic co-operation among the developing countries themselves.

152. It is a significant fact, and one which constitutes a commitment for Latin America, that two of the international conferences on this topic have been held in the region. This co-operation is not new for the Latin American countries, since in addition to having developed in the region, it has occasionally extended bilaterally to other regions.

153. This is the moment for this projection towards Africa and Asia to acquire new dimensions. As was said at the Buenos Aires Conference on Technical Co-operation among Developing Countries, such co-operation is a decisive force in initiating, planning, organizing and fostering co-operation among developing countries so that they can create, acquire, adapt, transfer and share know-how and experiences to their mutual benefit, and achieve the national and collective self-reliance which is essential for their social and economic development.^{4/}

154. CEPAL has taken the first steps towards the materialization of co-operation possibilities between Latin America and Africa. This incipient effort must be maintained and amplified. Latin America, with adequate international support and co-operation can play a major role in this effort by underdeveloped countries towards achieving one of the main aspects of the New International Economic Order, and the implementation of the Action Programme adopted at the Mexico Conference on economic co-operation among developing countries.

155. The new formula of SELA action committees makes it possible to identify the areas and sectors which will play the role of nuclei, and also facilitate the implementation of projects by setting up inter-regional action committees in which Latin American, African and Asian countries interested in a specific project take part.

^{4/} See United Nations, Report of the United Nations Conference on Technical Co-operation among Developing Countries, (A/Conf.79/13/Rev.1), New York, 1978, p. 4.

B. EVOLUTION OF THE NORMS AND PRINCIPLES WHICH GOVERN
INTERNATIONAL ECONOMIC RELATIONS

156. In order to facilitate the structural changes necessary for the establishment of the New International Economic Order, it is necessary to reformulate and renegotiate the rules and principles at present governing international trade and economic relations, in the light of the agreements reached at the VI Special Session of the General Assembly and in the Charter of Economic Rights and Duties of States.

157. The present rules and procedures of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT) have failed to satisfy the developing countries expectations and should be changed in line with their trade development and financial needs.

158. The results of the current negotiations on a code of conduct should reflect the situation of the developing countries, and the General Agreement should be revised to make it more flexible.

159. It is necessary to denounce forcefully the attempts of the developed countries to introduce new concepts, norms and principles in international economic relations which are inconsistent with the norms and principles laid down in the documents relating to the New International Economic Order, since they would produce very harmful consequences, neutralizing the effect of the measures and structural changes required to establish that order. Accordingly, CEGAN recommends rejection of:

(i) The new general framework of "basic needs", which rests on an inadequate conception and systematization which would limit the field of action in the areas included in the programme for the establishment of the New International Economic Order, and which, if applied, would produce enormous pressures on the developing countries to accept objectives incompatible with their development policies;

(ii) The concept of selectivity which the developed countries are in fact applying to exports from the developing countries, and for which they are attempting to gain acceptance in the multilateral trade negotiations within the code of conduct on safeguard clauses;

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(iii) The concept of "access to supplies", which would imply a threat to the principle of permanent sovereignty over natural resources and economic activities;

(iv) The concept of "graduation", which implies discrimination in matters related to trade, financing and development through an attempt to classify the developing countries into different categories. In that regard, CEGAN recommends the forceful denunciation of the effective application of this concept - which has not been accepted by the international community - by various governments of developed countries, which are discriminating against the Latin American countries in diverse protectionist measures, and by the international financial institutions, which have increasingly been focusing their attention on concessional and preferential policies basically designed to assist developing countries with per capita incomes below certain fixed levels, thus excluding almost all the Latin American countries.

160. In view of the foregoing, CEGAN recommends that all appropriate forums should denounce this international economic climate, which appears to be in the process of becoming increasingly unfavourable to Latin America, precisely at the most critical stage of its development.

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III. LATIN AMERICA'S PRIORITIES FOR THE 1980s

A. GENERAL ASPECTS

161. In section II of this document some conclusions and guides for action were outlined which derive directly from the analysis of the external economic relations of Latin America. These guides for future action should be considered together with the priorities outlined in section III below.

162. Latin America is a region in transition, with great potential for economic development, and at the same time serious problems and fundamental limitations which prevent this potential from being rapidly exploited.

163. In the domestic sphere, Latin America faces serious socio-economic problems which are principally associated with unemployment and the low incomes of large sectors of the population. A solution to these problems depends to a large extent on proper solution of the region's external problems, independently of the efforts which must be made at the domestic level.

164. Inflows of foreign exchange into the region continue to originate basically in the export of primary commodities. The prices of these commodities lack the necessary stability in real terms, so that the planning of economic development in Latin American countries is practically impossible.

165. Latin America's industrialization efforts depend to a large extent on the evolution of the markets of the developed countries, and on access to them. In this regard serious obstacles have arisen in the form of the protectionist trends recorded in the industrialized countries in recent years, the accentuation of which has caused grave concern among the countries of Latin America.

166. Efforts by the Latin American countries to achieve uninterrupted economic development, the sharp fluctuations in international commodity prices and the intensification of protectionism have made an enormous contribution to the emergence of a Latin American balance-of-payments deficit, which the countries of the region have increasingly had to cover

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by means of external borrowing, with the consequent increase in external pressures that make it difficult to solve social problems and redistribute income. As a result, Latin America's external financial position is very closely linked to the solution of the problem of fluctuating commodity prices and the vigour of its exports.

167. The major challenge facing the region is to combine its domestic and external approaches in a consistent integrated policy so as to maintain uninterrupted and balanced economic development.

168. The fundamental external constraints will persist unless the structural changes which are necessary for the establishment of the New International Economic Order, in accordance with the guidelines laid down by the United Nations General Assembly in resolutions 3201 (S-VI), 3202 (S-VI) and 3281 (XXIX), are introduced.

169. The absence of political will on the part of the industrialized countries to achieve more rapid progress in the negotiations on the establishment of the New International Economic Order, which would permit the gradual adoption of global policies with the full participation of the developing countries in the various fundamental fields for such purposes, continues to limit seriously the integration of the region in the international economy.

170. In recent years, additional phenomena have appeared whose seriousness obstructs the region's economic development efforts, especially those relating to the increasing discrimination suffered by Latin America in various schemes of international co-operation, including in some cases its exclusion from such machinery. This phenomenon is particularly evident in the policies guiding official development assistance, and those which institutions for financial co-operation have adopted or plan to adopt, which in fact constitute an application of the concept of grading into categories in the international financial and technical sphere. To this may be added the fact that some global policies, such as those which refer to access to markets, have particular impact on the region.

171. The sterility of the present international economic order adversely affects not only the developing countries but also the recovery and level of activity in the industrialized countries. The active role of the

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developing countries, and particularly of Latin America, in providing anti-cyclical stimulus in periods of international recession, is frequently ignored. That role could be observed in the sustained capacity to import of the countries of the region in recent years. Exports from the industrial countries to the developing countries have expanded sharply in recent years: between 1969 and 1975 the developing countries absorbed almost a third of the total rise in exports of manufactures from the industrial countries. In 1976, exports of manufactures from the North to the South totalled \$US 125,000 million, while the flow in the opposite direction was only \$US 25,000 million. The positive influence of this volume of sales on the level of employment in the developed countries cannot be denied.

172. From the above one may observe two contradictions which CEGAN recommends should be forcefully denounced. Firstly, while the industrialized countries demand from the developing countries a high capacity for debt repayment, their trade policies minimize the debtors' chances of making such repayments by increasing their capacity to export. Secondly, while the industrial countries have adopted a counter-inflationary policy, restrictions are imposed on products from the developing countries whose productive processes are labour-intensive and which are of high technological quality; the markedly lower costs of the developing countries could logically be of benefit to the consumers of the developed countries.

173. In order to tackle Latin America's fundamental problems, substantial progress should be demanded in the negotiations on the establishment of the New International Economic Order, in a spirit of equity as regards opportunities for all the countries of the world to enjoy the benefits of progress; here there is no place for discriminatory policies of grading into categories which can provoke disagreement in negotiations whose essential features should be universality and mutual benefit, within the framework of the general principles which govern the United Nations system, including the Charter of Economic Rights and Duties of States.

B. OBJECTIVES OF THE INTERNATIONAL DEVELOPMENT STRATEGY (IDS)
IN THE THIRD UNITED NATIONS DEVELOPMENT DECADE

174. The formulation of a new international development strategy must form an integral part of the efforts of the international community to accelerate the economic and social development of the developing countries and establish the New International Economic Order.
175. Consequently, the formulation of the strategy should follow the guidelines laid down by the General Assembly of the United Nations in resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, containing the Declaration and Programme of Action on the Establishment of a new international economic order; in resolution 3281 (XXIX) of 12 December 1974, containing the Charter of Economic Rights and Duties of States, and 3362 (S-VII) of 16 September 1975, on development and international economic co-operation.
176. The strategy should be aimed at achieving the objectives of the New International Economic Order which are contained in the resolutions mentioned above, and, in addition to defining targets, objectives and policies, should contain a set of interrelated and concerted measures in all development sectors with the purpose of promoting the economic and social development of the developing countries and ensuring their full and effective participation, on an equitable basis, in the formulation and application of all decisions in the sphere of development and international economic co-operation.
177. The strategy should also contribute to promoting the objective of the national and collective self-reliance of the developing countries, in particular through the encouragement of economic and technical co-operation among them and unconditional support for such co-operation by the United Nations system and the industrialized countries.
178. For the above purposes and with a view to the preparatory work for the formulation of the new international development strategy, CEGAN endorses General Assembly resolution 33/193 and further recommends that CEGAN itself should continue to meet periodically in order to properly prepare Latin America's contributions to the formulation of the new strategy, proving support to the Latin American group which is participating in accordance with the resolution.

C. THE INTERNAL EFFORT BY THE LATIN AMERICAN COUNTRIES
AND REGIONAL ECONOMIC CO-OPERATION

179. Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination.

180. The highest priority should be given to the organization and participation of the traditionally backward sectors of the population. In this context, the particularly important role of grass-roots organizations, which should be encouraged by means of material, technical and financial support, must be clearly visible.

181. CEGAN considered that the governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training).

182. Latin America should recover and achieve a high level of economic growth during the next decade, as an essential requirement for facilitating the achievement of the social aims put forward above.

183. This economic growth must be accompanied by an intensive process of change in production which will permit rapid industrialization of the economies and a deep-seated change in the agricultural systems of production, in order adequately to meet the nutritional needs of the population of Latin America and contribute to the growth of the exports required to enable the countries to afford supplies of essential imports.

184. The uncertainties and difficulties which the international economy is now traversing highlight still further the need to strengthen the role assigned to internal efforts and co-operation among developing countries, and particularly regional co-operation.

185. The domestic effort should be focused on the intensification of national savings, which necessarily implies a constraint on consumption - currently polarized in small sectors of society - so that in combination with the accumulation of other resources it can be selectively directed towards agricultural and industrial development, as was observed in earlier paragraphs.

186. Concerning regional co-operation, the priorities set out in the following paragraphs, especially as regards commodities, are to be added to those relating to similar topics set out below in part E of this section, dealing with international economic co-operation.

187. The promotion of regional and subregional co-operation, which is one of the mainstays of the action programme for the establishment of the New International Economic Order, should be conducted in a co-ordinated manner in Latin America, principally through the existing formal integration schemes and SELA, and with support from other regional and subregional institutions and machinery.

188. In order to facilitate this, the governments of the member countries of Latin America should co-ordinate their economic policies with efforts of this kind and provide maximum collaboration for the best possible use of the technological capacity and natural resources of the region. For this purpose, they should make intensive use of the relevant forums existing in the region, which should be adequately reinforced so that they can carry out the complex tasks which will arise in connexion with the achievement of the basic objective of the third international development strategy, which is to establish the New International Economic Order.

189. In order to impart greater dynamism to the economic integration process in Latin America, reforms must be carried out in order to advance in other fields of economic development in addition to tariff reduction and the establishment of industrial complementarity programmes and agreements, such as the infrastructure, agriculture, technology, transport and the defence of common interests. Measures must also be taken within the formal integration schemes to facilitate an effective solution of the problems involved in the fair distribution of benefits and risks among the participating countries, ensuring a real and timely transfer of financial and technological resources to the less developed countries.

190. On the other hand, formulae and machinery must be established to facilitate the convergence and interconnexion of the different integration schemes and machinery for this purpose, the integration systems themselves and SELA in view of its flexibility, should play an important role within their respective spheres of competence, giving impetus to co-operation activities in specific fields aimed at drawing up common regional positions for negotiations in international forums or for making use of the joint bargaining and purchasing power of Latin America.

191. Considering that LAFTA - which recorded progress in its early years and has experienced a relatively unproductive period - is in the process of carrying out preparatory negotiating activities with a view to the revision of the process, in view of the forthcoming conclusion at the end of 1980 of the period of transition of the Montevideo Treaty, it is recommended that the governments of the member countries should introduce reforms to bring it into line with present requirements, so as to restore it to its original dynamism, giving it greater flexibility as a forum for consultation and co-operation and strengthening the machinery for commodity negotiation and industrial complementarity agreements.

192. As far as the Central American Common Market is concerned, it is urgently necessary to find formulae and practical machinery which will give it new dynamism and permit the speeding up of the rate of industrial change in its member countries. With regard to the Andean Group, which stands out as a result of its dynamic development, new forms of support must be identified which will enable it to implement its important decisions more thoroughly.

193. The Latin American countries must strengthen SELA, whose action committees, which constitute a new, flexible and novel form of co-operation among their members, offer unlimited potential for facilitating economic co-operation.

194. It is also necessary to mention that if the obstacles to economic integration in Latin America are to be overcome, it is of vital importance to speed up the integration of the physical infrastructure of the Latin American countries, particularly in the fields of transport, communications and energy.

195. In order to avoid duplication of efforts by the different secretariats of the integration bodies, periodic meetings should be promoted among these bodies, which can give each other mutual support and exchange experience. CEPAL could play an important role as supporting body and technical assistance agent through specific studies which would supplement the work of these secretariats.

196. In the spirit of the resolutions adopted internationally and regionally, the new development strategy should develop machinery which will make it possible to deal with problems which may affect the economies of the less developed countries of the region, particularly the island and land-locked countries.

197. CEGAN recommends that the physical linking-up of the continent should not take place exclusively along the coastal strip, but also towards the interior, so that the land-locked countries can find improved means of solving the problems involved in marketing their products.

198. With regard to basic commodities, consultations should be stepped up with a view to making the best possible use of the experience and resources of the region. Among possible action is the following:

(i) Establishment, within the framework of the New International Economic Order, of financial machinery capable of providing the resources needed for the identification, exploration and development of the basic commodities of the region, on the basis of the principle of respect for the permanent sovereignty of countries over their national resources and economic activities.

(ii) Strengthening of the present producers' associations and the creation of new ones in the light of co-operation possibilities and the international negotiations in progress.

(iii) Establishment of a system of self-sufficiency in agricultural agricultural products.

(iv) Creation of offices of the producer countries of the region in the commodity exchanges which operate in the developed countries so as to observe the evolution of the transactions which cause fluctuations in international commodity prices and ensure that the information they channel on world supply and demand and weather factors is correct and does not distort real trends in this respect.

(v) Establishment of common regional positions with a view to negotiations within the permanent bodies which govern the international commodity agreements and those taking place within the Integrated Programme for Commodities.

(vi) Application of common strategies, agreed upon within SELA, vis-à-vis protectionist measures affecting regional exports of commodities and vis-à-vis the sale of the strategic reserves of such commodities by the developed countries.

(vii) Establishment of special machinery to facilitate the consultations and exchange of experience among the countries of the region, with a view to modernizing farming methods and mining and thus increase productivity.

(viii) Increase of research and development within the region with the object of identifying new commodity uses.

(ix) Adoption by the Latin American countries of appropriate plans for expanding and diversifying production of and trade in foodstuffs.

(x) Establishment, as far as possible, of a joint programme for the marketing and distribution of commodities in the region.

(xi) Establishment of a regional financial institution providing technical and financial support for the development of national marketing and distribution systems in the Latin American countries, in particular the financing of the creation of national reserves and storage installations, and the constitution of funds for horizontal diversification funds.

199. With regard to industrialization, in order to speed up the economic and industrial development of the Latin American countries, their collective efforts to expand and create multinational industries based on the development of local resources must be intensified. Similarly, infrastructure must be created to allow a more rational absorption of external capital and technology, expand national and regional markets and substantially increase Latin America's share in the world trade of manufactures.

200. Suitable instruments for quality control must also be adopted, so that exports of manufactures and semimanufactures become more competitive in the international markets.

201. In order to make better use of the regional market as a whole, the Latin American countries must make full use of every possibility of industrial programming and complementarity, and adopt a joint position with regard to the restrictive trade practices imposed by the transnational corporation, in accordance with their position on the code of conduct

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for transnational corporations within SELA, since these corporations hinder the rational use of natural resources and labour. It is necessary to reinforce sectoral meetings of entrepreneurs and promote consultations between entrepreneurial bodies so as to observe the evolution of the intentions of the transnational corporations in the application of such practices. It is also necessary to strengthen the machinery for consultation, establishment and application of standards to quality.

202. With regard to legislative matters, without prejudice to the efforts being made in this respect at the international level the Latin American countries should adopt, inter alia, effective rules, in accordance with national development policies, to govern foreign investment, the conditions in which the transfer of technology takes place, the restrictive trade practices of the transnational corporations, and questions concerning industrial property, so as to avoid the harm which could stem from possible exclusivity agreements and abuses of market power.

203. Since the growth of industrialization largely depends on the evolution of external factors such as protectionist measures, financing, technology, quality control and transport, it is essential that consultation on these subjects should be intensified and that the region should adopt common positions for the purposes of the international negotiations which are at present being held on the above subjects within the United Nations system, and in associated bodies such as GATT.

204. In the field of technology it is necessary to create special machinery to facilitate the transfer of indigenous technology and the exchange of technical assistance. For these purposes it is recommended that national centres for technological development should be set up which can link up with regional institutions or centres, such as the Latin American Technological Information Network (RITLA), set up during the fourth regular meeting of the Latin American Council of SELA.

205. These links between the national centres and subregional and regional centres for the development and transfer of technology will assist in putting into practice initiatives in such fields as:

(i) The suitable exchange of information on the various possibilities open to the developing countries in the field of technology.

(ii) The establishment of joint technological research and training programmes.

(iii) The

(iii) The identification of technological needs and the supply of technical assistance for the development of training programmes and the drafting of model contracts for the granting of licences.

206. It is also important to develop appropriate intermediate technology to deal with such problems as subsistence agriculture, which affects vast sectors of the rural population of Latin America.

207. In order to ensure that the international code of conduct for the transfer of technology which is being negotiated in UNCTAD includes all aspects of interest to the Latin American countries, continued co-ordinated action is essential.

208. As far as transnational corporations are concerned, their increasing participation in economic activity in the region has led to concern which is reflected in the principles upheld by the international community in the Charter of Economic Rights and Duties of States and by the developing countries in the negotiation of a code of conduct for the transnational corporations.

209. An information system on technology and on transnational corporations must be established in the region, combining resources from the United Nations Centre on Transnational Corporations and those of the regional commissions, plus the necessary additional resources.

210. It is necessary to stimulate the use of new contractual arrangements with the transnational corporations, taking advantage of the region's joint bargaining power, in order to select those elements in which the contribution of the transnational corporations is irreplaceable and minimize the costs involved in such negotiations.

211. As regards the negotiations on the code of conduct for transnational corporations, the governments of Latin America should keep up their co-ordination activities in defining and applying joint positions, with the support of CEPAL and SELA.

212. With regard to protectionism, it is essential to combat the present protectionist trends in the developed countries, in order to allow Latin American exports of commodities, manufactures and semi-manufactures to grow suitably.

213. Independently of the action being advocated at the international level to halt the new wave of protectionism, regional machinery might be established to monitor the evolution of the trends and the implications of protectionism in the interests of Latin America.

214. This machinery might decide on the steps which the Latin American countries deem necessary in the economic, financial and trade fields, such as:

(i) Even-handed trade treatment applicable to exports from the developed country or countries;

(ii) Guidelines to restrict or stimulate imports by the developing countries from the developed country or countries;

(iii) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery in all appropriate forums, in order to safeguard the interests of the countries of the region, and the encouragement of collective action in those negotiating forums.

215. A rapid information system might also be established which would make it possible to identify more quickly and accurately the non-tariff barriers applied by the developed countries and the forms in which they are applied.

216. As far as energy products are concerned, Latin America as a whole depends more on hydrocarbons than other regions of the world for its energy supply. In addition, because of the level of development of the region, it is very difficult in the short or medium term to divorce economic growth from a parallel rise in energy consumption. Furthermore, the firm intention to raise the level of welfare of the marginal sectors of our societies higher and higher will result in growing energy consumption. In addition, it is clearer day by day that in the 1980s man's demand for this resource will exceed the capacity to produce it. This raises serious problems in devising a strategy for sustained social and economic development in Latin America.

217. Furthermore, the geographical spread of Latin America, with huge unexplored areas with oil-bearing potential in addition to the wide availability of other little-used conventional energy resources, such as

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water, and other sources which are still unconventional and untried, mean that in the next decade the countries of Latin America, individually and jointly, must adopt integrated energy policies taking account of projections of their requirements, the availability of resources and technological progress in this field. These policies must tend towards the achievement of self-sufficiency in energy in the region, which will ensure a transition to a post-oil energy era without major difficulties.

218. This individual and joint effort offers a broad field for international co-operation between the countries of the region and the rest of the world. For this purpose, national efforts must be supplemented by support for and strengthening of the efforts which are being carried out by our regional organizations which specialize in this area, such as OLADE, ARPTEL, CIER, UCEL and CEE.

219. On the basis of UNCTAD resolutions and the results of earlier regional meetings, CEGAN recommends that the eighteenth session of CEPAL should decide to convene a meeting of Latin American insurance and reinsurance supervisory officials in order to move ahead on the decisions already taken for the establishment of a regional association in this field.

D. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

220. Economic co-operation among developing countries is one of the fundamental pillars of the programme of action for the establishment of the New International Economic Order.

221. Economic co-operation among developing countries, as a matter of fundamental concern to them, should be formulated and promoted by the countries themselves, at the subregional, regional, interregional and global levels.

222. In this context, the developed countries and the organizations of the United Nations system have a role to play in supporting and participating in this process, which they should fulfil unconditionally in compliance with the various resolutions of the General Assembly and UNCTAD.

223. The fundamental framework of economic co-operation among developing countries consist of:

(i) The decisions adopted at the Conference on Economic Co-operation among Developing Countries (Mexico, 13-22 September 1976);

(ii) The Programme of Action on Economic Co-operation and the corresponding resolutions adopted by the Fifth Conference of Heads of State or Government of the Non-aligned Countries, (Colombo, 16-19 August 1976), concerning co-operation between developing countries, as well as the recommendations on the subject drawn up at the Conference of Ministers for Foreign Affairs of the Non-aligned Countries (Belgrade, 24-29 July 1978);

(iii) The first short- and medium-term plan of action for global priorities relating to economic co-operation among developing countries adopted by the Fourth Ministerial Meeting of the Group of 77 (Arucha, February 1979).

(iv) The Buenos Aires Action Plan, adopted at the United Nations Conference on Technical Co-operation among Developing Countries (30 August-12 September 1978).

224. On the basis of the Mexico programme, the Commission on Economic Co-operation among Developing Countries adopted a programme of work which served as a background for the drawing up, at the Fourth Ministerial Meeting of the Group of 77, of the First Plan of Action in the Short and Medium Term for Economic Co-operation among Developing Countries.

225. In this regard CEGAN recommends that at its eighteenth session CEPAL should endorse the content of the above plan of action.

226. With the aim of facilitating agreements and the adoption of joint positions by the region concerning the subjects and actions referred to by the above plan of action, CEGAN recommends that the appropriate regional bodies, especially SELA and CEPAL, should be strengthened.

227. It also recommends that SELA, in co-operation with CEPAL and the regional and subregional organizations for Latin American integration, should draw up a programme of studies designed to identify the characteristics of the region's problems in each of the areas included in the above Plan of Action; and that on the basis of those studies, intergovernmental meetings of experts from Latin American countries should be convened to identify the problems which arise from the commitments to, and characteristics of, the economic integration of Latin America, and adopt joint positions most in accordance with the interests of the region.

228. In order to make possible the fulfilment of such tasks, the links of co-operation between the regional and subregional organizations for economic co-operation and integration in Latin America and the United Nations Development Programme should be

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intensified. In this regard, CEGAN recommends that the desirability should be studied of setting-up special divisions on economic co-operation among developing countries should be created in the secretariats of SELA, CEPAL and the various subregional organizations for economic integration in Latin America, on the understanding that the possible creation of such divisions would entail a reallocation of, and not necessarily an increase in, their resources.

229. Finally, UNCTAD should continue to furnish technical assistance to the regional and subregional organizations for economic integration in the region.

230. As far as technical co-operation among developing countries is concerned, it should be emphasized that the form in which such co-operation has been conceived by the developing countries on various previous occasions and by the United Nations Conference on Technical Co-operation among Developing Countries represents a fundamental instrument to stimulate economic co-operation among developing countries.

231. The Buenos Aires Action Plan and resolutions adopted by the above Conference must be implemented promptly and effectively. Among the very important provisions of the Buenos Aires Action Plan, mention should be made in this context of the need to promote the creation of national research and training centres of multinational scope in the developing countries, or strengthen those which already exist, which is also the subject of one of the resolutions adopted by the Conference.

232. Furthermore, in support of the implementation of the Plan, emphasis should be placed on the importance of the contribution of the developed countries and the international organizations to raising the national and collective capacity of the developing countries to assist themselves and one another, with the aim of implementing, among other provisions those in the agricultural and industrial fields.

233. Since the first meeting of the United Nations intergovernmental forum to which global consideration of technical co-operation among developing countries has been entrusted, in accordance with the agreement reached in Buenos Aires, is to take place in 1980, it is necessary for the Group of 77 to take the necessary steps to ensure that it is properly prepared, in order to arrive at a joint position prior to these meetings.

E. INTERNATIONAL ECONOMIC CO-OPERATION

234. In addition to the developing countries' efforts at the domestic, regional and interregional levels, the co-operation of the industrialized countries is needed in order to eliminate the external factors which block the economic development of the developing countries.

1. Trade policy

235. In order to secure greater access to the markets of the developed countries it is necessary to draw up and apply in the relevant forums and incorporate in the legislation of the developed countries new rules on subsidies and countervailing duties to enable the developing countries to carry out vigorous export promotion policies.

236. In the field of tariffs, it is necessary to combat the present protectionist tendencies in order to permit proper expansion of Latin American exports of basic commodities, manufactures and semi-manufactures, by eliminating or reducing the tariffs of the industrial countries which affect their imports from the Latin American countries. It is also necessary to eliminate or reduce the tariff escalation which imposes higher duties as the goods are more processed, thus discouraging the process of industrialization. For that purpose, it is necessary to negotiate on the basis of effective rather than nominal protection, so as to achieve greater reductions in those tariffs which rise in line with the value added in manufacturing.

237. Concerning non-tariff barriers, action should be taken in three areas:

(i) To establish new information systems which can indicate with greater speed and security which are the existing non-tariff barriers, how they are applied and where;

(ii) To achieve their elimination in the case of products of interest to Latin America, or, if that is not possible, agreement that they should be applied only as an exceptional measure.

(iii) To

(iii) To envisage the possibility of responding vigorously when new non-tariff barriers are established to trade or when existing barriers are increased. To that end, it is necessary to make intensive use of and strengthen the existing machinery and to envisage the possibility of establishing additional machinery to carry out this monitoring and to organize the response.

238. For this purpose, CEGAN recommends the adoption of the agreements reached in the meeting on Latin American co-ordination held under the umbrella of SELA and during the fourth Ministerial Meeting of the Group of 77.

2. Protectionism

239. The implications of protectionism for the world economy make it necessary to agree upon and implement a co-ordinated international programme of action. In the face of protectionist measures proposed or adopted by an industrialized country or group of countries which affect exports of products from the developing countries, especially those of Latin America, including the conclusion or extension of voluntary limitation agreements, the Latin American country or countries affected, without prejudice to the bilateral action which they may deem desirable, may consult the other interested developing countries with a view to determining the desirability of drawing up and implementing appropriate joint action. For this purpose, maximum possible use should be made of the margin of action within the agreements and institutional framework, by defining and applying appropriate trade policy measures.

240. Furthermore, such joint action would include voluntary measures in the economic, financial or trade fields, such as:

(i) Even-handed trade treatment applicable to exports from the developed country or countries;

(ii) The drawing up of guidelines to restrict or stimulate imports from the developed country or countries to the developing countries;

(iii) Persistent and co-ordinated action designed to secure adequate participation in the international negotiations or operational machinery

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in all appropriate forums, to safeguard the interests of the countries of the region, and for that purpose to promote collective action in such negotiating forums;

(iv) Strengthening of the bargaining power of Latin America as a whole in the international trade negotiations, and making maximum use of it. For this purpose, it is essential to co-ordinate the negotiating positions of the Latin American countries among themselves and with the rest of the developing world.

241. It is considered that one of the main medium- and long-term solutions vis-à-vis the protectionist policies lies in the industrial redeployment which should take place within the developed countries, with the full participation of the developing countries. This redeployment would be based, among other elements, on a high degree of intra-industry specialization.

242. Long-term policies to restructure world industry and thus encourage optimum global growth will require deliberate efforts by the international community to institute rational production arrangements in the world.

243. In this regard, CEGAN recommends the adoption of the agreements originating in the fourth Ministerial Meeting of the Group of 77, and especially those relating to the establishment, within UNCTAD, of machinery to analyse periodically production and trade in the world economy and identify the sectors which require a structural readjustment, and the creation of an appropriate forum to accelerate negotiations with a view to the drawing up and application by the developed countries of measures and policies required to promote the process of readjustment in the sectors identified and facilitate the shift of those countries' production factors, and permanently to keep a close watch in order to avoid the creation in the developed countries of uneconomic excess capacity which might provoke demands for protection.

245. CEGAN also recommends the intensive use and strengthening of existing forums in Latin America to examine the general and particular aspects of protectionism and, in the light of the interests of the region, generate recommendations to reduce or eliminate it.

246. CEGAN further recommends the denunciation, in all appropriate forums, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, while they raise protectionist barriers against access to their own markets for the goods produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and other countries in a similar position.

247. Bearing in mind that Latin America as a whole has substantial purchasing power and enormous quantities of natural resources, which confer on it considerable bargaining power, CEGAN recommends that, in all the appropriate Latin American forums - especially within CEPAL and SELA - studies should be carried out of the different possibilities of using the purchasing power and the most suitable means of making its use effective. In that regard, and in line with the various possibilities and the areas in which such an approach would be most feasible, emphasis should be placed on the promotion of joint or co-ordinated negotiation or purchasing activities, within the framework of the SELA action committees.

248. The rules which currently govern international trade should be revised so that they take full account of the interests of the developing countries and facilitate the elimination of the new protectionist measures.

3. Restructuring of world industry

249. In order to prevent the developed countries from continuing to apply protectionist measures to protect their inefficient industries, and in order to achieve a new international division of labour, it is necessary to restructure world industry in a way which will encourage optimal, rational global growth in industrial production in the world.

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250. In this regard, the developed countries must establish effective assistance measures for redeployment in all sectors where inefficiency and lack of competitiveness call for a structural readjustment.

251. For the above purposes, monitoring machinery must be created to periodically analyse world production and trade in order to identify the sectors which require a structural readjustment, and to review the efforts of the developed countries in the adoption of the measures and policies required to promote the process of redeployment in the sectors identified and facilitate the shift of the production factors from these sectors. With regard to this area, it is also recommended that the agreements reached at the fourth Ministerial Meeting of the Group of 77 should be adopted.

252. In order that the restructuring of world industry should work in favour of the interests of the developing countries, it is essential that these countries should play a full part in all the decisions taken in this regard, so that the new international division of labour represents a harmonious and equitable balance between the interests of the developed countries and those of the developing countries, and ensures that industrial development in the developing countries is not concentrated solely on basic and light industries, and that the latter can also develop products in the heavy industry and high technology sectors, in accordance with the guidelines of their industrial policy.

4. Commodities

253. CEGAN believes that the objectives proposed in the Integrated Programme for Commodities should continue to be pursued so that they may help to achieve fair terms of trade with prices which are remunerative in real terms and fair for all concerned. However, certain products already possess their own negotiating forums which are therefore the appropriate bodies to decide on the measures to be taken on those products.

254. The application of the strategy of the Integrated Programme must be made more flexible in order to achieve effective integration of the negotiations on the different measures which are applicable, and to continue as soon as possible in the commodity negotiations to the phase of the negotiation of international commodity agreements.

255. There should be a tendency towards applying appropriate measures and procedures for the stabilization and improvement in real terms of the prices of commodities exported by the developing countries, taking into account world inflation and the changes which occur in the world economic and monetary situation with regard to exchange rates, trade conditions, rate of return on investment and other relevant factors.

256. The common fund to be set up should be an efficient and economically viable institution for the financing of the arrangements on the constitution of reserves and other measures relating to commodities aimed at stabilizing the commodity markets and greater processing of commodities. Its operations should contribute towards improving the structure of the market and international trade in commodities of interest to the developing countries, and towards achieving stable conditions for this trade at price levels which will be just and remunerative for the producers, and fair for the consumers.

257. Should the common fund not fulfil these objectives, it will be necessary to create supplementary machinery which will effectively stabilize the international markets in these products.

258. The commodity negotiations should include manufactures and semimanufactures fabricated with the raw materials appearing in the list contained in UNCTAD resolution 93 (IV).

259. The compensatory financing facility used in IMF should be expanded and made more flexible in order to offset the deficits in the export earnings from commodities in developing countries. A framework must be established for international co-operation with a view to increasing the processing of primary products in developing countries and access to the markets of the developed countries for such products.

260. Commitments must also be established to regulate production and investment in synthetic substitutes which compete with natural products. It is also indispensable to establish a framework for increasing the share of developing countries in the marketing and distribution of the commodities they export. Programmes should also be adopted for research and development,

market promotion and horizontal diversification. With regard to the aspects listed above, CEGAN recommends the adoption of the agreements reached at the fourth Ministerial Meeting of the Group of 77.

5. Specific aspects of relations with industrialized countries

261. The international economic policy of the developed countries, including economic groupings of such countries, and their national policies which have international repercussions, should contribute to promoting growth in the developing countries, bearing in mind their short-term and long-term needs. The United States and the European Community should adopt a more favourable attitude towards the problems and needs of Latin American countries, and the developing countries generally, in trade in manufactures and basic commodities.

262. Highly important in Latin America's relations with the United States are not only specific aspects of their mutual relations but also the role of the United States in the solution of international, multilateral problems which are the subject of the North-South dialogue. The matters of priority interest for Latin America include:

(i) The need for the Generalized System of Preferences not to be used as an instrument of economic coercion, and accordingly for the elimination of the discrimination in the system against Cuba, Ecuador and Venezuela;

(ii) Improvement of conditions of access to the United States market for exports from Latin American countries, for example by means of improvement of the United States Generalized System of Preferences, and especially its extension to a larger number of products of interest to the region, and the elimination of the restrictions arising from the application of the competitive need formula and rules of origin;

(iii) The gradual elimination of tariff and non-tariff restrictions on primary, semi-manufactured and manufactured goods of major export interest to the region;

(iv) Support by the United States for the search for special and differential arrangements for the use of subsidies and countervailing duties, which should go beyond the narrow limits of what is emerging on this issue from the multilateral trade negotiations;

/(v) Adherence

(v) Adherence by the United States to the measures to reduce and eventually eliminate instability in export revenues vis-à-vis the import requirements of the developing countries caused by factors external to their economies...

263. The aspects of greatest interest to Latin America in the trade policy of the European Economic Community are:

(i) The elimination of phytosanitary and other restrictions which impede access for various products of interest for Latin America, and especially meat and meat products;

(ii) The elimination of obstacles to trade in goods for which Latin America has competitive advantages, and avoidance of a revival of protectionism;

(iii) The adoption of a programme for the gradual elimination of harmful features of the Common Agricultural Policy.

264. Improvement of the EEC Generalized System of Preferences, to benefit not only the relatively less developed countries, but all developing countries. In this regard, mention should be made of:

(i) The expansion of quotas for "sensitive" products;

(ii) The inclusion of a larger number of agricultural products in the Generalized System of Preferences;

(iii) The widening of the margins of preference for agricultural products which have an excessively narrow margin of preferential treatment.

265. Of importance for Latin America within the general policy for the expansion and diversification of economic relations is the expansion and diversification of its trade and other economic relations with other developed countries, particularly Canada and Japan; it is necessary to correct the deficit trend in the region's trade balance and broaden the range of goods exported.

266. Exports from Latin American countries to the European members of the Council for Mutual Economic Assistance (CMEA) have recorded relatively rapid growth in recent years. A large number of trade and payments agreements have been signed between countries of the two areas, many of

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which go beyond the strictly commercial field and include issues of industrial, scientific and technological co-operation. The existing contractual basis augurs well for further expansion in trade, although this may in part depend on satisfactory solutions being found for the establishment of multilateral arrangements for the settlement of trade balances. Mention should also be made of the interest of Latin American countries in diversifying their exports to the CMEA countries (which at present consists almost entirely of primary products) by exporting manufactured products.

6. Transnational corporations

267. Strong impetus should be given to the work aimed at concluding an international code of conduct for the transnational corporations which will regulate their activities.

268. The Latin American countries should uphold their view, expressed in the Guatemala Appraisal, that the transnational corporations should conform to the following principles:

(i) Transnational corporations must comply with the laws and regulations of the host country and, in the event of litigation, they must submit to the exclusive jurisdiction of the courts of the country in which they operate;

(ii) They must refrain from any interference in the internal affairs of the States where they operate;

(iii) They must refrain from interference in or disruption of the relations between the Government of the host country and other States;

(iv) They must not serve as instruments of the foreign policy of another State or as a means to extend to the host country legal provisions of their country of origin;

(v) They shall be subject to the permanent sovereignty exercised by the host country over all its wealth, natural resources and economic activities;

(vi) They must comply with national development policies, goals and priorities and make a positive contribution to attaining them;

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(vii) They must supply the Government of the host country with the relevant information on their activities in order to ensure that these are in keeping with the national development policies, goals and priorities of the host country;

(viii) They must carry on their operations in such a way that these result in a new inflow of financial resources for the host country;

(ix) They must contribute to the development of the domestic, scientific and technological capacity of the host country;

(x) They must refrain from restrictive commercial practices.

269. At the same time, it is important to prepare guidelines for the future negotiations on direct investment between government and transnational corporations, on the basis of recent experience in this regard both in Latin America and in other regions of the world. High priority is assigned to more intensive use of the potential bargaining power of the Latin American countries, of which limited use has been made until now.

270. The Latin American countries should make efforts to exchange among themselves and with other developing countries the information they possess on negotiations with the transnational corporations, so as to enhance their individual and collective bargaining power. In this regard, it is considered necessary to strengthen the Latin American focal point in the CEPAL secretariat so that, in co-ordination with the United Nations Centre on Transnational Corporations, it can collect and disseminate all the information on the corporations on a regular and systematic basis.

7. Technology

271. Latin America considers that it is of fundamental importance to emphasize the urgent need to adopt a mandatory international code of conduct for the transfer of technology.

272. The region also attaches great importance to:

(i) The establishment in the countries of the region of appropriate institutional machinery, particularly national centres for the development and transfer of technology;

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(ii) The strengthening of the region's own capacity for adapting and creating technology, this being an objective which, together with the transfer of technology from abroad, should be achieved in the conditions required by the development of each country and in accordance with the orientations established by each country;

(iii) The introduction and improvement of machinery in the public sector to contribute to the search for and dissemination of technologies suited to these conditions, which will enable the State to fulfil its responsibility in acquiring in the world market technologies which are suitable for development;

(iv) The drawing up of preferential agreements for the development and transfer of technology between Latin America and other developing regions;

(v) The establishment in Latin America of subregional and regional centres for the development and transfer of technology which will serve as a link with the national centres of the other developing countries, or the strengthening of existing centres;

(vi) The establishment or strengthening of subregional, regional or interregional centres in Latin America for the development and transfer of technology in specific sectors of key importance.

273. The countries of the region, recognizing that substantial technological progress has been achieved in Latin America, should adopt measures actively to encourage the mutual transfer and dissemination of technologies in areas which can stimulate balanced economic and social development.

8. External financing and monetary problems

(a) What is required of the international monetary system

274. It is necessary to work for the strengthening of the decisions recently adopted within IMF concerning the increase in quotas, the establishment of the additional financing facility and the new allocation of special drawing rights (SDRs). In this regard CEGAN recommends:

/(i) That

(i) That account should be taken in future increases of quotas of the proposal made on the occasion of the seventh general review that the developed countries should finance the SDR component of the quota increases of the developing countries;

(ii) The establishment of a complementary long-term financial facility for the purchase by the developing countries of capital goods on the most favourable possible terms, is also necessary;

(iii) Significant progress in the implementation of the decisions adopted to make special drawing rights the principal reserve asset in the International Monetary System, with the aim of ensuring that world liquidity does not originate in the structural imbalances or payments deficits of the reserve-currency countries.

(iv) More flexible conditionality for the use of the IMF balance-of-payments resources to stimulate a recovery in general economic activity in the developing countries, the growth of their trade and employment in particular and to facilitate a more balanced process of adjustment.

275. When overseeing the principal exchange rates in the present system of dirty floating, IMF should intensify its oversight of the principal currencies and pay due attention to the special circumstances of the developing countries.

276. It will be necessary to improve and extend the existing compensatory financing facilities with the aim of fully offsetting the drop in the purchasing power of the exports of the developing countries resulting from changes in relative prices or from falls in volume measured against the trend in the growth rate. In this regard CEGAN reiterates the recommendations of the meeting of high-level officials of the Group of 77, held in Arusha (6 to 12 February 1979). These recommendations had previously been approved at the Latin American Co-ordination Meeting for the fourth Ministerial Meeting of the Group of 77 (Caracas, 15 to 19 January 1979) preparatory to the V UNCTAD.

277. Of the recommendations adopted in Arusha, CEGAN emphasizes the following:

(i) Inclusion of measures by virtue of which the developed countries with surpluses and the reserve-currency countries accept a fair share of the burden of adjustment and the institution of a link between the creation of special drawing rights and the financing of development, in accordance with the forms proposed at the Arusha meeting;

(ii) Ensuring fairer and more effective participation by the developing countries in the taking of decisions in the institutions of the international monetary system;

(iii) Opening of a subsidy account so that the developing countries can seek loans from the complementary facility of IMF.

(iv) Making use of the IMF and Group of 77 meetings to be held in Belgrade in 1979 to study the desirability of convening an international conference on currency reform in close consultation with the Group of 24;

(v) Reaffirmation of the principle that the international financing institutions should fulfil their role without establishing distinctions among their member countries, and without co-operation being tied;

(vi) Advocating that the multilateral monetary and financial institutions should grant credits without invoking political criteria; in addition, that they should not make their balance-of-payments support financing conditional on the acceptance by the developing country of measures and programmes which involve social costs and damage, thus running counter to the fundamental purposes and objectives for which they were created.

(b) Net flows of resources and terms of their transfer

278. CEGAN supports not only the objective that the developed countries should earmark 0.7% of their gross product for official development assistance, but also the objective of achieving a higher level with an appropriate share for Latin America, without jeopardizing the flows of resources to the remaining developing countries. The policies of the official development financing institutions should be subject to the priorities of the developing countries.

279. New criteria should be agreed for the allocation of official assistance resources, to replace the sole criterion of per capita income.

280. The transfer of resources should be depoliticized and realized in an increasingly secure, continuous and automatic manner and be distributed in a rational and fair way among the developing countries. The quality of Official Development Aid (ODA) should be improved in accordance with the forms agreed upon at the meeting of officials of the Group of 77, held in Arusha preparatory to the fifth session of UNCTAD.

281. The developed donor countries should deposit the ODA resources in a revolving fund once they have been earmarked, in view of the fact that there are substantial amounts destined for such and which have still not been disbursed, and they should increase the resources of the international financial agencies, such as IBRD, IDB and CDB, including in them concessional resources to an amount compatible with the increased investment requirements of the countries of the region.

282. The developing countries should renew their demands for the reactivation of the Third Window of the World Bank, with subsidized interest for economic infrastructure projects in the Latin American countries in particular.

283. They should also work towards a parallel increase in transfer of financing resources which are concessional in nature for social development programmes and low-income sectors, within the context of the objective of establishing the New International Economic Order.

284. CEGAN reiterates that the proposal for the establishment in the World Bank of a long-term facility for the financing of the purchase of capital goods by the developing countries should be examined at the earliest opportunity, with the aim of taking a positive decision as soon as possible.

285. It likewise urges that a greater volume of multilateral technical assistance should be furnished, both for the formulation and for the implementation of development projects.

286. CEGAN rejects the principle of "graduation" in financial aspects which is being introduced in IBRD and other international financing agencies.

/In this

In this respect, it recommends the elimination of the criteria of graduation by the international agencies, in view, among other aspects, of the recent drafting by them of a list of 44 food priority countries which includes only 4 from Latin America, and the fact that such agencies are attempting systematically to exclude Latin America from international loans on concessional or soft terms.

287. The special programmes being put forward in favour of the least developed of the developing countries should be "additional" to the measures taken to benefit all the developing countries. When United Nations resolutions relating to the least developed countries are applied, the interests of all the developing countries should also be taken into account.

(c) Private capital

288. The Development Committee of the International Monetary Fund and the World Bank have examined the problem of access to the capital markets of the industrial countries. It is necessary to expand access to the capital markets of those countries. To that end, action by the IMF may be very important and should take into account the recommendations of the Third and Fourth Ministerial Meetings of the Group of 77 (Manila, January / and February 1976, and Arusha, February 1979) to assist in eliminating the present obstacles.

289. The recently approved European Monetary System should not lead to a currency realignment which might cause excessive costs for the countries of the region with liabilities in those currencies.

290. Direct private investment should be compatible with national legislation and with the development priorities of the countries of Latin America, including the aim of permitting greater local participation in management, administration, employment and in-service training of local staff, as well as greater local participation in ownership of the enterprises concerned. In that regard, mention should be made of the urgent need to draft a code of conduct to govern the activities of transnational corporations.

/(d) International

(d) International financial co-operation

291. At the fourth Ministerial Meeting of the Group of 77, Latin America together with the other developing countries approved a programme of action on monetary and financial issues to whose application the region attaches great importance. CEGAN wishes to stress in particular in this appraisal that Latin America reiterates the need for the developed countries to commit themselves effectively to the drawing up of a broad system of financial co-operation in the firm conviction that this would prove to be of benefit to the entire international community. The objectives of the system should include the following:

(i) A transfer of resources in real terms should be ensured so that the developing countries reach the targets they have laid down for development;

(ii) The form and composition of these capital flows should be compatible with the development plans of these countries and fully in keeping with their development priorities;

(iii) The terms of this transfer of resources should be in keeping with the debt servicing capacity of the developing debtor countries;

(iv) The developed countries which have not yet reached the internationally accepted target for ODA should increase their aid substantially so as to attain the target, and introduce qualitative improvements in their aid;

(v) A multilateral framework should be established for the future borrowing operations of interested developing countries, which should safeguard their development plans on the basis of resolution 165 (S-IX) of the Trade and Development Board;

(vi) The transfer of resources should be founded on a predictable and increasingly secure basis so that the developing countries can prepare their development programmes with certainty;

(vii) Periodic checking or evaluation should be effected both of the inputs required from the developed donor countries and multilateral institutions and of the operation of any of the elements of the system of international co-operation, in order to correct shortcomings.

/(e) Other

(e) Other aspects

292. CEGAN urges that due attention should be paid to the recommendations for the establishment of a separate multilateral guarantee facility for interested developing countries and recommends a change in the basic instruments of the multilateral financial institutions so that they can offer guarantees, including partial guarantees, more easily. Such guarantees should lead to additional flows of capital for the countries concerned and should not affect the access to capital markets which some countries of the region already have.

293. CEGAN supports the proposal agreed in Arusha for the establishment of a multilateral export credit guarantee facility designed to increase access by the developing countries to the international capital markets and facilitate the diversification of their exports, on the understanding that this multilateral facility would not affect in any way the access to capital markets already enjoyed by some developing countries.

294. The possibility might be examined of setting up special working groups at the regional level to consider both official development assistance and private capital, with the co-operation of CEPAL, IDB, CDB, the Latin American Center for Monetary Studies (CEMLA) and SELA.

295. CEGAN invites the developed countries to apply fully and without discrimination the special measures referred to in UNCTAD resolution 165 (S-IX).

296. Maritime transport should continue to be emphasized during the Third United Nations Development Decade, since it remains the principal means by which foreign trade is conducted. The approach adopted for the Second Decade should be expanded to embrace not only the behaviour of liner conferences but also the manner in which they introduce and respond to technological change. A problem of continuing importance is the difficulty in obtaining liner rate reductions to reflect port improvements. It is also necessary to study the adaptation of the region's merchant marine policies in order to deal with unilateral decisions of the liner conferences and their negative effects on the developing countries. In addition, during the next decade the developing countries should achieve full participation in the formulation of policies or decisions at the international level for this sector in keeping with those adopted for the region.

297. Another serious problem for Latin America concerns the introduction of new transport technology, particularly that associated with the use of containers.

298. Containerization affects not only ships themselves but also port, road and railway infrastructure as well. If the introduction of container or other cargo handling services is not adequately planned and regulated, this can lead to the obsolescence of transport units and handling equipment of the developing countries which, for economic reasons cannot respond to the challenge of the new technology, or to staggering investments in new units and equipment. Account should also be taken of the evolution, both at the technical level and as regards costs, being registered in the world as a result of the adoption of multimodal transport.

298 (a) In the next decade, the Latin American transport system should be reshaped on the basis of the physical linking of the Atlantic and Pacific subsystems in South and Central America so as to make it possible to incorporate the interior of the continent into economic activity and eliminate the problems resulting from the traditional peripheral development. In addition, the Latin American transport network should take account of the use of different modes of transport and combinations of them, and introduce the necessary technological advances.

299. With regard to international land transport, encouragement should be given to Latin American meetings aimed towards integration, such as the annual meetings of Ministers of Public Works and Transport of the countries of the Southern Cone, at which promising results have been obtained.

F. RECOMMENDATIONS TO THE SECRETARIAT OF CEPAL AND FUTURE
ACTIVITIES BY CEGAN WITH REGARD TO REGIONAL PARTICIPATION
IN THE PREPARATION AND APPLICATION OF THE NEW
INTERNATIONAL DEVELOPMENT STRATEGY

299 (a) The Latin American and Caribbean member States of CEPAL should play an active part at the political and technical level in the discussions being held in connexion with the preparation of the new strategy, so that it will come to constitute a genuine and effective international action programme to promote the economic and social development of the developing countries, taking adequate account of the interests and viewpoints of the countries of the region. The central element in an international development strategy should be the implementation of the action programme for the establishment of a New International Economic Order, and measures should be taken to allow an increase in the part played by the developing countries in the processes for the international adoption of decisions for the administration of the world economy.

300. In order to contribute to the materialization of these aims, the secretariat is requested:

(i) To press forward in the basic studies on the nature and scope of the new strategy, and other matters not considered in section III of this Appraisal, or in matters which it is considered desirable to study in greater depth, in accordance with the relevant resolutions of the General Assembly, and also in the analysis of the objectives, targets, policies and measures which the new Strategy should contain, and in particular the machinery which might be established for analysis and appraisal;

(ii) To review the various aspects of the role which CEPAL and the countries of the region should play in the application of the new strategy to be adopted by the General Assembly;

(iii) To consider the best way of complementing and expanding the international development strategy to be adopted by the General Assembly by means of a regional action programme for the forthcoming decade which will promote the strategy's efficient application and corresponding periodic appraisal;

(iv) To consider at the eighteenth session of the Commission whether CEPAL should convene CEGAN in accordance with the pre-established machinery, taking into account the progress of the work of the secretariat and the programme of activities of the Preparatory Committee for the new international development strategy;

(v) To provide all possible support for activities which SELA may have to carry out in connexion with the preparatory work for the new IDS and for its implementation.

/STATEMENTS ON

STATEMENTS ON THE APPRAISAL

Canada

"I should like to reiterate part of my comments of yesterday afternoon. The Canadian delegation congratulates the Latin American group on the preparation of document GL/17. As an agreed position paper of the Latin American group we can accept to adoption by this Committee, although there are aspects of the document which reflect a different view of the issues under discussion and on which, therefore, I must reserve Canada's position.

"Before detailing those reservations, the Canadian delegation would like to express its admiration for the whole of section B of Chapter I, that is, paragraphs 8 through 26, which appear to us not only to describe situations but to analyse problems and to propose ways towards their solution. Section C, as well, paragraphs 27 through 59, is very good.

"Canada first reserves its position with respect to decisions or recommendations of a body to which it does not belong, and with which decisions and recommendations this delegation is not familiar. I refer particularly to the frequent references in document GL/17 to the Fourth Ministerial Meeting of the Group of 77, in Arusha.

"With respect to paragraphs 70, 71 and 72, Canada has made serious efforts to resist protectionist pressures. When it has been necessary to take any action to prevent unacceptable loss or damage to Canadian industry, such action has been completely in accordance with Canada's international obligations. The General System of Preferences, in Canada's experience, has had a high rate of utilization and has offered considerable security of access to its users. I should note that the Canadian International Development Agency was instrumental in setting up several seminars on the SGP, which were attended by representatives of governments of the CEPAL region.

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"We should like to reserve Canada's position on the following paragraphs: 73 and 74, 79 through 82, 161 through 173, 239 through 252, 257 through 260, and 281 and 282."

"The Canadian delegation notes paragraph 278 and, in connexion with paragraph 279, notes that the criteria for allocation of official assistance resources are at present under review in Canada."

"At the opening of the 18th Session of CEPAL, we were struck by the following passage from the statement of the President the Hon. Minister of Planning and Coordination of the Republic of Bolivia:

'The exaggerated belief that growth had to precede distribution blinkered economic thought and constituted the fundamental pattern for investment policies. The maximization of the gross domestic product sidestepped other equally important aspects of society for which that policy had been formulated, including social justice and the elimination of poverty. When all is said and done, what is growth for, if the great majority have not managed to secure any significant increase in their income levels or in their demand capacity? Here the words should be recalled of that eminent economist Raúl Prebisch when he argued that 'Man shall not live by GDP alone.'

"Those words, very much to the point of this meeting, came to mind again when we read paragraphs 180, 181, 183 and 184 of document GL/17. Our only regret is that these paragraphs, excellent as they are, are not accompanied by the breadth of detailed analysis and proposals that surround such subjects as external trade.

/s/In

"In making this point I should emphasize that Canada is aware of the importance of external trade - in many ways, Canada is also a developing country: a net importer of capital, a net importer of technology, and a major exporter of many of the basic commodities mentioned around this table. Even though our positions are different on many of those issues, therefore, we understand and empathize with the struggle of the countries in the region to overcome these problems.

"Although I do not wish to propose changes to the text of document GL/17, I believe two paragraphs should be deleted, as they duplicate earlier ones: paragraph 246 is the same as paragraph 70, and paragraph 250 appears to be the same as paragraph 74.

"Mr. Chairman, I do not want to conclude without paying tribute to the work of the secretariat, whose comprehensive background document, E/CEPAL/1061 and 1061/Add.1, supports so well the document under consideration and all the considerations of this committee.

"Thank you."

United States

"The CEGAN Report represents a massive effort of work. I understand that it took nearly one month to prepare. There are a number of points made on the report with which we concur strongly.

"It is commendable, for example, that drafters of the CEGAN Report reject the goal of economic growth for its own sake and recognize the need to change the style of development. We warmly welcome the view of development as an integral process aimed at achieving both economic and social targets.

"The CEGAN Report noted the inadequacy of the structure of production. It generates employment leading to the limited participation of masses of people in the growth process. We congratulate the drafters of the Report for the frankness on this topic.

/ "With

"With respect to the other portions of the CEGAN Report, we feel the report lacks completeness on some issues. We also have a number of reservations on points that are made. I would like to speak to this, issue by issue. May I begin with protectionism.

Protectionism

"The United States is committed to an open trading system. Despite strong domestic pressures, we have continued to pursue liberal trade policies. The results of the MTN are evidence of this commitment.

"The growth in total LDC exports to the US has been quite impressive in recent years. Taken as a whole, Latin America has not shared in this overall dynamic growth - as the report points - non-petroleum trade remained at a constant 11% of total LDC exports to the US from 1970-1976. However, this figure conceals the fact that the composition of Latin American exports to the US is changing. Total Latin American basic commodity exports dropped from 79.0% in 1970 to 74.5% in 1976. In 1978 the OAS concluded that, excluding petroleum, the relative share of manufactures in total US imports from the region grew from 20% in 1970 to 34% in 1976.

"This encouraging trend toward greater diversification in trade reflects the positive results to be gained from pursuing open market growth strategies.

"While the number of private-sector petitions submitted to the USG seeking import relief (escape-clause action) under Section 201 of the Trade Act has increased, the US has taken relatively few restrictive trade-policy actions even in those instances where injury has been determined. Since 1 January, 1975, thirty-eight, Section 201 cases have been filed with the ITC. The ITC has ruled on all 38. Of the 35 cases that the President has acted on, he has granted tariff relief action on only seven cases.

"The CEGAN Report has not taken these developments into account and has pressed for more radical measures involving, however, no changes in the policies of LDC government to correct Latin America's relatively lagging export performance. The Report calls for DC structural adjustment and transfer of industrial capacity to the region; for monitoring the DC trade restrictive actions; for structural changes in the GATT which in its view inadequately addresses the trade problems of LDCs in general and Latin America in particular. The USG believes that through the GSP program it has made substantial efforts to support increased export growth of the region.

Multilateral Trade Negotiations

"The subsidy code was negotiated with the full participation of interested LDCs; two Latin countries represented here today are among the countries that prepared the draft that is open for signature. By strengthening international discipline over the subsidy practices of all countries (including the immediate prohibition of export subsidies for DCs), this code minimizes the risk of a "subsidies war" in which the LDCs, with their limited resources, have the most to lose. As part of these negotiations, the US will introduce an injury test into its domestic legislation. In addition, the code provides significant S&D, during which it need not fulfill all the obligations of the code while still enjoying its benefits.

"We must recognize that no country or group of countries will achieve all its objectives in the MTN. Compromise is the essence of negotiation.

"Nevertheless, the MTN will result in a substantial reduction of trade barriers by the US and other major markets. We have offered tariff reductions on \$3 billion of Latin American non-petroleum trade. We are pleased that we were able to negotiate tariff agreements with many Latin American countries. The extent of tariff growth of Latin American exports to all major markets. In

markets. In addition, improvement of the trading rules resulting from the codes will help the world trading system operate more openly and equitable, which will be of particular benefit to new and small suppliers.

"We urge the Latin American countries and other LDCs to participate actively in the GATT in the post-MTN period. This is the most effective means to influence the future evolution of the international trading system and to ensure that their special problems are adequately addressed within that system.

GSP

"GSP is a non-negotiable, temporary (US authorizing legislation expires in June 1985) and unilateral concession, the purpose of which is to help LDCs gain increased access for their manufactures exports to the US market. The US GSP provides duty-free entry on a broad range of products (about 2,800 tariff categories) to 98 developing countries and 40 dependent territories. Certain more sensitive products are statutorily excluded entirely from preferences. There are also maximum limits on each eligible product (competitive need) above which the normal MTN rates are imposed the following year. These limits are generous:

- a) \$37.3 million per product per country (the amount is adjusted annually to reflect growth in US GNP); or
- b) 50% of total US imports of any product originating in a single beneficiary country.

While we have agreed in many international fora to continue to review our GSP scheme to provide the maximum feasible benefits to LDCs, the unilateral nature of the GSP precludes bilateral or multilateral negotiations with G-77 countries. We do have consultations within the Organization of American States (OAS) on an expost basis on the operation of our GSP scheme. The US has an annual review with public hearings where we consider product additions to GSP requested by beneficiary developing countries, as well as product withdrawals petitioned by US producers of producers competing with imports.

"-- 98 (i) -- The elimination of the OPEC exclusion clause of Section 502 (b) (2) would require a Congressional Amendment to the Act.

"The US delegation realizes that the Congressionally mandated exclusion of OPEC countries from GSP benefits has been a source of friction in our relations with a number of OPEC countries, and in the Western Hemisphere with Ecuador and Venezuela. The USG has discussed this problem with the countries involved. Given Congressional and public sensitivity on a wide range of energy and trade-related issues, however, we are not able to judge if and when the Administration might introduce any amendment modifying the OPEC exclusion. The Administration is not inclined to introduce legislation that would be defeated.

"-- 98 (ii) -- Imported materials can be counted as local materials toward the 35% value-added requirement provided that they have been substantially transformed within the country. A number of rulings issued by US Customs in this area have been published and publicized by UNCTAD. In addition, the US Customs is prepared to make a ruling on any question submitted by a Latin American beneficiary.

"-- 98 (iii) -- The competitive need limitation in the Trade Act was designed to remove the preference when it is no longer needed by a particular country for a particular product and to ensure that the benefits of GSP would be spread as widely as possible among all beneficiaries. Even with competitive need limits, 70% of all US duty-free benefits in 1978 were received by the top five beneficiary countries. Competitive need criteria are thus clearly justified to help keep the benefits from being even more unequally distributed. Any amendment to the GSP that might have the effect of increasing the benefits to more advanced developing countries at the expense of the less developed would have no chance of passage by the US Congress.

"-- 98 (iv) -- The US Government has considered many items of interest to Latin America and has added many of these to the GSP list. We are willing to consider additional requests in our annual product review, subject, of course, to the legislative constraint

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that only products which are not import-sensitive may be added to GSP. Latin American beneficiaries should note that a product added to GSP is eligible for duty-free importation from all 140 beneficiary countries. This means that a Latin American country which is a small supplier of a particular product might not gain a preferential advantage from GSP vis-a-vis larger, more competitive suppliers who are also GSP beneficiaries. It also means that a product which does not appear to be import-sensitive from the prospective of a small Latin American supplier might be sensitive when US imports from all potential GSP beneficiaries are added up.

On Commodities

"We have made a serious, concerted effort over the last three years to participate constructively in the IPC deliberations, including the Common Fund and the individual commodity discussions. The allegedly slow pace of preparatory work on specific commodities is attributable to the technical and economic complexities of the issues involved, not to political obstruction. Decisions to move from the preparatory phase into formal negotiations for any particular commodity should be left to the producers and consumers directly involved in those talks. Such decisions should also be based on clear findings that international producer/consumer arrangements are called for and are feasible. We are gratified at the success of the latest rounds in the Common Fund and rubber negotiations, which have produced substantial progress toward agreement.

"The portions of the Arusha Declaration dealing with commodity issues contain a number of proposals with which the United States does not agree. These issues should properly be discussed during UNCTAD V in Manila rather than being adopted as part of the declaration of this meeting of the Commission.

Transnational Corporations

The US believes that TNCs can and do make a positive contribution to the growth process. Not only do they offer capital but important managerial, technical and marketing skills unavailable through aid mechanisms or foreign trade. We respect the host /countries' right

countries' right to establish conditions for foreign investment that will best meet their development needs. The US recognizes, and encourages the parties to such investment to explore the many forms, including joint ventures, wholly owned subsidiaries, management contracts, etc., this investment can take. While US investors, including TNCs, have shown considerable flexibility and adaptability in meeting national aspirations and economic objectives (i.e. export goals) of the countries where they are located, the US Government does not wish to recommend any particular investment form or economic objectives since these are a matter of choice and negotiation between a firm and the host country.

"The United States is participating actively in the UN negotiations on a code of conduct relating to transnational corporations. It is our view that a code must cover not only the responsibilities of transnational enterprises but also those of the governments of the countries where they operate, both home and host. For the TNCs, the US recognizes and fully accepts that guidelines should be established covering all areas of their operations, and current UN negotiations cover the whole spectrum of such activities - political, social, and economic. Government responsibilities include such areas as non-discriminatory and national treatment of foreign enterprises, respect for contracts, standards of expropriation and compensation, predictability and clarity of national laws and policies, free transfer of capital, and dispute settlement procedures. The US considers that the code must be voluntary (as in the case with the OECD Guidelines and ILO Declaration on employment and labour standards), seeking to establish international standards recommended and supported by governments, which would represent good practice for both foreign and domestic enterprises. TNCs covered by the code should include all forms of ownership, whether state owned, private, or of mixed ownership.

/Transfer of

Transfer of Technology - Code of Conduct

"We have sought to respond constructively to the initiative of the G-77 and the UNCTAD Secretariat for a Code of Conduct. As set forth in the Group B opening statement at the United Nations Conference this fall, we agree fully that a Code of Conduct with benefits for all would constitute an important instrument for promoting and facilitating the international transfer of technology. Developed countries, however, generally view the Code in the wider context of global interdependence in the flows of trade, investment and technology and of the equally important needs of all countries to strengthen basic technological capabilities.

"We believe that the Code should enhance a mutually beneficial climate for technology transfer. To this end, the Code should address, in a balanced manner, the conduct of both governments and commercial parties, its provisions should be consistent with the necessary freedom of the parties to negotiate the terms and conditions of their transactions. It is also our view that the Code should not serve to diminish economic and legal incentives for the generation and dissemination of technology. In respect of the Code's legal nature, it is our position that voluntary guidelines, with appropriate arrangements for overview and review, offer the only prudent and workable basis for agreement, given the complexity and novelty of the subject, its dynamic and diverse nature and the fundamental importance and far-reaching implications of some of the questions addressed. These guidelines would thus be intended to identify uniform expectations of conduct to supplement, not substitute for, relevant national law.

"We believe that the resumed United Nations Conference in the fall of 1979 could make further progress on the Code along the above lines, at UNCTAD V the prospects of universal agreement on a Code of Conduct will be served best by a spirit of pragmatism and moderation, by reasoned and measured dialogue.

/ "Under

"Under the heading of External Financing and Monetary Problems, the CEGAN document contains a number of suggestions drawn up from the G-77 Arusha Declaration. The proposal that developed countries should finance the SDR component of IMF quota increases for developing countries we feel is neither practical nor necessary because an SDR portion of quota subscriptions does not reduce a country's reserve assets. Moreover, such action could adversely effect the smooth functioning of the SDR. The US does agree with the position favouring evolution of the SDR toward becoming the principal reserve asset in the world monetary system.

"We would not favour creation of new institutions or facilities for balance-of-payments financing. The IMF is the appropriate institution for dealing with balance-of-payments problems and has effective arrangements for assisting countries experiencing difficulties. The new IMF guidelines on conditionality are responsive to the concerns expressed by many members, including developing countries and take into account the changing international economic situation and the special characteristics of member countries.

"We believe that policy conditionality is essential to ensure adjustment and stabilization of a country in payments disequilibrium and to maintain the financial viability of the fund.

"The US favours an effective IMF surveillance of exchange rate systems and supports a strengthening of the Fund's ability to promote a balanced and symmetrical functioning of the adjustment process.

"The CEGAN suggestion for modification of the IMF compensatory financing facility is one of several ideas on this subject. A more comprehensive analysis of the CFF is required before any decision can be made on whether or not further changes in the facility are warranted. The institution of a link between SDR and development financing would be inconsistent with the monetary character of the IMF and damaging to the development of the SDR as the principal reserve asset. The US, therefore, continues to oppose this idea. Past discussions on an IMF subsidy account have failed to reach agreement; however, the US agrees to further IMF study of the idea.

"In recent years the voice of developing countries in IMF decision-making has increased considerably and, where appropriate, developing country quota and voting shares should be increased to reflect those member's increased relative economic position.

"We do not believe that the convening of an international conference on currency reform is desirable. The IMF is the appropriate forum for negotiations and decisions in monetary issues and, indeed, discussion of monetary issues occurs continuously in the fund.

Graduation

"The CEGAN Report states that the multilateral public resources are not increasing at the rate required; actually, lending from the IBRD and the IDB has been growing significantly in real terms. And, Latin America received more of the IBRD's loans last year than any other developing region.

"It is true, however, that public financial flows have constituted a falling share of total external resources flowing to Latin America; but that is a reflection of Latin America's growing ability to tap private financial markets. With the growing diversity in sources of external finance available to Latin America, it is only fair that nations of the region, which are able to do so, gradually relinquish their call on scarce concessional lending to poorer countries /and regions of the world/. The principle of gradualism is not one of discrimination against countries who have achieved some developmental success, but rather is a principle ensuring that the bulk of available development assistance is channelled to those who need it most.

Massive Transfers

"As part of a real system of gradualism, we welcome study of various ideas which have been presented for increasing financial flows to middle-income countries.

"There are a variety of proposed schemes and care must be taken to identify which proposal we are talking about.

"In general, we are interested in learning more about the mechanics of each proposal, bearing in mind that what is important is (1) who finances the transfer (2) who benefits either directly or indirectly, and (3) what is the effect on other types of flows.

"The Mexican proposal, which was given a preliminary examination in the IMF-IBRD Development Committee, requires further study on its technical merits. In particular, potential cost and benefits of the third-party guarantee mechanism to enhance marketability of longer-term bonds merits careful considerations.

"Additional questions are: Would it serve to increase overall access or merely improve the terms for a few countries? Would it increase total flows? How can it be related to projects? How does it differ from co-financing or partial MDB guarantees?

"The US stands ready to join with its hemispheric neighbours in facing the third development decade with a renewed resolve, maintaining the regions growth momentum, and ensuring that the benefits of that growth become available to all."

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

DRAFT PROGRAMME OF WORK OF THE CEPAL SYSTEM, 1979-1981

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

LATIN AMERICAN FUND FOR COMMODITY DEVELOPMENT

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering the need to reduce the Latin American countries' external dependence and to strengthen the control and participation of the public sector and Latin American public and private enterprises in the exploration and development of non-renewable natural resources,

Taking into account the fact that this would increase the possibility of applying policies which more fully meet the needs of each country,

Bearing in mind that greater national capacity in the fields of technology, administration and financing is required for this purpose,

Recognizing that this would also make it possible to apply technologies and production arrangements which are more suited to the characteristics of the Latin American countries,

Affirming that Latin American co-operation can make a very important contribution to the attainment of these objectives by combining the efforts of the Latin American countries to use domestic resources and secure external resources, spread the risks by encompassing a wider range of goods and sectors, and pool technical and financial efforts in such a way as to achieve a scale of operations in keeping with the very large investments required,

Concluding that the international systems for financial and technical co-operation have failed to grant sufficient attention

and resources for the identification, evaluation and development of the extensive natural resources of Latin America, which remain in the state of unexploited reserves, and that in practice our countries have been left to their own devices or, worse, have been obliged to rely on the transnational corporations for the development of this potential, on terms which have not always been the most favourable for our interests and needs,

Decides to entrust the CEPAL secretariat with the task of carrying out a study with a view to the establishment of a Latin American Fund for Commodity Development, which would contribute to financing the investments essential for the full use of the natural resources of this continent. The study should include the identification of the commodities which the Fund would cover, the volume and origin of the financial resources, the possible conditions and arrangements for operation ways of co-ordinating activities with existing machinery, and the most suitable systems of administration;

Requests the secretariat to carry out the study with the care and urgency dictated by the circumstances and submit it to a meeting of government experts specially convened to consider it.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

DRAFT REPORT OF COMMITTEE II

05/11/2014 vol. 12-1

10/11/2014

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I. ORGANIZATION OF WORK

1. Committee II was responsible for item 5 of the agenda of the eighteenth session of the Commission, and examined the relevant draft resolutions. The discussions took place at working meetings between 18 and April 1979. At the last meeting, the report of the Committee, with 20 draft resolutions, was approved for consideration in the plenary.

2. The following officers were elected in Committee II:

Chairman:	Guillermo Fernandes-Cornejo (Peru)
First Vice-Chairman:	Mervis Dohman (Jamaica)
Second Vice-Chairman:	Alejandro Ramos (Uruguay)
Rapporteur:	Luiz Henrique Pereira Da Fonseca (Brazil)

3. At the opening meeting the following agenda was adopted to guide the Committee's discussions:

Item 5. Action by the CEPAL system

(a) CEPAL

(i) Adoption of the annual reports of the Commission
(E/CEPAL/1051 and E/CEPAL/1067)

(ii) Regional meetings

(iii) Reports by the secretariat on the Publications Programme (Documents E/CEPAL/1070 and E/CEPAL/1080), technical co-operation activities (Document E/CEPAL/1063) and decentralization of United Nations activities to the regional commissions and its repercussions for CEPAL (Document E/CEPAL/1078)

(iv) Programme of work of the CEPAL system for the period 1979-1981 (E/CEPAL/1068):

1. Environment (Programme 270)
2. Natural resources (Programme 460)
3. Transport (Programme 550) (E/CEPAL/1054, E/CEPAL/1064, E/CEPAL/1065 and E/CEPAL/1066, p. 15)
4. International trade (Programme 340)

/5. Development

5. Development planning, projections and policies
(Economic Projections Centre and Economic
Development Division) (Programme 240)
6. Transnational corporations (Programme 496)
7. Science and technology (Programme 520) (E/CEPAL/1066,
pp. 10 and 46, and E/CEPAL/1079)
8. Statistics (Programme 540)
9. Human settlements (Programme 290)
10. Social development (Programme 530) (E/CEPAL/1066,
pp. 1, 3 and 28, E/CEPAL/1071 and E/CEPAL/1082)
11. Industrial development (Programme 330)
12. Agricultural, forestry and fishing (Programme 210)
(E/CEPAL/1066, p. 5)
13. Library and documentation services (CLADES) (Programme
780)

(v) Activities of auxiliary organs

1. Central American Economic Co-operation Committee
2. Caribbean Development and Co-operation Committee
(CDCC) (E/CEPAL/CDCC/44/Rev.3 and E/CEPAL/1074)

(b) Latin American Institute for Economic and Social Planning
(ILPES) (E/CEPAL/1067, E/CEPAL/1068 and E/CEPAL/ILPES/L.1)

(i) Activities carried out by ILPES in the period 1977-1979

(ii) Development planning, projections and policies
(Programme 240)

(c) Latin American Demographic Centre (CELADE) (E/CEPAL/1067,
(E/CEPAL/1068 and E/CEPAL/1072)

(i) Activities carried out by CELADE in the period 1977-1979

(ii) Population (Programme 480)

(d) Other business

/II: ACCOUNT

II. ACCOUNT OF PROCEEDINGS

Action by the CEPAL system

4. The Executive Secretary introduced agenda item 5 with a detailed account of the activities carried out by the secretariat since the seventeenth session. He described the gradual expansion that had been taking place in the Commission's activities as a result of the increase in the number of topics considered by the United Nations in general, the trend towards the decentralization of activities from Headquarters to the regional commissions, and the increasingly numerous concerns of member governments.

5. He stated that General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system defines, in part IV of the annex, the functions of the regional commissions, which reflect the transfer to them of substantive and operational activities. He said that the transfer had had repercussions on the structure of CEPAL and of its auxiliary organs, and on the secretariat itself. It was the secretariat's intention to submit the restructuring of the Commission to a meeting of the Committee of the Whole which would be specially convened for the purpose, and with the object of instrumenting the changes which such decentralization of powers would mean to the secretariat, negotiations were in progress with the United Nations Secretariat in which it would be of invaluable assistance to have clearly defined guidelines reflecting the position of the countries of the region in the matter. Both the decentralization of activities and the increase in the number of topics studied within the ambit of the Commission had important repercussions on the administrative structure of the secretariat, which made it imperative to adapt it to the new requirements.

In that respect, the Administrative Management Service had made a study of the internal organization of the secretariat and had put forward a number of very appropriate suggestions for modernizing its structure and making it more flexible. A summary of those recommendations appeared in the introduction to document

E/CEPAL/1068. Similarly, the increased responsibilities as a result of decentralization and the new topics proposed by governments were creating problems of space for the secretariat in several of its offices, which involved the necessity of exploring ways and means of solving those problems and, in consultation with Headquarters and the Member Governments of the Commission, presenting specific proposals to the appropriate organs.

6. After hearing the Executive Secretary's statement, the Committee decided to recommend the adoption of the annual reports contained in documents E/CEPAL/1051 and E/CEPAL/1067.

7. One representative stressed the favourable contribution made by the recommendations of the Administrative Management Service set forth in the introduction of document E/CEPAL/1068, whose objective was to make the structure of CEPAL more flexible so that it could fulfil the new and increasing responsibilities assigned them with due regard for existing budgetary restrictions. He asked the secretariat about the implementation of the recommendations, to which the secretariat replied that the report of the Administrative Management Service had been approved by the Secretary-General, several of its recommendations had already started to be put into practice and it was proposed to start implementing them as a whole after the eighteenth session of the Commission, the preparation for which had naturally absorbed a great deal of the secretariat's attention in the last few months. In view of the importance assigned to the recommendations, however, the secretariat had considered it necessary to raise the question at the current session.

8. The Committee then considered the programme of work of the CEPAL system for the period 1979-1981.

9. Referring to the work programme in general, one representative stated that although he appreciated the order of priorities it reflected, he felt it would be desirable for it to include an indication of the financial implications for each programme. At the same time, he said that any expansion of an
/activity should

activity should be reflected in a reduction in others, so that the expenditure could be covered by the traditional budget, which should increase only to the extent justified by inflation. In response, the secretariat explained that the function of the Commission's biennial sessions was to adopt the work programme of CEPAL and that for the countries' information at that stage the programme resources were presented in physical magnitudes, since the analysis of the financial implications and the adoption of the budget were effected through the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee of the General Assembly, in which the member countries of CEPAL participated.

Natural resources and environment

10. In presenting the sub-programmes included in these two programmes, the secretariat stressed the close co-operation maintained with the United Nations Environment Programme (UNEP) and stated that the examination of the subject of natural resources was oriented towards the integrated planning and management of resources, particularly water and energy, in both the national and the regional context. It also emphasized the evolution towards the expanded treatment of the relations between development and the environment in recent years.

11. The secretariat also referred to the activities carried out under the Joint CEPAL/UNEP Project for Environmental Management in the Greater Caribbean, whose objective was to prepare a plan of action for the management of the environment which would provide the governments of that area with a point of reference for the formulation and execution of environment projects and programmes at both the national and the sub-regional level.

12. With reference to the energy sub-programme, the secretariat said that attention would continue to be centred on studies in support of the formulation of national energy policies in the region, and that a new line of research had been introduced in connexion with the viability of non-conventional sources of energy in Latin America. With regard to the mineral resources

/sub-programme, the

sub-programme, the intention was to adopt a new approach aimed at promoting horizontal co-operation among state mining enterprises of the region.

13. One representative requested the secretariat to explain whether the programmes on energy envisaged the preparation of energy balances as basic instruments for energy programming. The secretariat replied that such balances were not envisaged in the CEPAL programmes, since they were dealt with by other agencies such as the World Bank, the Inter-American Development Bank (IDB) and the Latin American Energy Organization (OLADE), but that close co-ordination was maintained between the programmes of CEPAL and those agencies in the matter.

14. One delegation requested that in the studies which CEPAL was planning to carry out note should be taken of the work already initiated by other official bodies on these topics, and in that respect it should be remembered that a continental methodology had been approved for the preparation of the energy balances concerned.

15. Another representative expressed his satisfaction at the conceptual interrelationship established by the secretariat between the environment and natural resources in its work, and said that his country was submitting a draft resolution in support of the establishment of a Latin American Remote Sensing Council as an instrument for optimizing and co-ordinating policies in the use of that prospection technique. At the same time, he stated that in view of the importance of the management of basic resources for the countries' economies, his country would submit another draft resolution calling for the establishment of a Latin American Basic Resources Fund. In that respect, the secretariat pointed out that the subject of remote sensors could be dealt with more fully by Committee III, while in connexion with the proposal concerning basic resources, it expressed its willingness to carry out studies on that topic, particularly in the field of mining.

/Transport and

Transport and communications

16. The secretariat presented the transport programme and described its two sub-programmes. The aim of the first was greater efficiency in transport planning, while the second dealt with trade and transport facilitation. In the first sub-programme, work had been concentrated primarily on the improvement of information for planning and decision-making in the field of transport. In that respect, attention was drawn to the project which CEPAL was carrying out jointly with the World Bank and the Latin American Railways Association (ALAF) and to the fact that the sub-programme included the initiation of a new activity for CEPAL: the study of river transport.

17. With regard to the second sub-programme, the special attention which the secretariat had devoted to the facilitation of trade and transport in the past five years was due partly to the fact that while South America - with the important exceptions of Bolivia and Paraguay - on the whole possessed an adequate infrastructure for international land transport, such infrastructure was frequently under-utilized owing to the lack of suitable institutional agreements at the regional level.

18. The secretariat then stressed that facilitation was essentially a co-operative task designed to eliminate the hindrances affecting trade and transport by means of contacts, studies and discussions at the national, regional and international levels. Some of the areas covered by facilitation were indicated in document E/CEPAL/1064 and owing to their wide coverage, it seemed neither feasible nor desirable to advance simultaneously on all those fronts, for which reason the secretariat required the member governments to state their priorities in the matter in order to organize the work of CEPAL.

/19. Finally,

19. Finally, the secretariat referred to the Intergovernmental Meeting held in September 1978 to consider a Draft Convention on Civil Liability of Carriers in International Land Transport. The Intergovernmental Meeting examined the text of a draft prepared in 1977 by a group of experts, made significant progress in improving the draft convention, and in its report (E/CEPAL/1054) it requested the secretariat to report at the eighteenth session on the results of the Meeting and to ask the Commission to determine the measures which should be adopted in the future in connexion with the preparatory work for the Convention.

20. One representative expressed his gratitude to the secretariat for presenting document E/CEPAL/1065 on the Integrated Transit System for Bolivian Goods Shipped through the Port of Arica. At the same time, he expressed his country's concern at the fact that in considering transport problems in the region excessive importance was still being given to merely coastal links, without due attention to the problems of isolation in the interior of the continent, which, besides creating difficulties peculiar to those regions, prevented efficient transcontinental mobility, impeded communications in sub-regional markets and delayed the economic integration of the South American continent. In conclusion, he said that with a view to remedying those omissions, he would subsequently submit a draft resolution for consideration by the Committee.

21. Another representative expressed satisfaction with the secretariat's work on the facilitation of transport, which his country considered to be important for economic development. At the same time, he requested the secretariat to provide the governments with more complete information concerning the convening of the meetings indicated on page 18 of document E/CEPAL/1064 and drew attention to the need to avoid duplication of effort.

22. The secretariat pointed out that if the Commission wished it to work on the subject of trade and transport facilitation it was essential to hold meetings of experts, since any measure

/in this

in this field should be adopted by the governments after adequate studies and proper co-ordination with other interested countries. To perform this type of work merely by correspondence would be a waste of time.

23. One representative said that his country had engaged in co-operative facilitation efforts at the national and international level and wished to support facilitation activities in Latin America, in particular the measures for implementing a CEPAL facilitation programme along the lines suggested in the last paragraph of document E/CEPAL/1064.

24. An observer expressed his organization's support for the CEPAL trade and transport facilitation programme, and voiced his interest in the consideration which was in progress within the context of CEPAL of the draft Convention on Civil Liability of Carriers in International Land Transport (CRT).

25. One representative requested the secretariat to explain how and when an order of priorities would be established for dealing with the various aspects of facilitation mentioned in document E/CEPAL/1064. The secretariat replied that the priorities could only be established by means of meetings attended by experts in various fields, and in that respect it considered that because of the special characteristics of the different geographical areas of the region it would be desirable to convene groups of experts at the sub-regional level to advise on the task of establishing priorities. Another delegation expressed its agreement with the secretariat's comments.

26. In connexion with the transport programme, the Committee approved for consideration by the plenary of the Commission a draft resolution entitled "Trade and transport facilitation" submitted by the delegation of Bolivia and a draft resolution entitled "Integrated transport system" also submitted by the delegation of Bolivia. It also approved without further comment the transport and communications programme of the secretariat.

/International trade

International trade

27. The secretariat presented the programme of work in the area of international trade and summarized its four sub-programmes. First, it described the programme covering the global analysis of Latin America's external relations problems and policies, notably the interpretative analysis of the region's external relations with the world economy, particularly in the face of the changing situation of the international economy. In the second sub-programme, which dealt with Latin America's relations with each of the main developed areas, the secretariat's aim was to analyse new forms of relations that would be more compatible with the current needs of Latin American development, while in the third sub-programme the aim was to analyse in greater depth the repercussions on Latin America of the situation of the international monetary and financial system and to use the results of the work thus done to provide support for the meetings of the central banks of the region. The fourth and last sub-programme referred to economic integration and co-operation among the Latin American countries, and between these and other developing countries, with emphasis in that field on the analysis of the integration processes and the specific and informal systems of co-operation.

28. In connexion with the International Trade programme, the Committee approved for consideration by the Plenary of the Commission a draft resolution entitled "International monetary and financial aspects" submitted by the delegations of Chile, Guatemala and Uruguay, a draft resolution on "Economic integration" sponsored by the delegation of Trinidad and Tobago, and a draft entitled "Economic relations between Latin America and the developed areas" sponsored by the delegations of Costa Rica, El Salvador, Guatemala and Honduras.

29. The International Trade programme of the secretariat was approved without comment.

Development planning

Development planning, projections and policies

30. In summarizing its programme of activities in the field of long-term prospective studies in the economic, demographic and social areas, the secretariat stated that the programme had been designed within the framework of the main General Assembly resolutions on the establishment of a New International Economic Order and a new International Development Strategy for the 1980s, and that it devoted special attention to the biennial appraisals carried out by the Latin American governments. The programme envisaged a large number of projects which covered conceptual and qualitative studies associated with global and specific topics on the economic and social development of the countries of the region and with topics of international policy and other studies in which the conclusions were heavily based on quantitative projections.

31. The secretariat also described the two major aims of the economic and social model used in the economic and social analysis and the global or synthesized projections:

(a) to evaluate Latin America's economic and social development prospects on the hypothesis that the existing trends were to continue; and

(b) to examine strategies and policies - at the national, regional and international level - which would mean important changes in the prevailing patterns, with the aim of achieving specific economic and social goals and structures.

32. The secretariat further stated that for the macroeconomic and sectoral projections which constituted a continuing task of CEPAL, up to the end of 1977 only a relatively simple model at a high level of aggregation was available which did not contemplate any specification by sectors of production, but this had now been revised and expanded with the basic aim of incorporating sectoral projections and a greater degree of specification of foreign trade, balance of payments and external financing problems, and analysing in greater detail the prospects for long-term economic growth.

33. One representative expressed satisfaction at the preparation by the secretariat of document E/CEPAL/1076 on Latin America's long-term development trends and prospects, in which it had succeeded in properly interlinking the economic and social variables of development. He requested that his country be provided with details of the methodology used by the secretariat so that the system of projection employed could be used and analysed at the country level.

Economic development

34. A representative of the secretariat then summarized the activities of the Economic Development Division, which comprised the preparation of annual economic surveys and analyses and studies on economic policy and styles of development.

35. The preparation of the annual economic surveys was one of CEPAL's basic and oldest activities, since the Division has been performing this task for the past 30 years, with the support of the Mexico, Port of Spain, Bogotá, Brasilia and Buenos Aires Offices. He explained that in these annual surveys information on economic trends in the region was systematically up-dated, the interpretations of Latin America's economic and social development were analysed, and the evolution of the economy of the region as a whole and of each individual country was reviewed, while special studies on the most pressing problems of the region were also included.

36. The purpose of the studies on economic policy was to analyse more fully the characteristics and objectives of the economic policies of some countries of the region during certain conjunctural circumstances of their development: a task which was a natural by-product of the analysis carried out each year for the preparation of the economic survey. Studies were also effected with the aim of improving the available statistical base, and indicators were prepared for analysing short-term policies with the object of developing instruments for the design of short-term models.

37. One delegation suggested that the secretariat should make a more thorough examination of the problem of external indebtedness in the Latin American countries, especially of those aspects connected with the effect of the debt on the balance of payments and on the general economy of the countries which made use of it. Such an analysis would be most important in view of the countries' increased external indebtedness.

38. The secretariat fully agreed with the importance of the subject and reported that within the International Trade programme a project on monetary and financial matters was being developed which would include a study of the problems of external indebtedness.

39. With regard to the Development Planning programme, the Committee approved for consideration by the plenary a draft resolution on "Economic and social projections" sponsored by the delegations of Argentina, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Venezuela.

40. The programme of work in this field was approved without further comment.

Transnational corporations

41. Referring to the activities of the Transnational Corporations Unit, the secretariat explained that the programmes concerned were carried out in close co-operation with the United Nations Centre on Transnational Corporations in a joint effort that offered the best possibilities of technical co-operation with the governments of the region. The research mainly covered the presence and effect of transnational corporations in Latin America, particularly in the manufacturing sector; the activities of transnational corporations in extractive industries and in some sectors producing basic commodities for export; the bargaining power of the host countries and the distribution of benefits between them and the transnational corporations; transnational corporations and the Latin American integration systems; and transnational corporations in other specific activities.

42. The programme of work in this field was approved without comment.

/Science and

Science and technology

43. The secretariat's introductory statement contained a recapitulation of the meetings on the subject organized by CEPAL in the past two-year period, in close contact with the United Nations Conference on Science and Technology for Development (UNCSTD). It was recalled that in Mexico City in November 1977 the bases were established for the initiation of activities in this field; subsequently, in August 1978, the Latin American Regional Preparatory Meeting for UNCSTD was held in Panama and a preliminary version of the proposals on the subject was approved; and finally, the Second Latin American Regional Preparatory Conference for UNCSTD was held from 29 November to 2 December 1978 in Montevideo, where the document which was subsequently submitted for consideration by UNCSTD was discussed and approved.

44. With regard to financing, it was noted that since the needs of the countries of the region were much greater than the available resources, new machinery had to be sought, and it was recalled that at the Panama City Meeting the Board of the Cartagena Agreement had proposed world machinery for financing science and technology activities in developing countries. At the Montevideo Meeting the countries had requested the secretariat to convene an Ad Hoc Working Group on financing machinery for scientific and technological development in developing countries; and in March 1979 the secretariat, in co-ordination with SELA and the Andean Group, organized the Lima Meeting at which the secretariat was requested to prepare a compilation of national and international financing mechanisms and the Secretary-General of UNCSTD was requested to convene an open international working group on financing machinery.

45. Following a summary of the activities in the first phase of the joint CEPAL/IDB/UNDP project on the technological development of specific sectors in Latin America, attention was drawn to the

/novel approach

novel approach adopted in the research, carried out in the actual plants of specific industries, such as iron, petroleum, construction, etc., in various countries. In the second stage, which was just beginning, the study could be extended to include a larger number of countries, and contact could be established with national research institutions in order to place the methodology devised at their disposal.

46. Finally, it was indicated that the secretariat would continue its activities in the field of science and technology, and would adapt them to the conclusions emerging from the forthcoming World Conference.

47. One representative requested the secretariat to give firm support to the Andean Group's proposal on financing at the World Conference.

48. With regard to the Science and Technology programme, the Committee approved a draft resolution submitted by the delegation of Bolivia for consideration by the Plenary of the Commission.

49. The programme of work on science and technology was approved without further comment.

Statistics

50. In presenting this programme it was indicated that the work of the Statistics Division was aimed at incorporating the experience acquired in the use of national statistics and the application of methods of quantitative analysis into the study of the region's economic and social problems and linking the two aspects in such a way that they constituted a central element in the experience accumulated in the region and the statistical information which was most useful for comparative studies.

51. The Committee was informed that the relatively scarce resources for regional technical assistance would be earmarked for the forthcoming population and housing censuses and for the strengthening of national capabilities for carrying out household surveys and that the secretariat attached great importance to the establishment of a Latin American data bank of economic and social statistics which would progressively include the various CEPAL data bases and would be easily accessible to users.

52. As regards quantitative analysis and the development of methods of measurement, the secretariat would pursue the study of patterns of income distribution and the problem of poverty, the search for more precise quantitative relations and more concrete profiles to guide the countries' welfare policies, and the comparative analysis of the economic and social aspects of development in the countries of the region. Efforts to provide methodological guidance were a particularly suitable way of contributing to the statistical development of the countries of the region, and efforts in that area during the biennium would be concentrated on the topics mentioned.

53. One delegation requested that consideration should be given in the future to the contents of a proposal which it had submitted concerning methodological research for the inclusion of the patrimony of resources in the systems of national accounts.

54. With regard to the Statistics programme, the Committee approved a draft resolution entitled "Guidelines for the statistical activities of the CEPAL system", sponsored by the delegation of Uruguay, for the consideration of the plenary of the Commission.

55. The work programme in the statistical field was approved without comment.

/Human settlements

Human settlements

56. A representative of the secretariat presented this programme, which covers social aspects of the environment, planning of settlements, housing, infrastructure and services, land use policy, public participation, and institutions and administration. He emphasized the procedures needed to carry out the proposed programme, referring in this connexion to CEPAL resolution 378 (XVII), which recommended the setting up of a regional intergovernmental body for human settlements and outlined a programme of activities - only partly carried out due to financial restrictions - and to General Assembly resolution 32/162 which recommended the creation within the regional commissions of regional committees to guide the work of the secretariats.

57. The secretariat representative pointed out that in connexion with this programme, neither the transfer of resources from the new Centre for Human Settlements based on Nairobi nor the institutional arrangements were clear for the time being.

58. One delegation stressed that unlike the other regional commissions CEPAL did not yet possess a special committee on human settlements. It recommended that institutional machinery should be set up to deal with the topic, and suggested that CEPAL should organize a meeting to discuss institutional arrangements, which its country offered to host.

59. Another delegation endorsed this proposal and emphasized the need to devote fresh energy to a topic which, it felt, had been somewhat at a standstill since the Habitat Conference in Vancouver.

60. With regard to the Human Settlements programme, the Committee approved a draft resolution on "Regional co-operation in the field of human settlements", sponsored by the delegation of Costa Rica, Cuba, Guatemala and Mexico, for the consideration of the Plenary.

/61. After

61. After the examination of the draft resolution had been concluded, the delegation of Bolivia stated that different factors of a budgetary nature were having a negative effect on the consideration of specific topics, including some mandated by the United Nations General Assembly itself, such as water, human settlements and so forth, which were not receiving appropriate institutional treatment consisting of an overall approach relating them suitably to the general question of economic and social development, but were only considered at the level of specific projects, thus making it impossible to approach and relate them in the manner mentioned above, with the result that topics of importance to the development of the countries of the region were not being treated properly.

Social development

62. A secretariat representative explained that the programme of work in this field centred on the concept of integrated development as defined in the Strategy for the Second United Nations Development Decade and the regional appraisals undertaken by CEPAL, and that the conception of styles of development, closely linked to the methodology of the unified approach, would serve as a starting point for the analysis of the relationship between the economic and the social development processes in the region. He pointed out that in recent decades the idea was increasingly gaining ground that the two processes, while interrelated, were at the same time relatively independent, being connected by a complex network of intermediations which were far from fully or satisfactorily understood. He also stressed that the practical importance of broadening this understanding was evident if it was desired to advance in the implementation and planning of integrated development strategies.

63. Within the framework of the styles of development, he said, the programme covered the most important sectors and problems of social development and change in the region, through three

/main subprogrammes

main subprogrammes which were in course of execution. The first of these dealt with trends in a set of interrelated topics including those derived from employment and the occupational structure, the distribution of income and consumption, rural social development, access to housing and social services, and the participation of youth in the labour force.

64. He also reported that a special unit with its own subprogramme had been set up for the integration of women into development, and gave an account of the activities undertaken for the adoption of the Regional Plan of Action for the Integration of Women into Development, and the manner in which the mandates and recommendations had been implemented. He also reported on the preparatory work for the convening of the Second Regional Conference as a regular regional government activity to review the implementation of the Regional Plan of Action, and also as a preparatory activity for the World Conference of the United Nations Decade for Women to be held in 1980.

65. He then referred to the problem of the relationship between development and education, which was the subject of a special programme being carried out jointly with UNESCO, with financial support from UNDP; the second phase, which had now begun, would extend until 1981. He explained the objectives and features of the project, as well as its achievement to date, the purposes of the new phase and its importance in view of the forthcoming Conference of Ministers of Education and Planning of the region, which UNESCO, in co-operation with CEPAL, was to convene at the end of 1979.

66. The President of the Inter-American Commission of Women (CIM) said that it was necessary to co-ordinate the activities of governmental and non-governmental organizations in activities on the integration of women into development so that the measures adopted in that field were considered in an integrated manner.

/67. In

67. In response to a question from a representative concerning the place and date of the Second Regional Conference on the Integration of Women into the Economic and Social Development of Latin America, which was scheduled to be held before the forthcoming meeting of the Preparatory Committee for the World Conference of 1980, a member of the secretariat said that generous offers had been received from governments, and that as soon as a decision was taken in that regard it would be communicated to the member countries immediately.

68. With regard to the Social Development Programme, the Committee approved for consideration by the Plenary of the Commission a draft resolution on "Action in the field of cultural co-operation" submitted by the delegation of Suriname and a draft resolution on "The needs of children and the shaping of the coming generations within the framework of development processes" sponsored by the delegation of Bolivia.

69. The Committee approved the report on CEPAL activities under the Population Programme.

Industrial development

70. A member of the CEPAL secretariat, introducing the activities under the Industrial Development programme, said that the work being carried out in that field by the Joint CEPAL/UNIDO Division constituted part of the effort of the United Nations to promote the establishment of a New International Economic Order, and that the tasks for the industrial sector had been defined in the Lima Declaration and Plan of Action. Within that frame of reference, the Joint Division was carrying out general and sectoral studies and providing advisory services.

71. As far as general studies were concerned, apart from the periodic appraisal of the process of industrialization, which was a continuing activity, research would be initiated on changes in the entrepreneurial structure of industry in order to clarify the role of the various national and international, public and private elements in the development of manufacturing,

/and some

and some of those studies would be submitted to the forthcoming Latin American Conference on Industrialization (August/September 1979) to enable the region to adopt a joint position for the Third General Conference of UNIDO (New Delhi, early 1980).

72. It was stated that priority attention would be given in the secretariat's sectoral studies to the analysis and appraisal of the development potential of the branches of industry of greatest importance for industrialization, such as capital goods, the chemical industry, agroindustries and forest industries.

73. In the context of the sectoral studies, special mention was made of the project on the present situation and future prospects of the supply and production of capital goods in Latin America, recently approved by UNDP for implementation by CEPAL in collaboration with UNIDO.

74. Advisory and training activities constituted a logical extension of research work. With regard to training, collaboration would continue with ILPES and the national programmes for the formulation of industrial development plans and policies. As far as advisory activities were concerned, this type of service would continue to be provided to governments and regional and subregional bodies which requested it. Special mention was made of the advisory services provided to the Board of the Cartagena Agreement, the SELA Action Committees and some Caribbean countries.

75. The work programme and the activities of the Joint Division might undergo some changes as a result of the conclusions and recommendations arising out of the forthcoming Latin American Industrialization Conference and the Third General Conference of UNIDO.

76. One delegation proposed that the secretariat should be responsible for the study, dissemination and application of productivity in the development of industrial and agricultural production, as a means of improving the economy of the countries of the region.

/77. The

77. The section of the programme of work dealing with industrial development was adopted without further comment.

Agricultural, Forestry and Fisheries

78. A secretariat representative then presented the work programme of the CEPAL/FAO Joint Agriculture Division, divided into three sub-programmes: policies, plans and programmes for the development of food and agriculture; agriculture and its long-term production possibilities in Latin America, and the analysis of the agricultural policies of Central America and Mexico.

79. With regard to the first sub-programme, a description was given of the followup activities relating to the state of food and agriculture in Latin America, assistance to governments in methodological aspects of agricultural development planning, training in agricultural planning and co-operation in the area of food and agriculture in the context of technical co-operation activities among developing countries and regions.

80. The second sub-programme, he said, would concentrate on preparing the Inventory of Latin American Agricultural Potential and food studies for Mexico and the Caribbean.

81. As regards agricultural policies in Central America and Mexico, the secretariat representative reported that the governments would be offered co-operation in preparing policies aimed at agricultural development and that at the same time impetus would be given to more effective integration of food and agriculture. These studies would give an overall view of agricultural phenomena and processes and their links with the rest of the economy, and would permit a better appreciation of the vital functions which agriculture should carry out and its contribution to overall development.

82. The section of the programme of work dealing with this area was adopted without further comment.

Library and Documentation Services (CLADES)

83. A secretariat representative stated that in view of the growing need to co-ordinate the incorporation of information in economic and social development the secretariat would continue, through the Latin American Centre for Economic and Social Documentation (CLADES) with its co-operation work aimed at creating machinery for setting up information networks among the national and regional planning and integration bodies; standardizing and systematizing the terminology used in the region for the analysis and retrieval of data; and organizing and channeling towards the national or intergovernmental development institutions in the region the expertise and capabilities existing in CLADES in connexion with the setting-up of systems for the transfer and retrieval of data relating to their work.

84. In opening the debate on this programme, and in answer to a question by the delegate of the Inter-American Commission of Women, the secretariat representative stated that there was a close link between the Social Development Division and the system of information on the integration of women into development which was being brought into action by CLADES. The section of the programme of work dealing with this area was adopted without further comments.

Central American Economic Co-operation Committee (CCE)

85. In his presentation of the activities of this Committee, the secretariat representative recalled that it was set up in 1951 and was composed of the ministers of the economy of the respective countries: when CACM was set up in 1960, however, with the same ministers as members, it became necessary to delimit the functions of the two bodies, and it was agreed to consider CCE as a forum for discussion and CACM as a forum for action. In practice, CCE had been in recess until 1975, and since that year, although continuing to be a forum for discussion, it has resumed its role of fostering economic co-operation in Central America.

/86. The

86. The CCE was currently engaged in three essential activities: making exhaustive analyses of economic integration and drawing up short-term action proposals which did not involve radical changes; serving as a forum for following up the integration process, and serving as a forum for examining Central America's international technical co-operation requirements.

87. One representative praised the secretariat's presentation and asked that CCE should continue to give impetus to the machinery of the Central American Common Market. He also referred to the problems caused by the increase in oil prices and described the measures taken by his government to set up a group of oil-consuming countries were described.

88. The report of the Central American Economic Co-operation Committee was adopted without further comments.

Caribbean Development and Co-operation Committee (CDCC)

89. It was recalled that the CDCC secretariat had reported at the seventeenth session of the Commission on the implementation of CEPAL resolution 358 (XVI), which invited the governments of the Caribbean to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of CEPAL. On that occasion, the Commission had been informed of the activities of the two sessions of the CDCC which had taken place up to that date. Since then, two more meetings had been held, one in Belize (April 1978) and the other in Paramaribo, Suriname (March 1979), the reports of which were before the Commission.

90. A representative of the secretariat said that the CDCC programme used a pragmatic approach which laid stress on subregional co-operation to solve essential problems in agriculture, health, education, transport, etc. Its main objective was to foster a collective effort and adopt strategies in keeping with the needs and characteristics of the area.

91. The majority of the member countries of the Committee required to improve their experience, resources and institutions in order to formulate and implement economic and social development policies aimed at the full and productive employment of the labour force. The CDCC governments had laid great stress on structural change, which required concerted action both in the subregion and in the international community in order to obtain the impulse and resources needed to deal with those problems and which, therefore, in view of the growth characteristics of the Caribbean situation, must be concentrated in medium and short term projects and must deal with two fundamental aspects: co-operation among countries on matters of mutual benefit, and co-ordination of the aid coming from the United Nations.

92. Co-ordination was effected on two levels: in the global and regional systems, and in the integration activity in progress. On the first of these, what was sought was the inclusion of a Caribbean component in the global programmes of the United Nations specialized agencies and bodies and the inclusion of all the member countries of the CDCC in the subregional programmes. On the second level, what was sought was to integrate the action of the CDCC with the similar action of the secretariats of the Caribbean Community (CARICOM), the Caribbean Development Bank (CDB) and the East Caribbean Common Market (ECCM).

93. With regard to the Caribbean Economic Co-operation Group of the World Bank he said that at the Belize meeting clear guidelines had been given to the effect that the CDCC secretariat should serve as a liaison between the CDCC and the Group in order to guarantee co-ordination between the projects and programmes of the CDCC and the regional activities of the Group. Those guidelines had been ratified in Paramaribo, and so that the CDCC secretariat could clearly reflect the decisions of the member governments it had been agreed that all of them would meet before the next meeting of the Group.

94. He went on to recall that at the third session of the CDCC the member governments had assigned maximum priority to the following activities: elimination of language barriers, maritime transport, international trade, multinational Caribbean enterprises for the production and distribution of printed and audio-visual material, Caribbean network of development education innovations, participation of Caribbean women in development, and science and technology.

95. At the fourth session, special attention had been assigned to the establishment of a statistical data bank, the establishment of a Caribbean Council on Science and Technology, the fusion of the activities of associations of producers and exporters of certain agricultural products, the organization of national and subregional training courses for planners, promotion of the establishment of multinational trading and producing firms, and the establishment of a rational energy programme.

96. All those mandates meant a need for more resources.

97. After the conclusion of this statement, one representative said that advances had been made in the execution of the programme of work approved since the second session of the CDCC. He noted that at the fourth session of the CDCC consideration had been given to an interesting model for horizontal co-operation based on the co-ordination and strengthening of national institutions, with a very small administrative infrastructure, since it would operate through national bodies. Such a model would permit the application of TCDC programmes in the subregion. The secretariat had already begun to work in certain fields, with special attention to energy.

98. The same representative considered that in that sector, because of the lack of technical know-how on this matter, courses should be given on techniques and methodologies for preparing synoptic charts to help in planning and forecasting energy requirements. He also proposed that research should be carried out on non-traditional energy sources and asked the Office for

/the Caribbean

the Caribbean to continue with the tasks assigned to it and seek the necessary inputs and backing from other organizations. In conclusion, he announced that his delegation was submitting a draft resolution on the matter. Two other delegations said that they would support the draft.

99. The report of the CDCC was approved without further comment.
Latin American Institute for Economic and Social Planning

100. The Director of the Latin American Institute for Economic and Social Planning (ILPES) spoke of the work done by the Institute and gave a summary of the activities implemented in each of its subprogrammes. He then described the guidelines which in his opinion should be taken into account in programming future work, pointing out that although ILPES had been performing a very useful role for the region, it was still enecessary to continue to adapt the programmes of work to the evolution of the region's needs, which would require a major effort to update concepts, techniques and forms of action in the main fields of planning, to include some new topics of great importance in recent years. The need for adaptation was more urgent and vital today, owing to the rapid evolution of the topic of planning in academic, institutional and political circles.

101. He mentioned four major facts which alone changed the scope and forms of planning, but which had not yet been adequately catalogued or made a formal part of the ideas on planning which had been predominating in the region. The first was the extent and rapidity of action on the region by the major variables of the international economic conjuncture. The sometimes favourable, sometimes adverse effects of major world developments during the 1970s in monetary and financial matters, the markets for raw materials, trade policy, etc. had been more drastic, unexpected and unyielding, while bound up with this increase in the potencial profundity of the effects of the international conjuncture on the countries of Latin America there was another fact which made more acute the need to renew ideas on planning and at the same time ensure the existence of particularly flexible and efficient machinery and

/instruments: this

instruments: this was the decision adopted by several Latin American countries in recent years to open up their economies to world markets.

102. He went on to say that the formal appearance on the Latin American scene of development models very different from those which had generally inspired the theory and practice of planning in Latin America and the tremendous importance which social objectives had acquired, suggested that the conceptual frames used by planners should be renewed and complemented as soon as possible. Another source of stimulus to reflect on and examine new ideas, arose out of the need to ensure that the development plans and the development strategies generally speaking adopted by the countries were genuinely operational. In recent years, certain topics closely connected with development planning had emerged and acquired momentum of their own, but to date had not been adequately incorporated in or linked up to the plans and to general planning practice. Among these topics were employment, the evolution of the environment, and science and technology policy.

103. In his summary of the specific programmes, he said that in carrying out advisory activities ILPES wished to pay special attention to the least developed countries and the most depressed areas of the developing countries, while in training activities it was planning to go ahead with holding a central planning course in various specializations in order to make a systematic collection of research and studies on development and planning in Latin America. Simultaneously it was intended to increase the number of national and subregional research and training centres. Research activities carried out by ILPES would aim at analysing the current state of planning the countries of the region, and its first results would be presented at the forthcoming meeting of ministers to be held in Guatemala.

/104. The

104. The Director of ILPES also stressed that the Institute would actively support the system of co-ordination and co-operation among planning bodies which constituted a specific example of technical co-operation among developing countries.

105. Lastly, he said that the ideas expressed reflected the recommendations of the governments regarding activities by ILPES formulated at the Second Conference of Ministers and Heads of Planning, held in Lima, when the Technical Committee of ILPES also met, and also those arising out of the First Meeting of Planning Experts of the Caribbean held in Havana and the fourth session of the Caribbean Development and Co-operation Committee held in Suriname in March.

106. In his concluding remarks, he thanked the governments for their constant support to ILPES, and referred to the continuing support of the United Nations and the United Nations Development Programme (UNDP), and the generous contribution by the governments of the region and the co-operation bodies, whose important assistance in recent years had made it possible for this permanent body of the United Nations to function within the CEPAL system.

107. Following the address by the Director of ILPES, a delegation observed that the resolutions adopted by the ministers and heads of planning at their meeting in Lima and the recommendations of the Technical Committee of ILPES constituted a very important basis for the reorientation of the Institute's activities.

108. A delegate said that in the opinion of his country, the multifaceted effort made by ILPES could not go unnoticed, and requested the Institute to allocate particular importance to the exchange of experiences of planning.

/109. Another

109. Another delegate expressed satisfaction at the increasing diversification of the criteria applied to development and the evident recognition by ILPES of the need to adapt the parameters of planning to new circumstances, and said that he expected the work programme of ILPES to reflect these new modalities. In answer to a question by a member of the same delegation, the secretariat explained that there had been no duplication of programmes, although the titles of the subprogrammes might lead it to be thought that this had happened.

110. A member of a delegation requested that ILPES should combine its collaboration with the efforts being made by his country to strengthen the Higher School of Public Administration, and mentioned the importance of support by the Institute to the governments in the appraisal and followup of projects.

111. A member of another delegation mentioned his country's great interest in further investigation of aspects of planning and the international economic conjunctures, and particularly in the further development of machinery to link up medium- and short-term planning. In answer to a question from this delegation, the secretariat said that ILPES gave social planning courses, and had no objection to considering requests to organize courses in any one country.

112. Members of various delegations expressed satisfaction at the well-documented statement by the secretariat, expressed their support of the tasks which the Institute had been performing and stressed the need to prepare new ideas to guide future activities.

113. The report of the activities and work programme of ILPES was adopted without further comments. The Committee also adopted a draft resolution on ILPES, submitted by the delegations of Haiti, Peru and Mexico, for consideration at the plenary session.

/Latin American

Latin American Demographic Centre

114. The Committee went on to consider the activities of the Latin American Demographic Centre (CELADE). The Director of CELADE gave a brief summary of activities during the period 1977-1979 (document E/CEPAL/1067), for the following four subprogrammes:

(a) population statistics and followup of population trends, (b) population and development, (c) training, and (d) documentation and electronic data computing. In connexion with these, he made particular mention of some components of research and technical advisory and supporting services of the Population Programme.

115. In order to summarize results, he presented figures for the biennium which showed that 130 country missions had taken place, 268 professionals and officials had been trained in the course of the programmes, 61 research reports and documents for seminars and conferences prepared, and lastly 114 titles published for general circulation. He mentioned the importance which CELADE gave, as means of dissemination to four series of periodic publications which it issued regularly: "Boletín Demográfico"; the review "DOCPAL: Resúmenes de población en América Latina", "Notas de población", specialized population review; and "Cuadernos del CELADE", the first issue of which had just appeared, on the subject of "La política de población en América Latina."

116. He went on to refer to the work programme 1979-1980 (document E/CEPAL/1068), which was structured on the basis of the same subprogrammes as were mentioned in the report of activities, and stressed that the first objective of the subprogramme on population statistics and followup of population trends, was to develop a national capacity to organize, process and analyse population statistics, by encouraging the use of appropriate methods and technologies. With regard to the

/subprogramme on

subprogramme on population and development he highlighted three elements or main lines of work: urbanization, migration and regional development; development and population growth; and methodological problems relating to the incorporation of population variables in the economic and social planning process. These three elements contained a considerable component of technical advisory services to bodies of the planning system of the countries, mainly in the appraisal of the needs of population programmes and activities, preparation of country projects and followup of the implementation and appraisal of projects.

117. With regard to training, he said that CELADE would go ahead with the programme of demographic analysis courses at its headquarters in Santiago, intensive national courses on demography and specialized courses and seminars, and with the coparticipation of FLACSO in postgraduate programme on social population studies.

118. He went on to stress the importance of the DOCPAL documentation system with its computerized data base containing over 8 000 bibliographical references on population in Latin America, which was growing at a rate of 3 000 entries per year. He also mentioned the important role of support and advisory services played by the CELADE computing service.

119. Lastly, he referred to the report of the First Meeting on Population of the Committee of High-Level Government Experts (CEGAN), held in Quito from 12-14 March 1979 (E/CEPAL/1072). After giving a brief summary of the background to this meeting, he commented on the content of the four resolutions adopted by CEGAN. Three of them gave guidelines for the regional Latin American population programme of CEPAL, the implementation of which had been entrusted to CELADE, while the fourth resolution concerned institutional managements in the field of population and recommended that at this session CEPAL should take a decision on the existence and periodicity of action by CEGAN in population affairs.

120. A member of a delegation expressed his country's lively interest in the studies on internal migration in the continent, which in his opinion lay outside the traditional demographic analyses. He said that 15% of his country's population lived abroad, and that this constituted a serious obstacle to development, and proposed that the problem of migrations should be treated as a new topic by the CEPAL secretariat, since in one form or another it was progressively affecting all the countries of the region.

121. A member of a delegation referred to resolution 1 of the First Meeting on Population of the Committee of High-Level Government Experts, which endorsed the general objectives and recommended priorities for the CEPAL population programme, and said that in view of the limitations on resources mentioned in the resolution itself, his country requested the secretariat, in implementing the programme, to take into account the following suggestions for reordering priorities: Of the general objectives of the CEPAL population programme (Article 1 of the resolution), the most important were considered to be those referring to the relations between population and development, population policy, personnel training in population matters and assistance in the organization of population censuses and surveys. The recommended order was therefore as follows: paragraphs e, f, g, h, b, c, d, i, j, a. Similarly, the topics and activities of the programmes (article 2 of the resolution) should have the following order of priority: paragraphs e, f, c, d, a, b, g, h, i, j, k. A member of the same delegation suggested that the CEGAN meeting on population should take place annually and submit to CEPAL a report of its activities which would be forwarded to the governments. Lastly, he asked the secretariat whether the reference to the decentralization of CELADE's activities appearing in resolution 3 of the First Meeting on Population of CEGAN implied the amplification of present CELADE activities or the creation of new offices.

122. A member of another delegation said that it was preferable to apply the criterion of strengthening existing regional units so as to allow more participation by the countries.

123. A member of a delegation expressed support for the advisory work carried out by CELADE and the report and recommendations of the First Meeting on Population of CEGAN. He considered that CEGAN could hold meetings on population every two years.

124. The representative of the United Nations Fund for Population Activities (UNFPA) briefly summed up the origins and evolution of the Fund's activities 10 years after its inception, and said that according to the present trend of UNFPA to probe more deeply into knowledge of the real problems of the countries, he considered the collaboration of technicians and government authorities of Latin America essential in order for the theory-practice relationship existing between population dynamics and the economic and social planning process to be made more explicit, and in order to identify the methods and institutions capable of implementing the proposals arising out of the discussions. He also said that the financial capacity of the Fund had increased at a vertiginous rate and that this would not have been possible without the close collaboration of the governments, regional commissions and other international bodies who, like CEPAL and CELADE in Latin America, had made it possible to become acquainted with the specific needs and concerns of the governments in population matters.

125. With reference to the population programme, the Committee adopted for consideration by the plenary a draft resolution on "Migration of unskilled labour" submitted by the delegation of Bolivia, and a draft resolution entitle "Population sponsored by the delegations of Costa Rica and Venezuela.

/126. The

126. The report of the activities of CELADE and the population programme were adopted without further comments.

Adoption of the programme of work for 1979/1981

127. Following the discussion on the programme of work of the secretariat for 1979-1981, the Committee adopted a draft resolution entitled "Programme of Work, 1979-1981" submitted by the delegation of Peru for consideration by the plenary.

Other matters

128. The secretariat stated that the satisfaction of present and future needs of office space and special areas, including those for meetings, for the CEPAL system, to which the Executive Secretary had referred, would result in proposals for new expenditures and other financial repercussions, which the Executive Secretary would be able to submit once the Commission had authorized him to undertake the corresponding study. This would be global and cover CEPAL headquarters in Santiago, the Mexico Office and the regional offices, and particularly Port of Spain and Buenos Aires where the rent costs had risen very considerably and added enormously to administrative expenses of the Commission. At headquarters in Santiago, all available space in the building was being used, and recently prefabricated classrooms had had to be built for the new CELADE courses which would begin in June 1979. Once the study was completed, the adoption of its conclusions would involve a very lengthy process of United Nations administrative and financial procedures, since the Secretary General would have to forward the proposals of the Executive Secretary for final approval by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the General Assembly.

129. A number of delegations expressed their interest in an agreement to the carrying out of the required study; and one delegation, which was in agreement with the proposal, pointed out that this did not mean that its country was agreeing in advance to the allocation of the additional budgetary resources.

130. The Chairman, expressing the consensus of the participants, declared that the Committee agreed to authorize the Executive Secretary to carry out a detailed study and submit concrete proposals aimed at meeting present and future needs of office space and special areas, including those for meetings, for the CEPAL system.

Decentralization of the activities of the United Nations system

131. Finally, the Committee adopted a resolution entitled "Decentralization of the United Nations activities", sponsored by the delegation of Uruguay, for the consideration of the plenary.

/General comments

General comments on the programme of work and the structure of the Secretariat

132. The United States delegation requested that the following statement should be included in the report:

"Prior to consideration of the particular resolutions the United States Delegation wishes to enter the following observations:

"The United States Delegation believes that while each resolution contains some inherent merits, each should be examined in the following terms: (1) ECLA work priorities; (2) budgetary constraints and (3) demands imposed by international meetings on ECLA resources and staff.

"Mr. Chairman, as we stated in the opening of Committee I the United States is very satisfied that the Draft Programmes of Work for 1979-81 established the relative priorities attached to different sector programmes. The United States, however, will not support any real net increase in the ECLA budget. Therefore, if new activities are to be considered, such as in the proposed resolutions, or existing programmes expanded, the United States position is that this must be done within a framework of the clearly understood ECLA priorities and be financed by offsetting decreases in other parts of the ECLA budget. Although we can consider new programmes and initiatives we cannot support every net growth in the ECLA budget beyond allowing for inflation. With these considerations in mind my delegation wishes to draw to the attention of the Committee three points: (1) our understanding of ECLA priorities, (2) our notation of the resolutions which require further expenditure of funds and (3) our notation of those resolutions which will require international meetings.

2. "With regard to priorities these are the established ECLA priorities as understood by the United States delegation:

Priorities

1. Critical poverty
2. Rural development - social and agricultural
3. North-South relations
4. Trade
5. Regional integration
6. Technical co-operation among developing countries
7. Projections of developmental conditions in 1990

/With regard

2. With regard to resolutions which require further expenditure of funds or would require shifting of present budgetary allocations; and in essence reformulate ECLA programme priorities we noted the following resolutions:

1. COM II/4 - requiring studies on the Draft Latin American Convention on the Civil Liability of Carriers.

2. COM II/5 - requiring UNDP or regional project funding of studies on an integrated transport system.

3. COM II/6 - requiring ECLA to study the migration of unskilled labour.

4. COM II/7 - maintaining programmes under Project 540 (Statistics).

5. COM II/8 - requesting additional funding for establishment of Day and Year of Autochthonous Culture.

6. COM II/9 - considering request for additional resources for CEPAL Publications Programme.

7. COM II/11 - requesting continued UNDP funding of ILPES after January 1, 1980 and support from member governments.

8. COM II/12 - requesting funds for ECLA establishment of a working group on remote sensing.

9. COM II/13 - requesting UNDP funding for work in the international monetary and financial field.

10. COM II/14 - requesting General Assembly provision of resources for Caribbean Development and Co-operation Committee.

11. COM II/15 - establishing as an ECLA work priority the study of a proposed Latin American Natural Resources Development Fund.

12. COM II/18 - requesting UNDP funding of Economic Integration studies, and

13. COM II/20 - requesting UNDP funding of ECLA work on relations between Latin America and Developed areas.

3. With regard to resolutions which require international meetings we note the following resolutions:

1. COM II/3 - open working group on financing machinery for scientific and technological development.

2. COM II/4 - subregional preparatory meetings of experts in trade and transport facilitation.

3. COM II/5 - timely meetings of government experts on an integrated transport system.

4. COM II/7 - meetings of working groups on specific topics on economic and social statistics.

5. COM II/12 - establishment of a working group on remote sensing.

6. COM II/15 - experts meeting on Latin American Natural Resources Development Funds study.

7. COM II/16 - periodic meetings of CEGAN on the Latin American regional population programme.

8. COM II/18 - technical seminar on Latin American integration.

9. COM II/20 - technical seminar on economic relations between Latin America and Developed Areas; technical seminar on co-operation between OECD and Latin America; technical seminar on Latin American relations with Japan.

4. Mr. President, the Delegation of the United States reiterates its appreciation of the merits of the various resolutions now before us. We would hope that in deliberations on these deserving resolutions the Committee will keep firmly in mind the priorities of ECLA and its financial and administrative realities. As a final observation we would like to note that while of interest to ECLA, certain of the resolutions would appear to fall outside the particular competence of the same. In the particular discussions we would hope that these resolutions will be directed to the appropriate mechanism within the United Nations system or other International Organizations. With this commentary in mind the United States Delegation is prepared to consider the resolutions before us."

133. The delegation of Colombia requested that the following statement should be included in the report:

"The programming of activities and the design of a Plan of Action for CEPAL is obviously of enormous importance, since the institution plays a very significant role in Latin America and the world. In the past CEPAL has had a notable influence on Latin American economic thinking, and no doubt in the future its creative activity will be fundamental in tracing the major lines of thought in the region and contributing to the formulation of policies on economic, technological and social problems. We must therefore be very demanding in establishing the tasks and functions of the institution, and this has clearly been understood both by the secretariat and by the countries. In recent days we have had occasion to hear quite detailed reports from CEPAL officials on the Commission's programme of work and we believe that the document prepared by the secretariat represents a ~~very~~ valuable contribution to the definition of the plan of activities which certainly attempts to translate into operational terms the mandates of the governments, following the outlines laid down at many preparatory meetings for the present session. In addition, the basic work carried out by the secretariat has been enhanced by an active exchange of ideas within this committee and by many very useful suggestions on the specific subprogrammes.

"The Colombian delegation, while recognizing the results achieved by the activities undertaken so far, wishes to express some points of concern of a rather general nature. In the first place, we cannot but be concerned at the enormous burden of work and dispersion of effort of the secretariat implicit in the proposed programme of work. Altogether the programme covers 14 broadly defined areas and contains 46 sub-programmes with roughly 140 "elements", each of which generally contains various sub-projects involving research or continuing activities of great complexity, such as the monitoring of the progress of the Latin American economy and the elaboration of long-term projections for it. Now, a study of the specific projects leads to the inevitable conclusion that they are all, in principle, desirable. It does not appear

/reasonable to

reasonable to argue that, for example, the study on the participation of women in the development process is a line of research of little social profitability or that it is unnecessary to study the possible application of solar energy technology in the region. However, and perhaps under the influence of our own domestic experience, we are inclined to believe that the attempt to cover so many fields may be self-defeating, and that perhaps it would be worthwhile to attempt to define priorities more strictly and concentrate the available resources accordingly, especially if it is born in mind that the total amount of regular resources of the institution will be frozen in real terms. In this connexion I should like to state that since it has not been possible to have data on the total cost of the resources involved in the proposed programme, the approval of this programme and of the various resolutions by my country is on the understanding that the implementation of the package of projects will be subject to the restriction of maintaining the regular resources at their present level.

"As was pointed out by the CEPAL secretariat at the appropriate time, despite the restriction on regular resources the proposed programme is financed in the sense that the institution has provided for a flow of additional extraordinary resources for the implementation of the programme. It is evident, however, that the opportunity cost of these extraordinary resources is not nil, since they unquestionably have alternative uses. This brings us, Mr. Chairman, to raise a second general point of concern.

"This concern is connected with the congruence between the criterion of decentralization adopted by the United Nations and the programme of work of CEPAL. An important element in decentralization is undoubtedly that of a proper division of labour, exactly as this has been proposed and is being implemented in the United Nations. It is not clear, however, that this division of labour is functioning very well with regard to CEPAL and other regional bodies such as the OAS, SELA or the Andean Group. We are inclined to think, in this case, that many of the tasks which CEPAL plans to carry out could be executed by other regional and subregional bodies, without the need for the Commission

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to turn into a kind of intermediary which centralizes the securing of resources, only to distribute them subsequently among other bodies through subcontracting arrangements. But this is not all. A fundamental element in decentralization, in our opinion, is that the initiatives regarding the problems to be studied should come not only from the secretariat, but also in large measure from the countries. In other words, the proper programming and execution of work requires a continuous flow of information from the secretariat to the countries and vice versa. With regard to the problem of defining the programme of work for the next two years, we are sure that the secretariat has tried faithfully to carry out the mandates of governments and has made a big effort to incorporate the suggestions on work made by government experts in various forums. We believe, however, that in order to prepare a draft programme like that before us it would really be desirable to maintain closer contact between governments and the secretariat. In the case of my own delegation, I can say that document E/CEPAL/1068 dated 21 March 1979 was received in the Foreign Ministry only this Monday, and we would certainly have liked to have more time to analyse this document and even submit suggestions to the secretariat before the session. Since we have already taken up enough of the valuable time of those present, however, we would simply like to mention one more concern arising from our reading of this document. We have the impression that in some cases the programmes proposed would involve the duplication of tasks already being carried out by CEPAL and other organizations, and that the results of the many prior efforts of research and co-ordination have not been fully incorporated into the design of the programme. There seems to be a certain tendency in the document to approach areas already covered at other levels. This is so, for example, in the case of the action carried out by SELA with a view to the establishment of a Latin

/American Technological

American Technological Information Network, the work of the Andean Group in the field of foreign investment and the transfer of technology, the activities carried out by OLADE in the energy area, and the scientific and technological programme of the OAS.

"In view of the foregoing remarks I should like to state that although my country would be willing - on this occasion only - to approve the plan of work presented by the secretariat without demanding a global reappraisal, which could interfere with the progress of the Commission's activities, I consider it highly desirable that in future the preparation of the programme of work should be carried out after an evaluation of the activities carried out by CEPAL since 1970 (to permit the identification of areas where the organization is particularly efficient), a very careful study of the progress made in the various areas by all the bodies having to do with regional problems, and a precise quantification of the costs of the whole programme."

134. The Executive Secretary told the Committee that the general trend towards the growth of CEPAL's work was reflected in a certain dispersion of its activities, as the distinguished representative of Colombia had pointed out. He thanked the representative for his positive contribution in having raised within the Committee this very important topic concerning the present and future role of CEPAL in the region, and added that the subject was at present under discussion in the United Nations system, especially in that part of it concerned with decentralization.

135. It was undeniable that there was a tendency towards the constant and permanent expansion of the topics with which the secretariat had to deal, but that was due to a situation which was in many cases beyond the control of the Commission and the countries which belonged to it. He recalled that in recent years the United Nations had been taking up new topics on a systematic basis, and since he himself had joined the secretariat seven years ago at least nine or ten new areas had been included by decision of the governments, not as initiatives of the Commission, but in almost all cases emanating from outside, either from the Economic and Social Council or the General Assembly. He noted that among the important new topics which had been occupying the attention of the United Nations system, mention might be made of the environment, population in its broadest sense, desertification, the role of women in development, human settlements, the participation of transnational enterprises in the development of the countries, science and technology, and so forth.

136. He went on to explain that the initiatives of governments calling for new topics to be dealt with were raised in the General Assembly and followed a path which began with the holding of a World Conference, preceded by a regional conference for whose organization the regional commissions were made responsible; after that came a new regional conference to implement the General Assembly resolutions, and this in its turn resulted in mandates to the regional commissions to implement the recommendations and follow up the topic.

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137. In his view, that state of affairs had undeniable positive aspects and was in keeping with the political will of the member governments of the United Nations that the system should increasingly broaden its range of contact with sectors of world opinion.

138. As the United Nations system took up these new topics, there was a broadening of the contacts of the regional commissions to include new sectors of government in addition to the traditional sectors (Ministries of Foreign Relations, Economy and Planning). All that meant that a number of groups were growing up in the countries who saw CEPAL as their counterpart within the United Nations and therefore expected to receive its substantive support. Moreover, there were the interests of the countries of the Commission, which obviously had to be taken into account by the secretariat. Thus, an increasing mass of activities had been created, to which the secretariat had to respond and which was reflected in the work plan of the Commission and in the creation of special units within the secretariat.

139. In addition to this source of expansion of the topics dealt with by CEPAL there was the idea that the regional commissions should gradually be converted into the main points for the execution of the United Nations programmes. The regional commissions, which had wanted to be a focal point of the system for these activities at the beginning of the 1950s, had lost some importance in subsequent decades, because of the appearance of big world organizations like UNCTAD, UNIDO, etc.

140. Now, however, there was a tendency to give increasing importance to the regional commissions, and this was unreservedly supported in the resolution on restructuring adopted by the General Assembly a few months ago. Thus, the regional commissions should prepare for a new task which would in some way change their traditional functions, expanding them considerably and facing them with the need to meet the repercussions of the broader range of topics of the system on the one hand, and on the other the progressive decentralization of activities to the regional commissions. Thus, at the same time that the range of

/topics being

topics being dealt with by the United Nations was being expanded, the problem of resources was becoming more and more pressing. The countries which contributed most to the financing of the system had expressed the desire that the budget should not grow any more in the coming years, which meant in effect a freeze on budget resources. All that implied a kind of contradiction, since at the same time that the activities were being expanded, the resources remained unchanged. However solid the arguments in favour of that attitude, it plunged the regional commissions in a serious dilemma: how to carry out their duties with scanty resources.

141. In the face of that problem, various measures had been taken.

Firstly, there had been an internal redistribution of resources. Thus, for example, in the case of the subject of women, the budgetary resources were enough to pay for only one staff member, but it had been possible to form a team by transferring staff from other projects to work on this topic, in respect of which very insistent requests were made by governments. Secondly, an appeal had been made to bilateral sources and to UNDP, and thanks to the resources generously contributed by the latter and by a number of countries it had been possible to fulfil to a large extent the assigned tasks.

142. Thirdly, since it had been recognized that the problem also implied an internal change, the Administrative Management Service had been asked to programme the restructuring of the Commission. The AMS had submitted its report, described in the introduction to document E/CEPAL/1068, whose recommendations, once implemented, would make it possible to cope more successfully with the new tasks entrusted to the secretariat. In addition, in order to make the divisional structure more flexible in tackling its new responsibilities, CEPAL was experimenting with the use of task forces comprising staff from different divisions and projects and from ILPES and CELADE.

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143. This job of "accomodating" the mandates received from the United Nations system and the Commission itself to the shortage of resources demanded a constant effort of imagination and selection, which in practice meant that the secretariat was defining priorities designed to satisfy in the best possible manner the many demands on the part of the governments, without neglecting the central problems of the Commission.

144. In addition, the United Nations, which faced a similar problem, had begun to implement the resolution on the decentralization of activities from Headquarters to the Regional Commissions. For that purpose the Executive Secretaries of the different regional commissions had met in New York, and recently in Rabat, where they had reported to the Director-General that to date the activities had been decentralized, but that the same had not yet been done with the resources which, under the restructuring, were to be transferred to the regional commissions together with their new responsibilities - no easy task, since each sector naturally resisted efforts to deprive it of its own resources.

145. The Executive Secretary noted that an agreement of principle already existed with Headquarters in relation to the decentralization of operational activities, and that the Office of Technical Co-operation at Headquarters had shown full understanding. When the region possessed bodies such as ILPES and CELADE, with long traditions in planning and population, respectively, there was no point in many of those activities being carried out from New York. That type of problem should be solved gradually, but could not be solved quickly. Attempts were being made to secure agreement from the Department of Economic and Social Affairs that the substantive tasks in the field of economic and social development should be viewed in the

146. Returning to the observations made by the representative of Colombia, the Executive Secretary said that CEPAL was in permanent contact with IDB concerning the projects under way, and was co-operating with SELA and its Action Committees. It consulted regularly with OAS in order to eliminate duplication in the programmes of the two institutions, and a very special form of co-ordination - perhaps unique in the system - was maintained with the Office of the Regional Director of UNDP, which made it possible to work in permanent contact and in a complementary manner in regional projects with identical criteria. The Executive Secretary then pointed out that although much remained to be done in the field of co-ordination with UNDP and other agencies, the problem had not been ignored, and that efforts were being made to avoid overlapping and duplication of activities, in order to ensure the best possible use of the meagre resources currently available to the United Nations system.

147. In short, a new CEPAL was being created, and the remarks of the representative of Colombia had permitted a very frank analysis of those problems, which the Governments should analyse for the benefit of the Commission. Mr. Iglesias noted that the resolution on decentralization submitted to the plenary contained a provision which enjoyed his full support: that the secretariat should specially convene the Committee of the Whole with the aim of considering, in the light of the results of the decentralization of the operational and research activities, an appropriate structure for the Commission and its subsidiary bodies, as well as its major priorities for the future. He emphasized that the resolution faithfully reflected the secretariat's desire to consult the countries in that field once the process of restructuring of the United Nations had clearly taken shape and once it was possible to reconcile the increasing dispersion and proliferation of tasks with the budgetary problems which had to be faced and could not be ignored.

148. One representative emphasized the desirability of ascertaining what CEPAL was and what its objectives were, an issue which the countries that supplied the funds had been discussing for some time in the United Nations with the countries which, because of their status of under-development, in some way benefited from those funds. He added that it could be said that a substantial number of the developed countries and socialist countries were systematically opposed to the secretariat being authorized to carry out any activity which might involve new inputs of funds; at the same time one could observe that as a result of the work of new multilateral forums the activities previously carried out by the regional commissions had been reduced or eliminated, producing a centralization of activities which had seriously hampered the operation of the United Nations as a system - a problem which the restructuring of the economic and social sector of the United Nations was designed to solve. He felt that it was necessary to strengthen CEPAL and restore to it the role of a main economic and social development centre which it had previously played in the region, and that the fundamental problem lay in the financial resources which each of the regional commissions needed to carry out properly all that was entrusted to it. Accordingly, his delegation felt that in the resolution on decentralization of United Nations activities the Secretary-General should be requested to take the necessary steps to ensure that, together with the functions to be entrusted to the Commission under the decentralization plan, the corresponding resources should also be transferred.

149. Speaking at the invitation of the Committee, the United Nations Assistant Secretary-General for Planning and Programme Co-ordination referred to the relationship between the formulation of the Commission's work programme and the programme planning applied by the United Nations, underlining
/the importance

the importance of recognizing the specific priorities of each region, and the differences between one region and another, and between them and Headquarters. Priorities could not be established using rigid criteria derived from a global viewpoint, and in that regard it was essential to improve the joint planning between the different United Nations bodies. Such improvements were currently being made. Nevertheless, in order to improve the planning process it was essential for the different units and bodies in the United Nations system to respect the concept of priorities more strictly; the various offices sometimes insisted on assigning the same level of priority to everything they did.

150. One representative, adding to the observations of the Assistant Secretary-General on the difficulty of establishing priorities, noted that the work programme proposed by the secretariat inevitably reflected the composition of its human resources by speciality. When the member countries, in considering the work programme, proposed other priorities, it was not easy for the secretariat immediately to shift its human resources from one activity to another. Nevertheless, new issues of great importance for many of the countries, which should be given high priority, were arising, but the secretariat could only cope with them using temporary additional resources. The industrialized countries should understand the situation and permit sufficient flexibility to enable the secretariat to take account of those new priorities for the period required in order to reduce the amount of resources allocated to activities which had been assigned lower priority. Otherwise the countries would find themselves with a secretariat work programme which was practically unchangeable, in which it would not be possible to introduce new topics.

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151. The representative of the United States said that she wished to put on record the following observations:

"CEPAL annual reports are of considerable interest to the United States because approximately 25% of the Commission's financial resources come from the United States in the form of our assessed general contributions to the United States regular budget. CEPAL annual reports have not been as useful or important tools as they could be because of their generally sketchy nature and failure to provide budgetary date.

"The United States shares the concerns of the honorable delegate of Colombia and questions the lack of information in the annual report regarding priorities and resources available for and being applied to individual elements of the programme. The United States delegation believes that the dearth of information makes any meaningful review or commentary on the secretariat's activities very difficult. With regard to the resolution now before us it would have been very useful had the secretariat provided this committee with an evaluation in rank-order of the effectiveness and utility of the various elements of the work programme. Particularly useful in this regard would be any evidence the secretariat might produce of 'feed-back' from end-users of CEPAL projects, studies, etc.

"With regard to the annual report and the requirement in paragraph 3 of resolution 17 for a report to the nineteenth session on the completion of work called for by the various resolutions the United States notes that many of the listed projects have no specified starting and completion dates. While it might be natural that many of the projects would extend beyond a two-year work cycle, we believe it would be useful for delegates to know the entire (even if only approximate) life of a project and the projected cost of the project over its entire life. Thus, if a project began in 1976 and will only be completed in 1986, we should know this and not just be told that the project will continue through the two-year work cycle.

/ "We

"We are pleased that the draft programme of work shows for the first time the relative priority attached to different sector projects. But the document would have been more useful if it had included actual cost estimates for each programme and project over the two-year period, as well as cost estimates of each project which extends beyond the two-year period under study, and if, in the case of continuing programmes and projects, it had indicated their funding levels in the previous biennium.

"The United States delegation wishes to request that the secretariat take note of these comments in conjunction with the adoption of the programme of work for the period 1979-1981."

152. The observations of the United States delegation were expressly supported by the delegation of the Netherlands.

153. Immediately after the approval of the resolution on the programme of work, the representative of the United Kingdom said that, although his delegation had participated in the consensus on the resolutions which had been approved, that did not mean that his country supported an increase in real financial resources for the CEPAL secretariat. His delegation was also in agreement with the observations made by the United States delegation.

/III. DRAFT

III. DRAFT RESOLUTIONS APPROVED BY COMMITTEE II FOR
SUBMISSION TO THE PLENARY OF THE COMMISSION

SCIENCE AND TECHNOLOGY

The Economic Commission for Latin America

Bearing in mind the provisions of General Assembly resolutions 2626 (XXV) on the International Development Strategy; 3201 (S-VI) and 3202 (S-VI), which contain the Declaration and the Programme of Action on the Establishment of a New International Economic Order; 3231 (XXIX), which contains the Charter of Economic Rights and Duties of States, 3343 (XXIX), on a special session devoted to development and international co-operation, and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries,

Recalling General Assembly resolution 3362 (S-VII) which convened the United Nations Conference on Science and Technology for Development (UNCSTD), resolution 32/115 and others which defined the terms of reference of the Conference,

Also considering decision 1 (I) of the First Preparatory Committee for UNCSTD, which assigned the regional economic commissions responsibility for convening regional preparatory meetings for that Conference,

Bearing in mind Economic and Social Council resolution 2028 (LXI) and CEPAL resolution 374 (XVII), which requested the Executive Secretary of the Commission to convene a Latin American preparatory conference for UNCSTD,

1. Expresses its satisfaction at the results of the two Latin American regional preparatory meetings for the United Nations Conference on Science and Technology for Development (Panama City, 16-21 August 1978 and Montevideo, 29 November- 1 December 1978),^{1/} at which a regional document was adopted and recommendations were made for an action programme for the utilization of science and technology in development;

^{1/} See the reports of these meetings in documents E/CEPAL/1058 and E/CEPAL/1059.

2. Notes that at the Second Latin American Regional Preparatory Meeting it was decided to convene an ad hoc working group to consider the possibilities and limitations of the existing machinery for the financing of scientific and technological development and forward its conclusions and recommendations to the eighteenth session of the Commission;

3. Also notes the resolution containing the conclusions and recommendations of the meeting of the Ad-Hoc Working Group on Financing Machinery for Scientific and Technological Development (Lima, 26 and 27 March 1979),^{1/} at which the basic principles for international financing machinery for the scientific and technological development of the developing countries were set out and the Andean Group proposal was considered;

4. Decides to forward the report and proposals of the Lima meeting to the Secretary-General of the United Nations Conference on Science and Technology for Development and request him to convene an open international working group on financing machinery for scientific and technological development with the responsibility of preparing a report before UNCSTD takes place;

5. Requests the CEPAL secretariat to compile a set of international and national financing mechanisms for scientific and technological development and submit it for study to the countries of the region and the open international working group which is to be set up;

6. Also requests the Executive Secretary of CEPAL to continue to collaborate with the member governments of CEPAL and the Secretary-General of UNCSTD in the preparations for the Conference and in subsequent follow-up activities.

^{1/} See document E/CEPAL/1079.

TRADE AND TRANSPORT FACILITATION

The Economic Commission for Latin America

Recalling the relevant provisions of the General Assembly resolutions concerning economic co-operation among developing countries ^{1/} and bearing in mind that regional trade and transport facilitation in Latin America, by its very nature, is a co-operative endeavour among developing countries,

Recalling further the principle, stated in Article 49 of the Treaty of Montevideo and in other regional forums, that facilitation of trade and transport is a tool for bringing about regional economic integration,

Recognizing that to achieve the objectives of its resolution ¹³⁵⁶ (XVI) of 13 May 1975 the CEPAL secretariat must actively support national, subregional and regional trade and transport facilitation programmes and there must be suitable institutional arrangements for this purpose,

Taking into account Section IV of the annex to General Assembly resolution 32/197 of 20 December 1977, which recognized the role of the regional commissions as principal centres for economic development, co-ordination and co-operation in their respective regions,

Having examined secretariat document E/CEPAL/1064 on CEPAL's role in trade and transport facilitation, which demonstrates, inter alia, the need to establish priorities for the secretariat's facilitation work programme.

^{1/} 3177 (XVIII) of 17 December 1973; 3241 (XXIX) of November 1974; 3442 (XXX) of 9 December 1975; 31/119 of 16 December 1976; 32/180 of 19 November 1977, and 33/195 of 29 January 1979.

Taking into account what was stated in the report of the Intergovernmental Preparatory Meeting (E/CEPAL/1054) on the possibility of continuing the preparatory work on a draft Latin American Convention on Civil Liability of Carriers in International Land Transport (CRT), and in view of the need for a uniform regional land transport liability régime for loss or damage to goods, or for delay in delivery,

Requests the Executive Secretary of CEPAL to:

(a) Convene in the principal geographical areas of the region, in consultation with governments, subregional meetings of experts in facilitation matters from both national and regional organizations to identify the main facilitation problems encountered in each area, set priorities and suggest measures that may assist countries in overcoming these problems, and help the secretariat to establish a more permanent and stable facilitation action programme;

(b) Prepare the studies requested in the report of the Intergovernmental Preparatory Meeting (E/CEPAL/1054) on a draft Latin American Convention on Civil Liability of Carriers in International Land Transport (CRT) and circulate these studies to the governments of member States for their comments and suggestions.

INTEGRATED TRANSPORT SYSTEM

The Economic Commission for Latin America,

Bearing in mind that the inherent disadvantages of landlocked countries are exacerbated in the case of the Latin American landlocked countries, Bolivia and Paraguay, by the lack of an articulated internal transport system or, in some cases, the lack of its prolongation in neighbouring countries,

Aware that the creation of an adequate transport infrastructure in Bolivia and Paraguay, besides making a significant contribution to their own economic and social development, would make it possible to link the Atlantic and Pacific countries by land, thus opening up major opportunities for Latin American integration and trade,

Considering that although Bolivia and Paraguay possess studies which identify their needs in terms of infrastructure and transport services, regrettably their resources do not allow them to complete that infrastructure within a reasonable time, and that furthermore the advantages deriving from an integrated transport system in the hinterland of the continent would also benefit the coastal countries, which could use it in their transcontinental communications,

Bearing in mind the valuable technical and financial contributions made by bodies such as the Inter-American Development Bank (IDB), the World Bank, the Board of the Cartagena Agreement (JUNAC), the Financing Fund for the River Plate Basin and the Pan American Highways Congress of the Organization of American States (OAS) to assist Bolivia and Paraguay in the improvement

of their internal transport infrastructure and their transport links with neighbouring countries and, through them, with overseas regions,

Recalling the special interest shown by the General Assembly, the Economic and Social Council, the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD) and the regional economic commissions in the problems of the landlocked countries of the world,

Taking note of the studies on international land transport carried out by the secretariat, in some cases with the valuable assistance of the Institute for Latin American Integration (INTAL) and the Andean Development Corporation (CAF), which highlight the need for close co-operation among all countries to improve, in particular, transport conditions in the regions of the interior of the South American continent, thereby promoting transcontinental mobility whose benefits are widespread,

Aware that account must be taken of the fact that INTAL is making a study of a transport network in the Southern Cone which could provide a valuable contribution,

1. Requests the Executive Secretary of CEPAL to prepare a study which should:

- (a) Identify the investment in infrastructure and transport equipment needed to establish adequate communications between the different regions of Bolivia and Paraguay and overseas ports;
- (b) Give special attention to projects which form part of an integrated regional transportation system designed to facilitate transcontinental land communications between Atlantic and Pacific countries;
- (c) Take account of the available national studies, which should be supplemented by new studies when necessary;
- (d) Evaluate as far as possible the benefits which would accrue to the different countries from the planned investment in transport infrastructure and services in Bolivia and Paraguay, with a view to facilitating international co-operation for its financing;

(e) Indicate the institutional measures which must be taken to ensure that the use of the infrastructure built in Bolivia and Paraguay facilitates the creation and operation of efficient and economical transport services, as part of a genuine regional integrated transport system;

2. Also requests the Executive Secretary to:

(a) Convene meetings of government experts of the countries covered by the studies mentioned in paragraph 1, in

order to guide the secretariat in carrying out those studies and review them once they have been completed;

(b) Take suitable measures to ensure close co-ordination in the execution of the studies mentioned in paragraph 1, with the international, regional and subregional bodies which have a particular interest in the matters dealt with by them;

(c) Negotiate with the United Nations Conference on Trade and Development (UNCTAD) for that organization's participation in the study mentioned in paragraph 1;

3. Declares its particular interest that the above-mentioned study should be a regional project of the United Nations Development Programme (UNDP) or a project of the United Nations Special Fund for Landlocked Developing Countries.

MIGRATION OF UNSKILLED LABOUR

The Economic Commission for Latin America,

Considering that the problem of international migrations, especially of unskilled labour, is of growing importance in the region, and particularly in the small and relatively less developed countries, whose prospects of development it affects, Recognizing that it is urgently necessary to confront this problem and seek ways of solving it,

Requests the Executive Secretary of CEPAL to study, in co-ordination with other bodies of the United Nations system, the interregional migration of unskilled labour between countries of the region. The study should indicate the principal economic and social causes of such migration, evaluate its effects and recommend measures to retain, reintegrate and increase the human resources of the countries of the region, especially those which are relatively less developed.

GUIDELINES FOR THE STATISTICAL ACTIVITIES OF THE CEPAL SYSTEM

The Economic Commission for Latin America,

Bearing in mind Economic and Social Council resolution 1947 (LVIII) of 7 May 1975, which requested the organizations and agencies of the United Nations to assist Member States in the planning and implementation of the 1980 World Population and Housing Census Programme,

Also bearing in mind that Economic and Social Council resolution 2055 (LXII) of 5 May 1977 requests the United Nations Secretary-General, in co-operation with the regional commissions and the appropriate United Nations specialized agencies, to provide all necessary support for this Programme in order to develop national capability for taking household surveys,

Considering, moreover, that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries 1/ establishes inter alia the objectives of promoting and strengthening collective self-reliance through exchanges of experience, the pooling, sharing and utilization of technical resources, and the development of complementary capacities,

Aware of the fundamental importance of access to timely statistics for an adequate review of the problems raised by the economic and social development process,

1/ Adopted at the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, 30 August to 12 September 1978).

Requests the Executive Secretary of CEPAL:

(a) To maintain an up-to-date broad regional framework of statistical data on the economic and social situation of the countries of the region, and for this purpose to set up and maintain an economic and social statistical data bank;

(b) To promote and develop the application of appropriate methods of quantitative analysis for the investigation of the economic and social problems of the countries of the region;

(c) To intensify efforts to develop and apply appropriate methods of measurement for obtaining comparable data on the social situation, income distribution, poverty, economic development and employment in the countries of the region;

(d) To disseminate in a widespread and timely manner by the statistical data collected and prepared by the CEPAL secretariat, the results of the qualitative analyses and the measurements effected, and the methodologies used;

(e) To help the countries to develop and increase their capacity for the timely production of economic and social statistics to facilitate the diagnosis of economic and social problems and contribute to orienting the development processes, and for this purpose convene meetings of working groups on specific topics, with the participation of national experts;

(f) To promote technical co-operation among the countries of the region, making use of the experience of those countries which have developed statistical methods and capacities;

(g) To take part in international efforts to develop and improve statistics, and contribute to ensuring that the region's statistical needs are considered in international recommendations;

(h) To collaborate with the countries of the region so that they can develop and consolidate national capability for taking household surveys, with a view to collecting demographic, social and economic statistics;

/(i) To

(i) To co-operate with the countries of Latin America in the organization, execution and processing of the population and housing censuses which they are to conduct as part of the 1980 World Population and Housing Census Programme;

(j) To co-ordinate the efforts made by the secretariat in the field of statistical development with those of other regional and subregional agencies, particularly in the estimation of the real product in a common currency, the measurement of well-being and the formulation of regional statistical recommendations.

ACTION IN THE FIELD OF CULTURAL CO-OPERATION

The Economic Commission for Latin America,

Recalling the Declaration of the Principles of International Cultural Co-operation, adopted in Paris in November 1966 by the General Conference of the United Nations Educational, Scientific and Cultural Organization, which states inter alia that "cultural co-operation is a right and duty for all peoples and all nations", and that "international co-operation, while promoting the enrichment of all cultures through its beneficent action, shall respect the distinctive character of each",

Considering that in January 1978, Latin American and Caribbean Ministers of Culture spoke in favour of "the need to develop cultural bonds among the countries of the area, as well as the urgency to revive our countries' native cultural manifestations",

Considering also that the Constituent Declaration of the Caribbean Development and Co-operation Committee recorded the importance of incorporating the cultural experience of our peoples into programmes and activities designed to strengthen co-operation and relations among our countries,

Noting that at its fourth session, held in Suriname in 1979, the Caribbean Development and Co-operation Committee adopted a resolution expressing the strongest support for the holding of the regional cultural event CARIFESTA in 1979,

Convinced that the development process can be made more fruitful by the continuous acquisition of knowledge from all sources and the awakening of sensibilities,

Recognizing that the traditions of thought and ways of life, as well as the values of peoples in their everyday life, must be strengthened and made articulate for the common tasks facing the Latin American region in the coming decade,

Persuaded that the collective experience accumulated by the different social groups and communities in Latin America, which give the region its distinctive features, should be enhanced and communicated through the accepted regional and international channels so that this experience can serve to inspire self-confidence in the peoples of Latin America today and better equip them to fulfil their common destiny and prepare for the future,

Mindful that only the deepest personal and collective involvement can bring about conditions which enable individuals and communities to understand their own problems and cope with them,

Conscious that only by being faithful to fundamental values which give meaning and a sense of belonging to our own environment can we affirm the cultural pluralism of Latin America and provide a concrete basis for the culture and intellectual co-operation which is necessary for the establishment of the New Economic World Order,

Emphasizing that such co-operation should be founded on respect for others and a concern for our mutual enrichment,

1. Requests the Executive Secretary to seek the view of the governments of the region as to the merits of proclaiming an International Year of Autochthonous Traditions and prepare a study on the basis of these views to be submitted to the next session of the Commission,

2. Invites the Director-General of the United Nations Educational, Cultural and Scientific Organization and other United Nations agencies concerned with the promotion of culture to support the efforts of the Executive Secretary to realize the objectives of the present resolution.

PUBLICATIONS PROGRAMME OF THE CEPAL SYSTEM

The Economic Commission for Latin America,

Bearing in mind that the CEPAL secretariat, in the course of its regular activities, produces studies and reports in the economic and social field which are of particular interest to governmental, technical and academic circles in the countries of the region,

Reaffirming the need for these publications to be made available to Spanish, English, French and Portuguese-speaking member States of the Commission,

Emphasizing the great importance attached to technical co-operation among developing countries and regions following the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries: a fact which renders even more necessary the wide distribution of the publications of the CEPAL system in its four official languages,

Reiterating its resolution 380 (XVII) of 5 May 1977, and particularly the section concerning the desirability that publications and documents should be prepared and distributed at the lowest possible cost,

1. Takes note with satisfaction of the report of the CEPAL Executive Secretary on the Publications Programme (E/CEPAL/1070) and the list of the principal CEPAL/ILPES/CELADE publications issued between April 1977 and March 1979 (E/CEPAL/1080);
2. Also takes note with satisfaction of the efforts of the secretariat to increase the number of publications in English and French, to distribute the principal works of the secretariat in a more efficient and timely manner, using electronic systems, and to bring them to the public at prices which are within the means of broader sectors of users;

3. Reiterates its desire that the secretariat should continue to publish and distribute the results of its intellectual work as widely as possible in the Commission's four official languages;
4. Expresses renewed concern over the limited resources, which prevent the secretariat from issuing many of its publications in English, French and Portuguese;
5. Requests the Secretary-General of the United Nations, bearing in mind the importance of distributing the publications of the Commission within and outside Latin America in the official languages of the Commission in an extensive and timely manner and at prices within the means of the users, to consider what measures might be taken to ensure that adequate resources are available to enable the Publications Programme of the CEPAL system to continue developing at a suitable rate;
6. Urges the member governments of the Commission to provide assistance, in the form of either financial aid or technical co-operation so that the studies and reports of the CEPAL system reach both the Spanish, French, English and Portuguese-speaking member countries and the countries in other regions for which they may be of interest.

STRENGTHENING RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

The Economic Commission for Latin America,

Recalling that article 71 of the Charter of the United Nations calls for collaboration with non-governmental organizations by stating that "the Economic and Social Council may make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence. Such arrangements may be made with international organizations and, where appropriate, with national organizations after consultation with the Member of the United Nations concerned",

Recalling also that several plans of action adopted by the General Assembly emphasize the need to secure the participation of non-governmental organizations in the implementation of these plans, and contain special provisions in this respect,

Taking note that Economic and Social Council resolution 1296 (XLIV) of 23 May 1968 establishes the procedures for non-governmental organizations to obtain consultative status with the Council and its subsidiary bodies, so that the latter can secure expert information or advice from organizations having special competence in the subjects for which consultative arrangements are made, as well as to enable organizations which represent important sectors of public opinion in a large number of countries to express their members' views,

Bearing in mind paragraph 7(b) of the Terms of Reference and Rules 50 and 51 of the Rules of Procedures of the Commission,

Recognizing that the Commission has benefited from its relations with non-governmental organizations,

Recognizing further the desirability of expanding and strengthening links with non-governmental organizations within the areas of competence of the Commission,

1. Requests the Executive Secretary to:

(a) continue promoting and expanding collaboration with non-governmental organizations to the fullest practical extent, particularly with regard to areas of work which have been given high priority by the Commission;

(b) seek to make the best possible use of the expertise that non-governmental organizations can offer in the technical areas of the Commission's work programme;

(c) make appropriate use of the channels of information and communication of non-governmental organizations for the dissemination of information concerning the activities, work and reports of the Commission;

2. Invites interested non-governmental organizations with consultative status to attend meetings convened by the Commission as observers, in accordance with Rules 50 and 51 of the Rules of Procedures of the Commission, and requests the Executive Secretary, when he deems it necessary, to invite those regional or subregional non-governmental organizations which, even if they do not at present have consultative status, have special competence in areas of interest to the Commission's work programme, subject to the prior approval of the member States.

LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

The Economic Commission for Latin America,

Recalling resolution 340 (AC.66) of the CEPAL Committee of the Whole, adopted on 25 January 1974, which provides for the incorporation of the Latin American Institute for Economic and Social Planning (ILPES) as a permanent institution of the Commission and establishes a Technical Committee of ILPES consisting of representatives at the appropriate levels of the planning ministries of the countries of the Latin American region,

Also recalling CEPAL resolution 371 (XVII) of 5 May 1977 on the creation of a system of co-ordination and co-operation among planning bodies of Latin America and strengthening of the Latin American Institute for Economic and Social Planning,

Highlighting the contributions made by some governments of the region, by the United Nations Development Programme and by some governments of developed countries,

Recognizing that ILPES is fulfilling the important role of giving impetus to the planning process in the region through its training, advisory, research and co-operation activities among the planning bodies of Latin America.

Also recognizing that ILPES should play an increasingly important role in the promotion of co-operation among the countries of the region in the sphere of economic and social planning, within the framework of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, 1/

1/ Adopted at the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, 20 August - 12 September 1979).

1. Notes with satisfaction the report on the activities of ILPES between 1977 and 1979 and future prospects; 1/
2. Expresses its satisfaction at the initiative taken by ILPES to co-operate actively with the member governments of the Caribbean Development and Co-operation Committee (CDCC) in accordance with a minimum work programme adopted at the fourth session of the CDCC (Paramaribo, 21-27 March 1979) on the basis of the recommendations of the First Meeting of Planning Experts of the Member Governments of the CDCC (Havana, 25-31 January 1979);
3. Notes with approval the resolutions adopted at the Second Conference of Ministers and Heads of Planning of Latin America and the Caribbean, held in Lima from 15 to 18 November 1978;
4. Takes note of the report of the Technical Meeting of the Second Conference of Ministers and Heads of Planning of Latin America, also held in Lima on 15 and 16 November 1978;
5. Endorses the recommendations contained in the report of the meeting of the Technical Committee of ILPES, held in Lima on 16 November 1978, pursuant to CEPAL resolution 371 (XVII);
6. Stresses that the System of Co-ordination and Co-operation among Planning Bodies of Latin America set up at the First Conference of Ministers and Heads of Planning of Latin America (Caracas, 13-16 April 1977) has had very satisfactory results since its inception and has strengthened mutual co-operation links;
7. Requests the Executive Secretary of CEPAL to ensure that the work programme of ILPES for the forthcoming period includes, inter alia:
 - (a) Assignment of special priority to studies on the situation and evolution of planning in Latin America with a review of the progress made and the obstacles encountered, with a view to facilitating the formulation

of lines of action aimed at the improvement of planning as a basic instrument for raising the levels of development of the countries of the region;

- (b) Intensification of training activities, including joint activities with national or sub-regional training centres, giving high priority to projects aimed at the relatively less developed countries of Latin America and the Caribbean;
- (c) Intensification of advisory services to the less developed countries and the less developed areas of the developing countries;
- (d) Intensification of support for the System of Co-ordination and Co-operation among Planning Bodies of Latin America by promoting mutual co-operation activities among the countries at the intra-regional and inter-regional levels,

8. Also requests the Executive Secretary of CEPAL, in conjunction with the Chairman of the Technical Committee of ILPES, to approach the Administrator of the United Nations Development Programme to secure the necessary support to continue the activities of ILPES in a Sixth Phase as from 1 January 1980;

9. Acknowledges with gratitude the voluntary contributions made by some member governments of the Commission to finance part of the activities of the Institute, and urges them to continue to provide this support and to make the greatest possible effort to increase their contributions as much as they can;

10. Expresses particular gratitude to the Administrator of the United Nations Development Programme for the decided support given to ILPES since its establishment and urges him to continue this support as from 1 January 1980;

11. Thanks most sincerely the Governments of the Netherlands and the Federal Republic of Germany and the International Development Research Centre of Canada (IDRC) for the generous voluntary contributions made during the last biennium in support of ILPES' training and documentation activities, and invites them to continue to make contributions during the forthcoming biennium in order to strengthen certain specific top priority programmes.

INTERNATIONAL MONETARY AND FINANCIAL ASPECTS

The Economic Commission for Latin America,

Considering:

The substantial and sustained external imbalances of the developing countries and the consequent need for external financing on suitable terms and conditions for these countries;

The sharp fluctuations in the exchange rates of the principal currencies, with their effects of uncertainty regarding trade and private capital flows between countries;

The protectionist trends observable in some industrial countries, which adversely affect the possibilities of placing products exported by developing countries, and in particular by Latin America;

The process of permanent evaluation and review of the international monetary system carried out by the international agencies concerned;

The need to keep up to date information and analyses in the international monetary and financial field with the aim of improving the external economic policies of the countries of the region;

The valuable work already done by the secretariat with the financial support of the United Nations Development Programme,

1. Recommends the secretariat:

(a) To continue maintaining close contact with the Centre for Latin American Monetary Studies (CEMLA) and with the meetings of Governors of Central Banks of the countries of the region, supporting them, within its possibilities, in the study of the monetary and financial aspects of the economies of the Latin American and Caribbean countries;

(b) To undertake a continuing analysis of the main developments in the international monetary and financial field and an appraisal of their effects on the countries of the region in co-ordination with SELA and other specialized regional bodies when considered advisable;

(c) To continue to formulate new ideas in the field of monetary and financial co-operation in the region and to suggest improvements in the existing machinery, with a view to improving the conditions and terms of financing;

(d) To maintain and strengthen its contacts with other national and international agencies working in these fields inside and outside the region;

(e) To carry out a systematic appraisal of the implementation of the relevant United Nations resolutions as they concern the Latin American countries and the effects of the graduation criteria which are being introduced in some international financing institutions;

(f) To examine the possibility of carrying out a study on the long-term financing requirements of the countries of the region, taking into account the criterion of additionality, to serve as a basis for the formulation of recommendations;

2. Requests the United Nations Development Programme:

To continue to provide financial support to the secretariat with the purpose of carrying on its work in the international monetary and financial field.

ACTIVITIES OF THE CARIBBEAN DEVELOPMENT
AND CO-OPERATION COMMITTEE

The Economic Commission for Latin America,

Recalling resolution 358 (XVI) of the Economic Commission for Latin America, which in its operative paragraph 1 invited the governments of the countries within the sphere of action of the CEPAL Office for the Caribbean, the Governments of Cuba, the Dominican Republic and Haiti and other Caribbean countries as they achieve independence, to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of CEPAL,

Bearing in mind resolution 372 (XVII) of the Economic Commission for Latin America, which endorsed the Constituent Declaration, functions, rules of procedure and work programme of the Caribbean Development and Co-operation Committee and took note of the reports of the first and second sessions of the Caribbean Development and Co-operation Committee,

Taking into account decision 1978/64 of the Economic and Social Council, which expressed concurrence with the view of the Caribbean Development and Co-operation Committee that it was urgently necessary to implement the priority projects selected at its third session,

Noting that the CDCC Work Programme provides for action in the Caribbean area towards the objectives set out in the global decisions on economic co-operation among developing countries,

Considering the machinery and facilities that CDCC provides for co-ordinating the related activities of the specialized agencies and other United Nations bodies working in the Caribbean,

Recognizing that the activities of the Caribbean Development and Co-operation Committee are fully in accord with the concepts and recommendations of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries,

1. Takes note of the report of the third session of the Caribbean Development and Co-operation Committee, held in Belize City, Belize (E/CEPAL/CDCC/44/Rev.3), and of the report of the fourth session, held in Paramaribo, Suriname (E/CEPAL/CDCC/54/Rev.1);
2. Takes note with satisfaction of the progress achieved in the implementation of the approved Work Programme since the second session of the Committee;
3. Endorses the programme of activities approved at the third and fourth sessions of CDCC;
4. Requests the CEPAL Office for the Caribbean, which serves as the CDCC secretariat, to proceed with the implementation of the tasks assigned by the third and the fourth sessions of CDCC, giving particular attention to the priorities identified;
5. Urges the secretariat to seek necessary inputs and support from the specialized agencies and other United Nations bodies, and from the TCDC programmes;
6. Renews its request to the Executive Secretary of CEPAL to make the necessary representations concerning the additional resources identified by the Committee, for consideration at the forthcoming session of the General Assembly, so that the tasks can be undertaken expeditiously.

POPULATION

The Economic Commission for Latin America,

Bearing in mind that in resolution 345 (AC.68) of the Tenth Extraordinary Session of the CEPAL Committee of the Whole it was recommended that the secretariat should study the adoption of appropriate machinery to enable Latin American governments to participate in a more direct, regular and effective manner in the field of population and its relations with economic and social development,

Taking into account its resolution 357 (XVI), in which it was decided, as an interim measure, to instruct the Committee of High-Level Government Experts set up under CEPAL resolution 310 (XIV), to take up, at specialized meetings, matters related to the field of population,

Also bearing in mind its resolution 376 (XVII), in which CEGAN was entrusted with the task of considering matters relating to population in the region, and in conformity with the proposals of the International Development Strategy, the New International Economic Order and the recommendations of the World Population Plan of Action, with due regard to national policies,

1. Re-emphasizes the importance of the relations between economic and social development and population characteristics and dynamics, as well as the need to consider the population variable in development plans and strategies, the implications of the demographic trends prevailing in the countries in the process of industrialization for economic, social and environmental problems, and the effect of the forms of development on those trends;
2. Takes note with satisfaction of the results of the First Meeting on Population of the Committee of High-Level Government Experts,^{1/} held in Quito from 12 to 14 March 1979;

^{1/} See E/CEPAL/1072.

3. Approves the conclusions and recommendations made by CEGAN at its First Meeting on Population, especially as regards the endorsement of the CELADE work programme for 1979-1980, the general objectives of the CEPAL population programme, and the recommendations concerning the priority to be given to technical co-operation and to training courses and seminars in the fields of population and the planning of professional training, as well as the promotion of the decentralization of these activities to permit proper participation by the subregions;

4. Instructs the Executive Secretary of CEPAL, in continuation of the practice established by the Commission at its sixteenth session, 1/ to convene periodic meetings of CEGAN at least once every two years in order to:

- (i) Provide general orientation on the Latin American Regional Population Programme
- (ii) Serve as a consultative mechanism for the Executive Secretary of CEPAL in defining the activities carried out by the CEPAL system in the field of population under that Programme and in evaluating their results, and
- (iii) Take note of the progress reports and work programmes of the Latin American Demographic Centre (CELADE) and present its conclusions and recommendations to the Commission.

1/ Resolution 357 (XVI).

PROGRAMME OF WORK 1979-1981

The Economic Commission for Latin America,

Having examined the draft programme of work of the CEPAL system for the period 1979-1981, in all its various fields of activity, including the Latin American Institute for Economic and Social Planning (ILPES) and the Latin American Demographic Centre (CELADE),

Having introduced the modifications proposed by the representatives of the member governments and the changes stemming from the resolutions adopted at the eighteenth session of the Commission,

Mindful that adoption of the programme of work calls for approval of the resources required to carry out the activities described therein,

1. Adopts the programme of work of the CEPAL system for 1979-1981 with the amendments introduced in conformity with the resolutions and decisions of the Commission at its eighteenth session,

2. Calls on the Executive Secretary to submit suitable proposals to the Economic and Social Council and General Assembly of the United Nations to enable the programme of work thus adopted to be carried out

3. Requests the Executive Secretary to report to the nineteenth session of CEPAL on the implementation of this programme in the form in which it was adopted.

ECONOMIC INTEGRATION

The Economic Commission for Latin America

Bearing in mind resolution 365 (XVII) on economic integration and co-operation, in which the Commission recognized the progress made in linking together the economic systems of the countries of Latin America, both through the multilateral integration schemes of the Central American Common Market (CACM), the Latin American Free Trade Association (LAFTA), the Cartagena Agreement and the Caribbean Community (CARICOM), and through the Latin American Economic System (SELA), the Caribbean Development and Co-operation Committee (CDCC), the organization for the River Plate Basin and other institutions and forms of economic co-operation,

Also bearing in mind the fact, noted in the same resolution, that despite those advances the economic potential of regional integration and co-operation has not yet been adequately exploited,

Considering that, in the face of the difficulties besetting the international economy and the uncertain prospects for a sustained vigorous rate of growth in Latin America's trade with the developed world, co-operation among Latin American countries, and between them and other developing regions, should play a fundamental role in facilitating the transformations in the structure of production which are essential for the process of economic development,

1. Reaffirms its decision to strengthen the existing integration processes and other forms of Latin American economic co-operation and the intention of the governments of the region to assign all due importance in their national policies to means of strengthening the integration and co-operation processes;
2. Requests the CEPAL secretariat to complete the preparatory work for the technical seminar on Latin American integration and co-operation and to convene the meeting as soon as possible;

3. Also requests that, in the technical preparations for the seminar, the Institute for Latin American Integration should work in co-ordination with CEPAL, since the programmes of both institutions for 1979/1980 include various projects;

4. Further requests the secretariat to study the integration processes of LAFTA, the Andean Group, the Central American Common Market and CARICOM, and to strengthen its support to them and to SELA, with the aim of recommending measures to ensure the joint development of those countries; this calls for the preparation of studies and the provision of advisory services to the governments or secretariats at their express request;

5. Likewise requests the secretariat to continue to analyse other forms of co-operation both within the region and between Latin American countries and other developing countries, with the aim of broadening and extending such arrangements in the fields of industry, agriculture, trade, technology and investment

6. Reiterates its recommendations to governments and economic integration and co-operation bodies that they should extend the fullest possible co-operation to the CEPAL secretariat in connexion with the work hereby entrusted to it:

7. Calls upon the United Nations Development Programme to provide full support to the various integration schemes, and to the CEPAL secretariat for the implementation of these tasks.

ECONOMIC RELATIONS BETWEEN LATIN AMERICA
AND DEVELOPED AREAS

The Economic Commission for Latin America,

Considering the slow progress recorded in the negotiations on the implementation of the New International Economic Order, and the uncertainty and difficulties encountered by the region in its external economic relations in view of the problems of recession and inflation in the developed economies,

Also considering the expansion and diversification which must be achieved in Latin America's relations with specific developed areas in keeping with the requirements of the present stage of Latin American development,

Taking note with satisfaction of the progress achieved in the implementation of its resolution 370 (XVII) of 5 May 1977,

Bearing in mind the studies carried out by the secretariats of CEPAL and the Economic Commission for Europe on economic relations between the regions served by the two regional commissions, and the generous collaboration offered by the Centro Iberoamericano de Cooperación for the holding of a technical seminar which would permit the fulfilment of the provisions of CEPAL resolution 368 (XVII) of 5 May 1977;

Taking note with satisfaction of the progress achieved in the CEPAL study on Latin America's relations with the member countries of the Council for Mutual Economic Assistance (CMEA), and expressing appreciation for the co-operation provided to the study by the United Nations Development Programme (UNDP) and the United Nations Conference on Trade and Development (UNCTAD),

Also taking note with satisfaction of the studies initiated by the CEPAL secretariat concerning Latin America's relations with Canada and Japan, and expressing appreciation for the co-operation of the Canadian International Development Agency (CIDA), and of the Japanese International Development Centre, with the support of the Government of Japan.

Considering the progress made by the CEPAL secretariat in analysing the policies followed by the Latin American countries for the export of manufactures, and expressing appreciation for the co-operation of UNDP and the World Bank, and especially the generous contribution of the Government of the Federal Republic of Germany for the continuation of the project,

Expressing appreciation for the valuable co-operation of other governmental development agencies in support of the activities of CEPAL, ILPES and CELADE,

1. Requests the Executive Secretary of CEPAL:

- (a) To maintain priority for the continuing analysis of problems and policies regarding Latin America's external relations with the principal developed areas;
- (b) To organize in co-operation with the Economic Commission for Europe, on completion of the current studies on Latin America's relations with the countries of Europe, a technical seminar of experts to discuss problems and forms of co-operation with the European members of the Organization for Economic Co-operation and Development (OECD) in the fields of trade, financial flows, investment and technology;
- (c) To complete the well advanced studies on Latin America's relations with the European members of the Council for Mutual Economic Assistance (CMEA), to organize, in co-operation with UNCTAD, a technical-seminar, to discuss problems and possibilities of co-operation in the fields of trade, financing and technology between the countries of the two regions, and, following the seminar, to examine more thoroughly sectoral and specific aspects of these relations, in such a way as to produce conclusions of direct utility for action by governments;

- (d) To examine past trends in Canadian-Latin American economic relations, in particular those involving commercial transfers and financial and technological co-operation, with a view to maintaining and expanding the growing flows of goods, services and capital that have characterized economic relations between the two regions during the post-war years, and especially during the 1970s;
- (d) To intensify its study of Latin America's economic relations with Japan, particularly in the fields of industry, trade, agriculture, mining and transport, to continue to carry out such studies in co-operation with the Japanese International Development Centre, with a view to the holding of a technical seminar at an appropriate time, and to seek from the Government of Japan an increase in its support for the execution of these tasks;
- (f) To provide the member governments of the Commission, at their request, with advisory services in the field of export promotion policies, in co-operation with the UNCTAD/GATT International Trade Centre, and with similar services for the practical application of the results of the multilateral trade negotiations;

2. Requests the United Nations Development Programme to provide the CEPAL secretariat with maximum possible co-operation and financing in the implementation of all these activities.

ECONOMIC AND SOCIAL PROJECTIONS

The Economic Commission for Latin America,

Taking into account the fact that the recent General Assembly resolution 33/193 on Preparations for an international development strategy for the third United Nations development decade lays down that the strategy should:

(a) include a set of interrelated and concerted measures in all sectors of development, covering the macroeconomic, social and sectoral levels, regional, horizontal and international trade, the real transfer of resources and the monetary system;

(b) for the purpose of achieving the objectives set forth, within the framework of viable quantitative and qualitative objectives - both overall and sectoral - define agreed commitments of all countries for the adoption and implementation of policy measures and, where appropriate, include such commitments expressed in quantified terms or in a time framework, or in both;

(c) envisage appropriate arrangements for reviewing the progress in its implementation and its possible adaptation in the light of new needs or developments,

Bearing in mind that the nature of the objectives envisaged by the new strategy and the desire to consider them in a coherent qualitative and quantitative framework, the intention to specify quantitatively the policy commitments, and the decision to establish machinery for the appraisal and adaptation of the strategy in the light of new needs and developments, for the purpose of which CEPAL must contribute to the formulation, appraisal and adaptation of the new strategy in the conceptual and methodological framework set out above, will involve broad-ranging and intensive work on the forecasting of scenarios on the future of Latin American development and the preparation of the corresponding quantitative analyses,

Recalling, furthermore, that General Assembly resolution 3508(XXX) on "Examination of long-term trends in the economic development of the regions of the world" recommends that the regional commissions should prepare studies on the long-term trends in and forecasts of the economic development of their respective regions, taking into account the national development programmes of individual countries of the regions and the particular characteristics and priorities of the regions,

1. Requests the secretariat to continue and heighten its efforts to make progress in the prospective studies and medium and long term projections of the economic and social development of the Latin American countries as a whole, also taking into account the particular characteristics of each one of them;
2. Further requests that, in particular, it should advance in and intensify the research and projections required in order to contribute initially to the formulation of the new strategy and subsequently to its appraisal and adaptation to the new circumstances or conditions which may arise in the coming decade;
3. Urges the secretariat, for the purpose of carrying out the above-mentioned studies, to enter into contact with the governments of the countries of the region in order to gain a better knowledge of the methodological bases, objectives, goals and strategies of their national development plans and policies;
4. Also urges the secretariat to collaborate in methodological matters with the governments when they specifically so request.

DECENTRALIZATION OF UNITED NATIONS ACTIVITIES

The Economic Commission for Latin America,

Bearing in mind General Assembly resolutions 3405 (XXX) of 28 November 1975 on new dimensions in technical co-operation, 32/197 of 20 December 1977 and 33/202 of 29 January 1979 on the restructuring of the economic and social sectors of the United Nations system, and particularly resolution 32/197, annex, section IV,

Also bearing in mind Economic and Social Council resolution 1978/74 of 4 August 1978 on regional co-operation and development,

Recalling that resolution 32/197, annex, section IV, asserts that the regional economic commissions should:

- (a) Play their role as the main economic and social development centres for their respective regions,
- (b) Exercise team leadership and responsibility for co-ordination and co-operation at the regional level,
- (c) Provide inputs for the global policy-making processes of the competent United Nations organs and participate fully in the implementation of the relevant policy and programme decisions taken by these organs,
- (d) Be consulted on the definition of the objectives to be included in the medium-term plan of the United Nations covering fields of interest to them,
- (e) Participate actively in United Nations operational activities and function expeditiously as executing agencies for intersectoral, subregional, regional and interregional projects,
- (f) Intensify their efforts to promote subregional, regional and interregional co-operation and expand existing arrangements for the exchange of information and experience as a means of promoting more effective interregional co-operation, and
- (g) Rationalize their structures,

Considering that decentralization is a process in which due account should be taken of the operational activities, research and analysis which the secretariat of the Commission can carry out more efficiently on behalf of the member States of the Commission,

Recognizing that although the global bodies of the United Nations have the important role of providing general and overall guidance and furnishing the required framework at this level, CEPAL is perfectly equipped in matters of its competence to operate independently in adapting these global principles and policies and applying them to specific situations in the region,

1. Notes the progress made in transferring the management functions relating to subregional and regional projects from United Nations Headquarters to the secretariat of the Commission, and requests the Secretary-General to make the necessary arrangements to transfer the resources corresponding to those functions;

2. Requests the Secretary-General of the United Nations, in consultation with the Administrator of the United Nations Development Programme, to take steps to implement the relevant resolutions of the United Nations General Assembly and the Economic and Social Council in matters relating to CEPAL, in order to confer on the Commission full rights to act as executing agency for the categories of projects described in General Assembly resolution 32/197, annex, paragraph 23;

3. Also requests the Secretary-General of the United Nations to adopt suitable measures as soon as possible, particularly with reference to CEPAL, to decentralize the appropriate research and analysis activities by transferring them from United Nations Headquarters to the secretariat of the Commission, in accordance with the provisions of the annex to General Assembly resolution 32/197, and to make available to the Commission adequate budgetary and financial resources, especially through redeployment, in order to strengthen the capability of the Commission;

4. Affirms that the secretariat of the Commission, being in constant and permanent contact with the governments of the region at the working or other levels, is clearly in the best position to carry out effectively operational activities, research and analysis of a subregional and regional nature;

5. Requests the Executive Secretary of CEPAL to:

(a) Intensify his efforts to promote subregional, regional and interregional co-operation, with special attention to the activities to which the member governments of the Commission have assigned priority, in accordance with Economic and Social Council resolution 1978/74;

(b) Identify the activities which should be carried out by the Commission as a result of the restructuring of the economic and social sectors of the United Nations system, in the light of General Assembly resolution 32/197, annex, section IV;

(c) Consider ways of rationalizing the structure of the Commission to enable it to carry out effectively the duties indicated in General Assembly resolution 32/197, annex, section IV, and in Economic and Social Council resolution 1978/74;

(d) Convene, in consultation with governments, a special session of the Committee of the Whole with the aim of considering, in the light of the results of the decentralization of the operational, research and analytical activities, an appropriate structure for the Commission and its subsidiary bodies, and analysing alternative methods of strengthening the Commission financially.

THE NEEDS OF CHILDREN AND THE SHAPING OF THE
COMING GENERATIONS WITHIN THE FRAMEWORK
OF DEVELOPMENT PROCESSES

The Economic Commission for Latin America,

Noting that the United Nations has laid down for the International Year of the Child the objective of prompting governments, public and private institutions, communities and families themselves to engage in more thorough analysis and reflection concerning the needs and problems of children, reviewing the services provided to them, appraising the resources effectively channelled to them, and defining the role of the coming generations in the planned development processes of the countries,

Noting also that the International Year of the Child is not an anniversary or a celebration, but a means devised by the international community to ensure that in each country, and in international relations, effective measures are adopted which will have positive significance in the shaping and development of children,

Considering that the population of Latin America and the Caribbean is predominantly young, since 41% of the total population is made up of children aged under 15, who have the right to improved living conditions for their physical growth and intellectual development,

Taking into account the fact that the situation of children is markedly different in the various countries of Latin America and the Caribbean and between the various social groups and regions within those countries,

Taking into account also the fact that the region contains more than 50 million children living in extreme poverty and more than 25 million living in total destitution,

Aware that some of the problems affecting the development of children can largely be attributed to the patterns of growth of the economies of many countries in the region,

Convinced that the healthy growth of children and the positive upbringing of the coming generations are pre-requisites for stable development and for planning for the future,

Recognizing that children aged under 6 require priority assistance, since they are at a critical stage in their development and growth, yet in the countries of Latin America it is precisely these children who receive least support and services,

1. Recommends to the governments of Latin America and the Caribbean that they should:

- (a) Provide resolute support during the International Year of the Child for activities and programmes which will permit better and more accurate knowledge of the problems of children, and draw up strategies for services to children which offer wider coverage and fairer opportunities;
- (b) Ensure that national and regional development plans include policies, programmes and activities which are specifically oriented towards promoting the healthy growth and positive upbringing of the coming generations;
- (c) Establish machinery for ensuring co-ordination with the private institutions which provide social services at the national, regional and local levels, with the aim of permitting the all-round development of the child;
- (d) Give a greater boost to social planning so that action by the social sectors is better guided, social development programmes are formulated at the national and regional level, and the action of public and private bodies is co-ordinated more effectively;
- (e) Channel more resources to programmes and activities designed to create social and environmental conditions which will improve the development of the coming generations;

(f) Assign greater priority to children of families in underprivileged situations, and to children aged under 6, who require support both within their families and from public services of various sectors;

2. Expresses its appreciation to the United Nations Children's Fund for the firm support provided in the past biennium for CEPAL's activities in the social sector;

3. Requests the Executive Secretary of CEPAL, in the studies on social policy being undertaken by the secretariat, to consider in a broader and more penetrating manner the effects on children of the prevailing patterns of development;

4. Urges the international co-operation agencies to assign greater importance in their co-operation programmes to activities which improve the situation of children.

REGIONAL CO-OPERATION IN THE FIELD OF
HUMAN SETTLEMENTS

The Economic Commission for Latin America,

Recalling United Nations General Assembly resolution 32/162, and especially its provisions concerning organization at the regional level,

Taking into account the fact that the resolution recommends the establishment of intergovernmental regional committee and corresponding support units in each of the economic commissions,

Also taking into account the fact that, under that General Assembly resolution, such intergovernmental committees would be responsible for formulating and implementing regional and subregional policies and programmes,

Bearing in mind that the Regional Human Settlements Programme proposed by the member countries of the Commission at its eighteenth session lacks the resources required for its implementation,

Recognizing the interest of the member countries of the Commission in improving their human settlements, and the importance of international co-operation for that purpose,

Also recognizing the effort made by the secretariat to implement the regional human settlements programme in part, using extrabudgetary resources, and the importance of this type of resources in supplementing ordinary resources,

Noting that the Economic Commission for Latin America is the only commission which has no intergovernmental bodies dealing with human settlements, and that its secretariat has no administrative unit responsible for such activities,

Recognizing, finally, that the region requires as soon as possible institutional machinery to assure co-operation both among the countries and between them and the international co-operation agencies,

1. Decides that regional co-operation in the field of human settlements should be the subject of analysis and specific examination by committees especially established for the purpose at the CEPAL sessions;
2. Requests the Executive Secretary to study the financial implications of setting up an Intergovernmental Committee on Human Settlements, and the possibilities of financing it;
3. Urges the member governments to send to the sessions of the Commission, or of the Committee which may deal with the subject, at least one expert in this field to provide the necessary technical support to their delegations.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

PROGRAMME OF WORK OF CEPAL IN THE FIELD OF WATER,
APPROVED BY COMMITTEE III AND SUBMITTED FOR
THE CONSIDERATION OF COMMITTEE II

Offprint of ConfRoom/PLEN/3.

11. The Committee ratified unanimously the following objectives for action by CEPAL approved in the Regional Meeting on the Mar del Plata Action Plan held in Santiago, Chile, 9-13 october, 1978:

- (i) to support efforts by governments in the development and sound use of water resources in the countries of the region;
- (ii) to facilitate co-operation among the countries of the region in water resource matters;
- (iii) to improve co-ordination of the work carried out within the region in the field of water resources by the United Nations specialized agencies and other world or regional organizations;
- (iv) to ensure, within the general aims set out above, the implementation of the recommendations of the Mar del Plata Action Plan.

12. Similarly, the following strategies for this activity were adopted:

- (i) to assume the central role referred to in the Mar del Plata Action Plan, by reviewing relevant aspects of the work carried out and planned in the various water programmes of the United Nations system and other international organizations;
- (ii) to encourage and undertake research to improve knowledge of water resources and the possibilities of developing them;
- (iii) to encourage and conduct training activities on topics related to water resources;
- (iv) to collect and disseminate, in conjunction with other specialized centres, information on the regional situation regarding water resource development and of the environmental effects of water management;
- (v) to promote and organize programmes of horizontal co-operation in research, training and technical and financial assistance for the development of water resources;

- (vi) to provide assistance, at the request of interested governments, in the establishment of subsidiary bodies to consider common water resource problems.

13. The secretariat presented the sub-programme of work on water resources of the Natural Resources and Environment Division, which appears in the document "Draft programme of work of the CEPAL system" (E/CEPAL/1068). It was explained that the tasks included therein were former mandates which were still in force, except for that relating to horizontal co-operation. The Committee adopted the programme without comment.

14. The Committee considered and adopted the proposals regarding a work programme for the Mar del Plata Action Plan presented in the note by the secretariat "The implementation of the Mar del Plata Action Plan at the regional level" (E/CEPAL/1077). Briefly, the following tasks were approved:

- (a) Review of progress in the region in the implementation of the Mar del Plata Action Plan. The Committee will review the situation in water resource development and its prospects, as well as the extent to which the Committee's recommendations and resolutions have been fulfilled. For this purpose the secretariat will prepare a consolidated periodic report (every four years, for every other session of the Commission) on the basis of information provided by each country and specialized agency. A precondition to the undertaking of this survey will be the agreement on the part of the governments and the specialized agencies on the standardized form in which the information should be presented.
- (b) Review and co-ordination of relevant aspects of the activities of the international agencies in the region. The secretariat would explore ways and means of establishing a working group of officials of the specialized agencies and CEPAL to co-ordinate their

/activities; this

activities; this working group will, on request, advise the Administrative Committee on Co-ordination.

It was also proposed that the specialized agencies should report to the Committee on Water Resources on: (i) the objectives and content of current and planned programmes; (ii) the timetable for the achievement of these objectives and (iii) the resources both of the government and of the organizations to fulfil these objectives.

- (c) Identification of needs for the exchange of information, for trained personnel and for the execution of training and research programmes. The advisability will be explored of putting forward a proposal for financing, with funds from bilateral assistance and international financing agencies, a project in the water field for the assessment of the technical capacity existing in the region, the need for new courses and seminars, needs for the exchange of information and documentation, and for water resources research.
- (d) The identification of suitable areas for horizontal co-operation and promotion of such co-operation. The secretariat will study the specific needs and possibilities of horizontal co-operation in the field of water and formulate projects with a view to their being financed by the regular United Nations budget for horizontal co-operation.

15. One representative requested that the work programme should include the subject "International Drinking Water and Sanitation Decade" and, in this connexion, that a study should be made of the sources of financing for investment in water supply programmes, that criteria should be prepared for the evaluation of projects that would include social benefits, and that meetings should be convened for the exchange of experience on the progress made and the difficulties encountered. This would not mean additional activities, but participation of CEPAL in those already under way. Several delegations supported this request. One of them considered that priority should be given to the supply of drinking water in rural areas.

16. The World Health Organization (WHO) stated that it was carrying out activities connected with the three aspects mentioned.

17. A delegation stressed the work undertaken by WHO in this field and recommended that the CEPAL secretariat should maintain contacts with WHO in the work relating to the Decade. It requested that at the next meeting of the Sessional Water Committee, to be held in 1981, the secretariat should report on the implementation of the proposed activities in this field.

18. In this connexion, CEPAL was entrusted with the further task of participating in the work carried out by WHO/PAHO with the aim of concerting the efforts of the countries of the region to ensure the fulfilment of the objectives of the International Drinking Water and Sanitation Decade, principally through:

(a) the study of the sources of financing for the investment required for the programmes prepared for the Decade and of the form in which internal resources of the countries can be channelled for that purpose, as well as whatever financial surpluses may be available;

(b) the definition of criteria for the appraisal of projects, ensuring that they incorporate the social benefits of such projects and take account of the nature of programmes for the more needy sectors of the population;

(c) consultation with governments for the exchange of experience on progress achieved and difficulties encountered, and possibly the convening to special meetings of representatives of national and international agencies connected with the implementation of the programmes for the International Drinking Water and Sanitation Decade.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

II. PROVISIONAL AGENDA

1. Election of Officers
2. Adoption of the Agenda and organization of work of the eighteenth session
3. The economic and social development and external economic relations of Latin America
 - (a) Appraisal of the economic and social development of Latin America
 - (b) External economic relations of Latin America
 - (c) Latin America in the 1980s: CEPAL's action in the preparation of the International Development Strategy
4. Co-operation among developing countries and regions
 - (a) Co-operation within the region
 - (b) Interregional co-operation
5. Activities of the CEPAL system since the seventeenth session, and programme of work for the period 1979-1981
 - (a) CEPAL
 - (i) Subsidiary bodies
 - (ii) Regional meetings
 - (iii) Other activities during the period 1977-1979
 - (iv) Programme of work of the CEPAL system for the period 1979-1981
 - (b) Latin American Institute for Economic and Social Planning (ILPES)
 - (i) Activities of ILPES in the period 1977-1979
 - (ii) Future activities of ILPES

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(c) Latin American Demographic Centre (CELADE)

(i) Activities of CELADE in the period 1977-1979

(ii) Future activities of CELADE

6. Study of the recommendations of an amendment to paragraph 3(a) of the Terms of Reference of the Commission
7. Place and date of the nineteenth session of CEPAL
8. Consideration and adoption of the report on the eighteenth session of the Commission.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

STUDY FOR LATIN AMERICAN COUNTRIES WHICH ARE IMPORTERS
OF ENERGY RESOURCES

Draft resolution submitted by the delegation of Guatemala,
Costa Rica, El Salvador, Honduras and Nicaragua

The Economic Commission for Latin America,

Considering that the majority of Latin American countries
are importers of hydrocarbon energy products,

Considering that the prices of imports of such products
have recorded substantial rises in the last five years, with the
consequent impact on the economies of the importing countries,

Considering that, as a result of the adverse impact of this
phenomenon on their economies, some countries of the region are
not in a position to attain the development objectives they have
set themselves,

Taking into account the fact that the terms of reference
of CEPAL include the function of making or sponsoring such
investigations and studies of economic and technological
problems within the majority of the territories of Latin America
as the Commission deems appropriate,

Recommends that the CEPAL secretariat should:

1. Include in its notes for the annual Economic Survey of Latin America, starting in the current year, a detailed analysis of the impact of the rise in prices in trade in hydrocarbon energy products on the principal economic variables in each country;
2. Carry out, for the importing countries in the region, a study containing proposals for alternative machinery to cope with this impact, including the development of other sources and the adoption of joint measures aimed at improving the marketing and processing of such products.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

STUDY FOR LATIN AMERICAN COUNTRIES WHICH ARE IMPORTERS
OF ENERGY RESOURCES

Draft resolution submitted by the delegations of Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela

The Economic Commission for Latin America,

Considering that

(a) The majority of Latin American countries are importers of hydrocarbon energy products,

(b) The prices of imports of such products have recorded substantial rises in the last five years, with the consequent impact on the economies of the developing importing countries,

(c) The impact of this phenomenon on the economies of some countries of the region will have an adverse effect on the achievement of the development objectives they have set themselves,

(d) In taking corrective measures regarding the prices and availability of hydrocarbon products in the Latin American countries governments are frequently hindered by the lack of reliable, up-to-date information,

Recognizing the legitimate right of the countries which produce hydrocarbons to demand a fair price for a non-renewable natural resource,

Rejecting the currently prevailing oligopolistic marketing practices,

Taking into account the fact that within the context of the New International Economic Order all countries must make a world-wide effort to exploit, distribute and consume energy

products equitably and fairly and study solutions to the problems facing all the developing countries, especially those in the region,

Taking into account also the fact that the terms of reference of CEPAL include the function of making or sponsoring such investigations and studies of economic and technological problems within the majority of the territories of Latin America as the Commission deems appropriate,

1. Instructs the CEPAL secretariat, in co-operation with specialized agencies in the region:

(a) to include in its notes for the annual Economic Survey of Latin America, starting in the current year, a detailed analysis of the impact of the rise in prices in trade in hydrocarbon energy products on the principal economic variables in the Latin American importing countries;

(b) To carry out, for those countries, a study containing proposals for alternative machinery to cope with this impact, including the development of other sources, and the adoption of joint measures aimed at improving the marketing of such hydrocarbon energy products;

(c) To study the feasibility of establishing as rapidly as possible a regional information system to collect and transmit automatically to the different countries data on stocks, demand, supply, transport and prices of hydrocarbon products from different sources, as well as available alternative technologies;

2. Takes note of the positive efforts being made in the joint UNDP/World Bank programme in Latin American countries, with funds provided by the Fund for Assistance to developing countries established by the member States of OPEC, to identify and implement projects for the use of non-conventional energy sources which progressively reduce the almost complete dependence on hydrocarbons, and urges CEPAL to offer its support to that initiative and to exhort both the agencies carrying out the programme and the contributors of resources to redouble their efforts in that direction.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REPORT OF COMMITTEE II

AMERICAN CHOCOLATE

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AMERICAN CHOCOLATE

I. ORGANIZATION OF WORK

1. Committee II was responsible for item 5 of the agenda of the eighteenth session of the Commission, and examined the relevant draft resolutions. The discussions took place at eight working meetings between 18 and 24 April 1979. At the last meeting, the report of the Committee, with 20 draft resolutions, was approved for consideration in the plenary.

2. The following officers were elected in Committee II:

Chairman:	Guillermo Fernandez-Cornejo (Peru)
First Vice-Chairman:	Mervis Dohman (Jamaica)
Second Vice-Chairman:	Alejandro Ramos (Uruguay)
Rapporteur:	Luiz Henrique Pereira Da Fonseca (Brazil)

3. At the opening meeting the following agenda was adopted to guide the Committee's discussions:

Item 5. Action by the CEPAL system

(a) CEPAL

- (i) Adoption of the annual reports of the Commission (E/CEPAL/1051 and E/CEPAL/1067)
- (ii) Regional meetings
- (iii) Reports by the secretariat on the Publications Programme (Documents E/CEPAL/1070 and E/CEPAL/1080), technical co-operation activities (Document E/CEPAL/1063) and decentralization of United Nations activities to the regional commissions and its repercussions for CEPAL (Document E/CEPAL/1078)
- (iv) Programme of work of the CEPAL system for the period 1979-1981 (E/CEPAL/1068):
 - 1. Environment (Programme 270)
 - 2. Natural resources (Programme 460)
 - 3. Transport (Programme 550) (E/CEPAL/1054, E/CEPAL/1064, E/CEPAL/1065 and E/CEPAL/1066, p. 15)
 - 4. International trade (Programme 340)

/5. Development

5. Development planning, projections and policies
(Economic Projections Centre and Economic
Development Division) (Programme 240)
6. Transnational corporations (Programme 496)
7. Science and technology (Programme 520) (E/CEPAL/1066,
pp. 10 and 46, and E/CEPAL/1079)
8. Statistics (Programme 540)
9. Human settlements (Programme 290)
10. Social development (Programme 530) (E/CEPAL/1066,
pp. 1, 3 and 28, E/CEPAL/1071 and E/CEPAL/1082)
11. Industrial development (Programme 330)
12. Agricultural, forestry and fishing (Programme 210)
(E/CEPAL/1066, p. 5)
13. Library and documentation services (CLADES) (Programme
780)

(v) Activities of auxiliary organs

1. Central American Economic Co-operation Committee
2. Caribbean Development and Co-operation Committee
(CDCC) (E/CEPAL/CDCC/44/Rev.3 and E/CEPAL/1074)

(b) Latin American Institute for Economic and Social Planning
(ILPES) (E/CEPAL/1067, E/CEPAL/1068 and E/CEPAL/ILPES/L.1)

- (i) Activities carried out by ILPES in the period 1977-1979
- (ii) Development planning, projections and policies
(Programme 240)

(c) Latin American Demographic Centre (CELADE) (E/CEPAL/1067,
(E/CEPAL/1068 and E/CEPAL/1072)

- (i) Activities carried out by CELADE in the period 1977-1979
- (ii) Population (Programme 480)

(d) Other business

/II. ACCOUNT

II. ACCOUNT OF PROCEEDINGS

Action by the CEPAL system

4. The Executive Secretary introduced agenda item 5 with a detailed account of the activities carried out by the secretariat since the seventeenth session. He described the gradual expansion that had been taking place in the Commission's activities as a result of the increase in the number of topics considered by the United Nations in general, the trend towards the decentralization of activities from Headquarters to the regional commissions, and the increasingly numerous concerns of member governments.

5. He stated that General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system defines, in part IV of the annex, the functions of the regional commissions, which reflect the transfer to them of substantive and operational activities. He said that the transfer had had repercussions on the structure of CEPAL and of its auxiliary organs, and on the secretariat itself. It was the secretariat's intention to submit the restructuring of the Commission to a meeting of the Committee of the Whole which would be specially convened for the purpose, and with the object of instrumenting the changes which such decentralization of activities would mean to the secretariat, negotiations were in progress with the United Nations Secretariat in which it would be of invaluable assistance to have clearly defined guidelines reflecting the position of the countries of the region in the matter. Both the decentralization of activities and the increase in the number of topics studied within the ambit of the Commission had important repercussions on the administrative structure of the secretariat, which made it imperative to adapt it to the new requirements. In that respect, the Administrative Management Service had made a study of the internal organization of the secretariat and had put forward a number of very appropriate suggestions for modernizing its structure and making it more flexible. A summary of those recommendations appeared in the introduction to document

E/CEPAL/1068. Similarly, the increased responsibilities as a result of decentralization and the new topics proposed by governments were creating problems of space for the secretariat in several of its offices, which involved the necessity of exploring ways and means of solving those problems and, in consultation with Headquarters and the Member Governments of the Commission, presenting specific proposals to the appropriate organs.

6. After hearing the Executive Secretary's statement, the Committee decided to recommend the adoption of the annual reports contained in documents E/CEPAL/1051 and E/CEPAL/1067.

7. One representative stressed the favourable contribution made by the recommendations of the Administrative Management Service set forth in the introduction of document E/CEPAL/1068, whose objective was to make the structure of CEPAL more flexible so that it could fulfil the new and increasing responsibilities assigned them with due regard for existing budgetary restrictions. He asked the secretariat about the implementation of the recommendations, to which the secretariat replied that the report of the Administrative Management Service had been approved by the Secretary-General, several of its recommendations had already started to be put into practice and it was proposed to start implementing them as a whole after the eighteenth session of the Commission, the preparation for which had naturally absorbed a great deal of the secretariat's attention in the last few months. In view of the importance assigned to the recommendations, however, the secretariat had considered it necessary to raise the question at the current session.

8. The Committee then considered the programme of work of the CEPAL system for the period 1979-1981.

9. Referring to the work programme in general, one representative stated that although he appreciated the order of priorities it reflected, he felt it would be desirable for it to include an indication of the financial implications for each programme. At the same time, he said that any expansion of an
/activity should

activity should be reflected in a reduction in others, so that the expenditure could be covered by the traditional budget, which should increase only to the extent justified by inflation. In response, the secretariat explained that the function of the Commission's biennial sessions was to adopt the work programme of CEPAL and that for the countries' information at that stage the programme resources were presented in physical magnitudes, since the analysis of the financial implications and the adoption of the budget were effected through the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee of the General Assembly, in which the member countries of CEPAL participated.

Natural resources and environment

10. In presenting the sub-programmes included in these two programmes, the secretariat stressed the close co-operation maintained with the United Nations Environment Programme (UNEP) and stated that the examination of the subject of natural resources was oriented towards the integrated planning and management of resources, particularly water and energy, in both the national and the regional context. It also emphasized the evolution towards the expanded treatment of the relations between development and the environment in recent years.

11. The secretariat also referred to the activities carried out under the Joint CEPAL/UNEP Project for Environmental Management in the Greater Caribbean, whose objective was to prepare a plan of action for the management of the environment which would provide the governments of that area with a point of reference for the formulation and execution of environment projects and programmes at both the national and the sub-regional level.

12. With reference to the energy sub-programme, the secretariat said that attention would continue to be centred on studies in support of the formulation of national energy policies in the region, and that a new line of research had been introduced in connexion with the viability of non-conventional sources of energy in Latin America. With regard to the mineral resources

/sub-programme, the

sub-programme, the intention was to adopt a new approach aimed at promoting horizontal co-operation among state mining enterprises of the region.

13. One representative requested the secretariat to explain whether the programmes on energy envisaged the preparation of energy balances as basic instruments for energy programming. The secretariat replied that such balances were not envisaged in the CEPAL programmes, since they were dealt with by other agencies such as the World Bank, the Inter-American Development Bank (IDB), the Latin American Energy Organization (OLADE) and the United Nations Development Programme (UNDP) but that close co-ordination was maintained between the programmes of CEPAL and those agencies in the matter.

14. One delegation requested that in the studies which CEPAL was planning to carry out note should be taken of the work already initiated by other official bodies on these topics, and in that respect it should be remembered that a continental methodology had been approved in OLADE for the preparation of the energy balances concerned.

15. Another representative expressed his satisfaction at the conceptual interrelationship established by the secretariat between the environment and natural resources in its work, and said that his country was submitting a draft resolution in support of the establishment of a Latin American Remote Sensing Council as an instrument for optimizing and co-ordinating policies in the use of that prospection technique. At the same time, he stated that in view of the importance of the management of basic resources for the countries' economies, his country would submit another draft resolution calling for the establishment of a Latin American Basic Resources Fund. In that respect, the secretariat pointed out that the subject of remote sensors could be dealt with more fully by Committee III, while in connexion with the proposal concerning basic resources, it expressed its willingness to carry out studies on that topic particularly in the field of mining.

15a. The Committee approved the programme for natural resources and the environment without further comment.

/Transport and

Transport and communications

16. The secretariat presented the transport programme and described its two sub-programmes. The aim of the first was greater efficiency in transport planning, while the second dealt with trade and transport facilitation. In the first sub-programme, work had been concentrated primarily on the improvement of information for planning and decision-making in the field of transport. In that respect, attention was drawn to the project which CEPAL was carrying out jointly with the World Bank and the Latin American Railways Association (ALAF) and to the fact that the sub-programme included the initiation of a new activity for CEPAL: the study of river transport.

17. With regard to the second sub-programme, the special attention which the secretariat had devoted to the facilitation of trade and transport in the past five years was due partly to the fact that while South America - with the important exceptions of Bolivia and Paraguay - on the whole possessed an adequate infrastructure for international land transport, such infrastructure was frequently under-utilized owing to the lack of suitable institutional agreements at the regional level.

18. The secretariat then stressed that facilitation was essentially a co-operative task designed to eliminate the hindrances affecting trade and transport by means of contacts, studies and discussions at the national, regional and international levels. Some of the areas covered by facilitation were indicated in document E/CEPAL/1064 and owing to their wide coverage, it seemed neither feasible nor desirable to advance simultaneously on all those fronts, for which reason the secretariat required the member governments to state their priorities in the matter in order to organize the work of CEPAL.

/19. Finally,

19. Finally, the secretariat referred to the Intergovernmental Meeting held in September 1978 to consider a Draft Convention on Civil Liability of Carriers in International Land Transport. The Intergovernmental Meeting examined the text of a draft prepared in 1977 by a group of experts, made significant progress in improving the draft convention, and in its report (E/CEPAL/1054) it requested the secretariat to report at the eighteenth session on the results of the Meeting and to ask the Commission to determine the measures which should be adopted in the future in connexion with the preparatory work for the Convention.

20. One representative expressed his gratitude to the secretariat for presenting document E/CEPAL/1065 on the Integrated Transit System for Bolivian Goods Shipped through the Port of Arica. At the same time, he expressed his country's concern at the fact that in considering transport problems in the region excessive importance was still being given to merely coastal links, without due attention to the problems of isolation in the interior of the continent, which, besides creating difficulties peculiar to those regions, prevented efficient transcontinental mobility, impeded communications in sub-regional markets and delayed the economic integration of the South American continent. In conclusion, he said that with a view to remedying those omissions, he would subsequently submit a draft resolution for consideration by the Committee.

21. Another representative expressed satisfaction with the secretariat's work on the facilitation of transport, which his country considered to be important for economic development. At the same time, he requested the secretariat to provide the governments with more complete information concerning the convening of the meetings indicated on page 18 of document E/CEPAL/1064 and drew attention to the need to avoid duplication of effort.

22. The secretariat pointed out that if the Commission wished it to work on the subject of trade and transport facilitation it was essential to hold meetings of experts, since any measure

/in this

in this field should be adopted by the governments after adequate studies and proper co-ordination with other interested countries. To perform this type of work merely by correspondence would be a waste of time.

23. One representative said that his country had engaged in co-operative facilitation efforts at the national and international level and wished to support facilitation activities in Latin America, in particular the measures for implementing a CEPAL facilitation programme along the lines suggested in the last paragraph of document E/CEPAL/1064.

24. An observer expressed his organization's support for the CEPAL trade and transport facilitation programme, and voiced his interest in the consideration which was in progress within the context of CEPAL of the draft Convention on Civil Liability of Carriers in International Land Transport (CRT).

25. One representative requested the secretariat to explain how and when an order of priorities would be established for dealing with the various aspects of facilitation mentioned in document E/CEPAL/1064. The secretariat replied that the priorities could only be established by means of meetings attended by experts in various fields, and in that respect it considered that because of the special characteristics of the different geographical areas of the region it would be desirable to convene groups of experts at the sub-regional level to advise on the task of establishing priorities. Another delegation expressed its agreement with the secretariat's comments.

26. In connexion with the transport programme, the Committee approved for consideration by the plenary of the Commission a draft resolution entitled "Trade and transport facilitation" submitted by the delegation of Bolivia and a draft resolution entitled "Integrated transport system" also submitted by the delegation of Bolivia. It also approved without further comment the transport and communications programme of the secretariat.

/International trade

International trade

27. The secretariat presented the programme of work in the area of international trade and summarized its four sub-programmes. First, it described the programme covering the global analysis of Latin America's external relations problems and policies, notably the interpretative analysis of the region's external relations with the world economy, particularly in the face of the changing situation of the international economy. In the second sub-programme, which dealt with Latin America's relations with each of the main developed areas, the secretariat's aim was to analyse new forms of relations that would be more compatible with the current needs of Latin American development, while in the third sub-programme the aim was to analyse in greater depth the repercussions on Latin America of the situation of the international monetary and financial system and to use the results of the work thus done to provide support for the meetings of the central banks of the region. The fourth and last sub-programme referred to economic integration and co-operation among the Latin American countries, and between these and other developing countries, with emphasis in that field on the analysis of the integration processes and the specific and informal systems of co-operation.

28. In connexion with the International Trade programme, the Committee approved for consideration by the Plenary of the Commission a draft resolution entitled "International monetary and financial aspects" submitted by the delegations of Chile, Guatemala and Uruguay, a draft resolution on "Economic integration" sponsored by the delegation of Trinidad and Tobago, and a draft entitled "Economic relations between Latin America and the developed areas" sponsored by the delegations of Costa Rica, El Salvador, Guatemala and Honduras.

29. The International Trade programme of the secretariat was approved without further comment.

/Development planning

Development planning, projections and policies

30. In summarizing its programme of activities in the field of long-term prospective studies in the economic, demographic and social areas, the secretariat stated that the programme had been designed within the framework of the main General Assembly resolutions on the establishment of a New International Economic Order and a new International Development Strategy for the 1980s, and that it devoted special attention to the biennial appraisals carried out by the Latin American governments. The programme envisaged a large number of projects which covered conceptual and qualitative studies associated with global and specific topics on the economic and social development of the countries of the region and with topics of international policy and other studies in which the conclusions were heavily based on quantitative projections.

31. The secretariat also described the two major aims of the economic and social model used in the economic and social analysis and the global or synthesized projections:

(a) to evaluate Latin America's economic and social development prospects on the hypothesis that the existing trends were to continue; and

(b) to examine strategies and policies - at the national, regional and international level - which would mean important changes in the prevailing patterns, with the aim of achieving specific economic and social goals and structures.

32. The secretariat further stated that for the macroeconomic and sectoral projections which constituted a continuing task of CEPAL, up to the end of 1977 only a relatively simple model at a high level of aggregation was available which did not contemplate any specification by sectors of production, but this had now been revised and expanded with the basic aim of incorporating sectoral projections and a greater degree of specification of foreign trade, balance of payments and external financing problems, and analysing in greater detail the prospects for long-term economic growth.

33. One representative expressed satisfaction at the preparation by the secretariat of document E/CEPAL/1076 on Latin America's long-term development trends and prospects, in which it has succeeded in properly interlinking the economic and social variables of development. He requested that his country be provided with details of the methodology used by the secretariat so that the system of projection employed could be used and analysed at the country level.

33a. The development planning, projections and policies programme was approved without comment.

Economic development

34. A representative of the secretariat then summarized the activities of the Economic Development Division, which comprised the preparation of annual economic surveys and analyses and studies on economic policy and styles of development.

35. The preparation of the annual economic surveys was one of CEPAL's basic and oldest activities, since the Division has been performing this task for the past 30 years, with the support of the Mexico, Port of Spain, Bogotá, Brasília and Buenos Aires Offices. He explained that in these annual surveys information on economic trends in the region was systematically up-dated, the interpretations of Latin America's economic and social development were analysed, and the evolution of the economy of the region as a whole and of each individual country was reviewed while special studies on the most pressing problems of the region were also included.

36. The purpose of the studies on economic policy was to analyse more fully the characteristics and objectives of the economic policies of some countries of the region during certain conjunctural circumstances of their development: a task which was a natural by-product of the analysis carried out each year for the preparation of the economic survey. Studies were also effected with the aim of improving the available statistical base, and indicators were prepared for analysing short-term policies with the object of developing instruments for the design of short-term models.

37. One delegation suggested that the secretariat should make a more thorough examination of the problem of external indebtedness in the Latin American countries, especially of those aspects connected with the effect of the debt on the balance of payments and on the general economy of the countries which made use of it. Such an analysis would be most important in view of the countries' increased external indebtedness.

38. The secretariat fully agreed with the importance of the subject and reported that within the International Trade programme a project on monetary and financial matters was being developed which would include a study of the problems of external indebtedness.

39. With regard to the Development Planning programme, the Committee approved for consideration by the plenary a draft resolution on "Economic and social projections" sponsored by the delegations of Argentina, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Venezuela.

40. The programme of work in this field was approved without further comment.

Transnational corporations

41. Referring to the activities of the Transnational Corporations Unit, the secretariat explained that the programmes concerned were carried out in close co-operation with the United Nations Centre on Transnational Corporations in a joint effort that offered the best possibilities of technical co-operation with the governments of the region. The research mainly covered the presence and effect of transnational corporations in Latin America, particularly in the manufacturing sector; the activities of transnational corporations in extractive industries and in some sectors producing basic commodities for export; the bargaining power of the host countries and the distribution of benefits between them and the transnational corporations; transnational corporations and the Latin American integration systems; and transnational corporations in other specific activities.

42. The programme of work in this field was approved without comment.

/Science and

Science and technology

43. The secretariat's introductory statement contained a recapitulation of the meetings on the subject organized by CEPAL in the past two-year period, in close contact with the United Nations Conference on Science and Technology for Development (UNCSTD). It was recalled that in Mexico City in November 1977 the bases were established for the initiation of activities in this field; subsequently, in August 1978, the Latin American Regional Preparatory Meeting for UNCSTD was held in Panama City and a preliminary version of the proposals on the subject was approved; and finally, the Second Latin American Regional Preparatory Conference for UNCSTD was held from 29 November to 2 December 1978 in Montevideo, where the document which was subsequently submitted for consideration by UNCSTD was discussed and approved.

44. With regard to financing, it was noted that since the needs of the countries of the region were much greater than the available resources, new machinery had to be sought, and it was recalled that at the Panama City meeting the member countries of the Cartagena Agreement had proposed world machinery devised by the Board of the Cartagena Agreement for financing science and technology activities in developing countries. At the Montevideo Meeting the countries had requested the secretariat to convene an Ad Hoc Working Group on financing machinery for scientific and technological development in developing countries; and in March 1979 the secretariat, in co-ordination with SELA and the Andean Group, organized the Lima Meeting at which the secretariat was requested to prepare a compilation of national and international financing mechanisms and the Secretary-General of UNCSTD was requested to convene an open international working group on financing machinery.

45. Following a summary of the activities in the first phase of the joint CEPAL/IDB/UNDP project on the technological development of specific sectors in Latin America, attention was drawn to the

/novel approach

novel approach adopted in the research, carried out in the actual plants of specific industries, such as iron, petroleum, construction, etc., in various countries. In the second stage, which was just beginning, the study could be extended to include a larger number of countries, and contact could be established with national research institutions in order to place the methodology devised at their disposal.

46. Finally, it was indicated that the secretariat would continue its activities in the field of science and technology, and would adapt them to the conclusions emerging from the forthcoming World Conference.

47. One representative requested the secretariat to give firm support to the Andean Group's proposal on financing at the World Conference.

48. With regard to the Science and Technology programme, the Committee approved a draft resolution submitted by the delegation of Bolivia for consideration by the Plenary of the Commission.

49. The programme of work on science and technology was approved without further comment.

Statistics

50. In presenting this programme it was indicated that the work of the Statistics Division was aimed at incorporating the experience acquired in the use of national statistics and the application of methods of quantitative analysis into the study of the region's economic and social problems and linking the two aspects in such a way that they constituted a central element in the experience accumulated in the region and the statistical information which was most useful for comparative studies.

51. The Committee was informed that the relatively scarce resources for regional technical assistance would be earmarked for the forthcoming population and housing censuses and for the strengthening of national capabilities for carrying out household surveys and that the secretariat attached great importance to the establishment of a Latin American data bank of economic and social statistics which would progressively include the various CEPAL data bases and would be easily accessible to users.

52. As regards quantitative analysis and the development of methods of measurement, the secretariat would pursue the study of patterns of income distribution and the problem of poverty, the search for more precise quantitative relations and more concrete profiles to guide the countries' welfare policies, and the comparative analysis of the economic and social aspects of development in the countries of the region. Efforts to provide methodological guidance were a particularly suitable way of contributing to the statistical development of the countries of the region, and efforts in that area during the biennium would be concentrated on the topics mentioned.

53. One delegation requested that consideration should be given in the future to the contents of a proposal which it had submitted concerning methodological research for the inclusion of the patrimony of resources in the systems of national accounts.

54. With regard to the Statistics programme, the Committee approved a draft resolution entitled "Guidelines for the statistical activities of the CEPAL system", sponsored by the delegation of Uruguay, for the consideration of the plenary of the Commission.

55. The work programme in the statistical field was approved without comment.

/Human settlements

Human settlements

56. A representative of the secretariat presented this programme, which covers social aspects of the environment, planning of settlements, housing, infrastructure and services, land use policy, public participation, and institutions and administration. He emphasized the procedures needed to carry out the proposed programme, referring in this connexion to CEPAL resolution 378 (XVII), which recommended the setting up of a regional intergovernmental body for human settlements and outlined a programme of activities - only partly carried out due to financial restrictions - and to General Assembly resolution 32/162 which recommended the creation within the regional commissions of regional committees to guide the work of the secretariats.

57. The secretariat representative pointed out that in connexion with this programme, neither the transfer of resources from the new Centre for Human Settlements based on Nairobi nor the institutional arrangements were clear for the time being.

58. One delegation stressed that unlike the other regional commissions CEPAL did not yet possess a special committee on human settlements. It recommended that institutional machinery should be set up to deal with the topic, and suggested that CEPAL should organize a meeting to discuss institutional arrangements, which its country offered to host.

59. Another delegation endorsed this proposal and emphasized the need to devote fresh energy to a topic which, it felt, had been somewhat at a standstill since the Habitat Conference in Vancouver.

60. With regard to the Human Settlements programme, the Committee approved a draft resolution on "Regional co-operation in the field of human settlements", sponsored by the delegation of Costa Rica, Cuba, Guatemala and Mexico, for the consideration of the Plenary.

/61. After

61. After the examination of the draft resolution had been concluded, the delegation of Bolivia stated that different factors of a budgetary nature were having a negative effect on the consideration of specific topics, including some mandated by the United Nations General Assembly itself, such as water, human settlements and so forth, which were not receiving appropriate institutional treatment consisting of an overall approach relating them suitably to the general question of economic and social development, but were only considered at the level of specific projects, thus making it impossible to approach and relate them in the manner mentioned above, with the result that topics of importance to the development of the countries of the region were not being treated properly.

61a. At the close of the discussion on human settlements there was consensus among all the delegations in reaffirming the interest of the Commission in the subject of human settlements. With a view to implementing resolution 378 (XVII) of the Commission, they decided to request the secretariat to initiate the administrative arrangements and technical preparations for convening in the course of 1979 the regional conference referred to in paragraph 3 of the aforementioned resolution. One delegation mentioned the possibility of an offer from its government for the regional conference to be held in that country.

61b. In the absence of further comments, the Human Settlement programme was approved.

Social development

62. A secretariat representative explained that the programme of work in this field centred on the concept of integrated development as defined in the Strategy for the Second United Nations Development Decade and the regional appraisals undertaken by CEPAL, and that the conception of styles of development, closely linked to the methodology of the unified approach, would serve as a starting point for the analysis of the relationship between the economic and the social development processes in the region. He pointed out that in recent decades the idea was increasingly gaining ground that the two processes, while interrelated, were at the same time relatively independent, being connected by a complex network of intermediations which were far from fully or satisfactorily understood. He also stressed that the practical importance of broadening this understanding was evident if it was desired to advance in the implementation and planning of integrated development strategies.

63. Within the framework of the styles of development, he said, the programme covered the most important sectors and problems of social development and change in the region, through

/various sub-programmes

various subprogrammes which were in course of execution. One of them analysed trends in a set of interrelated topics including those derived from employment and the occupational structure, the distribution of income and consumption, rural social development, access to housing and social services, and the participation of youth in the labour force.

64. He also reported that a special unit with its own subprogramme had been set up for the integration of women into development, and gave an account of the activities undertaken for the adoption of the Regional Plan of Action for the Integration of Women into Development, and the manner in which the mandates and recommendations had been implemented. He also reported on the preparatory work for the convening of the Second Regional Conference as a regular regional government activity to review the implementation of the Regional Plan of Action, and also as a preparatory activity for the World Conference of the United Nations Decade for Women to be held in 1980.

65. He then referred to the problem of the relationship between development and education, which was the subject of a special project being carried out jointly with UNESCO, with financial support from UNDP; the second phase, which had now begun, would extend until 1981. He explained the objectives and features of the project, as well as its achievement to date, the purposes of the new phase and its importance in view of the forthcoming Conference of Ministers of Education and Planning of the region, which UNESCO, in co-operation with CEPAL, was to convene at the end of 1979.

66. The President of the Inter-American Commission of Women (CIM) said that it was necessary for CEPAL to co-ordinate its activities on the integration of women into development with those of intergovernmental organizations such as CIM, which had long been engaged in activities in favour of women. Such co-ordination was being co-ordinated on the basis of preliminary conversations with the Executive Secretary of CEPAL, who had referred to them in his remarks to the Committee. She also urged that co-operation with intergovernmental organizations should be taken into account.

67. In response to a question from a representative concerning the place and date of the Second Regional Conference on the Integration of Women into the Economic and Social Development of Latin America, which was scheduled to be held before the forthcoming meeting of the Preparatory Committee for the World Conference of 1980, a member of the secretariat said that generous offers had been received from two governments, and that as soon as a decision was taken in that regard it would be communicated to the member countries immediately.

68. With regard to the Social Development Programme, the Committee approved for consideration by the Plenary of the Commission a draft resolution on "Action in the field of cultural co-operation" submitted by the delegation of Suriname and a draft resolution on "The needs of children and the shaping of the coming generations within the framework of development processes" sponsored by the delegation of Bolivia.

69. The Committee approved the work programme on social development presented by the secretariat.

Industrial development

70. A member of the CEPAL secretariat, introducing the activities under the Industrial Development programme, said that the work being carried out in that field by the Joint CEPAL/UNIDO Division constituted part of the effort of the United Nations to promote the establishment of a New International Economic Order, and that the tasks for the industrial sector had been defined in the Lima Declaration and Plan of Action. Within that frame of reference, the Joint Division was carrying out general and sectoral studies and providing advisory services.

71. As far as general studies were concerned, apart from the periodic appraisal of the process of industrialization, which was a continuing activity, research would be initiated on changes in the entrepreneurial structure of industry in order to clarify the role of the various national and international, public and private elements in the development of manufacturing,

/and some

and some of those studies would be submitted to the forthcoming Latin American Conference on Industrialization (August/September 1979) to enable the region to adopt a joint position for the Third General Conference of UNIDO (New Delhi, early 1980).

72. It was stated that priority attention would be given in the secretariat's sectoral studies to the analysis and appraisal of the development potential of the branches of industry of greatest importance for industrialization, such as capital goods, the chemical industry, agroindustries and forest industries.

73. In the context of the sectoral studies, special mention was made of the project on the present situation and future prospects of the supply and production of capital goods in Latin America, recently approved by UNDP for implementation by CEPAL in collaboration with UNIDO.

74. Advisory and training activities constituted a logical extension of research work. With regard to training, collaboration would continue with ILPES and the national programmes for the formulation of industrial development plans and policies. As far as advisory activities were concerned, this type of service would continue to be provided to governments and regional and subregional bodies which requested it. Special mention was made of the advisory services provided to the Board of the Cartagena Agreement, the SELA Action Committees and some Caribbean countries.

75. The work programme and the activities of the Joint Division might undergo some changes as a result of the conclusions and recommendations arising out of the forthcoming Latin American Industrialization Conference and the Third General Conference of UNIDO.

76. One delegation proposed that the secretariat should be responsible for the study, dissemination and application of productivity in the development of industrial and agricultural production, as a means of improving the economy of the countries of the region.

/77. The

77. The section of the programme of work dealing with industrial development was adopted without further comment.

Agricultural, Forestry and Fisheries

78. A secretariat representative then presented the work programme of the CEPAL/FAO Joint Agriculture Division, divided into three sub-programmes: policies, plans and programmes for the development of food and agriculture; agriculture and its long-term production possibilities in Latin America, and the analysis of the agricultural policies of Central America and Mexico.

79. With regard to the first sub-programme, a description was given of the followup activities relating to the state of food and agriculture in Latin America, assistance to governments in methodological aspects of agricultural development planning, training in agricultural planning and co-operation in the area of food and agriculture in the context of technical co-operation activities among developing countries and regions.

80. The second sub-programme, he said, would concentrate on preparing the Inventory of Latin American Agricultural Potential and food studies for Mexico and the Caribbean.

81. As regards agricultural policies in Central America and Mexico, the secretariat representative reported that the governments would be offered co-operation in preparing policies aimed at agricultural development and that at the same time impetus would be given to more effective integration of food and agriculture. These studies would give an overall view of agricultural phenomena and processes and their links with the rest of the economy, and would permit a better appreciation of the vital functions which agriculture should carry out and its contribution to overall development.

82. The section of the programme of work dealing with this area was adopted without further comment.

/Library and

Library and Documentation Services (CLADES)

83. A secretariat representative stated that in view of the growing need to co-ordinate the incorporation of information in economic and social development the secretariat would continue, through the Latin American Centre for Economic and Social Documentation (CLADES) with its co-operation work aimed at creating machinery for setting up information networks among the national and regional planning and integration bodies; standardizing and systematizing the terminology used in the region for the analysis and retrieval of data; and organizing and channeling towards the national or intergovernmental development institutions in the region the expertise and capabilities existing in CLADES in connexion with the setting-up of systems for the transfer and retrieval of data relating to their work.

84. In opening the debate on this programme, and in answer to a question by the delegate of the Inter-American Commission of Women, the secretariat representative stated that there was a close link between the Social Development Division and the system of information on the integration of women into development which was being brought into action by CLADES. The section of the programme of work dealing with this area was adopted without further comments.

Central American Economic Co-operation Committee (CCE)

85. In his presentation of the activities of this Committee, the secretariat representative recalled that it was set up in 1951 and was composed of the ministers of the economy of the respective countries; when CACM was set up in 1960, however, with the same ministers as members, it became necessary to delimit the functions of the two bodies, and it was agreed to consider CCE as a forum for discussion and CACM as a forum for action. In practice, CCE had been in recess until 1975, and since that year, although continuing to be a forum for discussion, it has resumed its role of fostering economic co-operation in Central America.

/86. The

86. The CCE was currently engaged in three essential activities: making exhaustive analyses of economic integration and drawing up short-term action proposals which did not involve radical changes; serving as a forum for following up the integration process, and serving as a forum for examining Central America's international technical co-operation requirements.

87. One representative praised the secretariat's presentation and asked that CCE should continue to give impetus to the machinery of the Central American Common Market. He also referred to the problems caused by the increase in oil prices and described the measures taken by his government to set up a group of oil-consuming countries were described.

88. The report of the Central American Economic Co-operation Committee was adopted without further comments.

Caribbean Development and Co-operation Committee (CDCC)

89. It was recalled that the CDCC secretariat had reported at the seventeenth session of the Commission on the implementation of CEPAL resolution 358 (XVI), which invited the governments of the Caribbean to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of CEPAL. On that occasion, the Commission had been informed of the activities of the two sessions of the CDCC which had taken place up to that date. Since then, two more meetings had been held, one in Belize (April 1978) and the other in Paramaribo, Suriname (March 1979), the reports of which were before the Commission.

90. A representative of the secretariat said that the CDCC programme used a pragmatic approach which laid stress on subregional co-operation to solve essential problems in agriculture, health, education, transport, etc. Its main objective was to foster a collective effort and adopt strategies in keeping with the needs and characteristics of the area.

/91. The

91. The majority of the member countries of the Committee required to improve their experience, resources and institutions in order to formulate and implement economic and social development policies aimed at the full and productive employment of the labour force. The CDCC governments had laid great stress on structural change, which required concerted action both in the subregion and in the international community in order to obtain the impulse and resources needed to deal with those problems and which, therefore, in view of the growth characteristics of the Caribbean situation, must be concentrated in medium and short term projects and must deal with two fundamental aspects: co-operation among countries on matters of mutual benefit, and co-ordination of the aid coming from the United Nations.

92. Co-ordination was effected on two levels: in the global and regional systems, and in the integration activity in progress. On the first of these, what was sought was the inclusion of a Caribbean component in the global programmes of the United Nations specialized agencies and bodies and the inclusion of all the member countries of the CDCC in the subregional programmes. On the second level, what was sought was to integrate the action of the CDCC with the similar action of the secretariats of the Caribbean Community (CARICOM), the Caribbean Development Bank (CDB) and the East Caribbean Common Market (ECCM).

93. With regard to the Caribbean Economic Co-operation Group of the World Bank he said that at the Belize meeting clear guidelines had been given to the effect that the CDCC secretariat should serve as a liaison between the CDCC and the Group in order to guarantee co-ordination between the projects and programmes of the CDCC and the regional activities of the Group. Those guidelines had been ratified in Paramaribo, and so that the CDCC secretariat could clearly reflect the decisions of the member governments it had been agreed that all of them would meet before the next meeting of the Group.

94. He went on to recall that at the third session of the CDCC the member governments had assigned maximum priority to the following activities: elimination of language barriers, maritime transport, international trade, multinational Caribbean enterprises for the production and distribution of printed and audio-visual material, Caribbean network of development education innovations, participation of Caribbean women in development, and science and technology.

95. At the fourth session, special attention had been assigned to the establishment of a statistical data bank, the establishment of a Caribbean Council on Science and Technology, the fusion of the activities of associations of producers and exporters of certain agricultural products, the organization of national and subregional training courses for planners, promotion of the establishment of multinational trading and producing firms, and the establishment of a rational energy programme.

96. All those mandates meant a need for more resources.

97. After the conclusion of this statement, one representative said that advances had been made in the execution of the programme of work approved since the second session of the CDCC. He noted that at the fourth session of the CDCC consideration had been given to an interesting model for horizontal co-operation based on the co-ordination and strengthening of national institutions, with a very small administrative infrastructure, since it would operate through national bodies. Such a model would permit the application of TCDC programmes in the subregion. The secretariat had already begun to work in certain fields, with special attention to energy.

98. The same representative considered that in that sector, because of the lack of technical know-how on this matter, courses should be given on techniques and methodologies for preparing synoptic charts to help in planning and forecasting energy requirements. He also proposed that research should be carried out on non-traditional energy sources and asked the Office for

/the Caribbean

the Caribbean to continue with the tasks assigned to it and seek the necessary inputs and backing from other organizations. In conclusion, he announced that his delegation was submitting a draft resolution on the matter. Two other delegations said that they would support the draft.

99. The report of the CDCC was approved without further comment.
Latin American Institute for Economic and Social Planning

100. The Director of the Latin American Institute for Economic and Social Planning (ILPES) spoke of the work done by the Institute and gave a summary of the activities implemented in each of its subprogrammes. He then described the guidelines which in his opinion should be taken into account in programming future work, pointing out that although ILPES had been performing a very useful role for the region, it was still necessary to continue to adapt the programmes of work to the evolution of the region's needs, which would require a major effort to update concepts, techniques and forms of action in the main fields of planning, to include some new topics of great importance in recent years. The need for adaptation was more urgent and vital today, owing to the rapid evolution of the topic of planning in academic, institutional and political circles.

101. He mentioned four major facts which alone changed the scope and forms of planning, but which had not yet been adequately catalogued or made a formal part of the ideas on planning which had been predominating in the region. The first was the extent and rapidity of action on the region by the major variables of the international economic conjuncture. The sometimes favourable, sometimes adverse effects of major world developments during the 1970s in monetary and financial matters, the markets for raw materials, trade policy, etc. had been more drastic, unexpected and unyielding, while bound up with this increase in the potential profundity of the effects of the international conjuncture on the countries of Latin America there was another fact which made more acute the need to renew ideas on planning and at the same time ensure the existence of particularly flexible and efficient machinery and

/instruments: this

instruments: this was the decision adopted by several Latin American countries in recent years to open up their economies to world markets.

102. He went on to say that the formal appearance on the Latin American scene of development models very different from those which had generally inspired the theory and practice of planning in Latin America and the tremendous importance which social objectives had acquired, suggested that the conceptual frames used by planners should be renewed and complemented as soon as possible. Another source of stimulus to reflect on and examine new ideas, arose out of the need to ensure that the development plans and the development strategies generally speaking adopted by the countries were genuinely operational. In recent years, certain topics closely connected with development planning had emerged and acquired momentum of their own, but to date had not been adequately incorporated in or linked up to the plans and general planning practice. Among these topics were employment, the evolution of the environment, and science and technology policy.

103. In his summary of the specific programmes, he said that in carrying out advisory activities ILPES wished to pay special attention to the least developed countries and the most depressed areas of the developing countries, while in training activities it was planning to go ahead with holding a central planning course in various specializations, in order to make a systematic collection of research and studies on development and planning in Latin America. Simultaneously it was intended to increase the number of national and subregional research and training centres. Research activities carried out by ILPES would aim at analysing the current state of planning the countries of the region, and its first results would be presented at the forthcoming meeting of ministers to be held in Guatemala.

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104. The Director of ILPES also stressed that the Institute would actively support the system of co-ordination and co-operation among planning bodies which constituted a specific example of technical co-operation among developing countries.

105. Lastly, he said that the ideas expressed reflected the recommendations of the governments regarding activities by ILPES formulated at the Second Conference of Ministers and Heads of Planning, held in Lima, when the Technical Committee of ILPES also met, and also those arising out of the First Meeting of Planning Experts of the Caribbean held in Havana and the fourth session of the Caribbean Development and Co-operation Committee held in Suriname in March.

106. In his concluding remarks, he thanked the governments for their constant support to ILPES, and referred to the continuing support of the United Nations and the United Nations Development Programme (UNDP), and the generous contribution by the governments of the region and the co-operation bodies, whose important assistance in recent years had made it possible for this permanent body of the United Nations to function within the CEPAL system.

107. Following the address by the Director of ILPES, a delegation observed that the resolutions adopted by the ministers and heads of planning at their meeting in Lima and the recommendations of the Technical Committee of ILPES, constituted a very important basis for the reorientation of the Institute's activities.

108. A delegate said that in the opinion of his country, the multifaceted effort made by ILPES could not go unnoticed, and requested the Institute to allocate particular importance to the exchange of experience of planning.

/109. Another

109. Another delegate expressed satisfaction at the increasing diversification of approaches to economic development and the evident recognition by ILPES of the need to adapt the parameters of planning to new circumstances, and said that he expected the work programme of ILPES to reflect these new modalities. In answer to a question by a member of the same delegation, the secretariat explained that there had been no duplication of programmes, although the titles of the subprogrammes might lead it to be thought that this had happened.

110. A member of a delegation requested that ILPES should combine its collaboration with the efforts being made by his country to strengthen the Higher School of Public Administration, and mentioned the importance of support by the Institute to the governments in the appraisal and followup of projects.

111. A member of another delegation mentioned his country's great interest in further investigation of aspects of planning and the international economic conjunctures, and particularly in the further development of machinery to link up medium- and short-term planning. In answer to a question from this delegation, the secretariat said that ILPES gave social planning courses, and had no objection to considering requests to organize courses in any one country.

112. Members of various delegations expressed satisfaction at the well-documented statement by the secretariat, expressed their support of the tasks which the Institute had been performing and stressed the need to prepare new ideas to guide future activities.

113. The report of the activities and work programme of ILPES was adopted without further comments. The Committee also adopted a draft resolution on ILPES, submitted by the delegations of Haiti, Peru and Mexico, for consideration at the plenary session.

/Latin American

Latin American Demographic Centre

114. The Committee went on to consider the activities of the Latin American Demographic Centre (CELADE). The Director of CELADE gave a brief summary of activities during the period 1977-1979 (document E/CEPAL/1067), for the following four subprogrammes:

(a) population statistics and followup of population trends, (b) population and development, (c) training, and (d) documentation and electronic data computing. In connexion with these, he made particular mention of some components of research and technical advisory and supporting services of the Population Programme.

115. In order to summarize results, he presented figures for the biennium which showed that 130 country missions had taken place, 268 professionals and officials had been trained in the course of the programmes, 61 research reports and documents for seminars and conferences prepared, and lastly 114 titles published for general circulation. He mentioned the importance which CELADE gave, as means of dissemination to four series of periodic publications which it issued regularly: "Boletín Demográfico"; the review "DOCPAL: Resúmenes de población en América Latina", "Notas de población", specialized population review; and "Cuadernos del CELADE", the first issue of which had just appeared, on the subject of "La política de población en América Latina."

116. He went on to refer to the work programme 1979-1980 (document E/CEPAL/1068), which was structured on the basis of the same subprogrammes as were mentioned in the report of activities, and stressed that the first objective of the subprogramme on population statistics and followup of population trends, was to develop a national capacity to organize, process and analyse population statistics, by encouraging the use of appropriate methods and technologies. With regard to the

/subprogramme on

subprogramme on population and development he highlighted three elements or main lines of work: urbanization, migration and regional development: development and population growth; and methodological problems relating to the incorporation of population variables in the economic and social planning process. These three elements contained a considerable component of technical advisory services to bodies of the planning system of the countries, mainly in the appraisal of the needs of population programmes and activities, preparation of country projects and followup of the implementation and appraisal of projects.

117. With regard to training, he said that CELADE would go ahead with the programme of demographic analysis courses at its headquarters in Santiago, intensive national courses on demography and specialized courses and seminars, and with the coparticipation of FLACSO in a postgraduate programme on social population studies.

118. He went on to stress the importance of the DOCPAL documentation system with its computerized data base containing over 8 000 bibliographical references on population in Latin America, which was growing at a rate of 3 000 entries per year. He also mentioned the important role of support and advisory services played by the CELADE computing service.

119. Lastly, he referred to the report of the First Meeting on Population of the Committee of High-Level Government Experts (CEGAN), held in Quito from 12-14 March 1979 (E/CEPAL/1072). After giving a brief summary of the background to this meeting, he commented on the content of the four resolutions adopted by CEGAN. Three of them gave guidelines for the regional Latin American population programme of CEPAL, the implementation of which had been entrusted to CELADE, while the fourth resolution concerned institutional managements in the field of population and recommended that at this session CEPAL should take a decision on the existence and periodicity of action by CEGAN in population affairs.

120. A member of a delegation expressed his country's lively interest in the studies on internal migration in the continent, which in his opinion lay outside the traditional demographic analyses. He said that 15% of his country's population lived abroad, and that this constituted a serious obstacle to development, and proposed that the problem of migrations should be treated as a new topic by the CEPAL secretariat, since in one form or another it was progressively affecting all the countries of the region.

121. A member of a delegation referred to resolution 1 of the First Meeting on Population of the Committee of High-Level Government Experts, which endorsed the general objectives and recommended priorities for the CEPAL population programme, and said that in view of the limitations on resources mentioned in the resolution itself, his country requested the secretariat, in implementing the programme, to take into account the following suggestions for reordering priorities: Of the general objectives of the CEPAL population programme (Article 1 of the resolution), the most important were considered to be those referring to the relations between population and development, population policy, personnel training in population matters and assistance in the organization of population censuses and surveys. The recommended order was therefore as follows: paragraphs e, f, g, h, b, c, d, i, j, a. Similarly, the topics and activities of the programmes (article 2 of the resolution) should have the following order of priority: paragraphs e, f, c, d, a, b, g, h, i, j, k. A member of the same delegation suggested that the CEGAN meeting on population should take place annually and submit to CEPAL a report of its activities which would be forwarded to the governments. Lastly, he asked the secretariat whether the reference to the decentralization of CELADE's activities appearing in resolution 3 of the First Meeting on Population of CEGAN implied the amplification of present CELADE activities or the creation of new offices.

122. A member of another delegation said that it was preferable to apply the criterion of strengthening existing regional units so as to allow more participation by the countries.

123. A member of a delegation expressed support for the advisory work carried out by CELADE and the report and recommendations of the First Meeting on Population of CEGAN. He considered that CEGAN could hold meetings on population every two years.

124. The representative of the United Nations Fund for Population Activities (UNFPA) briefly summed up the origins and evolution of the Fund's activities 10 years after its inception, and said that according to the present trend of UNFPA to probe more deeply into knowledge of the real problems of the countries, he considered the collaboration of technicians and government authorities of Latin America essential in order for the theory-practice relationship existing between population dynamics and the economic and social planning process to be made more explicit, and in order to identify the methods and institutions capable of implementing the proposals arising out of the discussions. He also said that the financial capacity of the Fund had increased at a vertiginous rate and that this would not have been possible without the close collaboration of the governments, regional commissions and other international bodies who, like CEPAL and CELADE in Latin America, had made it possible to become acquainted with the specific needs and concerns of the governments in population matters.

125. With reference to the population programme, the Committee adopted for consideration by the plenary a draft resolution on "Migration of unskilled labour" submitted by the delegation of Bolivia, and a draft resolution entitled "Population", sponsored by the delegations of Costa Rica and Venezuela.

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126. The report of the activities of CELADE and the population programme were adopted without further comments.

Adoption of the programme of work for 1979/1981

127. The Committee endorsed the CEPAL work programme in the water sector, which had been submitted to it for consideration after approval by the sessional committee on water.

127a. Following the discussion on the programme of work of the secretariat for 1979-1981, the Committee adopted a draft resolution entitled 'Programme of Work, 1979-1981' submitted by the delegation of Peru for consideration by the plenary.

Other matters

128. The secretariat stated that the satisfaction of present and future needs of office space and special areas, including those for meetings, for the CEPAL system, to which the Executive Secretary had referred, would result in proposals for new expenditures and other financial repercussions, which the Executive Secretary would be able to submit once the Commission had authorized him to undertake the corresponding study. This would be global and cover CEPAL headquarters in Santiago, the Mexico Office and the regional offices, and particularly Port of Spain and Buenos Aires where the rent costs had risen very considerably and added enormously to administrative expenses of the Commission. At headquarters in Santiago, all available space in the building was being used, and recently prefabricated classrooms had had to be built for the new CELADE courses which would begin in June 1979. Once the study was completed, the adoption of its conclusions would involve a very lengthy process of United Nations administrative and financial procedures, since the Secretary General would have to forward the proposals of the Executive Secretary for final approval by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the General Assembly.

129. A number of delegations expressed their interest in an agreement to the carrying out of the required study; and one delegation, which was in agreement with the proposed study, however, pointed out that this did not mean that its country was agreeing in advance to the allocation of the additional budgetary resources.

130. The Chairman, expressing the consensus of the participants, declared that the Committee agreed to authorize the Executive Secretary to carry out a detailed study and submit concrete proposals aimed at meeting present and future needs of office space and special areas, including those for meetings, for the CEPAL system.

Decentralization of the activities of the United Nations system

131. Finally, the Committee adopted a resolution entitled "Decentralization of the United Nations activities", sponsored by the delegation of Uruguay, for the consideration of the plenary.

/General comments

General comments on the programme of work and the structure of the secretariat

132. The United States delegation requested that the following statement should be included in the report:

"Prior to consideration of the particular resolutions the United States Delegation wishes to enter the following observations:

"The United States Delegation believes that while each resolution contains some inherent merits, each should be examined in the following terms: (1) ECLA work priorities; (2) budgetary constraints and (3) demands imposed by international meetings on ECLA resources and staff.

"Mr. Chairman, as we stated in the opening of Committee I the United States is very satisfied that the Draft Programmes of Work for 1979-81 established the relative priorities attached to different sector programmes. The United States, however, will not support any real net increase in the ECLA budget. Therefore, if new activities are to be considered, such as in the proposed resolutions, or existing programmes expanded, the United States position is that this must be done within a framework of the clearly understood ECLA priorities and be financed by offsetting decreases in other parts of the ECLA budget. Although we can consider new programmes and initiatives we cannot support any net growth in the ECLA budget beyond allowing for inflation. With these considerations in mind my delegation wishes to draw to the attention of the Committee three points: (1) our understanding of ECLA priorities, (2) our notation of the resolutions which require further expenditure of funds and (3) our notation of those resolutions which will require international meetings.

1. "With regard to priorities these are the established ECLA priorities as understood by the United States delegation:

Priorities

1. Critical poverty
2. Rural development - social and agricultural
3. North-South relations
4. Trade
5. Regional integration
6. Technical co-operation among developing countries
7. Projections of developmental conditions in 1990

/With regard

2. With regard to resolutions which require further expenditure of funds or would require shifting of present budgetary allocations; and in essence reformulate ECLA programme priorities we noted the following resolutions:

1. COM II/4 - requiring studies on the Draft Latin American Convention on the Civil Liability of Carriers.

2. COM II/5 - requiring UNDP or regional project funding of studies on an integrated transport system.

3. COM II/6 - requiring ECLA to study the migration of unskilled labour.

4. COM II/7 - maintaining programmes under Project 540 (Statistics).

5. COM II/8 - requesting additional funding for establishment of Day and Year of Autochthonous Culture.

6. COM II/9 - considering request for additional resources for CEPAL Publications Programme.

7. COM II/11 - requesting continued UNDP funding of ILPES after January 1, 1980 and support from member governments.

8. COM II/12 - requesting funds for ECLA establishment of a working group on remote sensing.

9. COM II/13 - requesting UNDP funding for work in the international monetary and financial field.

10. COM II/14 - requesting General Assembly provision of resources for Caribbean Development and Co-operation Committee.

11. COM II/15 - establishing as an ECLA work priority the study of a proposed Latin American Natural Resources Development Fund.

12. COM II/18 - requesting UNDP funding of Economic Integration studies, and

13. COM II/20 - requesting UNDP funding of ECLA work on relations between Latin America and Developed areas.

3. With regard to resolutions which require international meetings we note the following resolutions:

1. COM II/3 - open working group on financing machinery for scientific and technological development.

2. COM II/4 - subregional preparatory meetings of experts in trade and transport facilitation.

3. COM II/5 - timely meetings of government experts on an integrated transport system.

4. COM II/7 - meetings of working groups on specific topics on economic and social statistics.

5. COM II/12 - establishment of a working group on remote sensing.

6. COM II/15 - experts meeting on Latin American Natural Resources Development Funds study.

7. COM II/16 - periodic meetings of CEGAN on the Latin American regional population programme.

8. COM II/18 - technical seminar on Latin American integration.

9. COM II/20 - technical seminar on economic relations between Latin America and Developed Areas; technical seminar on co-operation between OECD and Latin America; technical seminar on Latin American relations with Japan.

4. Mr. President, the Delegation of the United States reiterates its appreciation of the merits of the various resolutions now before us. We would hope that in deliberations on these deserving resolutions the Committee will keep firmly in mind the priorities of ECLA and its financial and administrative realities. As a final observation we would like to note that while of interest to ECLA, certain of the resolutions would appear to fall outside the particular competence of the same. In the particular discussions we would hope that these resolutions will be directed to the appropriate mechanism within the United Nations system or other International Organizations. With this commentary in mind the United States Delegation is prepared to consider the resolutions before us."

133. The delegation of Colombia requested that the following statement should be included in the report:

"The programming of activities and the design of a Plan of Action for CEPAL is obviously of enormous importance, since the institution plays a very significant role in Latin America and the world. In the past CEPAL has had a notable influence on Latin American economic thinking, and no doubt in the future its creative activity will be fundamental in tracing the major lines of thought in the region and contributing to the formulation of policies on economic, technological and social problems. We must therefore be very demanding in establishing the tasks and functions of the institution, and this has clearly been understood both by the secretariat and by the countries. In recent days we have had occasion to hear quite detailed reports from CEPAL officials on the Commission's programme of work and we believe that the document prepared by the secretariat represents a ~~very~~ valuable contribution to the definition of the plan of activities which certainly attempts to translate into operational terms the mandates of the governments, following the outlines laid down at many preparatory meetings for the present session. In addition, the basic work carried out by the secretariat has been enhanced by an active exchange of ideas within this committee and by many very useful suggestions on the specific subprogrammes.

"The Colombian delegation, while recognizing the results achieved by the activities undertaken so far, wishes to express some points of concern of a rather general nature. In the first place, we cannot but be concerned at the enormous burden of work and dispersion of effort of the secretariat implicit in the proposed programme of work. Altogether the programme covers 14 broadly defined areas and contains 46 sub-programmes with roughly 140 "elements", each of which generally contains various sub-projects involving research or continuing activities of great complexity, such as the monitoring of the progress of the Latin American economy and the elaboration of long-term projections for it. Now, a study of the specific projects leads to the inevitable conclusion that they are all, in principle, desirable. It does not appear

/reasonable to

reasonable to argue that, for example, the study on the participation of women in the development process is a line of research of little social profitability or that it is unnecessary to study the possible application of solar energy technology in the region. However, and perhaps under the influence of our own domestic experience, we are inclined to believe that the attempt to cover so many fields may be self-defeating, and that perhaps it would be worthwhile to attempt to define priorities more strictly and concentrate the available resources accordingly, especially if it is born in mind that the total amount of regular resources of the institution will be frozen in real terms. In this connexion I should like to state that since it has not been possible to have data on the total cost of the resources involved in the proposed programme, the approval of this programme and of the various resolutions by my country is on the understanding that the implementation of the package of projects will be subject to the restriction of maintaining the regular resources at their present level.

"As was pointed out by the CEPAL secretariat at the appropriate time, despite the restriction on regular resources the proposed programme is financed in the sense that the institution has provided for a flow of additional extraordinary resources for the implementation of the programme. It is evident, however, that the opportunity cost of these extraordinary resources is not nil, since they unquestionably have alternative uses. This brings us, Mr. Chairman, to raise a second general point of concern.

"This concern is connected with the congruence between the criterion of decentralization adopted by the United Nations and the programme of work of CEPAL. An important element in decentralization is undoubtedly that of a proper division of labour, exactly as this has been proposed and is being implemented in the United Nations. It is not clear, however, that this division of labour is functioning very well with regard to CEPAL and other regional bodies such as the OAS, SELA or the Andean Group. We are inclined to think, in this case, that many of the tasks which CEPAL plans to carry out could be executed by other regional and subregional bodies, without the need for the Commission
/to turn

to turn into a kind of intermediary which centralizes the securing of resources, only to distribute them subsequently among other bodies through subcontracting arrangements. But this is not all. A fundamental element in decentralization, in our opinion, is that the initiatives regarding the problems to be studied should come not only from the secretariat, but also in large measure from the countries. In other words, the proper programming and execution of work requires a continuous flow of information from the secretariat to the countries and vice versa. With regard to the problem of defining the programme of work for the next two years, we are sure that the secretariat has tried faithfully to carry out the mandates of governments and has made a big effort to incorporate the suggestions on work made by government experts in various forums. We believe, however, that in order to prepare a draft programme like that before us it would really be desirable to maintain closer contact between governments and the secretariat. In the case of my own delegation, I can say that document E/CEPAL/1068 dated 21 March 1979 was received in the Foreign Ministry only this Monday, and we would certainly have liked to have more time to analyse this document and even submit suggestions to the secretariat before the session. Since we have already taken up enough of the valuable time of those present, however, we would simply like to mention one more concern arising from our reading of this document. We have the impression that in some cases the programmes proposed would involve the duplication of tasks already being carried out by CEPAL and other organizations, and that the results of the many prior efforts of research and co-ordination have not been fully incorporated into the design of the programme. There seems to be a certain tendency in the document to approach areas already covered at other levels. This is so, for example, in the case of the action carried out by SELA with a view to the establishment of a Latin

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/American Technological

137. In his view, that state of affairs had undeniable positive aspects and was in keeping with the political will of the member governments of the United Nations that the system should increasingly broaden its range of contact with sectors of world opinion.

138. As the United Nations system took up these new topics, there was a broadening of the contacts of the regional commissions to include new sectors of government in addition to the traditional sectors (Ministries of Foreign Relations, Economy and Planning). All that meant that a number of groups were growing up in the countries who saw CEPAL as their counterpart within the United Nations and therefore expected to receive its substantive support. Moreover, there were the interests of the countries of the Commission, which obviously had to be taken into account by the secretariat. Thus, an increasing mass of activities had been created, to which the secretariat had to respond and which was reflected in the work plan of the Commission and in the creation of special units within the secretariat.

139. In addition to this source of expansion of the topics dealt with by CEPAL there was the idea that the regional commissions should gradually be converted into the main points for the execution of the United Nations programmes. The regional commissions, which had wanted to be a focal point of the system for these activities at the beginning of the 1950s, had lost some importance in subsequent decades, because of the appearance of big world organizations like UNCTAD, UNIDO, etc.

140. Now, however, there was a tendency to give increasing importance to the regional commissions, and this was unreservedly supported in the resolution on restructuring adopted by the General Assembly a few months ago. Thus, the regional commissions should prepare for a new task which would in some way change their traditional functions, expanding them considerably and facing them with the need to meet the repercussions of the broader range of topics of the system on the one hand, and on the other the progressive decentralization of activities to the regional commissions. Thus, at the same time that the range of

/topics being

topics being dealt with by the United Nations was being expanded, the problem of resources was becoming more and more pressing. The countries which contributed most to the financing of the system had expressed the desire that the budget should not grow any more in the coming years, which meant in effect a freeze on budget resources. All that implied a kind of contradiction, since at the same time that the activities were being expanded, the resources remained unchanged. However solid the arguments in favour of that attitude, it plunged the regional commissions in a serious dilemma: how to carry out their duties with scanty resources.

141. In the face of that problem, various measures had been taken. Firstly, there had been an internal redistribution of resources. Thus, for example, in the case of the subject of women, the budgetary resources were enough to pay for only one staff member, but it had been possible to form a team by transferring staff from other projects to work on this topic, in respect of which very insistent requests were made by governments. Secondly, an appeal had been made to bilateral sources and to UNDP, and thanks to the resources generously contributed by the latter and by a number of countries it had been possible to fulfil to a large extent the assigned tasks.

142. Thirdly, since it had been recognized that the problem also implied an internal change, the Administrative Management Service had been asked to programme the restructuring of the Commission. The AMS had submitted its report, described in the introduction to document E/CEPAL/1068, whose recommendations, once implemented, would make it possible to cope more successfully with the new tasks entrusted to the secretariat. In addition, in order to make the divisional structure more flexible in tackling its new responsibilities, CEPAL was experimenting with the use of task forces comprising staff from different divisions and projects and from ILPES and CELADE.

/143. This

143. This job of "accommodating" the mandates received from the United Nations system and the Commission itself to the shortage of resources demanded a constant effort of imagination and selection, which in practice meant that the secretariat was defining priorities designed to satisfy in the best possible manner the many demands on the part of the governments, without neglecting the central problems of the Commission.

144. In addition, the United Nations, which faced a similar problem, had begun to implement the resolution on the decentralization of activities from Headquarters to the Regional Commissions. For that purpose the Executive Secretaries of the different regional commissions had met in New York, and recently in Rabat, where they had reported to the Director-General that to date the activities had been decentralized, but that the same had not yet been done with the resources which, under the restructuring, were to be transferred to the regional commissions together with their new responsibilities - no easy task, since each sector naturally resisted efforts to deprive it of its own resources.

145. The Executive Secretary noted that an agreement of principle already existed with Headquarters in relation to the decentralization of operational activities, and that the Office of Technical Co-operation at Headquarters had shown full understanding. When the region possessed bodies such as ILPES and CELADE, with long traditions in planning and population, respectively, there was no point in many of those activities being carried out from New York. That type of problem should be solved gradually, but could not be solved quickly. Attempts were being made to secure agreement from the Department of Economic and Social Affairs that the substantive tasks in the field of economic and social development should be viewed in the light of a general approach by the entire United Nations system, and that an effort should be made to distinguish those tasks which could be carried out more efficiently in the Centre from those which were being carried out more efficiently in the commissions.

146. Returning to the observations made by the representative of Colombia, the Executive Secretary said that CEPAL was in permanent contact with IDB concerning the projects under way, and was co-operating with SELA and its Action Committees. It consulted regularly with OAS in order to eliminate duplication in the programmes of the two institutions, and a very special form of co-ordination - perhaps unique in the system - was maintained with the Office of the Regional Director of UNDP, which made it possible to work in permanent contact and in a complementary manner in regional projects with identical criteria. The Executive Secretary then pointed out that although much remained to be done in the field of co-ordination with UNDP and other agencies, the problem had not been ignored, and that efforts were being made to avoid overlapping and duplication of activities, in order to ensure the best possible use of the meagre resources currently available to the United Nations system.

147. In short, a new CEPAL was being created, and the remarks of the representative of Colombia had permitted a very frank analysis of those problems, which the Governments should analyse for the benefit of the Commission. Mr. Iglesias noted that the resolution on decentralization submitted to the plenary contained a provision which enjoyed his full support: that the secretariat should specially convene the Committee of the Whole with the aim of considering, in the light of the results of the decentralization of the operational and research activities, an appropriate structure for the Commission and its subsidiary bodies, as well as its major priorities for the future. He emphasized that the resolution faithfully reflected the secretariat's desire to consult the countries in that field once the process of restructuring of the United Nations had clearly taken shape and once it was possible to reconcile the increasing dispersion and proliferation of tasks with the budgetary problems which had to be faced and could not be ignored.

148. One representative emphasized the desirability of ascertaining what CEPAL was and what its objectives were, an issue which the countries that supplied the funds had been discussing for some time in the United Nations with the countries which, because of their status of under-development, in some way benefited from those funds. He added that it could be said that a substantial number of the developed countries and socialist countries were systematically opposed to the secretariat being authorized to carry out any activity which might involve new inputs of funds; at the same time one could observe that as a result of the work of new multilateral forums the activities previously carried out by the regional commissions had been reduced or eliminated, producing a centralization of activities which had seriously hampered the operation of the United Nations as a system - a problem which the restructuring of the economic and social sector of the United Nations was designed to solve. He felt that it was necessary to strengthen CEPAL and restore to it the role of a main economic and social development centre which it had previously played in the region, and that the fundamental problem lay in the financial resources which each of the regional commissions needed to carry out properly all that was entrusted to it. Accordingly, his delegation felt that in the resolution on decentralization of United Nations activities the Secretary-General should be requested to take the necessary steps to ensure that, together with the functions to be entrusted to the Commission under the decentralization plan, the corresponding resources should also be transferred.

149. Speaking at the invitation of the Committee, the United Nations Assistant Secretary-General for Planning and Programme Co-ordination referred to the relationship between the formulation of the Commission's work programme and the programme planning applied by the United Nations, underlining

/the importance

the importance of recognizing the specific priorities of each region, and the differences between one region and another, and between them and Headquarters. Priorities could not be established using rigid criteria derived from a global viewpoint, and in that regard it was essential to improve the joint planning between the different United Nations bodies. Such improvements were currently being made. Nevertheless, in order to improve the planning process it was essential for the different units and bodies in the United Nations system to respect the concept of priorities more strictly; the various offices sometimes insisted on assigning the same level of priority to everything they did.

150. The representative of Bolivia adding to the observations of the Assistant Secretary-General on the difficulty of establishing priorities, noted that the work programme proposed by the secretariat inevitably reflected the composition of its human resources by speciality. When the member countries, in considering the work programme, proposed other priorities, it was not easy for the secretariat immediately to shift its human resources from one activity to another. Nevertheless, new issues of great importance for many of the countries, which should be given high priority, were arising, but the secretariat could only cope with them using temporary additional resources. The industrialized countries should understand the situation and permit sufficient flexibility to enable the secretariat to take account of those new priorities for the period required in order to reduce the amount of resources allocated to activities which had been assigned lower priority. Otherwise the countries would find themselves with a secretariat work programme which was practically unchangeable, in which it would not be possible to introduce new topics.

151. The representative of the United States said that she wished to put on record the following observations:

"CEPAL annual reports are of considerable interest to the United States because approximately 25% of the Commission's financial resources come from the United States in the form of our assessed general contributions to the United Nations regular budget. CEPAL annual reports have not been as useful or important tools as they could be because of their generally sketchy nature and failure to provide budgetary data.

"The United States shares the concerns of the honorable delegate of Colombia and questions the lack of information in the annual report regarding priorities and resources available for and being applied to individual elements of the programme. The United States delegation believes that the dearth of information makes any meaningful review or commentary on the secretariat's activities very difficult. With regard to the resolution now before us it would have been very useful had the secretariat provided this committee with an evaluation in rank-order of the effectiveness and utility of the various elements of the work programme. Particularly useful in this regard would be any evidence the secretariat might produce of 'feed-back' from end-users of CEPAL projects, studies, etc.

"With regard to the annual report and the requirement in paragraph 3 of resolution 17 for a report to the nineteenth session on the completion of work called for by the various resolutions the United States notes that many of the listed projects have no specified starting and completion dates. While it might be natural that many of the projects would extend beyond a two-year work cycle, we believe it would be useful for delegates to know the entire (even if only approximate) life of each project and the projected cost of the project over its entire life. Thus, if a project began in 1976 and will only be completed in 1986, we should know this and not just be told that the project will continue through the two-year work cycle.

"We are pleased that the draft programme of work shows for the first time the relative priority attached to different sector projects. But the document would have been more useful if it had included actual cost estimates for each programme and project over the two-year period, as well as cost estimates of each project which extends beyond the two-year period under study, and if, in the case of continuing programmes and projects, it had indicated their funding levels in the previous biennium.

"The United States delegation wishes to request that the secretariat take note of these comments in conjunction with the adoption of the programme of work for the period 1979-1981."

152. The observations of the United States delegation were expressly supported by the delegation of the Netherlands.

153. Immediately after the approval of the resolution on the programme of work, the representative of the United Kingdom said that, although his delegation had participated in the consensus on the resolutions which had been approved, that did not mean that his country supported an increase in real financial resources for the CEPAL secretariat. His delegation was also in agreement with the observations made by the United States delegation.

/III. DRAFT

III. DRAFT RESOLUTIONS APPROVED BY COMMITTEE II FOR
SUBMISSION TO THE PLENARY OF THE COMMISSION

SCIENCE AND TECHNOLOGY

The Economic Commission for Latin America

Bearing in mind the provisions of General Assembly resolutions 2626 (XXV) on the International Development Strategy; 3201 (S-VI) and 3202 (S-VI), which contain the Declaration and the Programme of Action on the Establishment of a New International Economic Order; 3231 (XXIX), which contains the Charter of Economic Rights and Duties of States, 3343 (XXIX), on a special session devoted to development and international co-operation, and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries,

Recalling General Assembly resolution 3362 (S-VII) which convened the United Nations Conference on Science and Technology for Development (UNCSTD), resolution 32/115 and others which defined the terms of reference of the Conference,

Also considering decision 1 (I) of the First Preparatory Committee for UNCSTD, which assigned the regional economic commissions responsibility for convening regional preparatory meetings for that Conference,

Bearing in mind Economic and Social Council resolution 2028 (LXI) and CEPAL resolution 374 (XVII), which requested the Executive Secretary of the Commission to convene a Latin American preparatory conference for UNCSTD,

1. Expresses its satisfaction at the results of the two Latin American regional preparatory meetings for the United Nations Conference on Science and Technology for Development (Panama City, 16-21 August 1978 and Montevideo, 29 November- 1 December 1978),^{1/} at which a regional document was adopted and recommendations were made for an action programme for the utilization of science and technology in development;

^{1/} See the reports of these meetings in documents E/CEPAL/1058 and E/CEPAL/1059.

2. Notes that at the Second Latin American Regional Preparatory Meeting it was decided to convene an ad hoc working group to consider the possibilities and limitations of the existing machinery for the financing of scientific and technological development and forward its conclusions and recommendations to the eighteenth session of the Commission;

3. Also notes the resolution containing the conclusions and recommendations of the meeting of the Ad-Hoc Working Group on Financing Machinery for Scientific and Technological Development (Lima, 26 and 27 March 1979),^{1/} at which the basic principles for international financing machinery for the scientific and technological development of the developing countries were set out and the Andean Group proposal was considered;

4. Decides to forward the report and proposals of the Lima meeting to the Secretary-General of the United Nations Conference on Science and Technology for Development and request him to convene an open international working group on financing machinery for scientific and technological development with the responsibility of preparing a report before UNCSTD takes place;

5. Requests the CEPAL secretariat to compile a set of international and national financing mechanisms for scientific and technological development and submit it for study to the countries of the region and the open international working group which is to be set up;

6. Also requests the Executive Secretary of CEPAL to continue to collaborate with the member governments of CEPAL and the Secretary-General of UNCSTD in the preparations for the Conference and in subsequent follow-up activities.

^{1/} See document E/CEPAL/1079.

TRADE AND TRANSPORT FACILITATION

The Economic Commission for Latin America

Recalling the relevant provisions of the General Assembly resolutions concerning economic co-operation among developing countries 1/ and bearing in mind that regional trade and transport facilitation in Latin America, by its very nature, is a co-operative endeavour among developing countries,

Recalling further the principle, stated in Article 49 of the Treaty of Montevideo and in other regional forums, that facilitation of trade and transport is a tool for bringing about regional economic integration,

Recognizing that to achieve the objectives of its resolution 356 (XVI) of 13 May 1975 the CEPAL secretariat must actively support national, subregional and regional trade and transport facilitation programmes and there must be suitable institutional arrangements for this purpose,

Taking into account Section IV of the annex to General Assembly resolution 32/197 of 20 December 1977, which recognized the role of the regional commissions as principal centres for economic development, co-ordination and co-operation in their respective regions,

Having examined secretariat document E/CEPAL/1064 on CEPAL's role in trade and transport facilitation, which demonstrates, inter alia, the need to establish priorities for the secretariat's facilitation work programme.

1/ 3177 (XVIII) of 17 December 1973; 3241 (XXIX) of November 1974; 3442 (XXX) of 9 December 1975; 31/119 of 16 December 1976; 32/180 of 19 November 1977, and 33/195 of 29 January 1979.

Taking into account what was stated in the report of the Intergovernmental Preparatory Meeting (E/CEPAL/1054) on the possibility of continuing the preparatory work on a draft Latin American Convention on Civil Liability of Carriers in International Land Transport (CRT), and in view of the need for a uniform regional land transport liability régime for loss or damage to goods, or for delay in delivery,

Requests the Executive Secretary of CEPAL to:

(a) Convene in the principal geographical areas of the region, in consultation with governments, subregional meetings of experts in facilitation matters from both national and regional organizations to identify the main facilitation problems encountered in each area, set priorities and suggest measures that may assist countries in overcoming these problems, and help the secretariat to establish a more permanent and stable facilitation action programme;

(b) Prepare the studies requested in the report of the Intergovernmental Preparatory Meeting (E/CEPAL/1054) on a draft Latin American Convention on Civil Liability of Carriers in International Land Transport (CRT) and circulate these studies to the governments of member States for their comments and suggestions.

INTEGRATED TRANSPORT SYSTEM

The Economic Commission for Latin America,

Bearing in mind that the inherent disadvantages of landlocked countries are exacerbated in the case of the Latin American landlocked countries, Bolivia and Paraguay, by the lack of an articulated internal transport system or, in some cases, the lack of its prolongation in neighbouring countries,

Aware that the creation of an adequate transport infrastructure in Bolivia and Paraguay, besides making a significant contribution to their own economic and social development, would make it possible to link the Atlantic and Pacific countries by land, thus opening up major opportunities for Latin American integration and trade,

Considering that although Bolivia and Paraguay possess studies which identify their needs in terms of infrastructure and transport services, regrettably their resources do not allow them to complete that infrastructure within a reasonable time, and that furthermore the advantages deriving from an integrated transport system in the hinterland of the continent would also benefit the coastal countries, which could use it in their transcontinental communications,

Bearing in mind the valuable technical and financial contributions made by bodies such as the Inter-American Development Bank (IDB), the World Bank, the Board of the Cartagena Agreement (JUNAC), the Financing Fund for the River Plate Basin and the Pan American Highways Congress of the Organization of American States (OAS) to assist Bolivia and Paraguay in the improvement

of their internal transport infrastructure and their transport links with neighbouring countries and, through them, with overseas regions,

Recalling the special interest shown by the General Assembly, the Economic and Social Council, the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD) and the regional economic commissions in the problems of the landlocked countries of the world,

Taking note of the studies on international land transport carried out by the secretariat, in some cases with the valuable assistance of the Institute for Latin American Integration (INTAL) and the Andean Development Corporation (CAF), which highlight the need for close co-operation among all countries to improve, in particular, transport conditions in the regions of the interior of the South American continent, thereby promoting transcontinental mobility whose benefits are widespread,

Aware that account must be taken of the fact that INTAL is making a study of a transport network in the Southern Cone which could provide a valuable contribution,

1. Requests the Executive Secretary of CEPAL to prepare a study which should:

- (a) Identify the investment in infrastructure and transport equipment needed to establish adequate communications between the different regions of Bolivia and Paraguay and overseas ports;
- (b) Give special attention to projects which form part of an integrated regional transportation system designed to facilitate transcontinental land communications between Atlantic and Pacific countries;
- (c) Take account of the available national studies, which should be supplemented by new studies when necessary;
- (d) Evaluate as far as possible the benefits which would accrue to the different countries from the planned investment in transport infrastructure and services in Bolivia and Paraguay, with a view to facilitating

- (e) Indicate the institutional measures which must be taken to ensure that the use of the infrastructure built in Bolivia and Paraguay facilitates the creation and operation of efficient and economical transport services, as part of a genuine regional integrated transport system;
2. Also requests the Executive Secretary to:
- (a) Convene meetings of government experts of the countries covered by the studies mentioned in paragraph 1, in order to guide the secretariat in carrying out those studies and review them once they have been completed;
 - (b) Take suitable measures to ensure close co-ordination, in the execution of the studies mentioned in paragraph 1, with the international, regional and subregional bodies which have a particular interest in the matters dealt with by them,
 - (c) Negotiate with the United Nations Conference on Trade and Development (UNCTAD) for that organization's participation in the study mentioned in paragraph 1;
3. Declares its particular interest that the above-mentioned study should be a regional project of the United Nations Development Programme (UNDP) or a project of the United Nations Special Fund for Landlocked Developing Countries.

MIGRATION OF UNSKILLED LABOUR

The Economic Commission for Latin America,

Considering that the problem of international migrations, especially of unskilled labour, is of growing importance in the region, and particularly in the small and relatively less developed countries, whose prospects of development it affects,

Recognizing that it is urgently necessary to confront this problem and seek ways of solving it,

Requests the Executive Secretary of CEPAL to study, in co-ordination with other bodies of the United Nations system, the interregional migration of unskilled labour between countries of the region. The study should indicate the principal economic and social causes of such migration, evaluate its effects and recommend measures to retain, reintegrate and increase the human resources of the countries of the region, especially those which are relatively less developed.

GUIDELINES FOR THE STATISTICAL ACTIVITIES OF
THE CEPAL SYSTEM

The Economic Commission for Latin America,

Bearing in mind Economic and Social Council resolution 1947 (LVIII) of 7 May 1975, which requested the organizations and agencies of the United Nations to assist Member States in the planning and implementation of the 1980 World Population and Housing Census Programme,

Also bearing in mind that Economic and Social Council resolution 2055 (LXII) of 5 May 1977 requests the United Nations Secretary-General, in co-operation with the regional commissions and the appropriate United Nations specialized agencies, to provide all necessary support for this Programme in order to develop national capability for taking household surveys,

Considering, moreover, that the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries 1/ establishes inter alia the objectives of promoting and strengthening collective self-reliance through exchanges of experience, the pooling, sharing and utilization of technical resources, and the development of complementary capacities,

Aware of the fundamental importance of access to timely statistics for an adequate review of the problems raised by the economic and social development process,

1/ Adopted at the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, 30 August to 12 September 1978).

Requests the Executive Secretary of CEPAL:

(a) To maintain an up-to-date broad regional framework of statistical data on the economic and social situation of the countries of the region, and for this purpose to set up and maintain an economic and social statistical data bank;

(b) To promote and develop the application of appropriate methods of quantitative analysis for the investigation of the economic and social problems of the countries of the region;

(c) To intensify efforts to develop and apply appropriate methods of measurement for obtaining comparable data on the social situation, income distribution, poverty, economic development and employment in the countries of the region;

(d) To disseminate in a widespread and timely manner the statistical data collected and prepared by the CEPAL secretariat, the results of the qualitative analyses and the measurements effected, and the methodologies used;

(e) To help the countries to develop and increase their capacity for the timely production of economic and social statistics to facilitate the diagnosis of economic and social problems and contribute to orienting the development processes, and for this purpose convene meetings of working groups on specific topics, with the participation of national experts;

(f) To promote technical co-operation among the countries of the region, making use of the experience of those countries which have developed statistical methods and capacities;

(g) To take part in international efforts to develop and improve statistics, and contribute to ensuring that the region's statistical needs are considered in international recommendations;

(h) To collaborate with the countries of the region so that they can develop and consolidate national capability for taking household surveys, with a view to collecting demographic, social and economic statistics;

/(i) To

(i) To co-operate with the countries of Latin America in the organization, execution and processing of the population and housing censuses which they are to conduct as part of the 1980 World Population and Housing Census Programme;

(j) To co-ordinate the efforts made by the secretariat in the field of statistical development with those of other regional and subregional agencies, particularly in the estimation of the real product in a common currency, the measurement of well-being and the formulation of regional statistical recommendations.

ACTION IN THE FIELD OF CULTURAL CO-OPERATION

The Economic Commission for Latin America,

Recalling the Declaration of the Principles of International Cultural Co-operation, adopted in Paris in November 1966 by the General Conference of the United Nations Educational, Scientific and Cultural Organization, which states inter alia that "cultural co-operation is a right and duty for all peoples and all nations", and that "international co-operation, while promoting the enrichment of all cultures through its beneficent action, shall respect the distinctive character of each",

Considering that in January 1978, Latin American and Caribbean Ministers of Culture spoke in favour of "the need to develop cultural bonds among the countries of the area, as well as the urgency to revive our countries' native cultural manifestations",

Considering also that the Constituent Declaration of the Caribbean Development and Co-operation Committee recorded the importance of incorporating the cultural experience of our peoples into programmes and activities designed to strengthen co-operation and relations among our countries,

Noting that at its fourth session, held in Suriname in 1979, the Caribbean Development and Co-operation Committee adopted a resolution expressing the strongest support for the holding of the regional cultural event CARIFESTA in 1979,

Convinced that the development process can be made more fruitful by the continuous acquisition of knowledge from all sources and the awakening of sensibilities,

Recognizing that the traditions of thought and ways of life, as well as the values of peoples in their everyday life, must be strengthened and made articulate for the common tasks facing the Latin American region in the coming decade,

Persuaded that the collective experience accumulated by the different social groups and communities in Latin America, which give the region its distinctive features, should be enhanced and communicated through the accepted regional and international channels so that this experience can serve to inspire self-confidence in the peoples of Latin America today and better equip them to fulfil their common destiny and prepare for the future,

Mindful that only the deepest personal and collective involvement can bring about conditions which enable individuals and communities to understand their own problems and cope with them,

Conscious that only by being faithful to fundamental values which give meaning and a sense of belonging to our own environment can we affirm the cultural pluralism of Latin America and provide a concrete basis for the culture and intellectual co-operation which is necessary for the establishment of the New Economic World Order,

Emphasizing that such co-operation should be founded on respect for others and a concern for our mutual enrichment,

1. Requests the Executive Secretary to seek the views of the governments of the region as to the merits of proclaiming an International Year of Autochthonous Traditions and prepare a study on the basis of these views to be submitted to the next session of the Commission,

2. Invites the Director-General of the United Nations Educational, Cultural and Scientific Organization and other United Nations agencies concerned with the promotion of culture to support the efforts of the Executive Secretary to realize the objectives of the present resolution.

PUBLICATIONS PROGRAMME OF THE CEPAL SYSTEM

The Economic Commission for Latin America,

Bearing in mind that the CEPAL secretariat, in the course of its regular activities, produces studies and reports in the economic and social field which are of particular interest to governmental, technical and academic circles in the countries of the region,

Reaffirming the need for these publications to be made available to Spanish, English, French and Portuguese-speaking member States of the Commission,

Emphasizing the great importance attached to technical co-operation among developing countries and regions following the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries: a fact which renders even more necessary the wide distribution of the publications of the CEPAL system in its four official languages,

Reiterating its resolution 380 (XVII) of 5 May 1977, and particularly the section concerning the desirability that publications and documents should be prepared and distributed at the lowest possible cost,

1. Takes note with satisfaction of the report of the CEPAL Executive Secretary on the Publications Programme (E/CEPAL/1070) and the list of the principal CEPAL/ILPES/CELADE publications issued between April 1977 and March 1979 (E/CEPAL/1080);

2. Also takes note with satisfaction of the efforts of the secretariat to increase the number of publications in English and French, to distribute the principal works of the secretariat in a more efficient and timely manner, using electronic systems, and to bring them to the public at prices which are within the means of broader sectors of users;

3. Reiterates its desire that the secretariat should continue to publish and distribute the results of its intellectual work as widely as possible in the Commission's four official languages;
4. Expresses renewed concern over the limited resources, which prevent the secretariat from issuing many of its publications in English, French and Portuguese;
5. Requests the Secretary-General of the United Nations, bearing in mind the importance of distributing the publications of the Commission within and outside Latin America in the official languages of the Commission in an extensive and timely manner and at prices within the means of the users, to consider what measures might be taken to ensure that adequate resources are available to enable the Publications Programme of the CEPAL system to continue developing at a suitable rate;
6. Urges the member governments of the Commission to provide assistance, in the form of either financial aid or technical co-operation so that the studies and reports of the CEPAL system reach both the Spanish, French, English and Portuguese-speaking member countries and the countries in other regions for which they may be of interest.

STRENGTHENING RELATIONS WITH NON-GOVERNMENTAL
ORGANIZATIONS

The Economic Commission for Latin America,

Recalling that article 71 of the Charter of the United Nations calls for collaboration with non-governmental organizations by stating that "the Economic and Social Council may make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence. Such arrangements may be made with international organizations and, where appropriate, with national organizations after consultation with the Member of the United Nations concerned",

Recalling also that several plans of action adopted by the General Assembly emphasize the need to secure the participation of non-governmental organizations in the implementation of these plans, and contain special provisions in this respect,

Taking note that Economic and Social Council resolution 1296 (XLIV) of 23 May 1968 establishes the procedures for non-governmental organizations to obtain consultative status with the Council and its subsidiary bodies, so that the latter can secure expert information or advice from organizations having special competence in the subjects for which consultative arrangements are made, as well as to enable organizations which represent important sectors of public opinion in a large number of countries to express their members' views,

Bearing in mind paragraph 7(b) of the Terms of Reference and Rules 50 and 51 of the Rules of Procedures of the Commission,

Recognizing that the Commission has benefited from its relations with non-governmental organizations,

Recognizing further the desirability of expanding and strengthening links with non-governmental organizations within the areas of competence of the Commission,

1. Requests the Executive Secretary to:

(a) continue promoting and expanding collaboration with non-governmental organizations to the fullest practical extent, particularly with regard to areas of work which have been given high priority by the Commission;

(b) seek to make the best possible use of the expertise that non-governmental organizations can offer in the technical areas of the Commission's work programme;

(c) make appropriate use of the channels of information and communication of non-governmental organizations for the dissemination of information concerning the activities, work and reports of the Commission;

2. Invites interested non-governmental organizations with consultative status to attend meetings convened by the Commission as observers, in accordance with Rules 50 and 51 of the Rules of Procedures of the Commission, and requests the Executive Secretary, when he deems it necessary, to invite those regional or subregional non-governmental organizations which, even if they do not at present have consultative status, have special competence in areas of interest to the Commission's work programme, subject to the prior approval of the member States.

LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

The Economic Commission for Latin America,

Recalling resolution 340 (AC.66) of the CEPAL Committee of the Whole, adopted on 25 January 1974, which provides for the incorporation of the Latin American Institute for Economic and Social Planning (ILPES) as a permanent institution of the Commission and establishes a Technical Committee of ILPES consisting of representatives at the appropriate levels of the planning ministries of the countries of the Latin American region,

Also recalling CEPAL resolution 371 (XVII) of 5 May 1977 on the creation of a system of co-ordination and co-operation among planning bodies of Latin America and strengthening of the Latin American Institute for Economic and Social Planning,

Highlighting the contributions made by some governments of the region, by the United Nations Development Programme and by some governments of developed countries,

Recognizing that ILPES is fulfilling the important role of giving impetus to the planning process in the region through its training, advisory, research and co-operation activities among the planning bodies of Latin America.

Also recognizing that ILPES should play an increasingly important role in the promotion of co-operation among the countries of the region in the sphere of economic and social planning, within the framework of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries, 1/

1/ Adopted at the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, 20 August - 12 September 1979).

1. Notes with satisfaction the report on the activities of ILPES between 1977 and 1979 and future prospects; 1/
2. Expresses its satisfaction at the initiative taken by ILPES to co-operate actively with the member governments of the Caribbean Development and Co-operation Committee (CDCC) in accordance with a minimum work programme adopted at the fourth session of the CDCC (Paramaribo, 21-27 March 1979) on the basis of the recommendations of the First Meeting of Planning Experts of the Member Governments of the CDCC (Havana, 25-31 January 1979);
3. Notes with approval the resolutions adopted at the Second Conference of Ministers and Heads of Planning of Latin America and the Caribbean, held in Lima from 15 to 18 November 1978;
4. Takes note of the report of the Technical Meeting of the Second Conference of Ministers and Heads of Planning of Latin America, also held in Lima on 15 and 16 November 1978;
5. Endorses the recommendations contained in the report of the meeting of the Technical Committee of ILPES, held in Lima on 16 November 1978, pursuant to CEPAL resolution 371 (XVII);
6. Stresses that the System of Co-ordination and Co-operation among Planning Bodies of Latin America set up at the First Conference of Ministers and Heads of Planning of Latin America (Caracas, 13-16 April 1977) has had very satisfactory results since its inception and has strengthened mutual co-operation links;
7. Requests the Executive Secretary of CEPAL to ensure that the work programme of ILPES for the forthcoming period includes, inter alia:
 - (a) Assignment of special priority to studies on the situation and evolution of planning in Latin America with a review of the progress made and the obstacles encountered, with a view to facilitating the formulation

of lines of action aimed at the improvement of planning as a basic instrument for raising the levels of development of the countries of the region;

- (b) Intensification of training activities, including joint activities with national or sub-regional training centres, giving high priority to projects aimed at the relatively less developed countries of Latin America and the Caribbean;
- (c) Intensification of advisory services to the less developed countries and the less developed areas of the developing countries;
- (d) Intensification of support for the System of Co-ordination and Co-operation among Planning Bodies of Latin America by promoting mutual co-operation activities among the countries at the intra-regional and inter-regional levels,

8. Also requests the Executive Secretary of CEPAL, in conjunction with the Chairman of the Technical Committee of ILPES, to approach the Administrator of the United Nations Development Programme to secure the necessary support to continue the activities of ILPES in a Sixth Phase as from 1 January 1980;

9. Acknowledges with gratitude the voluntary contributions made by some member governments of the Commission to finance part of the activities of the Institute, and urges them to continue to provide this support and to make the greatest possible effort to increase their contributions as much as they can;

10. Expresses particular gratitude to the Administrator of the United Nations Development Programme for the decided support given to ILPES since its establishment and urges him to continue this support as from 1 January 1980;

11. Thanks most sincerely the Governments of the Netherlands and the Federal Republic of Germany and the International Development Research Centre of Canada (IDRC) for the generous voluntary contributions made during the last biennium in support of ILPES' training and documentation activities, and invites them to continue to make contributions during the forthcoming biennium in order to strengthen certain specific top priority programmes.

INTERNATIONAL MONETARY AND FINANCIAL ASPECTS

The Economic Commission for Latin America,

Considering:

The substantial and sustained external imbalances of the developing countries and the consequent need for external financing on suitable terms and conditions for these countries;

The sharp fluctuations in the exchange rates of the principal currencies, with their effects of uncertainty regarding trade and private capital flows between countries;

The protectionist trends observable in some industrial countries, which adversely affect the possibilities of placing products exported by developing countries, and in particular by Latin America;

The process of permanent evaluation and review of the international monetary system carried out by the international agencies concerned;

The need to keep up to date information and analyses in the international monetary and financial field with the aim of improving the external economic policies of the countries of the region;

The valuable work already done by the secretariat with the financial support of the United Nations Development Programme,

1. Recommends the secretariat:

(a) To continue maintaining close contact with the Centre for Latin American Monetary Studies (CEMLA) and with the meetings of Governors of Central Banks of the countries of the region, supporting them, within its possibilities, in the study of the monetary and financial aspects of the economies of the Latin American and Caribbean countries;

(b) To undertake a continuing analysis of the main developments in the international monetary and financial field and an appraisal of their effects on the countries of the region in co-ordination with SELA and other specialized regional bodies when considered advisable;

(c) To continue to formulate new ideas in the field of monetary and financial co-operation in the region and to suggest improvements in the existing machinery, with a view to improving the conditions and terms of financing;

(d) To maintain and strengthen its contacts with other national and international agencies working in these fields inside and outside the region;

(e) To carry out a systematic appraisal of the implementation of the relevant United Nations resolutions as they concern the Latin American countries and the effects of the graduation criteria which are being introduced in some international financing institutions;

(f) To examine the possibility of carrying out a study on the long-term financing requirements of the countries of the region, taking into account the criterion of additionality, to serve as a basis for the formulation of recommendations;

2. Requests the United Nations Development Programme:

To continue to provide financial support to the secretariat with the purpose of carrying on its work in the international monetary and financial field.

ACTIVITIES OF THE CARIBBEAN DEVELOPMENT
AND CO-OPERATION COMMITTEE

The Economic Commission for Latin America,

Recalling resolution 358 (XVI) of the Economic Commission for Latin America, which in its operative paragraph 1 invited the governments of the countries within the sphere of action of the CEPAL Office for the Caribbean, the Governments of Cuba, the Dominican Republic and Haiti and other Caribbean countries as they achieve independence, to form a committee on development and co-operation to act as a co-ordinating body for activities relating to development and co-operation and as a consultative organ of the Executive Secretary of CEPAL,

Bearing in mind resolution 372 (XVII) of the Economic Commission for Latin America, which endorsed the Constituent Declaration, functions, rules of procedure and work programme of the Caribbean Development and Co-operation Committee and took note of the reports of the first and second sessions of the Caribbean Development and Co-operation Committee,

Taking into account decision 1978/64 of the Economic and Social Council, which expressed concurrence with the view of the Caribbean Development and Co-operation Committee that it was urgently necessary to implement the priority projects selected at its third session,

Noting that the CDCC Work Programme provides for action in the Caribbean area towards the objectives set out in the global decisions on economic co-operation among developing countries,

Considering the machinery and facilities that CDCC provides for co-ordinating the related activities of the specialized agencies and other United Nations bodies working in the Caribbean,

Recognizing that the activities of the Caribbean Development and Co-operation Committee are fully in accord with the concepts and recommendations of the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries,

1. Takes note of the report of the third session of the Caribbean Development and Co-operation Committee, held in Belize City, Belize (E/CEPAL/CDCC/44/Rev.3), and of the report of the fourth session, held in Paramaribo, Suriname (E/CEPAL/CDCC/54/Rev.1);
2. Takes note with satisfaction of the progress achieved in the implementation of the approved Work Programme since the second session of the Committee;
3. Endorses the programme of activities approved at the third and fourth sessions of CDCC;
4. Requests the CEPAL Office for the Caribbean, which serves as the CDCC secretariat, to proceed with the implementation of the tasks assigned by the third and the fourth sessions of CDCC, giving particular attention to the priorities identified;
5. Urges the secretariat to seek necessary inputs and support from the specialized agencies and other United Nations bodies, and from the TCDC programmes;
6. Renews its request to the Executive Secretary of CEPAL to make the necessary representations concerning the additional resources identified by the Committee, for consideration at the forthcoming session of the General Assembly, so that the tasks can be undertaken expeditiously.

POPULATION

The Economic Commission for Latin America,

Bearing in mind that in resolution 345 (AC.68) of the Tenth Extraordinary Session of the CEPAL Committee of the Whole it was recommended that the secretariat should study the adoption of appropriate machinery to enable Latin American governments to participate in a more direct, regular and effective manner in the field of population and its relations with economic and social development,

Taking into account its resolution 357 (XVI), in which it was decided, as an interim measure, to instruct the Committee of High-Level Government Experts set up under CEPAL resolution 310 (XIV), to take up, at specialized meetings, matters related to the field of population,

Also bearing in mind its resolution 376 (XVII), in which CEGAN was entrusted with the task of considering matters relating to population in the region, and in conformity with the proposals of the International Development Strategy, the New International Economic Order and the recommendations of the World Population Plan of Action, with due regard to national policies,

1. Re-emphasizes the importance of the relations between economic and social development and population characteristics and dynamics, as well as the need to consider the population variable in development plans and strategies, the implications of the demographic trends prevailing in the countries in the process of industrialization for economic, social and environmental problems, and the effect of the forms of development on those trends;
2. Takes note with satisfaction of the results of the First Meeting on Population of the Committee of High-Level Government Experts,^{1/} held in Quito from 12 to 14 March 1979;

^{1/} See E/CEPAL/1072.

3. Approves the conclusions and recommendations made by CEGAN at its First Meeting on Population, especially as regards the endorsement of the CELADE work programme for 1979-1980, the general objectives of the CEPAL population programme, and the recommendations concerning the priority to be given to technical co-operation and to training courses and seminars in the fields of population and the planning of professional training, as well as the promotion of the decentralization of these activities to permit proper participation by the subregions;

4. Instructs the Executive Secretary of CEPAL, in continuation of the practice established by the Commission at its sixteenth session,^{1/} to convene periodic meetings of CEGAN at least once every two years in order to:

- (i) Provide general orientation on the Latin American Regional Population Programme.
- (ii) Serve as a consultative mechanism for the Executive Secretary of CEPAL in defining the activities carried out by the CEPAL system in the field of population under that Programme and in evaluating their results, and
- (iii) Take note of the progress reports and work programmes of the Latin American Demographic Centre (CELADE) and present its conclusions and recommendations to the Commission.

^{1/} Resolution 357 (XVI).

PROGRAMME OF WORK 1979-1981

The Economic Commission for Latin America,

Having examined the draft programme of work of the CEPAL system for the period 1979-1981, in all its various fields of activity, including the Latin American Institute for Economic and Social Planning (ILPES) and the Latin American Demographic Centre (CELADE),

Having introduced the modifications proposed by the representatives of the member governments and the changes stemming from the resolutions adopted at the eighteenth session of the Commission,

Mindful that adoption of the programme of work calls for approval of the resources required to carry out the activities described therein,

1. Adopts the programme of work of the CEPAL system for 1979-1981 with the amendments introduced in conformity with the resolutions and decisions of the Commission at its eighteenth session,

2. Calls on the Executive Secretary to submit suitable proposals to the Economic and Social Council and General Assembly of the United Nations to enable the programme of work thus adopted to be carried out;

3. Requests the Executive Secretary to report to the nineteenth session of CEPAL on the implementation of this programme in the form in which it was adopted.

ECONOMIC INTEGRATION

The Economic Commission for Latin America

Bearing in mind resolution 365 (XVII) on economic integration and co-operation, in which the Commission recognized the progress made in linking together the economic systems of the countries of Latin America, both through the multilateral integration schemes of the Central American Common Market (CACM), the Latin American Free Trade Association (LAFTA), the Cartagena Agreement and the Caribbean Community (CARICOM), and through the Latin American Economic System (SELA), the Caribbean Development and Co-operation Committee (CDCC), the organization for the River Plate Basin and other institutions and forms of economic co-operation,

Also bearing in mind the fact, noted in the same resolution, that despite those advances the economic potential of regional integration and co-operation has not yet been adequately exploited,

Considering that, in the face of the difficulties besetting the international economy and the uncertain prospects for a sustained vigorous rate of growth in Latin America's trade with the developed world, co-operation among Latin American countries, and between them and other developing regions, should play a fundamental role in facilitating the transformations in the structure of production which are essential for the process of economic development,

1. Reaffirms its decision to strengthen the existing integration processes and other forms of Latin American economic co-operation and the intention of the governments of the region to assign all due importance in their national policies to means of strengthening the integration and co-operation processes;
2. Requests the CEPAL secretariat to complete the preparatory work for the technical seminar on Latin American integration and co-operation and to convene the meeting as soon as possible;

3. Also requests that, in the technical preparations for the seminar, the Institute for Latin American Integration should work in co-ordination with CEPAL, since the programmes of both institutions for 1979/1980 include various projects;

4. Further requests the secretariat to study the integration processes of LAFTA, the Andean Group, the Central American Common Market and CARICOM, and to strengthen its support to them and to SELA, with the aim of recommending measures to ensure the joint development of those countries; this calls for the preparation of studies and the provision of advisory services to the governments or secretariats at their express request;

5. Likewise requests the secretariat to continue to analyse other forms of co-operation both within the region and between Latin American countries and other developing countries, with the aim of broadening and extending such arrangements in the fields of industry, agriculture, trade, technology and investment

6. Reiterates its recommendations to governments and economic integration and co-operation bodies that they should extend the fullest possible co-operation to the CEPAL secretariat in connexion with the work hereby entrusted to it:

7. Calls upon the United Nations Development Programme to provide full support to the various integration schemes, and to the CEPAL secretariat for the implementation of these tasks.

ECONOMIC RELATIONS BETWEEN LATIN AMERICA
AND DEVELOPED AREAS

The Economic Commission for Latin America,

Considering the slow progress recorded in the negotiations on the implementation of the New International Economic Order, and the uncertainty and difficulties encountered by the region in its external economic relations in view of the problems of recession and inflation in the developed economies,

Also considering the expansion and diversification which must be achieved in Latin America's relations with specific developed areas in keeping with the requirements of the present stage of Latin American development,

Taking note with satisfaction of the progress achieved in the implementation of its resolution 370 (XVII) of 5 May 1977,

Bearing in mind the studies carried out by the secretariats of CEPAL and the Economic Commission for Europe on economic relations between the regions served by the two regional commissions, and the generous collaboration offered by the Centro Iberoamericano de Cooperación for the holding of a technical seminar which would permit the fulfilment of the provisions of CEPAL resolution 368 (XVII) of 5 May 1977;

Taking note with satisfaction of the progress achieved in the CEPAL study on Latin America's relations with the member countries of the Council for Mutual Economic Assistance (CMEA), and expressing appreciation for the co-operation provided to the study by the United Nations Development Programme (UNDP) and the United Nations Conference on Trade and Development (UNCTAD),

Also taking note with satisfaction of the studies initiated by the CEPAL secretariat concerning Latin America's relations with Canada and Japan, and expressing appreciation for the co-operation of the Canadian International Development Agency (CIDA), and of the Japanese International Development Centre, with the support of the Government of Japan.

Considering the progress made by the CEPAL secretariat in analysing the policies followed by the Latin American countries for the export of manufactures, and expressing appreciation for the co-operation of UNDP and the World Bank, and especially the generous contribution of the Government of the Federal Republic of Germany for the continuation of the project,

Expressing appreciation for the valuable co-operation of other governmental development agencies in support of the activities of CEPAL, ILPES and CELADE,

1. Requests the Executive Secretary of CEPAL:

- (a) To maintain priority for the continuing analysis of problems and policies regarding Latin America's external relations with the principal developed areas;
- (b) To organize in co-operation with the Economic Commission for Europe, on completion of the current studies on Latin America's relations with the countries of Europe, a technical seminar of experts to discuss problems and forms of co-operation with the European members of the Organization for Economic Co-operation and Development (OECD) in the fields of trade, financial flows, investment and technology;
- (c) To complete the well advanced studies on Latin America's relations with the European members of the Council for Mutual Economic Assistance (CMEA), to organize, in co-operation with UNCTAD, a technical-seminar, to discuss problems and possibilities of co-operation in the fields of trade, financing and technology between the countries of the two regions, and, following the seminar, to examine more thoroughly sectoral and specific aspects of these relations, in such a way as to produce conclusions of direct utility for action by governments;

- (d) To examine past trends in Canadian-Latin American economic relations, in particular those involving commercial transfers and financial and technological co-operation, with a view to maintaining and expanding the growing flows of goods, services and capital that have characterized economic relations between the two regions during the post-war years, and especially during the 1970s;
- (d) To intensify its study of Latin America's economic relations with Japan, particularly in the fields of industry, trade, agriculture, mining and transport, to continue to carry out such studies in co-operation with the Japanese International Development Centre, with a view to the holding of a technical seminar at an appropriate time, and to seek from the Government of Japan an increase in its support for the execution of these tasks;
- (f) To provide the member governments of the Commission, at their request, with advisory services in the field of export promotion policies, in co-operation with the UNCTAD/GATT International Trade Centre, and with similar services for the practical application of the results of the multilateral trade negotiations;

2. Requests the United Nations Development Programme to provide the CEPAL secretariat with maximum possible co-operation and financing in the implementation of all these activities.

ECONOMIC AND SOCIAL PROJECTIONS

The Economic Commission for Latin America,

Taking into account the fact that the recent General Assembly resolution 33/193 on "Preparations for an international development strategy for the third United Nations development decade" lays down that the strategy should:

(a) include a set of interrelated and concerted measures in all sectors of development, covering the macroeconomic, social and sectoral levels, regional, horizontal and international trade, the real transfer of resources and the monetary system;

(b) for the purpose of achieving the objectives set forth, within the framework of viable quantitative and qualitative objectives - both overall and sectoral - define agreed commitments of all countries for the adoption and implementation of policy measures and, where appropriate, include such commitments expressed in quantified terms or in a time framework, or in both;

(c) envisage appropriate arrangements for reviewing the progress in its implementation and its possible adaptation in the light of new needs or developments,

Bearing in mind that the nature of the objectives envisaged by the new strategy and the desire to consider them in a coherent qualitative and quantitative framework, the intention to specify quantitatively the policy commitments, and the decision to establish machinery for the appraisal and adaptation of the strategy in the light of new needs and developments, for the purpose of which CEPAL must contribute to the formulation, appraisal and adaptation of the new strategy in the conceptual and methodological framework set out above, will involve broad-ranging and intensive work on the forecasting of scenarios on the future of Latin American development and the preparation of the corresponding quantitative analyses,

Recalling, furthermore, that General Assembly resolution 3508(XXX) on "Examination of long-term trends in the economic development of the regions of the world" recommends that the regional commissions should prepare studies on the long-term trends in and forecasts of the economic development of their respective regions, taking into account the national development programmes of individual countries of the regions and the particular characteristics and priorities of the regions,

1. Requests the secretariat to continue and heighten its efforts to make progress in the prospective studies and medium and long term projections of the economic and social development of the Latin American countries as a whole, also taking into account the particular characteristics of each one of them;
2. Further requests that, in particular, it should advance in and intensify the research and projections required in order to contribute initially to the formulation of the new strategy and subsequently to its appraisal and adaptation to the new circumstances or conditions which may arise in the coming decade;
3. Urges the secretariat, for the purpose of carrying out the above-mentioned studies, to enter into contact with the governments of the countries of the region in order to gain a better knowledge of the methodological bases, objectives, goals and strategies of their national development plans and policies;
4. Also urges the secretariat to collaborate in methodological matters with the governments when they specifically so request.

DECENTRALIZATION OF UNITED NATIONS ACTIVITIES

The Economic Commission for Latin America,

Bearing in mind General Assembly resolutions 3405 (XXX) of 28 November 1975 on new dimensions in technical co-operation, 32/197 of 20 December 1977 and 33/202 of 29 January 1979 on the restructuring of the economic and social sectors of the United Nations system, and particularly resolution 32/197, annex, section IV,

Also bearing in mind Economic and Social Council resolution 1978/74 of 4 August 1978 on regional co-operation and development,

Recalling that resolution 32/197, annex, section IV, asserts that the regional economic commissions should:

(a) Play their role as the main economic and social development centres for their respective regions,

(b) Exercise team leadership and responsibility for co-ordination and co-operation at the regional level,

(c) Provide inputs for the global policy-making processes of the competent United Nations organs and participate fully in the implementation of the relevant policy and programme decisions taken by these organs,

(d) Be consulted on the definition of the objectives to be included in the medium-term plan of the United Nations covering fields of interest to them,

(e) Participate actively in United Nations operational activities and function expeditiously as executing agencies for intersectoral, subregional, regional and interregional projects,

(f) Intensify their efforts to promote subregional, regional and interregional co-operation and expand existing arrangements for the exchange of information and experience as a means of promoting more effective interregional co-operation, and

(g) Rationalize their structures,

Considering that decentralization is a process in which due account should be taken of the operational activities, research and analysis which the secretariat of the Commission can carry out more efficiently on behalf of the member States of the Commission,

Recognizing that although the global bodies of the United Nations have the important role of providing general and overall guidance and furnishing the required framework at this level, CEPAL is perfectly equipped in matters of its competence to operate independently in adapting these global principles and policies and applying them to specific situations in the region,

1. Notes the progress made in transferring the management functions relating to subregional and regional projects from United Nations Headquarters to the secretariat of the Commission, and requests the Secretary-General to make the necessary arrangements to transfer the resources corresponding to those functions;

2. Requests the Secretary-General of the United Nations, in consultation with the Administrator of the United Nations Development Programme, to take steps to implement the relevant resolutions of the United Nations General Assembly and the Economic and Social Council in matters relating to CEPAL, in order to confer on the Commission full rights to act as executing agency for the categories of projects described in General Assembly resolution 32/197, annex, paragraph 23;

3. Also requests the Secretary-General of the United Nations to adopt suitable measures as soon as possible, particularly with reference to CEPAL, to decentralize the appropriate research and analysis activities by transferring them from United Nations Headquarters to the secretariat of the Commission, in accordance with the provisions of the annex to General Assembly resolution 32/197, and to make available to the Commission adequate budgetary and financial resources, especially through redeployment, in order to strengthen the capability of the Commission;

4. Affirms that the secretariat of the Commission, being in constant and permanent contact with the governments of the region at the working or other levels, is clearly in the best position to carry out effectively operational activities, research and analysis of a subregional and regional nature;

5. Requests the Executive Secretary of CEPAL to:

(a) Intensify his efforts to promote subregional, regional and interregional co-operation, with special attention to the activities to which the member governments of the Commission have assigned priority, in accordance with Economic and Social Council resolution 1978/74;

(b) Identify the activities which should be carried out by the Commission as a result of the restructuring of the economic and social sectors of the United Nations system, in the light of General Assembly resolution 32/197, annex, section IV;

(c) Consider ways of rationalizing the structure of the Commission to enable it to carry out effectively the duties indicated in General Assembly resolution 32/197, annex, section IV, and in Economic and Social Council resolution 1978/74;

(d) Convene, in consultation with governments, a special session of the Committee of the Whole with the aim of considering, in the light of the results of the decentralization of the operational, research and analytical activities, an appropriate structure for the Commission and its subsidiary bodies, and analysing alternative methods of strengthening the Commission financially.

THE NEEDS OF CHILDREN AND THE SHAPING OF THE
COMING GENERATIONS WITHIN THE FRAMEWORK
OF DEVELOPMENT PROCESSES

The Economic Commission for Latin America,

Noting that the United Nations has laid down for the International Year of the Child the objective of prompting governments, public and private institutions, communities and families themselves to engage in more thorough analysis and reflection concerning the needs and problems of children, reviewing the services provided to them, appraising the resources effectively channelled to them, and defining the role of the coming generations in the planned development processes of the countries,

Noting also that the International Year of the Child is not an anniversary or a celebration, but a means devised by the international community to ensure that in each country, and in international relations, effective measures are adopted which will have positive significance in the shaping and development of children,

Considering that the population of Latin America and the Caribbean is predominantly young, since 41% of the total population is made up of children aged under 15, who have the right to improved living conditions for their physical growth and intellectual development,

Taking into account the fact that the situation of children is markedly different in the various countries of Latin America and the Caribbean and between the various social groups and regions within those countries,

Taking into account also the fact that the region contains more than 50 million children living in extreme poverty and more than 25 million living in total destitution,

Aware that some of the problems affecting the development of children can largely be attributed to the patterns of growth of the economies of many countries in the region,

Convinced that the healthy growth of children and the positive upbringing of the coming generations are pre-requisites for stable development and for planning for the future,

Recognizing that children aged under 6 require priority assistance, since they are at a critical stage in their development and growth, yet in the countries of Latin America it is precisely these children who receive least support and services,

1. Recommends to the governments of Latin America and the Caribbean that they should:

- (a) Provide resolute support during the International Year of the Child for activities and programmes which will permit better and more accurate knowledge of the problems of children, and draw up strategies for services to children which offer wider coverage and fairer opportunities;
- (b) Ensure that national and regional development plans include policies, programmes and activities which are specifically oriented towards promoting the healthy growth and positive upbringing of the coming generations;
- (c) Establish machinery for ensuring co-ordination with the private institutions which provide social services at the national, regional and local levels, with the aim of permitting the all-round development of the child;
- (d) Give a greater boost to social planning so that action by the social sectors is better guided, social development programmes are formulated at the national and regional level, and the action of public and private bodies is co-ordinated more effectively;
- (e) Channel more resources to programmes and activities designed to create social and environmental conditions which will improve the development of the coming generations;

(f) Assign greater priority to children of families in underprivileged situations, and to children aged under 6, who require support both within their families and from public services of various sectors;

2. Expresses its appreciation to the United Nations Children's Fund for the firm support provided in the past biennium for CEPAL's activities in the social sector;

3. Requests the Executive Secretary of CEPAL, in the studies on social policy being undertaken by the secretariat, to consider in a broader and more penetrating manner the effects on children of the prevailing patterns of development;

4. Urges the international co-operation agencies to assign greater importance in their co-operation programmes to activities which improve the situation of children.

REGIONAL CO-OPERATION IN THE FIELD OF
HUMAN SETTLEMENTS

The Economic Commission for Latin America,

Recalling United Nations General Assembly resolution 32/162, and especially its provisions concerning organization at the regional level,

Taking into account the fact that the resolution recommends the establishment of intergovernmental regional committee and corresponding support units in each of the economic commissions,

Also taking into account the fact that, under that General Assembly resolution, such intergovernmental committees would be responsible for formulating and implementing regional and subregional policies and programmes,

Bearing in mind that the Regional Human Settlements Programme proposed by the member countries of the Commission at its eighteenth session lacks the resources required for its implementation,

Recognizing the interest of the member countries of the Commission in improving their human settlements, and the importance of international co-operation for that purpose,

Also recognizing the effort made by the secretariat to implement the regional human settlements programme in part, using extrabudgetary resources, and the importance of this type of resources in supplementing ordinary resources,

Noting that the Economic Commission for Latin America is the only commission which has no intergovernmental bodies dealing with human settlements, and that its secretariat has no administrative unit responsible for such activities,

Recognizing, finally, that the region requires as soon as possible institutional machinery to assure co-operation both among the countries and between them and the international co-operation agencies,

1. Decides that regional co-operation in the field of human settlements should be the subject of analysis and specific examination by committees especially established for the purpose at the CEPAL sessions;
2. Requests the Executive Secretary to study the financial implications of setting up an Intergovernmental Committee on Human Settlements, and the possibilities of financing it;
3. Urges the member governments to send to the sessions of the Commission, or of the Committee which may deal with the subject, at least one expert in this field to provide the necessary technical support to their delegations.

ENERGY

The Economic Commission for Latin America,

Considering:

That the implementation of the New International Economic Order by all countries in the world is one of the fundamental bases for solving the serious problems of the developing countries, and particularly those of Latin America,

That Heads of State of the region have proclaimed that as regards hydrocarbons, their better distribution and the possible reinforcement of their exploration, exploitation and integrated development should be effected within the context of the New International Economic Order, as a basis for active peace with development for mankind,

That all the Latin American countries depend largely on hydrocarbon energy products to supply their energy needs,

That the achievement of the development targets which these countries have set themselves calls for growing consumption of energy,

That Latin America should aim at self-sufficiency in energy supply for the region, in the light of the development plans of the countries,

That the region possesses energy resources other than hydrocarbons which in many cases have not been utilized owing to the absence of appropriate technologies and the lack of adequate financing,

That the use of non-conventional sources of energy, such as solar and wind power, has not been disseminated in a form consonant with energy needs,

Recommends that the CEPAL secretariat should:

1. Maintain contacts of co-operation and joint study with the bodies of the region specializing in the energy field, taking account of the national development plans of the countries, with priority for the needs of energy-deficit countries;

2. Carry out the necessary studies to determine the energy situation in the region and provide its co-operation to the countries which so require it in the design and planning of their national energy policies,
3. In co-operation with other national and regional bodies specializing in the field of energy, promote horizontal co-operation in the investigation, exploitation and development of the energy sources of Latin America;
4. Provide its collaboration to the World Conference on New and Renewable Sources of Energy.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

ADDENDA TO THE DRAFT RESOLUTION SUBMITTED BY THE
DELEGATION OF PANAMA CONTAINED IN DOCUMENT
DOCSALA/PLEN/4

New fourth preambular paragraph:

Also considering that in taking ~~corrective~~ measures regarding the prices and availability of hydrocarbon products in our countries governments are frequently hindered by the lack of reliable, up-to-date information,

New third operative paragraph:

3. Study the feasibility of establishing as rapidly as possible a regional information system to collect and transmit automatically to the different countries data on stocks, demand, supply, transport and prices of hydrocarbon products from different sources.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

CORRIGENDA TO REPORT OF COMMITTEE I
(English version only)

Page 38, first paragraph, lines 10 and 11:

For "are contained in document Com.I/5/Rev.1 which is annexed to this statement" read "are contained in the United States reservation to the La Paz Appraisal".

Page 44, paragraph 3, line 3:

For "favourable" read "adequate".

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

PLACE AND DATE OF NEXT SESSION

Draft resolution submitted by Bolivia, Brazil, Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Trinidad and Tobago, United Kingdom and Venezuela

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 that at its eighteenth session the Commission has not taken a decision on the venue for its next biennial meeting, although conversations are in progress with some member Governments with this objective,

Decides to authorize the Executive Secretary to hold the necessary consultations with member States to fix the place of the nineteenth session and the most convenient date, subject to the agreement of the Secretary-General of the United Nations.

1944-1945

1946

1947-1948

1949-1950

1951-1952

1953-1954

1955-1956

1957-1958

1959-1960

1961-1962

1963-1964

1965-1966

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

METHODOLOGICAL RESEARCH FOR THE INCLUSION OF THE PATRIMONY
OF RESOURCES IN THE SYSTEM OF NATIONAL ACCOUNTS

Draft resolution submitted by the delegations of Costa Rica
The Economic Commission for Latin America,

Considering that the CEPAL secretariat has played an important role in the formation of the systems of national accounts in the different Latin American countries, as the pioneer and principal source of advice for our countries in this field,

Bearing in mind that considerable progress has been made in devising tools to evaluate production activities each year, in terms of the quantification of product flows, but that similar progress has not been made in quantifying the impact of the process of promotion on the productive potential of the natural resources of each of the countries. Thus a substantial proportion of the development policies which led to significant annual growth rates in the product were considered successful without taking into account the effects to such policies on the well-being of the community and the availability of natural resources,

Considering that this subject is of fundamental importance, since it is related to the potentialities of the productive capacity, which in the final analysis is that which makes it possible to attain the desired development targets, and that at the same time the efforts made in this field would make it possible to quantify, albeit in indicative form in the initial stages, the deterioration and waste of resources, in other words, that elements would be contributed to safeguard their future life, and that it

is also important to remember that these efforts would contribute to the implementation of the strategy for the third United Nations decade,

Recommends that the secretariat should take steps to study methodologies on the basis of which it would be possible to prepare, within the context of the systems of national accounts, statistics for the estimation of the patrimony of each country and changes in it produced by the development process. For this purpose it will be necessary to solve problems of the physical quantification and assessment of natural resources, and these processes should be embarked upon jointly by the countries of Latin America. For this purpose co-operation should be available from the appropriate international agencies.

CCE P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

ADMISSION OF SPAIN AS A FULL MEMBER OF THE COMMISSION

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering that the Commission was set up by Economic and Social Council resolution 106(VI), on the basis of the participation of all the countries of Latin America and the Caribbean, plus those which have had special relations of a historial, cultural, geographical or economic nature,

Bearing in mind, furthermore, that in this spirit the terms of reference of the Commission, as adopted by the Economic and Social Council at its sixth session, provide that membership of the Commission shall be open to Members of the United Nations in North, Central and South America and in the Caribbean area, and to France, the Netherlands and the United Kingdom,

Considering in particular that the Latin American countries require the increasing economic co-operation of the developed nations which belong to CEPAL, as well as their understanding and support for the proposals of all the developing countries for the implementation of the New International Economic Order,

Bearing in mind that the Government of Spain has communicated to the Commission, through the Executive Secretary of CEPAL, its desire that Spain should be admitted as a full member of the Commission,

Likewise considering that the historical, cultural and economic links - an essential requirement for the admission of new members to the Commission to receive consideration - between Spain and the Latin American countries have been particularly close and continuous throughout the history of the region and have grown stronger in recent years,

Although mindful that the desire has been expressed within CEPAL that membership should be restricted to the Latin American and Caribbean areas, on the basis of the thesis of decolonization and self-reliance,

Recognizing, however, that Spain has been supporting in good measure the efforts of the developing countries to alter the existing international order, and trusting that this attitude will continue and be intensified in a fruitful manner if Spain is incorporated in the technical work of the secretariat,

Taking into account in particular that within CEPAL the Latin American countries have given special priority and support to the undertaking of concrete activities and projects to boost Latin American co-operation and integration, through machinery for the optimal use of their resources on behalf of their countries,

1. Welcomes with satisfaction the request of the Government of Spain for admission as a full member of the Commission;
2. Recommends the Economic and Social Council, on the basis of the above preamble, to approve the admission of Spain as a full member of the Commission and to authorize to this effect the amendment of paragraph 3(a) of the Terms of Reference of the Commission by the addition of the word "Spain," following the words "the Netherlands" in the fourth line of the paragraph.

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

ADMISSION OF SPAIN AS A FULL MEMBER
OF THE COMMISSION

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering that the Commission was set up by Economic and Social Council resolution 106 (VI), on the basis of the participation of all the countries of Latin America and the Caribbean, plus those which have had special relations of a historical, cultural, geographical or economic nature.

Bearing in mind, furthermore, that in this spirit the terms of reference of the Commission, as adopted by the Economic and Social Council at its sixth session, provide that membership of the Commission shall be open to Members of the United Nations in North, Central and South America and in the Caribbean area, and to France, the Netherlands and the United Kingdom.

Considering in particular that the Latin American countries require the increasing economic co-operation of the developed nations which belong to CEPAL, as well as their understanding and support for the proposals of all the developing countries for the implementation of the New International Economic Order,

Bearing in mind that the Government of Spain has communicated to the Commission, through the Executive Secretary of CEPAL, its desire that Spain should be admitted as a full member of the Commission,

Likewise considering that the historical, cultural and economic links - an essential prerequisite when considering the possible admission of new members to the Commission - between Spain and the Latin American countries have been

particularly close and continuous throughout the history of the region and have grown stronger in recent years,

Mindful of the desire which has been expressed within CEPAL that membership of the Commission should be restricted to the Latin American and the Caribbean area, on the basis of the thesis of decolonization and self-reliance,

Recognizing, however, that Spain has been supporting in good measure the efforts of the developing countries to alter the existing international order, and trusting that this attitude will continue and be intensified in a fruitful manner if Spain were to join in the technical work of the Commission,

Taking into account in particular that within CEPAL the Latin American countries have given special priority and support to the undertaking of concrete activities and projects to boost Latin American co-operation and integration, through machinery for the optimal use of their resources on behalf of their countries,

1. Welcomes with satisfaction the request of the Government of Spain for admission as a full member of the Commission;
2. Recommends to the Economic and Social Council, on the basis of the above preamble, that it approve the admission of Spain as a full member of the Commission and authorize to this effect the amendment of paragraph 3(a) of the Terms of Reference of the Commission by the addition of the word "Spain", following the words "the Netherlands" in the fourth line of that paragraph.

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REVISION OF THE CRITERIA CURRENTLY USED BY UNDP
IN THE ALLOCATION OF RESOURCES

Draft resolution submitted by the delegation of Costa Rica
The Economic Commission for Latin America,

Bearing in mind the present negotiating process on the allocation of resources for the next UNDP programming cycle, by country and by region,

Aware of the almost exclusive use in such allocations of criteria of per capita income and population, which adversely affects the position of the countries of the region,

Recognizing the growing resource requirements of the countries of the region for technical co-operation, in view of changing needs, as well as their greater capacity to absorb such resources,

Requests the UNDP Governing Council to revise the criteria currently used for the allocation of resources, at the national and regional level, in such a way as to retain a programme of technical co-operation in keeping with the growing needs of the countries of the region, and urges that in no case should the resources allocated to Latin America and the Caribbean decline in relative terms, and that no country in the region should be excluded from the allocation of sufficient resources, so that the universality of the UNDP technical co-operation system is maintained.

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REVISION OF THE CRITERIA CURRENTLY USED BY UNDP IN
THE ALLOCATION OF RESOURCES

Draft resolution submitted by the delegation of Costa Rica

The Economic Commission for Latin America,

Bearing in mind the present negotiating process on the allocation of resources for the next UNDP programming cycle, by country and by region,

Aware of the almost exclusive use in such allocations of criteria of per capita income and population, which adversely affects the position of the countries of the region,

Recognizing the growing resource requirements of the countries of the region for technical co-operation, in view of changing needs, as well as their greater capacity to absorb such resources,

Requests the UNDP Governing Council to revise the criteria used for the allocation of resources, at the national and regional level, on the basis of the use of suitable indicators and criteria, in such a way as to retain a programme of technical co-operation in keeping with the growing needs of the countries of the region; ensure that in no case the resources allocated to Latin America and the Caribbean decline in relative terms, and that furthermore no country in the region is excluded from the allocation of sufficient resources; apply the criteria already taken into account for the relatively less developed countries; and maintain the universality of the UNDP technical co-operation system.

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C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REVISION OF THE CRITERIA CURRENTLY USED BY UNDP
IN THE ALLOCATION OF RESOURCES

Amendment submitted by the delegation of Haiti

Second preambular paragraph

Aware of the almost exclusive use in such allocations of criteria of per capital income and population, which adversely affects the position of certain countries of the region,

In the operative paragraph

Insert a full stop after "allocation of sufficient resources", and delete from "so that the universality" to "system is maintained".

Add a second operative paragraph to read as follows:

Also requests the UNDP Governing Council to redeploy the resources available, bearing in mind the most urgent requirements of the least developed countries of Latin America and the Caribbean.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

REPORT OF COMMITTEE III

1. AREA OF INTEREST

2. DATE

3. NAME OF THE PERSON OR PERSONS

4. ADDRESS

5. COMMENTS

Sessional Committee on Water

1. During the eighteenth session of the Commission, Committee III was responsible for examining the agenda item on the "Implementation of the Mar del Plata Action Plan at the regional level", and for studying the draft resolutions on this subject for subsequent adoption by the Commission. The discussions took place at three working meetings on 20 and 21 April 1979.

2. Representatives of 19 member States of the Commission attended the meetings: Argentina, Bolivia, Brazil, Canada, Chile, Costa Rica, Cuba, Ecuador, France, Guatemala, Guyana, Haiti, Mexico, Peru, Suriname, Trinidad and Tobago, United Kingdom, United States of America, Uruguay and Venezuela.

3. The following specialized agencies and other bodies of the United Nations were represented: the United Nations Development of Technical Co-operation for Development, United Nations Development Programme (UNDP), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization/Pan-American Health Organization (WHO/PAHO) and United Nations Environment Programme (UNEP).

4. The following Officers of Committee III were elected:

Chairman: Basil Petit (Trinidad and Tobago)

First Vice-Chairman: Jaime Vivanco (Chile)

Second Vice-Chairman: Zeno Santiago (Canada)

Rapporteur: Jaime Sancho (Mexico)

/5. At

5. At the opening meeting the following agenda was adopted in order to guide the Committee's discussions:

1. Consideration and adoption of the recommendations formulated by the Regional Meeting on the Action Plan of the United Nations Water Conference, held in Santiago, Chile, from 9 to 13 October 1978 (ST/CEPAL/Conf.63/L.4/Rev.1).
2. Objectives, strategies and organization, and work programme of CEPAL in the field of water (E/CEPAL/1077).
3. Consideration and adoption of the report of the Sessional Committee on Water of the eighteenth session.

6. The Committee considered the resolutions of the Regional Meeting on the Action Plan of the United Nations Water Conference, contained in the Report of the Latin American Regional Meeting on the Action Plan of the United Nations Water Conference (ST/CEPAL/Conf.63/L.4/Rev.1).

7. Among the resulting observations concern was expressed by several delegates with regard to resolution V on "Technical Co-operation among Developing Countries", operational paragraph (b) of which refers to an increase in the regular budget of the Commission for the financing of the first stage of horizontal co-operation projects.

8. The Committee examined and endorsed the following resolutions of the Regional Meeting:

- I. Institutional machinery for promoting the implementation of the Mar del Plata Action Plan at the regional level;
- II. International Drinking Water and Sanitation Decade;
- III. Water use in agriculture;
- IV. Need to build small and medium-sized irrigation dams;
- VI. Technical and financial co-operation;
- VII. Evaluation of water resources;
- VIII. Public information and education on water subjects.

/It also.

It also adopted resolution V after introducing an addition in the form of a recommendation.^{1/}

9. The Chairman suggested that the discussion of agenda item 2 "Objectives, strategies and organization, and work programme of CEPAL in the field of water" be divided into two parts: the first would comprise the work programme, including the objectives and strategies, and the second would cover the organization and the resolutions presented in the Committee. The reason for this procedure was that the work programme in the field of water, once approved by the Committee of the eighteenth session, would be submitted to Committee II which bears the global responsibility for the programme of work of the Commission. On the other hand, the recommendations on the organization, the resolutions and the report adopted by the Committee would be submitted directly to the plenary meeting of the Commission.

10. At its last meeting, the Committee unanimously adopted this report.

^{1/} See the new version of this resolution in annex 1.

/A. The

A. The Work Programme

11. The Committee ratified unanimously the following objectives for action by CEPAL approved in the Regional Meeting on the Mar del Plata Action Plan held in Santiago, Chile, 9-13 october, 1978:

- (i) to support efforts by governments in the development and sound use of water resources in the countries of the region;
- (ii) to facilitate co-operation among the countries of the region in water resource matters;
- (iii) to improve co-ordination of the work carried out within the region in the field of water resources by the United Nations specialized agencies and other world or regional organizations;
- (iv) to ensure, within the general aims set out above, the implementation of the recommendations of the Mar del Plata Action Plan.

12. Similarly, the following strategies for this activity were adopted:

- (i) to assume the central role referred to in the Mar del Plata Action Plan, by reviewing relevant aspects of the work carried out and planned in the various water programmes of the United Nations system and other international organizations;
- (ii) to encourage and undertake research to improve knowledge of water resources and the possibilities of developing them;
- (iii) to encourage and conduct training activities on topics related to water resources;
- (iv) to collect and disseminate, in conjunction with other specialized centres, information on the regional situation regarding water resource development and of the environmental effects of water management;
- (v) to promote and organize programmes of horizontal co-operation in research, training and technical and financial assistance for the development of water resources;

- (vi) to provide assistance at the request of interested governments, in the establishment of subsidiary bodies to consider common water resource problems.

13. The secretariat presented the sub-programme of work on water resources of the Natural Resources and Environment Division, which appears in the document "Draft programme of work of the CEPAL system" (E/CEPAL/1068). It was explained that the tasks included therein were former mandates which were still in force, except for that relating to horizontal co-operation. The Committee adopted the programme without comment.

14. The Committee considered and adopted the proposals regarding a work programme for the Mar del Plata Action Plan presented in the note by the secretariat "The implementation of the Mar del Plata Action Plan at the regional level" (E/CEPAL/1077). Briefly, the following tasks were approved:

- (a) Review of progress in the region in the implementation of the Mar del Plata Action Plan. The Committee will review the situation in water resource development and its prospects, as well as the extent to which the Committee's recommendations and resolutions have been fulfilled. For this purpose the secretariat will prepare a consolidated periodic report (every four years, for every other session of the Commission) on the basis of information provided by each country and specialized agency. A precondition to the undertaking of this survey will be the agreement on the part of the governments and the specialized agencies on the standardized form in which the information should be presented.
- (b) Review and co-ordination of relevant aspects of the activities of the international agencies in the region. The secretariat would explore ways and means of establishing a working group of officials of the specialized agencies and CEPAL to co-ordinate their

/activities; this

activities; this working group will, on request, advise the Administrative Committee on Co-ordination. It was also proposed that the specialized agencies should report to the Committee on Water Resources on: (i) the objectives and content of current and planned programmes; (ii) the timetable for the achievement of these objectives and (iii) the resources both of the government and of the organizations to fulfil these objectives.

- (c) Identification of needs for the exchange of information, for trained personnel and for the execution of training and research programmes. The advisability will be explored of putting forward a proposal for financing, with funds from bilateral assistance and international financing agencies, a project in the water field for the assessment of the technical capacity existing in the region, the need for new courses and seminars, needs for the exchange of information and documentation, and for water resources research.
- (d) The identification of suitable areas for horizontal co-operation and promotion of such co-operation. The secretariat will study the specific needs and possibilities of horizontal co-operation in the field of water and formulate projects with a view to their being financed by the regular United Nations budget for horizontal co-operation.

15. One representative requested that the work programme should include the subject "International Drinking Water and Sanitation Decade" and, in this connexion, that a study should be made of the sources of financing for investment in water supply programmes, that criteria should be prepared for the evaluation of projects that would include social benefits, and that meetings should be convened for the exchange of experience on the progress made and the difficulties encountered. This would not mean additional activities, but participation of CEPAL in those already under way. Several delegations supported this request. One of them considered that priority should be given to the supply of drinking water in rural areas.

16. The World Health Organization (WHO) stated that it was carrying out activities connected with the three aspects mentioned.

17. A delegation stressed the work undertaken by WHO in this field and recommended that the CEPAL secretariat should maintain contacts with WHO in the work relating to the Decade. It requested that at the next meeting of the Sessional Water Committee, to be held in 1981, the secretariat should report on the implementation of the proposed activities in this field.

18. In this connexion, CEPAL was entrusted with the further task of participating in the work carried out by WHO/PAHO with the aim of concerting the efforts of the countries of the region to ensure the fulfilment of the objectives of the International Drinking Water and Sanitation Decade, principally through:

(a) the study of the sources of financing for the investment required for the programmes prepared for the Decade and of the form in which internal resources of the countries can be channelled for that purpose, as well as whatever financial surpluses may be available;

(b) the definition of criteria for the appraisal of projects ensuring that they incorporate the social benefits of such projects and take account of the nature of programmes for the more needy sectors of the population;

(c) consultation with governments for the exchange of experience on progress achieved and difficulties encountered, and possibly the convening to special meetings of representatives of national and international agencies connected with the implementation of the programmes for the International Drinking Water and Sanitation Decade.

19. With regard to the item "Assessment and evaluation of water resources", section 14 of the secretariat document "Implementation of the Mar del Plata Action Plan at the regional level" (E/CEPAL/1077), the delegation of Bolivia expressed its disagreement with the information contained in the third paragraph. It resubmitted its draft resolution presented at the Regional

/Meeting on

Meeting on the Action Plan of the United Nations Water Conference. This draft resolution entitled "System of data collection by remote sensing" was adopted with some amendments (see annex 1).

B. Organization

20. In discussing the terms of reference of the Sessional Committee, some delegations expressed doubts concerning its organization and co-ordination, as set forth in paragraph 8 of the document "The implementation of the Mar del Plata Action Plan at the regional level" (E/CEPAL/1077).

21. Accordingly, it was decided to eliminate the references to the frequency and advance holding of the meetings of the Committee, and to the meetings of groups of experts. In view of the concern of some delegations, however, it was stated that the elimination of this part of paragraph 8 did not mean that the Executive Secretary could not, within his own terms of reference, convene meetings of experts acting in a private capacity on the subject.

22. The participants examined the draft resolution submitted by the delegation of Costa Rica on "Organization to promote the implementation of the Mar del Plata Action Plan", which was adopted by the delegations with some amendments (see annex 1).

/Annex 1

Annex 1

DRAFT RESOLUTIONS APPROVED BY COMMITTEE III FOR SUBMISSION
TO THE PLENARY SESSION OF THE COMMISSION

TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES 1/

The Economic Commission for Latin America

Bearing in mind that paragraph 4 and 5 of the resolution VI of the Mar del Plata Conference recommend the strengthening of regional institutions and the promotion by the UNDP of programmes of technical co-operation among developing countries, without prejudice to the action guidelines established by governments, through the institutional machinery planned to provide a framework and continuity for regional action;

Considering that the financial resources of the countries of the region are limited and that technical and financial co-operation is required from the specialized bodies of the United Nations and regional organizations, as well as co-operation among countries;

Recommends that:

- (a) measures be taken with immediate effect to foster the launching of projects for horizontal co-operation in the field of water resources in Latin America. In particular, the bodies of the United Nations system should make the budgetary adjustments needed to absorb the cost of such measures in 1979;
- (b) the Economic and Social Council, the General Assembly and other competent bodies should be requested to assign to CEPAL in 1979 and subsequent years from the regular budget of the United Nations, the sum of 300,000 dollars to finance the launching of horizontal co-operation projects. In the event

1/ This resolution is based on resolution V adopted by the Latin American Regional Meeting on the Action Plan of the United Nations Water Conference.

that it is not possible, because the budget period is well advanced, to secure these resources from the Economic and Social Council, the CEPAL secretariat is requested to study the possibility of reallocating resources among the various current programmes and increasing the degree of priority given to the programme of water resources and to the implementation of the Mar del Plata Action Plan;

- (c) member countries be invited to earmark the necessary funds, in their 1979 and subsequent budgets to finance their own co-operation activities.

SYSTEMS OF DATA COLLECTION BY REMOTE SENSING

The Economic Commission for Latin America,

Bearing in mind recommendation A of the Mar del Plata Action Plan, and especially paragraphs 3(g), 3(n) and 4 thereof concerning the shortage of basic information for development and its limited reliability;

Considering

(a) that developing countries do not possess facilities for gaining access to the right areas for obtaining such basic information;

(b) that the collection of data from conventional stations has been superseded technically and economically by the system of data collection by satellite;

Recognizing the need to obtain data without delay and with economies of scale, which will be reflected in the harmonization of the use of services and in the costs of infrastructural works and services in general;

Requests the specialized agencies of the United Nations to study the technical and economic aspects of satellite remote sensing, drawing upon the studies already accomplished and under way under the auspices of the United Nations Committee on the Peaceful Uses of Outer Space and its sub-committees.

ORGANIZATIONAL MEASURES TO PROMOTE THE IMPLEMENTATION
OF THE MAR DEL PLATA ACTION PLAN

The Economic Commission for Latin America,

Taking account of the recommendations and resolutions adopted by the United Nations Water Conference which go to make up the Mar del Plata Action Plan;

Considering that paragraph (a) of resolution VIII of the Action Plan requests the regional commissions "to play a central role in the promotion of intergovernmental co-operation" in the field of water resources in their respective regions and makes specific recommendations to them on areas of action and institutional arrangements for co-operation among the countries;

Bearing in mind that General Assembly resolution 32/158 "requests the regional commissions to strengthen and intensify their responsibilities in the water sector and, to this end, assign specific responsibilities to an intergovernmental committee within the regional commissions ... with the allocation, if necessary, of additional resources," thus confirming earlier decisions made by the Conference (resolution VII) and the Economic and Social Council (resolution 2121-LXIII);

Taking account of the resolutions of the Regional Meeting on the Action Plan of the United Nations Water Conference (Santiago, 9-13 October 1978), which point out, inter alia: (i) the need for institutional machinery within CEPAL to make a systematic follow-up of the implementation of the Plan by the countries of the region; (ii) the desirability of mobilizing through a focal point in CEPAL, support to governments of the region by the secretariat of CEPAL and the specialized agencies of the United Nations system, in order to promote the convergence of efforts; and (iii) the need to make maximum use of the existing intergovernmental machinery

in order to avoid the dispersal of resources and ensure efficiency in the action to be carried out;

Recalling Commission resolution 379 (XVII) on Natural resources;

Also recalling that General Assembly resolution 32/197 on the restructuring of the economic and social sectors of the United Nations system stated that the regional commissions "should exercise team leadership and responsibility for co-ordination and co-operation at the regional level";

1. Decides to promote the implementation of the Mar del Plata Action Plan at the regional level by directly assuming concrete permanent responsibilities at its regular sessions, through a Sessional Committee;

2. Urges the governments to send to all the sessions as a normal practice experts who are highly qualified to take part in this Committee;

3. Establishes the following objectives for action by CEPAL in the field of water:

- (i) to support all efforts by governments for the development and sound use of water resources in the countries of the region;
- (ii) to facilitate co-operation among these countries in water resource matters;
- (iii) to improve the conditions of the work being carried out within the region in the field of water resources by the United Nations specialized agencies and other world or regional agencies;
- (iv) to ensure, within the general aims set out above, the implementation of the recommendations of the Mar del Plata Action Plan;

4. Entrusts the following functions to the sessional committee:

- (i) to assume the central role referred to in the Mar del Plata Action Plan, by reviewing relevant aspects of the work carried out and planned in the various water programmes of the United Nations system and other international organizations;
- (ii) to encourage and undertake research to improve knowledge of water resources and the possibilities of developing them;
- (iii) to encourage and conduct training activities on topics related to water resources;
- (iv) to collect and disseminate, in conjunction with other specialized centres, information on the regional situation regarding water resource development and of the environmental effects of water management;
- (v) to promote and organize programmes of horizontal co-operation in research, training and technical and financial assistance for the development of water resources;

(vi) to provide assistance, at the request of interested governments, in the establishment of subsidiary bodies to consider common water resource problems;

5. Recommends that the CEPAL secretariat establish a water resources unit to act as a focal point within the secretariat on a permanent basis and at a high technical level.

6. Requests the Executive Secretary of CEPAL to prepare for consideration by the General Assembly at its next session, a request for increased resources to expand the secretariat's activities in the field of water. This increase has been estimated at a minimum of 80,000 dollars a year, including one professional post;

7. Also requests the Executive Secretary of the Commission to take the necessary measures to carry out the programme of work in collaboration with the appropriate specialized agencies.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegation of Bolivia

Add the following paragraph:

- 83 (a) Latin America faces not only the problems which affect the purchasing power of its exports, but also the lack of resources for identifying, exploring and developing its sources of basic commodities. Financing for these purposes has been seriously affected by problems of external indebtedness and social pressures in the developing countries. Moreover, there is generally not enough domestic saving capacity to make substantial investments in these fields. The result is that the main sources of financing have tended to be the transnational enterprises, on terms which in many cases have not been compatible with the interests and objectives of the recipient countries.

March 19

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
submitted by the delegation of Bolivia

Paragraph 142

142. After the words "... being drawn up for the next decade.", add the following: "In the same way, it should be noted that regional and subregional efforts aimed at economic co-operation and integration are seriously limited by the incipient state of development of the physical infrastructure of transport and communications between the different subregions and subsystems in the interior of the continent. The Inter-American Telecommunications Network...."

1. Introduction

The purpose of this document is to provide a comprehensive overview of the project's objectives, scope, and deliverables.

This document is intended for the project team and stakeholders, and it serves as a reference for the project's goals and expectations.

The project is a complex endeavor that requires the coordination of various resources and the implementation of a structured approach to ensure successful completion.

2. Objectives

The primary objective of the project is to develop a robust system that meets the needs of the organization and provides a significant improvement in efficiency and productivity.

Secondary objectives include the identification of key stakeholders, the establishment of a clear communication plan, and the implementation of a risk management strategy.

The project team is committed to achieving these objectives through a collaborative and transparent approach.

The project will be managed using a combination of agile and waterfall methodologies to ensure flexibility and control.

The project team will regularly communicate progress and challenges to the project sponsor and stakeholders.

The project will be completed within the specified budget and timeline.

The project team will ensure that all deliverables are of high quality and meet the requirements of the project.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
proposed by the delegation of Bolivia

Add the following paragraph:

298 (a) In the next decade, the Latin American transport system should be reshaped on the basis of the physical linking of the Atlantic and Pacific subsystems in South America so as to make it possible to incorporate the interior of the continent into economic activity by eliminating the problems resulting from the tradition of peripheral development. In addition, the Latin American transport network should allow for the use of different modes of transport and combinations of them, through the introduction of the necessary technological advances.

6/10/55 10:1

[illegible]

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ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
submitted by the delegation of Bolivia

Replace the text of paragraph 189 by the following:

"In order to impart greater dynamism to the economic integration process in Latin America, measures must be taken within the formal integration schemes to facilitate an effective solution of the problems involved in the fair distribution of benefits and risks among the participating countries, ensuring a real and timely transfer of financial and technological resources to the less developed countries. It will also be necessary to carry out reforms in order to advance in other fields of economic development in addition to tariff reduction and the establishment of industrial complementarity programmes and agreements, such as the infrastructure, agriculture, technology, transport and the defence of common interests."

At 200°C 75%^a

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
proposed by the delegation of Bolivia

Paragraph 198

Replace the beginning of the paragraph with the following text:

"198. With regard to basic commodities, consultations should be stepped up with a view to making the best possible use of the experience and resources of the region.

Among possible action is the following:

- (i) Establishment of financial machinery capable of providing the resources needed for the identification, exploration and development of the basic commodities of the region;"

The following sub-paragraphs should be renumbered accordingly.

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ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073) proposed
by the delegation of Cuba

Paragraph 4

Part two, paragraph 4

Insert the following new sentence after the words: "... of
both a conjunctural and a structural nature."

"In that connexion mention was made of the desirability
of establishing and strengthening the public and co-operative
sectors, as well as introducing and improving centralized
planning in all sectors of the national economy. Thus,
although some countries..."

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegation of Cuba

Paragraph 1 of Part Two should begin as follows:

- "1. Development should be conceived of as an integral process characterized by the achievement of economic and social targets which ensure the effective participation of the population in the development process and in its benefits. To this end it is essential to make far-reaching structural changes in this field as a prerequisite for the process of integral development which it is sought to achieve. These two aspects..."

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegation of Mexico

Amend paragraph 87 of Part Two to begin:

"87. Mention should also be made of the negotiations on the Common Fund, progress on which has been extremely slow and difficult as a result of insufficient political will on the part of the majority of the developed countries, so that the initial position of the Group of 77 has been deteriorating. The basic elements of the Fund have now been established, and this represents good progress, but there has been some distortion of the initial purpose for which this financial body was set up, namely ..."

Exhibit 100

Page 100

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

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ADDITIONAL INFORMATION

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA
Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073) proposed
by the delegation of Mexico

Paragraph 91

After footnote 3/ in the second sentence, insert the following words: "and which have progressively become accepted as principles, are fully valid..."

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegation of Mexico

Paragraph 94 of Part Two should begin as follows:

94. In order to promote the position of the developing countries it is necessary to take as a basis the draft code of conduct for transnational corporations drawn up by a group of Latin American countries, and negotiate on it with the industrialized countries, bearing in mind the principles mentioned above, which are reiterated in the draft code: transnational corporations should comply...

NOTES ON THE SUBMISSION OF MANUSCRIPTS

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
proposed by the delegation of Brazil

Paragraph 133

Insert the following after the first sentence:

"Also of importance was the recently signed Amazonian co-operation treaty, which established regular machinery for co-operation among eight Amazonian countries for the purpose of promoting the harmonious development of the Amazonian territories and the sound use of the natural resources of those territories.

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ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073), proposed
by the delegation of Cuba

New paragraph 6a

"6a. In accordance with the above, stress was placed on the desirability of greater use of planning systems in all sectors of the national economy, in order to help to eliminate the present economic and social conditions endured by the deprived classes of the region and also allow them to participate more effectively in decision-making and in national development plans and programmes."

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ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073),
proposed by the delegations of Colombia, Mexico and Uruguay

Paragraph 202

Should read as follows:

"202. With regard to legislative matters, without prejudice to the efforts being made in this respect at the international level the Latin American countries should adopt effective rules, in accordance with national development policies, to govern foreign investment, the conditions in which the transfer of technology takes place, the restrictive trade practices of the transnational corporations, and questions concerning industrial property, so as to avoid exclusivity agreements and abuses of market power."

9/16/1990 (Thu)

1. 10:00 AM - 10:30 AM: Arrived at the office. Checked mail and answered some phone calls. Started working on the report for the meeting with the Marketing Department.

2. 10:30 AM - 11:00 AM: Meeting with the Marketing Department. Discussed the new product line and the marketing strategy for the upcoming year.

3. 11:00 AM - 12:00 PM: Continued working on the report. Reviewed the data and made some adjustments.

4. 12:00 PM - 1:00 PM: Lunch break. Spent time with the family.

5. 1:00 PM - 2:00 PM: Meeting with the Sales Department. Discussed the current sales figures and the goals for the next quarter.

6. 2:00 PM - 3:00 PM: Continued working on the report. Reviewed the data and made some adjustments.

7. 3:00 PM - 4:00 PM: Meeting with the Finance Department. Discussed the budget for the upcoming year and the financial goals.

8. 4:00 PM - 5:00 PM: Continued working on the report. Reviewed the data and made some adjustments.

9. 5:00 PM - 6:00 PM: Finished the report. Reviewed it one last time and made some final adjustments.

10:00 PM

1. 10:00 PM - 10:30 PM: Arrived at the office. Checked mail and answered some phone calls. Started working on the report for the meeting with the Marketing Department.

2. 10:30 PM - 11:00 PM: Meeting with the Marketing Department. Discussed the new product line and the marketing strategy for the upcoming year.

3. 11:00 PM - 12:00 AM: Continued working on the report. Reviewed the data and made some adjustments.

4. 12:00 AM - 1:00 AM: Lunch break. Spent time with the family.

5. 1:00 AM - 2:00 AM: Meeting with the Sales Department. Discussed the current sales figures and the goals for the next quarter.

6. 2:00 AM - 3:00 AM: Continued working on the report. Reviewed the data and made some adjustments.

7. 3:00 AM - 4:00 AM: Meeting with the Finance Department. Discussed the budget for the upcoming year and the financial goals.

8. 4:00 AM - 5:00 AM: Continued working on the report. Reviewed the data and made some adjustments.

9. 5:00 AM - 6:00 AM: Finished the report. Reviewed it one last time and made some final adjustments.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegations of Argentina, Bolivia and Mexico

Paragraph 132

This paragraph should read as follows:

"132. The strategy to be defined for the 1980s should contain the formulae and modalities which will facilitate the convergence and interconnexion of the different integration systems and machinery; the integration systems and SELA, in their respective spheres of competence, should play an important role in this task and in the harmonization of the formal systems and the de facto forms of co-operation."

THE UNITED STATES OF AMERICA

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

MEMORANDUM FOR THE DIRECTOR, FBI
SUBJECT: [REDACTED]

DATE: [REDACTED]

TO: [REDACTED]

[REDACTED]

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegations of Argentina, Brazil and Mexico

Paragraph 157

This paragraph should read as follows:

"157. The present rules and procedures of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT) should be strengthened to bring them in line with the trade, development and financial needs of the developing countries, since they have not satisfied the aspirations of those countries."

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)
proposed by the delegations of Argentina, Bolivia, Mexico and
Uruguay.

Paragraphs 296 to 299a

9. Transport

296. Maritime transport should continue to be emphasized during the Third United Nations Development Decade, since it remains the principal means by which foreign trade is conducted. The approach adopted for the Second Decade should be expanded to embrace not only the behaviour of liner conferences but also the manner in which they introduce and respond to technological change. A problem of continuing importance is the difficulty in obtaining liner rate reductions to reflect port improvements. It is also necessary to study the adaptation of the region's merchant marine policies in order to deal with unilateral decisions of the liner conferences and their negative effects on the developing countries. In addition, during the next decade the developing countries should achieve full participation in the formulation of policies or decisions at the international level for this sector in keeping with those adopted for the region.

297. Another serious problem for Latin America concerns the introduction of new transport technology, particularly that associated with the use of containers.

298. Containerization affects not only ships themselves but also port, road and railway infrastructure as well. If the introduction of container or other cargo handling is not

/adequately planned

adequately planned and regulated, this can lead to the obsolescence of transport units and handling equipment of the developing countries which, for economic reasons, cannot respond to the challenge of the new technology, or to staggering investments in new units and equipment.

Account should also be taken of the evolution, both at the technical level and as regards costs, being registered in the world as a result of the adoption of international transport.

299. In the next decade, the Latin American transport system should be reshaped on the basis of the physical linking of the Atlantic and Pacific subsystems in South America so as to make it possible to incorporate the interior of the continent into economic activity and eliminate the problems resulting from the traditional peripheral development. In addition, the Latin American transport network should take account of the use of different modes of transport and combinations of them, and introduce the necessary technological advances.

299a. With regard to international land transport, encouragement should be given to meetings aimed towards integration, such as the annual meetings of Ministers of Public Works and Transport of the countries of the Southern Cone, at which promising results have been obtained.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)

Paragraph 190

Amended version:

190. On the other hand, formulae and machinery must be established to facilitate the convergence and interconnexion of the different integration schemes and machinery; for this purpose, the integration systems themselves and SELA, in view of its flexibility, should play an important role within their respective spheres of competence, giving impetus to co-operation activities in specific fields aimed at drawing up common regional positions for negotiations in international forums, or for making use of the joint bargaining and purchasing power of Latin America.

Paragraph 157

Amended version:

157. The present rules and procedures of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT) have failed to satisfy the developing countries' expectations and should be changed in line with their trade, development and financial needs.

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C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA
Eighteenth session
La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073)

Paragraph 132

This paragraph should read as follows:

132. Also of importance is the recently signed Amazonian co-operation treaty, which established regular machinery for co-operation among eight Amazonian countries for the purpose of promoting the harmonious development of their respective Amazonian territories and the sound use of the natural resources of those territories.

Mr. H. H. H. H. H.

Dear Sir,
I have the honor to acknowledge
the receipt of your letter of the
10th inst.

and in reply to inform you
that the same has been forwarded
to the proper authorities for their
consideration.

I am, Sir, very respectfully,
Your obedient servant,
J. H. H. H. H.
The undersigned has the honor to
acknowledge the receipt of your
letter of the 10th inst. and in
reply to inform you that the same
has been forwarded to the proper
authorities for their consideration.
I am, Sir, very respectfully,
Your obedient servant,
J. H. H. H. H.

C E P A L

COMISION ECONOMICA PARA AMERICA LATINA

Decimoctavo período de sesiones
La Paz, Bolivia, 18 al 26 de abril de 1979

TEXTO ENMENDADO DE LA EVALUACION PREPARADA POR EL CEGAN
Y CONTENIDA EN LAS PARTES SEGUNDA Y TERCERA DEL
DOCUMENTO E/CEGAN/1073

RENTAL RATES

RENTAL RATES FOR THE YEAR 1960
RENTAL RATES FOR THE YEAR 1961
RENTAL RATES FOR THE YEAR 1962

RENTAL RATES FOR THE YEAR 1963
RENTAL RATES FOR THE YEAR 1964
RENTAL RATES FOR THE YEAR 1965

C E P A L

COMISION ECONOMICA PARA AMERICA LATINA

Decimoctavo período de sesiones
La Paz, Bolivia, 18 al 26 de abril de 1979

Modificación al texto del informe del CEGAN (E/CEPAL/1073)

Párrafo 190

Quedaría así:

190. Por otra parte, es necesario establecer fórmulas y mecanismos que faciliten la convergencia e interconexión de los diferentes esquemas y mecanismos de integración, para lo cual los propios sistemas de integración y el SELA, dada su flexibilidad, deben desempeñar un papel destacado en el marco de sus respectivas competencias dando impulso a acciones de cooperación en campos concretos y tendientes a la definición de posiciones comunes de la región para negociaciones en foros internacionales o para aprovechar la capacidad de negociación y compra conjunta de América Latina.

Párrafo 157

Quedaría así:

157. Las actuales reglas y procedimientos del Fondo Monetario Internacional y del Acuerdo General sobre Aranceles y Comercio (GATT), deben ser cambiadas de manera que respondan a las necesidades del comercio, el desarrollo y las finanzas de los países en desarrollo, en virtud de que no han satisfecho las aspiraciones de estos países.

C E P A L

COMISION ECONOMICA PARA AMERICA LATINA

Decimoctavo período de sesiones
La Paz, Bolivia, 18 al 26 de abril de 1979

9. Transporte

296. Durante el Tercer Decenio de las Naciones Unidas para el Desarrollo se debería continuar haciendo hincapié en el Transporte Marítimo, ya que éste sigue siendo el modo principal por el cual se efectúa el Comercio Exterior. El enfoque adoptado para el segundo decenio debería ampliarse para abarcar no sólo el comportamiento de las Conferencias de Fletes sino también la forma en que se introducen cambios tecnológicos y se responde a ellos. Un problema de importancia persistente es la dificultad de obtener reducciones de tarifas de las Conferencias de Fletes en aquellos países que registren un mejoramiento operativo y de costos de sus puertos. Debe estudiarse también la estructuración o adecuación de políticas de Marina Mercante de la región para hacer frente a decisiones unilaterales de las agrupaciones conferenciales internacionales y sus efectos negativos para los países en desarrollo. Asimismo, durante el próximo decenio los países en desarrollo deberán alcanzar una plena participación en la definición de políticas o decisiones a nivel internacional para este sector acordes con las que se estructuren para la región.

297. Otro problema que afecta considerablemente a América Latina está vinculado a la introducción de la nueva tecnología de transporte, particularmente la asociada con el uso de contenedores.

298. El uso de contenedores afecta no sólo a los barcos mismos, sino también a la infraestructura portuaria, vial y ferroviaria. Si no se planifica y regula adecuadamente la introducción de servicio de transporte en contenedores u otras unidades de carga, puede llegarse a la obsolescencia de unidades de transporte y equipos de manipuleo de los países en desarrollo, que por razones económicas, no estén en condiciones de responder al desafío de la nueva tecnología, o a ingentes inversiones en nuevas unidades y equipos. Debe tenerse igualmente en cuenta la evolución, tanto técnica como en materia de costos, que se va registrando en el marco mundial por la adopción del transporte multimodal.

298 bis. En el próximo decenio, el sistema de transportes de América Latina deberá tomar una nueva configuración orientada a la vinculación física de los subsistemas del Atlántico y del Pacífico - en América del Sur y Centroamérica -, permitiendo incorporar el interior del Continente a la actividad económica y eliminando los problemas resultantes del tradicional desarrollo periférico. Asimismo, la red de transportes de América Latina deberá tomar en cuenta la utilización de diferentes sistemas de transporte y sus combinaciones introduciendo los avances tecnológicos indispensables.

299. En materia de transporte internacional terrestre deberían promoverse reuniones latinoamericanas tendientes a la integración, tales como las Reuniones Anuales de Ministros de Obras Públicas y Transportes de los países del Cono Sur, en las cuales se han obtenido promisorios resultados.

F. RECOMENDACIONES A LA SECRETARIA DE LA CEPAL, Y FUTURAS
ACTIVIDADES DEL CEGAN SOBRE LA PARTICIPACION
REGIONAL EN LA ELABORACION Y APLICACION
DE LA NUEVA ESTRATEGIA INTERNACIONAL
DE DESARROLLO

299 bis. Los países de América Latina y el Caribe miembros de la CEPAL deberán participar activamente en el plano político y técnico en las deliberaciones que se están llevando a cabo en relación con la preparación de la nueva estrategia, a fin de que ésta llegue a constituir un verdadero y eficaz programa de acción internacional para promover el desarrollo económico y social de los países en desarrollo, contemplando adecuadamente los intereses y puntos de vista de los países de la región. El elemento central de una estrategia internacional de desarrollo debe ser la ejecución del programa de acción para el establecimiento de un Nuevo Orden Económico Internacional y se deberán tomar medidas que permitan aumentar la participación de los países en desarrollo en los procesos de adopción internacional de decisiones para la gestión de la economía mundial.

300. Para contribuir a la realización de estos propósitos se pide a la secretaría:

i) que avance en los estudios básicos acerca de la naturaleza y alcances de la nueva estrategia, y de otras materias no consideradas en la sección III de la presente evaluación o en las que se estime conveniente profundizar, de acuerdo con las resoluciones pertinentes de la Asamblea General, así como también en el análisis de los objetivos, metas, políticas y medidas que debiera incorporar la nueva estrategia, y en particular los mecanismos de análisis y evaluación que podrían establecerse;

ii) que examine los diversos aspectos concernientes a la participación que deberán tener la CEPAL y los países de la región en la aplicación de la nueva estrategia que adopte la Asamblea General;

/iii) que

iii) que considere la forma más adecuada para complementar y ampliar la estrategia internacional de desarrollo que adopte la Asamblea General con un programa de acción regional para el próximo decenio que promueva su eficiente aplicación y la correspondiente evaluación periódica;

iv) que en su decimoctavo período de sesiones la CEPAL considere la conveniencia de convocar al CEGAN siguiendo los mecanismos preestablecidos y considerando la marcha de los trabajos de la secretaría y el programa de actividades del Comité Preparatorio de la nueva estrategia internacional de desarrollo;

v) que en las acciones que en cumplimiento de los trabajos previos a la nueva estrategia internacional de desarrollo y para su puesta en acción tenga que realizar el SELA, la secretaría de la CEPAL le preste todo el apoyo posible.

Segunda Parte

I. DESARROLLO ECONOMICO Y SOCIAL

A. PREAMBULO

1. El desarrollo debe ser concebido como un proceso integral caracterizado por la consecución de metas económicas y sociales que aseguren la participación efectiva de la población en el proceso de desarrollo y en sus beneficios, para lo cual se hace necesario la realización de cambios estructurales profundos en dicho ámbito como prerrequisito para el proceso de desarrollo integral a que se aspira. Ambos aspectos son partes indisolubles de un todo, se condicionan mutuamente, y difícilmente puede concebirse una estrategia efectiva que no los considere en forma simultánea y no los pondere en su justa dimensión. Con fines de presentación y en aras de la claridad, ambas esferas aparecen separadas, pero, por cierto, la interpretación de los procesos reales y la formulación de estrategias deben considerarlos en conjunto.

2. Se observa con preocupación que este enfoque integrado no siempre ha tenido expresión real en la región, que el énfasis ha sido más decidido en la consecución de objetivos vinculados directamente al crecimiento económico, y que los objetivos de orden social, cuando no han sido abiertamente relegados, no han merecido la prioridad adecuada.

3. Por estas consideraciones, algunos conceptos fundamentales de las evaluaciones regionales anteriores 1/ adquieren hoy aún mayor vigencia:

"Un fenómeno de crecimiento económico no es equivalente al desarrollo propiamente dicho aunque el crecimiento económico acelerado y autónomo es un requisito del desarrollo integrado. El crecimiento, en sí mismo, frecuentemente no ha dado lugar a cambios cualitativos que incidan de manera determinante en el bienestar humano y la justicia social (...) pues el sistema productivo se ha seguido mostrando incapaz de dar respuesta y solución a acuciantes problemas como los de la pobreza masiva,

1/ Evaluación de Quito (1973), de Chaguaramas (1975) y de Guatemala (1977).

desempleo, la insuficiencia de servicios sociales básicos y la escasa participación de los estratos mayoritarios de la población en la vida económica y social de sus países."

"El desarrollo integral no puede obtenerse mediante esfuerzos parciales en ciertos sectores de la economía o del sistema social, sino a través de un avance conjunto de todos los aspectos."

"Las estructuras tradicionales, en la medida en que oponen obstáculos al cambio, dificultan el progreso social y el desarrollo económico. En esas condiciones, es necesario desplegar esfuerzos aún más intensos para operar los cambios cualitativos y estructurales (...) que son indispensables para crear los fundamentos que permitirán la consecución de sus metas socioeconómicas."

4. Los planteos anteriores constituyen un desafío de grandes proporciones para los países de la región, máxime si se considera que el desarrollo pretende cumplirse en el marco de severas restricciones externas, y enfrentando obstáculos internos tanto coyunturales como estructurales. En efecto, si bien algunos países han logrado avances en la exportación de manufacturas, la de productos primarios constituye todavía las cuatro quintas partes de las exportaciones de la región, con todas las perniciosas secuelas que acarrea esa fragilidad de la base exportadora. Demás está recalcar que los países latinoamericanos, debido a esa circunstancia, han sufrido los efectos de dificultades crónicas en sus sectores externos, en las que el efecto negativo de la relación de intercambio ha desempeñado un papel primordial.

5. La vulnerabilidad del sector externo, unida a la insuficiente capacidad de generar ahorros, y la necesidad de mantener un determinado ritmo de crecimiento económico para evitar el desempleo, entre otros motivos, han determinado en la mayoría de los países, un abrupto crecimiento de la deuda externa, cuyo servicio constituye una carga cada vez más pesada de sobrellevar y que limita significativamente la capacidad para atender las premiosas necesidades sociales de la región.

5 bis. Acorde a lo anteriormente expresado se hizo énfasis en la conveniencia de una mayor utilización de los sistemas de planificación en todos los sectores de la economía nacional que así lo requieran, a fin de contribuir a la eliminación de las actuales condiciones económicas y sociales que padecen las clases desposeídas en la región, permitiéndoles además una participación efectiva en la toma de decisiones y en los planes y programas nacionales de desarrollo.

6. En el terreno de las restricciones internas, el balance entre necesidades y disponibilidades arroja déficit alarmantes que configuran un panorama de pobreza extrema para cerca de la mitad de la población latinoamericana. La magnitud de la desocupación tanto abierta como disfrazada que sufre la mayoría de los países de la región está señalando la insuficiencia de la

estructura productiva para generar empleo y está demostrando que si no se encara con decisión ese problema, su acumulación, además del elevado costo social que ya implica, impondrá esfuerzos que se tornarán inatendibles con el correr del tiempo.

7. Los países miembros del CEGAN, sin rehuir la responsabilidad del desarrollo, que recae primordialmente sobre ellos mismos, ni ceder el derecho soberano que tienen de controlar y desarrollar sus propios recursos naturales y sus actividades económicas en la forma que estimen adecuada, están conscientes de que requieren de la cooperación internacional, además de sus propios esfuerzos, para alcanzar con la rapidez necesaria las metas de desarrollo integral deseadas. Para ello será necesario que se realice una transferencia masiva de recursos en términos reales y se obtenga un trato justo y equitativo en sus relaciones económicas y comerciales con los países desarrollados, dentro del espíritu del Nuevo Orden Económico Internacional y en forma que respete y refuerce los principios y orientaciones que cada país imprime a su desarrollo.

B. EL DESARROLLO ECONOMICO Y SOCIAL DE AMERICA LATINA

8. Este es el cuarto ejercicio que realiza la CEPAL para evaluar las tendencias económicas y sociales que se identifican en la región y las políticas que se han estado aplicando para orientar esas tendencias en un sentido que se ajuste a los objetivos, metas y prioridades establecidos por la Estrategia Internacional del Desarrollo (EID) y por las resoluciones de las Naciones Unidas sobre el establecimiento de un Nuevo Orden Económico Internacional y la Carta de los Derechos y Deberes Económicos de los Estados. La presente década, ya próxima a concluir, ha sido un período de grandes fluctuaciones y contrastes, de rápido crecimiento económico al comienzo y sensible debilitamiento hacia el final. En el largo plazo, y no obstante el significativo crecimiento económico medio de los tres últimos decenios, se ha mantenido un persistente desajuste entre el crecimiento de la economía y el desarrollo de la sociedad. Estos rasgos han contribuido a crear

/expectativas insatisfechas

expectativas insatisfechas en vastos sectores sociales, que han agudizado las tensiones inherentes al desarrollo. "Es evidente que la América Latina en su conjunto no ha podido transformar su crecimiento económico en el desarrollo integral que se ha previsto."2/

9. En una evaluación como ésta, que se lleva a cabo en las vísperas del decenio de 1980, se hace necesario un balance de los mayores problemas que confronta el presente desarrollo de la región, sobre todo por los efectos ulteriores que esos problemas tendrán en el futuro inmediato. De ahí que parezca justificado poner el énfasis en un enfoque problemático que destaque los desafíos que habrá que afrontar en los años que se avecinan. Así lo requiere la preparación de la estrategia que regirá durante el Tercer Decenio de las Naciones Unidas para el Desarrollo, que ya está en marcha.

10. Esta nueva evaluación del desarrollo, no obstante las importantes diferencias que se presentan en América Latina, confirma las conclusiones que en aspectos sustanciales ya se han establecido en las evaluaciones anteriores realizadas por la CEPAL. La obstinada permanencia de serios problemas en aspectos fundamentales de la organización económica y social acrecienta en forma multiplicada su magnitud, hace más compleja su naturaleza y más dificultosa una solución adecuada y duradera. Esto se aprecia especialmente en aspectos como la concentración del ingreso, la polarización del consumo, la subutilización de la fuerza de trabajo y las situaciones de pobreza.

11. Los recursos y posibilidades de operación ahora disponibles ponen a muchos gobiernos de América Latina en una posición más favorable que en el pasado para conseguir un desarrollo integrado, conforme a los postulados de la EID. Pero para hacer realidad estas posibilidades con alcances efectivos será necesario ir más allá de la reiteración y agregación de objetivos deseables y del mero diagnóstico e identificación de los problemas más acuciantes, para avanzar hacia la formulación de estrategias de política

2/ Véase, Estrategia Internacional de Desarrollo y Establecimiento de un Nuevo Orden Económico Internacional, Tercera evaluación regional, (Guatemala, 1977), Serie Cuadernos de la CEPAL, N° 17, Santiago de Chile, 1977, p. 4, párrafo 3.

y hacia la planificación concreta de su realización. Todo esto requerirá una dosis considerable de innovación en materia de medidas de política y, sobre todo, un compromiso político mucho más fuerte con los objetivos sociales y humanos del desarrollo.

12. Las persistentes tendencias económicas recesivas o el lento ritmo de crecimiento de los países desarrollados en los últimos años, asociados con sus procesos inflacionarios, han tenido repercusiones negativas en los ritmos y modalidades de la actividad económica en la mayoría de los países de la región. La perspectiva de que estas tendencias continúen y de que se acrecienten las medidas proteccionistas, agravando las consecuencias lesivas para las relaciones económicas internacionales de los países de América Latina orientados hacia una creciente inserción en la economía internacional, hacen que el futuro inmediato aparezca más incierto y que puedan acentuarse los efectos adversos sobre la situación económica y social interna de los países afectados.

13. El menor ritmo de crecimiento de la producción se da en circunstancias en que los niveles de producción y de consumo, el grado de modernización de la economía nacional y su inserción en la economía mundial son más elevados que en el pasado. También son mayores la capacidad y posibilidades del Estado para reorientar sus estrategias y corregir las tendencias y consecuencias sociales y políticas desfavorables de la presente crisis de la economía internacional. Sin embargo, ciertos rasgos de la situación global presentan acentuaciones y distorsiones estructurales que dificultan el logro de un desarrollo integrado. Entre ellos es necesario mencionar:

a) En numerosos países el mantenimiento de determinados ritmos de crecimiento económico se ha logrado al costo de un creciente endeudamiento externo, en condiciones menos favorables que en el pasado, puesto que ahora el financiamiento está principalmente constituido por préstamos de corto plazo que provienen de fuentes privadas. Algunos países se encuentran en una situación extremadamente difícil, en la que acompañan al endeudamiento externo creciente un descenso de la producción, una inflación acelerada y

/una declinación

una declinación del empleo. El peso de estos servicios financieros externos y las exigencias internas y externas que lleva consigo la administración de tan alto grado de endeudamiento contribuyen a reducir el margen de libertad de acción para orientar las estrategias económicas en un sentido que haga compatible el mantenimiento de un elevado crecimiento, la autonomía de la economía nacional y el logro de los objetivos sociales del desarrollo.

b) La continua expansión de las aspiraciones de consumo, generalmente en exceso sobre la capacidad de las economías para satisfacerlas, así como las crecientes presiones redistributivas en uno y otro sentido, avivan las resistencias de importantes sectores sociales para aceptar sacrificios en interés del futuro desarrollo. En estas circunstancias, los estancamientos transitorios y las elevadas tasas de inflación agudizan las luchas distributivas y aumentan las tensiones sociales poniendo en cuestión la continuidad del estilo de desarrollo prevaleciente o la posibilidad de mejorar la situación de las masas.

c) Frecuentemente el peso mayor de las medidas y estrategias de recuperación económica recae más sobre los estratos más pobres e impotentes de la población nacional, sea a través de salarios reales declinantes, de pérdidas relativas de ingreso, de disminución en la calidad y cantidad de sus consumos, de creciente desempleo y subempleo, y de una reducción marcada en el gasto público dedicado a educación, salud y otros servicios sociales populares. De continuar así, las contradicciones entre las limitaciones participatorias y distributivas que caracterizan el proceso de desarrollo y las prioridades y objetivos de la EID, seguirán siendo tan efectivas y reales - o aún más - que las señaladas en anteriores evaluaciones.

14. Sin duda se han logrado progresos significativos en algunos sectores sociales. Aquí, dados los propósitos de esta evaluación se tratará de destacar los problemas más relevantes que requieren una solución urgente en el sentido dado por las metas y objetivos de la EID y las anteriores evaluaciones regionales.

/i) Varios

i) Varios programas públicos en sectores sociales tales como: educación, salud, vivienda y seguridad social exigen para ser adecuadamente cumplidos una cantidad considerable de recursos fiscales. Sólo así se podrá dar satisfacción a las expectativas de vida deseables de amplios segmentos de la población. Estos programas están siendo ahora sometidos a procesos de reforma tratando de dar acogida a estas mayores aspiraciones, aunque difícilmente ellas puedan ser satisfechas bajo las presentes condiciones de financiamiento y restricciones a que son sometidos los programas sociales de la mayoría de los países. El problema consiste más precisamente en que los propósitos redistributivistas de estos programas resultan contradictorios con las tendencias que se manifiestan en la realidad, sobre todo por lo que atañe a las fuerzas concentradoras en cuanto a los ingresos personales y a los otros aspectos ya indicados, lo que hace que los objetivos profesados de corrección de las crecientes desigualdades sociales existentes resulten inefectivos o pobremente implementados. El desafío resultante es cómo hacer para ampliar la comprensión pública y la posibilidad política y práctica de los programas que están dirigidos a mitigar y superar las desventajas de los sectores sociales, que se encuentran prácticamente excluidos o marginalizados de la participación activa en el esfuerzo de desarrollo y en el goce de sus frutos.

ii) La acción combinada de crecimiento poblacional, concentración urbana, deterioro de la calidad del ambiente humano, desperdicio de los recursos naturales y altos precios de ciertos productos importados, reclama cambios profundos y de largo alcance en las presentes pautas de consumo y en el control sobre el uso de ciertos recursos. La creciente presión de grupos sociales más amplios para alcanzar determinados estilos de vida con posibles amenazas ambientales y el agotamiento de fuentes de riquezas naturales, hacen más necesaria que nunca una vigorosa acción del Estado para proteger las relaciones con el medio ambiente natural a través de más adecuadas pautas de consumo, uso apropiado de los recursos naturales y de mejores tipos de asentamientos humanos. El desafío radica aquí también en cómo hacer uso de estos procesos, a menudo críticos, para generar

/consenso en

consenso en torno a posibilidades de acción que incluyan objetivos viables y metas razonables, que ubiquen y ordenen el complejo de problemas aislados bajo un común marco de referencia que los integre, dándoles un sentido compatible con los fines humanos que fluyen de las recomendaciones de la EID.

iii) En la perspectiva de un desarrollo integral, tal como ha sido definido en anteriores evaluaciones regionales (Quito, puntos 1-7 y 12), el más importante desafío está constituido por un conjunto relacionado de problemas sociales que afectan a considerables sectores de la población nacional, grandes minorías en algunos países y la mayoría en otros, como ser, la inequitativa distribución del ingreso, la pobreza crítica, el subempleo y las malas condiciones laborales, la baja productividad de una parte considerable de la fuerza de trabajo, el retraso y la marginalización de vastos sectores urbanos y rurales, el analfabetismo y el semianalfabetismo generalizado que inciden negativamente sobre la capacidad de la fuerza de trabajo, y la limitada participación de las masas en el proceso de desarrollo económico, social y humano.

15. La situación presente de la educación latinoamericana puede ser caracterizada como expansiva en términos cuantitativos, al mismo tiempo que exhibe tendencias contradictorias y graves desequilibrios en su manera de crecer y en el impacto social que produce. Cabe señalar que el vigoroso crecimiento del sistema educativo en su conjunto ha tendido a concentrarse en los niveles medio y superior, en tanto que el ritmo de crecimiento de la educación primaria ha sido entre 1970 y 1975 de 3.9%, apenas superior al crecimiento demográfico. La escolaridad media de la fuerza de trabajo de los países de la región oscila alrededor de los cuatro años de estudio hacia 1970, lo que pone de relieve una situación de semianalfabetismo y analfabetismo generalizados. Las tasas de analfabetismo varían entre 5 y 40% de la fuerza de trabajo.

16. Los datos estadísticos disponibles revelan que el grado de concentración de los ingresos no ha disminuido, y además, que la desaceleración del crecimiento económico de los años recientes, con sus efectos y repercusiones ulteriores, han traído consigo con frecuencia un deterioro adicional de las

/desigualdades de

desigualdades de ingreso. Muestras realizadas para un conjunto de países de América Latina que cubren el 90% de la población indican que hacia 1970 la participación del decil superior oscilaba aproximadamente entre más de un tercio y cerca de 60% del ingreso, mientras que los perceptores ubicados en el 40% inferior de la distribución recibieron una proporción que variaba entre 6 y 14%.

17. La existencia de pobreza es una realidad permanente y ampliamente reconocida de la región. El notable crecimiento económico logrado en los últimos decenios no ha tenido repercusiones equivalentes sobre los ingresos de los pobres, que representan una considerable proporción de la población regional. Se han acentuado los contrastes existentes en las condiciones de vida de los distintos sectores y estratos de la población y se ha hecho más visible y también más reprochable la existencia de la pobreza.

18. Esta experiencia ha dado origen a cierto escepticismo respecto a las convicciones tradicionales de que el crecimiento económico por sí solo traería aparejada la solución de los graves y difundidos problemas de pobreza, desigual distribución del ingreso, desempleo y subempleo, que han existido y persisten pese al considerable desarrollo de las fuerzas productivas.

En efecto, según las últimas estimaciones de que se dispone, cerca del 40% de la población de América Latina seguía viviendo en condiciones de pobreza hacia 1970, siendo esta proporción del 62% en lo que se refiere a la población rural. En otras palabras, los frutos del crecimiento económico no han llegado en forma equitativa a los distintos grupos de la población. Más aún, de mantenerse las condiciones actuales, se puede anticipar con un alto grado de certidumbre que la participación de los estratos pobres en los frutos del crecimiento futuro tenderá a permanecer a niveles absolutamente inadecuados.

19. La combinación de algunas de las medidas paliativas de la pobreza - distribución gratuita de alimentos, empleo en obras públicas con salarios de subsistencia, promoción y facilitación de la construcción de viviendas en barrios segregados y con el sistema de autoayuda, servicios públicos que tienden a diferenciarse en cuanto a su calidad y accesibilidad - son

/necesarias en

necesarias en el corto plazo, pero por sí solas tienen el riesgo de convertir la presente situación de los pobres en una segregación sistémica y permanente, con diferentes niveles de servicios, calidades habitacionales y posibilidades educacionales.

20. Más enérgicas y novedosas medidas deberán ser puestas en práctica para que los grandes sectores marginalizados puedan contribuir al esfuerzo productivo, satisfacer sus necesidades básicas y organizarse para la defensa de sus propios intereses. Tales medidas deberían asegurar una diferente orientación de las inversiones y de la producción, y de los servicios provistos por el Estado para que éstos beneficien efectivamente a los pobres y necesitados. Esto deberá promoverse, claro está, en un contexto de dinamismo económico y social que garantice fuentes de trabajo e ingresos reales más elevados para los pobres, y un adecuado crecimiento de la economía.

21. El crecimiento de las tasas de desempleo abierto y el mantenimiento de altos niveles de subempleo generalizado que en su conjunto dan una elevada proporción de subutilización de la fuerza de trabajo en la región, constituye uno de los más serios problemas, por la baja capacidad de absorción de personal ocupado por el sector moderno y dinámico de la economía, y por la pérdida de potencial productivo que ello supone. El desempleo abierto y el subempleo habrían representado, hacia 1970, el equivalente del 28% de la fuerza laboral, es decir, que no se habría utilizado el potencial productivo de una de cada cuatro personas activas. Aunque el denominado sector informal ha puesto de relieve una flexibilidad inesperada para ofrecer oportunidades de subsistencia a los pobres urbanos, que en alguna medida son paliativos a la falta de empleos productivos, ello se ha logrado al costo inaceptable de muy bajos ingresos y de una gran inseguridad de las fuentes de actividad que los generan.

22. Existen serias dudas de que el sector informal pueda seguir cumpliendo las mismas funciones que con relativo éxito realizó hasta ahora. La creciente demanda de empleo de sectores de jóvenes urbanos cada vez más educados que afrontan dificultades crecientes para encontrar ocupaciones apropiadas, difícilmente podrá canalizarse a través del sucedáneo constituido por el sector informal, donde predominan las ocupaciones de muy baja /calificación, transitorias

calificación, transitorias y mal remuneradas. Algo semejante deberá esperarse de la mayor afluencia de mujeres educadas que buscan incorporarse al mercado ocupacional. Esta es una fuente de tensiones que tenderá a acentuarse con el rápido crecimiento de estos sectores poblacionales, particularmente de las nuevas generaciones de hombres y mujeres que egresan de la educación media y superior y para los cuales el sector informal no tiene soluciones que ofrecer.

23. Los avances logrados en la producción rural no han dado los resultados esperados porque persisten las necesidades insatisfechas de grandes sectores de la población rural que permanecen al margen o han sido perjudicados por los procesos de modernización agraria. Tampoco se han contrarrestado las fuerzas que impulsan las migraciones a la ciudades (ni los procesos desintegradores de formas arcaicas pero todavía efectivas de producción para la propia subsistencia y de seguridad social en el medio rural). Las diferencias urbano-rurales se continúan acentuando, en muchos casos en desmedro de los grupos que habitan en el medio rural y que no se benefician con los procesos modernizadores del agro.

24. Las situaciones en que viven las mujeres de la región varían de acuerdo al estrato socioeconómico al que pertenecen. Con ello también varían sus modos de participación en la vida económica, política, social y cultural, así como las fuentes y manifestaciones de las discriminaciones de que son objeto. Estas diferencias deben ser tenidas en cuenta al adoptar medidas tendientes a garantizar la igualdad de hombres y mujeres, y promover el desarrollo económico y social de los respectivos países. Dado que las situaciones más alarmantes se encuentran entre las mujeres que pertenecen a los grupos pobres y en especial entre las mujeres pobres rurales, es necesario acordar prioridad a éstas en las estrategias de desarrollo que se elaboren y, en particular, en las acciones encaminadas a aliviar la carga del trabajo doméstico y mejorar las condiciones de vivienda, infraestructura, salud, empleo, educación y otros aspectos sociales. Además, corresponde prestar especial atención a la revalorización del aporte de la mujer a la sociedad y esforzarse para mejorar su imagen social, que se encuentra ahora distorsionada por los medios de comunicación masiva y las pautas culturales vigentes.

/25. Dado

25. Dado que la casi totalidad de las mujeres adultas de la región son responsables y ejecutoras de los trabajos domésticos y un considerable porcentaje de las mujeres de los estratos pobres son jefes de hogar, esta vinculación con las unidades familiares debe ser tomada en cuenta, tanto en sus consecuencias sobre las situaciones de las mujeres como en sus impactos sobre la infancia, es decir, la población del futuro. Será necesario, en consecuencia, prestar especial atención al mejoramiento de las condiciones de vida de las unidades familiares, lo que además de aliviar el peso del trabajo femenino y abrir nuevas probabilidades de participación social de las mujeres, permitirá mejorar la calidad de la vida de la población. Debe reconocerse que algunos países ya han creado instituciones especiales para facilitar la plena participación de la mujer en el desarrollo económico y social de sus respectivos países.

26. Las políticas relativas a los asentamientos humanos deben considerar la gran variedad de problemas relacionados con el hábitat, sea en la cantidad, densidad y distribución de la población, sea en las disparidades regionales y rural-urbanas, o en la distribución y asignación de recursos productivos, de manera de establecer un satisfactorio balance ambiental y cultural, para elevar el bienestar humano y asegurar un correcto uso de los recursos naturales.

C. LA EVOLUCION ECONOMICA DURANTE EL DECENIO DE 1970 Y LAS METAS DE LA ESTRATEGIA INTERNACIONAL DE DESARROLLO

27. El ritmo y estructura del crecimiento económico experimentaron cambios de gran significación durante esta década en América Latina. Si se considera la región en su conjunto tres fases pueden identificarse claramente: durante los primeros cuatro años, la región mantuvo y aceleró el crecimiento económico que venía experimentando desde fines del decenio de 1960; en 1975 el ritmo de crecimiento disminuyó radicalmente y, a partir de 1976, se inició en la mayoría de los países una fase de recuperación extremadamente lenta, pues, en promedio, el incremento del producto interno ha sido notablemente inferior al que registra la tendencia histórica y al de los períodos precedentes.

28. En esta evolución, de fuertes contrastes, influyeron particularmente las estrategias y políticas económicas gubernamentales, la capacidad potencial y efectiva de desarrollo económico de que dispone la región, y el curso del comercio internacional y de la economía de los países industriales que se manifestó, sucesivamente, en fases de auge, de crisis y de recesos económicos, con tendencias recientes a cierta recuperación en un medio dominado por factores de inestabilidad e incertidumbre.

29. En el plano interno, los países consiguieron en la mayoría de los casos ciertos progresos en la movilización de recursos y en los esfuerzos de financiamiento, aunque lo variable de las condiciones externas impidió que se lograra un aprovechamiento pleno y continuado de dichos progresos. Los períodos en que las condiciones externas fueron favorables sirvieron para demostrar el alto potencial del crecimiento económico de la región, y los períodos adversos vinieron a confirmar la vulnerabilidad del ritmo de crecimiento ante los factores externos.

30. Durante los años setenta se iniciaron o se continuaron promoviendo en muchas de las economías latinoamericanas importantes modificaciones de carácter institucional, y se avanzó en la programación de actividades públicas y privadas, introduciendo mayor coherencia en la definición de las políticas económicas. Se mejoró la organización de los mercados financieros, impulsándose la formación del ahorro y el acrecentamiento de las inversiones. Se aplicaron medidas de política económica destinadas al control de la inflación y a la formación de niveles y estructuras de precios más acordes con las pautas internacionales, y medidas de política comercial vinculadas con la organización de los mercados cambiarios y la reducción de los aranceles y los controles de importación destinados a liberalizar el comercio; se aplicaron también diversas medidas de promoción y estímulo directo a expandir y diversificar las exportaciones, particularmente con la introducción de corrientes de productos industriales y de otros rubros no tradicionales.

/31. Esta

31. Esta acción de los países latinoamericanos destinada a ampliar y diversificar su inserción en la economía mundial para impulsar el crecimiento económico en adecuadas condiciones de eficiencia, se ha visto obstaculizada cada vez más por las diversas medidas de carácter proteccionista que se están difundiendo en los países industriales.

32. El dinamismo de la inversión se vio acompañado por una expansión del ahorro interno. La región, que tuvo por largos períodos coeficientes de ahorro cercanos al 18%, los elevó a más del 20% en varios años de la década. De esta forma el ahorro nacional pudo mantener una proporción relativamente elevada con respecto a la inversión interna, siendo en la mayoría de los años superior al 90%, y cercana al 95% en 1973. Sin embargo, en los períodos en que las relaciones externas crearon un fuerte déficit en la cuenta corriente del balance de pagos, fue necesario recurrir a fuertes montos de endeudamiento externo que hicieron bajar el financiamiento interno de la inversión a porcentajes próximos al 85%. Ha quedado demostrado así el alto potencial de ahorro interno de la región y las limitaciones para su uso que se gestan en los períodos de estrangulamiento externo. En este campo la disparidad entre países es muy apreciable y existe un considerable número de ellos que sigue sin alcanzar el 20% de ahorro interno y que financian menos del 80% de la inversión con recursos propios.

33. Durante los tres primeros años del decenio se aceleró el crecimiento económico de la región, y en el dinamismo económico influyeron particularmente la evolución de las exportaciones, su diversificación, y el mejoramiento de la relación de precios del intercambio. Sin embargo, la evolución favorable de esta relación fue corta y se concentró particularmente en el bienio 1972-1973; tampoco se hizo extensiva a todos los países, pues muchos de ellos vieron perjudicado el acrecentamiento del poder de compra de sus exportaciones. La expansión de la capacidad de compra externa fue reforzada en alguna medida por la mayor utilización del financiamiento externo, y todo esto facilitó una rápida corriente de importaciones que contribuyó a impulsar el dinamismo del crecimiento económico. Fue así

.../como durante

como durante este período la economía latinoamericana tendió a funcionar liberada del estrangulamiento externo que había sufrido en períodos anteriores y puso de manifiesto potencialidades relativamente grandes de crecimiento, susceptibles de materializarse cuando se liberara de los efectos nocivos de ese estrangulamiento externo.

34. En 1974 el panorama económico latinoamericano comenzó a modificarse radicalmente: los países exportadores de petróleo se beneficiaron con un nuevo aumento de precios y para ellos mejoró apreciablemente la relación de precios del intercambio.

35. Los países latinoamericanos se enfrentaron en una mayoría con un debilitamiento de la demanda externa debido a la contracción económica de los países industriales, el generalizado descenso de las cotizaciones de los productos primarios, y el incremento de los precios de las importaciones procedentes de los países desarrollados, lo que se acentuó por el alza de los valores de las importaciones de combustibles.

36. Durante ese año el volumen de las importaciones continuó acrecentándose, al mismo tiempo que se registraba la contracción o estancamiento de los ingresos reales de las exportaciones. Esto provocó un grave problema de balance de pagos, que exigió un intenso uso tanto del financiamiento externo así como de las reservas monetarias. Los países de la región consiguieron mantener todavía el dinamismo económico impulsado por la inversión y la demanda interna, pero tuvieron que incurrir en un gran endeudamiento externo que tuvo efectos ulteriores en las políticas adoptadas por los países.

37. En 1975 se agudizaron las tendencias desfavorables del sector externo. Declinaron las exportaciones y se generalizó el deterioro de la relación de precios con el exterior. Los países más afectados tuvieron que adoptar medidas restrictivas de control de las importaciones y de contención de la demanda interna y, en consecuencia, el ritmo de crecimiento del producto interno se contrajo drásticamente, pues se registró una tasa de crecimiento prácticamente igual al aumento de la población; ello no obstante, volvió a aumentar el déficit de balance de pagos y se acrecentó el endeudamiento externo, aunque concentrándose la mayor parte de su cuantía en un reducido número de países.

38. En las naciones exportadoras de petróleo, el valor real de sus exportaciones disminuyó con respecto al alto nivel que habían logrado en el año anterior, pero éstas mantuvieron su ritmo de crecimiento económico.

39. El período 1976-1978 se caracterizó por una lenta recuperación del crecimiento económico. El ritmo de expansión del producto bruto en los últimos cuatro años (1975-1978) fue solamente de 4% anual, configurando el período de menor crecimiento de la región en las últimas tres décadas. Esta recuperación se consiguió gracias a grandes esfuerzos de los países latinoamericanos, especialmente de los no exportadores de petróleo, que incluso redujeron el valor absoluto de sus importaciones.

40. Una intensa política de promoción de las exportaciones, a la que se agregó cierta recuperación de la demanda externa, las hizo aumentar en magnitud significativa. Este notable esfuerzo no fue suficiente para contrarrestar los servicios del fuerte endeudamiento anterior, y el déficit de balance de pagos en cuenta corriente de los países no exportadores de petróleo sólo se pudo reducir a 9 000 millones de dólares en 1978.

41. La evolución económica del grupo de países exportadores de petróleo también experimentó cambios importantes durante estos últimos años. En estos países el crecimiento económico tendió a elevarse, y las importaciones continuaron creciendo, pero dejaron de acumularse excedentes en las cuentas externas, y hacia los dos últimos años registraron déficit en la cuenta corriente del balance de pagos.

42. Acontecimientos inesperados y a menudo incontrolables, de carácter transitorio, acaecidos en algunos de los años antes mencionados, dieron por resultado ingresos provenientes de exportaciones de algunos productos primarios significativamente mejores que los que hubiesen obtenido normalmente, lo que influyó en la situación general de las economías. Las fluctuaciones masivas de sus ingresos en moneda extranjera y sus repercusiones sobre otros sectores obligaron a los países afectados a hacer ajustes costosos en sus políticas económicas.

/43. En

43. En la década de 1970 se acentuó la heterogeneidad productiva, tecnológica y social de las agriculturas latinoamericanas. En el plano nacional la clara incorporación de la empresa moderna imprimió gran dinamismo a numerosos rubros, y gestó a la vez profundas transformaciones en los grupos sociales rurales, en la participaciones de los distintos productores en los mercados agrícolas nacionales y en la estructura de las exportaciones agropecuarias. Sin embargo, en este proceso de cambios persistieron los problemas sociales, e incluso en ciertos casos al parecer se agudizaron.

44. Se intensificaron las relaciones entre el sector agrícola y la situación económica general de los países. Al diversificarse las actividades y vinculaciones del sector con las actividades urbanas e industriales, la agricultura estuvo cada vez más influida por lo ocurrido en los mercados de bienes y servicios y de factores de producción, por las políticas y mecanismos financieros y por el accionar de las instituciones públicas y fuerzas sociales urbanas. Así, las diferencias en los niveles de ingreso, el grado de urbanización, industrialización y desarrollo tecnológico, y otra serie de factores globales y urbanos, causaron importantes diferencias en el desarrollo agrícola de los países de la región.

45. El sector público intensificó su actividad agrícola, e incrementó su acción en el financiamiento del sector y en la orientación de las inversiones agropecuarias. Esta mayor preocupación gubernamental se tradujo en varios países en el suministro de más fondos para el crédito agrícola y pecuario, en incrementos de las inversiones en infraestructura de comercialización, en la creación de agroindustrias, en el aprovechamiento de recursos naturales inexplorados y en una notoria ampliación del área regada.

46. Los procesos de reforma agraria sufrieron numerosos tropiezos. Los altos costos de estas reformas y su lenta maduración en la mayoría de los países hacen que gran parte de los beneficiarios potenciales del proceso queden al margen de ella. Así, la capacidad de utilización de la tierra y de los recursos humanos en el sector rural sigue siendo baja, y gran parte de los aumentos de producción en él se consigue gracias al sector de las empresas agrícolas modernas.

47. El crecimiento medio de la producción agropecuaria puede considerarse relativamente bajo. En efecto, si se comparan los niveles de producción de la región en su conjunto de los dos años extremos de esta década se obtiene una tasa acumulativa anual de menos de 3.5%, notoriamente inferior a la meta de 4% establecida en la EID. Sólo menos de la mitad de los países considerados lograron alcanzar o superar tal meta. Es sabido que la producción agrícola está sujeta a fluctuaciones de corto plazo por los cambios en las condiciones climáticas, pero con todo, aquel ritmo de crecimiento corresponde con la tendencia histórica de lenta evolución. Esto contrasta por un lado con el mayor potencial productivo de que dispone la región, y por el otro con las necesidades de una mayor producción para satisfacer los requerimientos nutricionales de una gran masa de la población latinoamericana que vive en condiciones de extrema pobreza, así como los requerimientos adicionales para acrecentar las exportaciones de productos primarios y elaborados provenientes del sector agropecuario, a fin de obtener la capacidad de compra externa apropiada para abastecerse de productos esenciales importados o evitar un mayor endeudamiento externo.

48. Durante el decenio de 1970 continuó el proceso de industrialización de América Latina. La producción industrial ha tendido a diversificarse al irse desarrollando las industrias productivas de bienes intermedios, de consumo duradero y de capital. Este proceso ha tenido características y magnitudes muy dispares en los diversos países de la región, y se han venido ahondando las diferencias en las estructuras productivas industriales. Por otra parte, es evidente que no obstante los avances que se han realizado, existe cierto retraso en el desarrollo de la producción de bienes intermedios industriales y particularmente en el de bienes de capital con respecto a lo que se ha logrado en las demás actividades manufactureras, lo que conforma notorias características de un desarrollo industrial disparado. A este respecto cabe señalar que en la actualidad un grupo de gobiernos latinoamericanos realizan esfuerzos por acelerar el desarrollo de las ramas que muestran un mayor retraso.

49. La protección, en muchos casos excesiva e indiscriminada, que en general ha caracterizado la promoción industrial, sumada a la existencia de mercados nacionales estrechos y reducidos aun más por la vigencia de patrones de distribución altamente concentrada del ingreso, contribuyeron a conformar, en no pocos casos estructuras productivas con escalas por debajo de los niveles económicos mínimos, con grados de especialización insuficientes y, por ende, con costos elevados.

50. Los avances logrados en distintos campos del proceso de industrialización no fueron, en general, acompañados en la medida deseable por un claro incremento de la capacidad local para seleccionar y adaptar la tecnología foránea y, menos aún, para generar innovaciones tecnológicas. La región ha tenido una actitud relativamente pasiva en materia tecnológica, aunque también en ello se registran diferencias notables según los países.

51. La creciente importancia que va adquiriendo la exportación de manufacturas como vía de desarrollo industrial hace resaltar aún más la ya mencionada necesidad de incrementar la capacidad local de generar en alguna medida tecnología propia, y de seleccionar y adaptar la foránea, de manera tal que, atendiendo también a otros requisitos igualmente importantes, la región pueda participar en forma creciente y significativa en el comercio manufacturero dentro de la región y en el plano mundial.

52. Las exportaciones regionales de manufacturas han experimentado un crecimiento relativamente acelerado, hasta llegar a representar casi 20% de las exportaciones totales. Pero pese a los avances efectuados en cuanto a diversificación de los productos que se exportan, todavía predominan las manufacturas livianas. Si bien una alta proporción de las exportaciones manufactureras tiene como destino países situados fuera de la región, el mercado regional ocupa también un lugar importante, habiendo absorbido en los últimos años cerca del 40% de estas exportaciones, anotándose en ellas una proporción relativamente alta de productos mecánicos.

53. La participación de las empresas transnacionales en la corriente de exportaciones manufactureras y, de modo más general, en el proceso de industrialización, es especialmente importante en las áreas más dinámicas y avanzadas del sector manufacturero, a veces en detrimento de las empresas

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nacionales. Su potencialidad económica, comercial y financiera, así como su superioridad tecnológica, tienden a conferir a sus actividades una proyección y alcances tales, que se hace imprescindible compatibilizarlas con la orientación del proceso de industrialización, y en un sentido más amplio, con las pautas y directivas que conforman el desarrollo económico general de cada país.

54. La contribución directa del sector manufacturero a la solución del grave problema ocupacional de la región ha sido inferior a lo que se esperaba. Sólo durante los períodos de auge del proceso, la generalización de empleos industriales alcanzó niveles relativamente altos. Ello indica que la aceleración del ritmo de crecimiento muy por encima de las tasas medias alcanzadas en los últimos decenios permitiría ampliar el papel de la industria en la solución del grave problema ocupacional de la región, no sólo por el aporte directo del sector, sino también por su repercusión en otras actividades económicas.

55. El producto del sector representa porcentajes cada vez más elevados del producto global, y se han incrementado tanto los vínculos intrasectoriales como intersectoriales. En estas circunstancias no resulta sorprendente que el dinamismo del sector haya mostrado un marcado paralelismo con los períodos de auge, declinación y lenta recuperación de la economía en su conjunto. El ritmo de crecimiento industrial, que alcanzó tasas cercanas al 10% en el bienio 1972-1973, superó escasamente el 1% en 1975 y sólo alcanzó a 4% en el bienio 1977-1978. Estas oscilaciones, que alcanzaron en diferente grado a la mayoría de los países, hicieron que para el conjunto de la región la tasa media de crecimiento entre 1970 y 1978 fuera apenas superior al 6% anual. Tan sólo tres países consiguieron alcanzar o sobrepasar la meta de crecimiento de 8% fijada por la EID, por lo que el resultado industrial fue en este sentido indudablemente insatisfactorio.

56. En los años setenta, los países de América Latina acrecentaron sus esfuerzos por transformar sus sistemas productivos, lo que se tradujo en la expansión y diversificación de las empresas industriales, en algunos

/avances en

avances en la modernización de la agricultura y en una creciente vinculación entre los diferentes sectores de la economía. La profundidad y el dinamismo de este proceso variaron de un país a otro, y de un sector a otro. En algunos países y sectores se logró un alto grado de modernización, basado principalmente en la incorporación directa de tecnología importada de costo elevado. Se realizaron algunos esfuerzos por adaptar la tecnología importada a las condiciones locales, pero habrá que empeñarse más en este sentido. El desarrollo de tecnologías autóctonas para mejorar las técnicas de producción en la agricultura de subsistencia y en las industrias tradicionales no ha avanzado al ritmo previsto; por lo tanto, suelen coexistir sectores de alto grado de modernización y productividad con otros que utilizan sistemas de producción ineficientes y caracterizados por su baja productividad.

57. Como resultado de las fluctuaciones del crecimiento económico antes descritas, si se comparan los niveles del producto interno de 1978 con los de 1970, se comprueba que el crecimiento del actual decenio sólo alcanza un ritmo medio anual de 5.7%, inferior a la meta de 6% de la EID. Sólo cinco países alcanzaron o superaron dicha meta. La gran mayoría no la alcanzó, y más aún, diez países no llegaron al 4% anual, dándose incluso el caso de países que mostraron en 1978 niveles similares a los de 1970. Así, para la región en su conjunto y para un número significativo de países, el actual decenio ha resultado contradictorio, pues de un lado, ha quedado demostrado el potencial de crecimiento y de otro, los resultados han terminado por alejarse notoriamente de dicho potencial.

58. El debilitamiento del ritmo de crecimiento de la mayoría de los países que se registró en la segunda mitad de los años setenta ha tenido, indudablemente, serias repercusiones de carácter social. Ha limitado severamente la capacidad de absorción en ocupaciones productivas, llegando en algunos casos a aumentar la desocupación abierta y mucho más la subocupación; y ha acentuado los efectos adversos de la extrema concentración que se registra en la distribución del ingreso, avivando de esta manera

/la lucha

la lucha distributiva con sus ulteriores consecuencias sobre las presiones inflacionarias. De esto se desprende con claridad que uno de los objetivos básicos que deben perseguir los países es el de recuperar y acelerar el ritmo del crecimiento para los próximos años y especialmente en los años ochenta, pues se crearía así una mayor base material para establecer objetivos claros y bien definidos en relación con el desarrollo social y humano que debe acompañar al proceso de crecimiento económico.

59. El ingreso real per cápita que se obtiene agregando al producto interno los efectos de la relación externa de precios, refleja en 1978, en comparación con 1970, una tasa media de aumento de alrededor de 3% por año, ligeramente superior a la del producto interno (2.8%). En ello ha influido particularmente la relativamente más favorable relación de precios del intercambio de algunos países, como los exportadores de petróleo, si bien en otro grupo numeroso la evolución de esa relación perjudicó la elevación del ingreso real. De mantenerse estas tendencias América Latina demoraría aproximadamente un cuarto de siglo en duplicar su ingreso per cápita. La evolución del ingreso real, tal como ocurre con la del producto interno, ha sido muy dispareja entre los países latinoamericanos. Entre los 23 países considerados sólo nueve registraron una tasa superior a aquel promedio del 3%, y entre los 14 restantes la inmensa mayoría mostró un ritmo de crecimiento muy inferior a él, siendo frecuentes las situaciones en que el ingreso per cápita de 1978 resultó prácticamente igual o escasamente superior al de 1970. De esta manera, la región en su conjunto, y un gran número de los países que la componen, registraron un aumento del ingreso per cápita significativamente inferior a la tasa de 3.5% que estableció la EID como base de referencia para el conjunto de los países en desarrollo.

II. LAS RELACIONES EXTERNAS DE AMERICA LATINA EN EL UMBRAL DE LOS AÑOS OCHENTA

A. LA EVOLUCION EN LAS PRIORIDADES DE AMERICA LATINA

60. Todos los países latinoamericanos siguen teniendo características y problemas propios de países en desarrollo, comunes a todo el tercer mundo. Entre ellos se cuentan la importancia aún elevada de las exportaciones de productos primarios en el total de las exportaciones; el escaso desarrollo de ciertas industrias, especialmente de bienes de capital e intermedios; la insuficiente coordinación en el uso de la capacidad negociadora de la región; el persistente desequilibrio en cuenta corriente y su condición de receptores netos de capitales externos en la forma de préstamos e inversiones directas; y las fuertes desigualdades en la distribución del ingreso y la elevada proporción de la población que aún vive en condiciones de extrema pobreza, problemas estos últimos para cuya solución es necesario complementar el esfuerzo interno con una adecuada cooperación comercial, tecnológica y financiera internacional.

61. Estas características hacen necesario incorporar en las políticas de cooperación internacional los denominadores comunes a todo país en desarrollo.

1. Política comercial

62. Durante los primeros años de postguerra, América Latina asignó una alta prioridad en su política comercial a los productos primarios, los que en esa época representaban más del 95% de las exportaciones totales de la región. Las preocupaciones e ideas de la región en materia de estabilidad de precios, mayor elaboración de sus productos y participación en la distribución de estos bienes, que durante muchos años se discutieron en diversos organismos de Naciones Unidas, fueron llevados posteriormente a la UNCTAD. La política comercial en esos primeros años también trató de estimular las exportaciones de manufacturas, pero los problemas y políticas vinculados con éstas tenían un acento relativo menor.

/63. Hoy,

63. Hoy, América Latina continúa dedicando mucha atención a sus productos primarios de exportación, por cuanto aún representan más de las cuatro quintas partes de sus ingresos totales por concepto de exportaciones. Los serios problemas de acceso a mercados de países desarrollados que afectan a productos básicos exportados por América Latina, las fuertes fluctuaciones en los precios de ingresos generados por estas exportaciones y el impacto desfavorable que en su poder adquisitivo tiene la inflación, son algunos de los principales focos de preocupación. Pero al mismo tiempo han cobrado gran importancia otros aspectos de la política comercial. Los principales frentes de la actual política latinoamericana se relacionan con la obtención de precios equitativos para sus exportaciones, el fomento de la exportación de manufacturas y otros bienes no tradicionalmente exportados y el logro de un acceso amplio y completo de dichos bienes a los mercados de los países industrializados, así como la intensificación del proceso de diversificación de los mercados. Lamentablemente, en los últimos años los esfuerzos de los países en desarrollo para aumentar y diversificar sus exportaciones han encontrado serios obstáculos en las tendencias proteccionistas registradas en los países industrializados, cuya acentuación preocupa profundamente, no sólo a los países en desarrollo, sino a parte de la comunidad internacional.

2. Proteccionismo

64. No obstante el compromiso adoptado por los países desarrollados durante la IV UNCTAD en su resolución 96 (IV) de mantener un statu quo en la aplicación de barreras arancelarias y no arancelarias, durante los últimos años han proliferado nuevos tipos de medidas proteccionistas en dichos países, que afectan negativamente las exportaciones de los países en desarrollo, tanto de sus productos primarios como de sus manufacturas y semimanufacturas.

65. Este fenómeno proteccionista que en los últimos años ha adquirido magnitudes y características nuevas, preocupa enormemente a los países latinoamericanos, dado que las nuevas restricciones al comercio que se vienen aplicando de manera sistemática, afectan seriamente a los bienes
/agropecuarios y

agropecuarios y minerales, así como a semimanufacturas y manufacturas de especial interés para dichos países (azúcar, banano, soja, flores, carnes, aceites, productos lácteos, cobre, zinc, estaño, textiles y confecciones, calzado y manufacturas de cuero, conservas de pescado, artículos electrónicos y bienes de consumo durables, automóviles, acero y barcos).

66. Lo anterior es particularmente grave, dado que del crecimiento dinámico de las exportaciones de los sectores citados depende, en gran medida, la ampliación y racionalización de la producción interna y las posibilidades de crear empleos para la creciente mano de obra.

67. Dadas las implicaciones del proteccionismo para la economía mundial, es preciso convenir e instrumentar un programa de acción internacional coordinado. En este sentido, dentro de los foros pertinentes los países latinoamericanos deben formular políticas de acción a corto plazo para frenar el incremento de medidas proteccionistas que se puedan articular y complementar con otras políticas de mediano y largo plazo.

68. Con este propósito, el CEGAN recomienda la adopción de los acuerdos alcanzados en la reunión de coordinación latinoamericana celebrada dentro del marco del SELA y durante la IV Reunión Ministerial del Grupo de los 77 en especial los relacionados con el carácter injusto de las nuevas tendencias proteccionistas, las medidas de aplicación voluntaria en el orden económico, financiero o comercial dentro del marco de una acción conjunta, las características limitantes que deberían contener las nuevas medidas proteccionistas para evitar su imposición a los productos procedentes de los países en desarrollo y los mecanismos institucionales para vigilar la evolución del proteccionismo y la aplicación de las medidas que se acuerden para la eliminación progresiva de las mismas.

69. Por otra parte, el CEGAN recomienda también utilizar los foros actuales dentro de América Latina, con el objeto de examinar el proteccionismo en sus aspectos generales y particulares que permitan generar recomendaciones a la luz de los intereses de la región, tendientes a lograr su reducción o eliminación.

/70. Asimismo,

70. Asimismo, el CEGAN recomienda que se denuncien, en todos los foros apropiados, las contradicciones flagrantes entre las recomendaciones formuladas por los países industrializados a los países en desarrollo para que abran sus economías a los mercados internacionales y se integren más estrechamente a la economía mundial, y las barreras proteccionistas que levantan contra el acceso a sus propios mercados de las manufacturas producidas por estos últimos, constituyéndose en fuente de innegable frustración para los países de América Latina y otros en situación similar.

71. Además, este tipo de proteccionismo incluye modalidades e instrumentos mediante los cuales se restringen más fuertemente las importaciones provenientes de países en desarrollo que las procedentes de los países industrializados, aunque estos últimos tengan un amplio superávit de balance de pagos en cuenta corriente y que los países en desarrollo estén atravesando por crisis económicas difíciles de superar.

72. Igualmente, el CEGAN recomienda que se denuncie la tendencia de los países desarrollados a tomar unilateralmente medidas que ponen a los países en desarrollo ante situaciones de hecho en las que deben negociar bilateralmente en condiciones muy desiguales y contrarias a los principios convenidos multilateralmente por la comunidad internacional.

73. A la luz de las causas principales que originan el proteccionismo, el CEGAN reafirma su convicción de que a mediano y largo plazo la principal solución radica en la reestructuración industrial que debe operarse en el seno de los países desarrollados, tomando en cuenta los intereses reales de los países en desarrollo.

74. Para efectos de lo anterior y de facilitar la reconversión industrial y la transferencia de capacidades industriales de los países desarrollados a los países en desarrollo, el CEGAN recomienda que se procure negociar el establecimiento en los países desarrollados de sistemas efectivos de medidas de asistencia para la reconversión.

75. Asimismo, consciente de que la América Latina dispone en conjunto de un gran poder de compra y de vastos recursos naturales que le confieren un poder de negociación considerable, el CEGAN recomienda que, en todos los foros pertinentes de América Latina, en especial dentro de la CEPAL y del

SELA, se realice un estudio sobre las distintas posibilidades de utilizar dicho poder de compra, y los mecanismos más idóneos para hacerlo efectivo.

3. Industrialización, acceso a los mercados y reestructuración industrial mundial

76. A fin de lograr un desarrollo económico más armónico y equilibrado, los países latinoamericanos deben ir sustituyendo gradualmente el modelo basado en la sustitución de importaciones por un modelo que responda a las exigencias de la región y permita que sectores seleccionados de la industria latinoamericana compitan en los mercados internacionales, continuando paralelamente la transformación de la estructura industrial con el desarrollo de nuevas industrias.

77. Las manufacturas constituyen el elemento más dinámico para el comportamiento de las exportaciones, por lo que su incremento es esencial para impulsar el crecimiento de la economía, combatir el estrangulamiento externo y poder enfrentar con posibilidades de éxito los graves problemas internos de desocupación estructural y de bajos ingresos.

78. El desarrollo de industrias productoras de bienes de capital e intermedios que funcionen con eficiencia no sólo alivia las presiones sobre el balance de pagos, sino que es necesario en la etapa actual del desarrollo tecnológico e industrial latinoamericano.

79. Uno de los principales factores que influyen en el estancamiento del parque industrial latinoamericano y en su baja utilización es el empeoramiento de las condiciones de acceso a los mercados de los países industrializados, los que continúan aplicando políticas internas de apoyo a sectores productivos ineficientes, con restricciones a la importación de productos provenientes de los países en desarrollo.

80. La solución adecuada para dicho fenómeno radica, fundamentalmente, en una reestructuración industrial mundial que sea compatible con los objetivos de crecimiento de los países en desarrollo.

81. Las políticas de largo plazo encaminadas a una reestructuración industrial mundial que favorezca un crecimiento global óptimo requieren esfuerzos conscientes de la comunidad internacional para

/establecer en

establecer en el mundo modalidades **racionales** de producción. A este respecto, es necesario crear mecanismos de **vigilancia adecuados** con miras a seguir de cerca la evolución de las modalidades de producción y comercio en el mundo y a facilitar la salida de factores de producción de los sectores que necesitan una reconversión en los países desarrollados, a fin de lograr la especialización internacional interindustrial e intraindustrial más eficaz que sea posible.

82. Sobre el particular, el CEGAN recomienda la adopción de los acuerdos emanados de la IV Reunión Ministerial del Grupo de los 77, en especial los relativos a la creación en la UNCTAD de un mecanismo para analizar periódicamente las modalidades de la producción y el comercio en la economía mundial y para identificar los sectores que necesiten un reajuste estructural, y los vinculados a la creación de un foro apropiado para acelerar negociaciones con miras a que los países desarrollados adopten y apliquen las medidas y políticas que sean necesarias a fin de promover el proceso de reajuste en los sectores que se identifiquen y facilitar la salida de los factores de producción de los mismos; asimismo es necesario ejercer vigilancia constante para evitar la creación, en los países desarrollados, de una capacidad excesiva y antieconómica que podría dar origen a exigencias de protección.

4. Productos básicos

82 bis. América Latina enfrenta, además de los problemas que afectan el poder de compra de sus exportaciones, la falta de recursos para identificar, explorar y desarrollar sus fuentes de productos básicos. En efecto, el financiamiento para esos fines se ha visto seriamente limitado por los problemas de endeudamiento externo y las presiones sociales en los países en desarrollo. Por otro lado, por regla general, no existe suficiente capacidad de ahorro interno para realizar inversiones **significativas** en estos rubros. Esas circunstancias han dado lugar a que las principales fuentes de financiamiento se originen en las empresas transnacionales, en condiciones que, en muchos casos, no han sido compatibles con los intereses y objetivos de los países receptores.

83. Los problemas fundamentales que continúan afectando a los ingresos derivados de las exportaciones de productos básicos de los países en desarrollo, son la inestabilidad de los precios internacionales de dichos productos, el escaso grado de elaboración con que se exportan y la casi nula participación de los países en desarrollo en la comercialización de

/dichos bienes.

dichos bienes. Para darle solución adecuada a estos problemas, durante la IV UNCTAD se aprobó la resolución 93 (IV) relativa al Programa Integrado para los Productos Básicos, cuyos objetivos, entre otros, son: a) lograr condiciones estables en el comercio de productos básicos, evitando en particular las fluctuaciones excesivas de los precios; b) mejorar y sostener los ingresos reales de los países en desarrollo, protegiéndolos contra las fluctuaciones de sus ingresos de exportación, especialmente los provenientes de los productos básicos; c) mejorar el acceso a los mercados de los productos primarios y de los productos elaborados a partir de éstos, y d) mejorar la estructura de los mercados en la esfera de las materias primas.

84. Dentro del calendario de trabajos de dicho Programa Integrado se han llevado a cabo reuniones preparatorias de negociación respecto a todos los productos incluidos dentro de la mencionada resolución, con excepción del banano y de la bauxita. Por la falta de voluntad política de los países desarrollados se han registrado muy escasos avances, salvo en el caucho, no obstante que para algunos productos ya existen suficientes elementos como para convocar las conferencias de negociación. (Hasta la fecha sólo se ha convocado a una conferencia de negociación, la del caucho.)

85. Considera el CEGAN que es necesario elaborar políticas con miras a la explotación racional de productos básicos no renovables (por ejemplo, minerales), para asegurarse de que la utilización de estos recursos contribuya a un crecimiento socioeconómico viable y a la protección del medio ambiente, tanto a corto como a largo plazo.

86. Por consiguiente, el CEGAN recomienda que en la declaración que emane del decimoctavo período de sesiones de la CEPAL se exhorte a los países desarrollados a que presten su máxima colaboración para finalizar lo antes posible la etapa técnica de identificación de problemas que perjudican el comercio internacional de aquellos productos básicos incluidos en la resolución 93 (IV) sobre los cuales se han efectuado reuniones preparatorias, a fin de pasar cuanto antes a la fase de negociación sobre convenios internacionales.

87. Cabe citar además las negociaciones que se vienen llevando a cabo sobre el Fondo Común, cuyos avances han sido sumamente lentos y difíciles como resultado de la insuficiente voluntad política de la mayoría de los países desarrollados, con lo cual se ha ido deteriorando la posición inicial del Grupo de los 77. Hasta la fecha se han establecido ya los elementos básicos del Fondo, significando esto un buen paso. No obstante se ha desvirtuado en alguna medida el propósito inicial con que se constituyó dicho órgano financiero para lograr la estabilización de los precios internacionales de estos productos, y de disminuir para los países en desarrollo la carga financiera correspondiente al establecimiento de las medidas internacionales que se acuerden dentro de los convenios internacionales sobre los citados productos.

88. Con miras a promover la acción conjunta de los países en desarrollo en la negociación del Fondo Común y en la de los productos individuales, se alcanzaron acuerdos importantes durante la IV Reunión Ministerial del Grupo de los 77, entre los cuales destacan los relativos al Fondo Común y a las negociaciones por productos. Estos deberían recogerse en la declaración que emane del decimoctavo período de sesiones de la CEPAL. Entre los aspectos que deberían ponerse de relieve en relación con las negociaciones por productos sobresalen los siguientes:

i) Que se convoque lo antes posible a conferencias de negociación respecto de los productos básicos que se hallan actualmente en la fase preparatoria y respecto de los cuales se han realizado suficientes progresos en la etapa técnica de la determinación de los problemas, sobre la base de programas de acción para la estabilización de los precios y de otras medidas; esas conferencias de negociación deberían concluirse dentro del calendario prorrogado del Programa Integrado para los Productos Básicos.

/Para facilitar

Para facilitar el proceso de negociación, debería prestarse asistencia a los países productores en desarrollo en sus esfuerzos por reforzar y armonizar sus posiciones de negociación, mediante reuniones entre esos países o mediante asociaciones de productos básicos.

ii) Que se invite a los gobiernos signatarios de los convenios internacionales sobre productos básicos existentes a que, de conformidad con el adecuado procedimiento de adopción de decisiones establecido por esos convenios, consideren la posibilidad de incluir otras medidas del Programa Integrado para los Productos Básicos que puedan ser pertinentes y a que consideren la participación de esos convenios internacionales sobre productos básicos en el Fondo Común, con miras a utilizar los servicios financieros tanto correspondientes a reservas estabilizadoras como de otra índole (primera y segunda ventanillas) cuando convenga.

iii) Que se adopten rápidamente disposiciones para la aplicación efectiva de medidas y procedimientos adecuados para estabilizar y mejorar en términos reales los precios de los productos básicos exportados por los países en desarrollo, teniendo en cuenta la inflación mundial y los cambios en la situación económica y monetaria internacional - incluida la modificación de los tipos de cambio -, la relación de precios del intercambio, los beneficios de las inversiones y otros factores pertinentes.

iv) Que en los estudios y negociaciones específicas se incluyan, cuando los países en desarrollo lo juzguen oportuno, los productos elaborados y semielaborados que se fabriquen con las materias primas que se enumeran en la resolución 93 (IV).

v) Que se promuevan acciones "horizontales" que permitan acuerdos entre países productores sobre determinados productos. Las fórmulas de concertación que ofrecen las asociaciones de productores serían adecuadas para aplicar este tipo de lineamientos.

89. Cabe destacar que hasta la fecha las negociaciones por productos se han concentrado en la estabilización de los precios, por lo cual se hacen necesarias negociaciones para establecer las medidas de acción requeridas en áreas de importancia crítica para los países de la región.

/como son

como son la financiación compensatoria, la elaboración y desarrollo de los productos básicos, la comercialización y distribución, la investigación y desarrollo, la diversificación horizontal y la ampliación y diversificación de la producción y del comercio de alimentos.

90. El CEGAN recomienda que se tengan presentes los acuerdos adoptados por la Reunión Técnica CEPAL/FAO sobre Desarrollo Social Rural en América Latina y la Decimoquinta conferencial regional de la FAO para América Latina, efectuadas en el mes de agosto de 1978 en Montevideo, Uruguay, ya que de ella surgieron algunos pronunciamientos sobre reforma agraria, sanidad fitopecuaria, cooperación técnica entre países en desarrollo y, especialmente, acerca de los problemas del comercio internacional de los productos agropecuarios de la región.

5. Empresas transnacionales

91. La creciente participación de las empresas transnacionales en la actividad económica de la región ha originado preocupaciones que se reflejan en los principios sostenidos por la comunidad internacional en la Carta de Derechos y Deberes Económicos de los Estados y en los esfuerzos de los países en desarrollo para la elaboración de un código de conducta para las empresas transnacionales. Estas preocupaciones fundamentales, que se recogieron en la Evaluación de Guatemala,^{3/} y que se han venido constituyendo en principios tienen plena vigencia y se refieren a la necesidad de que se lleven a la práctica los acuerdos que sobre el tema han concretado los países en sus foros regionales; entre ellos se hallan los siguientes: que las empresas transnacionales se subordinen a las leyes, reglamentos y jurisdicción exclusiva del país huésped; que se abstengan de toda ingerencia en los asuntos internos, las relaciones internacionales y la política externa del país huésped; que acaten la soberanía nacional sobre los recursos naturales y económicos; que se sometan a las políticas, objetivos y prioridades nacionales; que informen sobre sus actividades; que realicen aportes netos de recursos financieros; que contribuyan al desarrollo de la capacidad científica y tecnológica interna, y que se abstengan de prácticas comerciales restrictivas.

3/ Véase Estrategia Internacional de Desarrollo y Establecimiento de un Nuevo Orden Económico Internacional, op.cit., párrafos 169 a 173.

92. Los países de América Latina han fijado, en el marco del SELA, su posición ante el código de conducta para las empresas transnacionales, y actualmente las propuestas correspondientes se analizan en el seno de la Comisión de Empresas Transnacionales de las Naciones Unidas donde se llevan a cabo las negociaciones sobre este código.

93. El proceso de discusión, elaboración y aceptación internacional de un código de conducta para las empresas transnacionales es complejo y difícil. Cabe mientras tanto mejorar el poder negociador de los países de América Latina realizando, entre otras cosas, esfuerzos por intercambiar entre sí y con otros países en desarrollo la información de que dispongan sobre negociaciones con las empresas transnacionales, para así coadyuvar al incremento del poder de negociación individual y colectivo de los países. En esto debieran continuar prestando apoyo la CEPAL y el Centro de Empresas Transnacionales de las Naciones Unidas.

94. Para promover la posición de los países en desarrollo es necesario tomar como base el anteproyecto de código de conducta de las empresas transnacionales elaborado por un grupo de países latinoamericanos, para negociarlo con los países industrializados teniendo en cuenta los principios mencionados anteriormente y que se reiteran en el proyecto de código: las empresas transnacionales deben someterse a la legislación y jurisdicción nacional, sus actividades deben estar en consonancia con los objetivos de desarrollo de la región y con los intereses nacionales, deben evitar su ingerencia en los asuntos internos de los países donde realizan sus actividades, no disfrutarán de tratamiento preferencial, se abstendrán de solicitar apoyo diplomático o de otra índole a su país de origen y no invocarán aplicación de leyes diferentes a las que rijan en el país receptor.

6. Tecnología

95. La solución a los problemas de la transferencia de ciencia y tecnología sigue teniendo una alta prioridad en el establecimiento del Nuevo Orden Económico Internacional. Entre otras cosas, continúan planteándose interrogantes respecto de los precios en que se transfiere la ciencia y la tecnología, la suficiencia de los arreglos institucionales existentes y el grado en que su transferencia es apropiada a las condiciones de los países de la región.

96. En tales circunstancias, la creación de capacidad tecnológica autónoma en los países de la región no ha ido a la par con el progreso logrado en el cumplimiento de las metas por parte de América Latina en otras áreas de la EID. La asistencia técnica del sistema internacional no ha dado suficiente importancia, por ejemplo, a los programas de investigación y desarrollo. El CEGAN considera oportuno reiterar las posiciones que adoptó América Latina en la IV Reunión Ordinaria del Consejo Latinoamericano (SELA, en Caracas, 3 a 5 de abril de 1978), destacando en esta oportunidad lo siguiente:

i) las acciones que deriven de la Conferencia de las Naciones Unidas sobre Ciencia y Tecnología para el Desarrollo que se ha de celebrar en 1979, las que deberán servir para promover la capacidad científica y tecnológica de los países en desarrollo en las condiciones en que han sido aprobadas por el Grupo de los 77;

ii) la contribución de la UNCTAD en lo que se refiere a la función del sistema de propiedad industrial en la transferencia de tecnología, en el contexto de la revisión del Convenio de París para la Protección de la Propiedad Industrial que se lleva a cabo en la OMPI. En este sentido, los países latinoamericanos reiteran que esa revisión debería aportar los medios para que puedan adoptarse medidas apropiadas tendientes a impedir las prácticas abusivas que se observan en ese campo;

iii) el apoyo y asistencia de la UNCTAD para establecer y reforzar centros sectoriales, nacionales, subregionales y regionales para el desarrollo de la transferencia de tecnología, así como para establecer vínculos entre esos centros;

iv) la aplicación del resto de las recomendaciones formuladas en la IV Reunión Ministerial del Grupo de los 77 en Arusha (6 al 16 de febrero de 1979) en materia de cooperación en la transferencia y desarrollo de tecnología;

v) la adopción de medidas por los propios países de la región para fomentar activamente la transferencia y difusión recíproca de tecnología en sectores específicos y críticos de sus economías.

/vi) la

vi) la aplicación plena de la resolución 87 (IV), para lo cual se precisa una mayor asistencia por parte de la comunidad internacional en lo relativo a planes y políticas tecnológicas, desarrollo de los recursos locales de mano de obra y creación de estructuras institucionales y de infraestructura tecnológica para cumplir los compromisos contraídos;

vii) la necesidad de una acción conjunta de todos los países, a través de la UNCTAD, para corregir los aspectos negativos de la transferencia inversa de tecnología relacionada con el desarrollo.

97. Los países latinoamericanos reafirman por otra parte la necesidad de aprobar un código de conducta para la transferencia de tecnología universalmente aplicable, en las condiciones convenidas por el Grupo de los 77 en Arusha. Ese código debe tener como objetivos:

i) eliminar las prácticas restrictivas y desleales que afectan a la transferencia de tecnología;

ii) reforzar la capacidad tecnológica de los países en desarrollo, y

iii) aumentar la corriente internacional de diversas formas de tecnología en condiciones favorables a los países en desarrollo.

98. La legislación aplicable a las transacciones de transferencia tecnológica debe ser el código de conducta y la ley del país adquirente, especialmente en lo que respecta a materias de política en las que esté envuelta la política del país. Por otro lado, las cuestiones relativas a la política pública contemplada en la legislación del país adquirente de tecnología deberían ser resueltas normalmente por las autoridades de éste. Se admite el arbitraje como medio para la solución de controversias si tanto la forma de seleccionar los árbitros como los procedimientos son justos y equitativos, y si la legislación aplicada por el árbitro es el código y la ley nacional estipulada en el código.

99. Las transacciones internacionales de transferencia de tecnología deben quedar en el ámbito de aplicación del código de acuerdo con la legislación nacional pertinente. Además, éste debe ser aplicable a las transacciones o acuerdos entre empresas matrices, sus empresas subsidiarias radicadas en el país adquirente, o entre empresas subsidiarias o filiales de la misma empresa, dondequiera que estén radicadas.

7. Cuestiones monetarias y de financiamiento externo

100. En los primeros años de postguerra, ante la escasez de recursos privados y las incertidumbres que habían caracterizado las corrientes privadas de capital externo hacia los países en desarrollo en los dos decenios anteriores, la comunidad internacional concedió gran importancia a los capitales públicos para incrementar las corrientes de capitales hacia estos países. El concepto de "metas" fue incluido por primera vez en las discusiones sobre política financiera internacional para asegurar un volumen adecuado de transferencia de recursos y dar mayor seguridad al financiamiento de los planes nacionales de desarrollo. Dado el alto grado de sensibilidad de los balances de pagos de América Latina y otros países en desarrollo en aquellos años, la "concesionalidad" fue destacada con el objeto de asegurar términos y condiciones más liberales y menos gravosas en la asistencia oficial para el desarrollo.

101. Desde el desmoronamiento del sistema de Bretton Woods en 1971, las relaciones monetarias internacionales se han venido caracterizando por una inflación extraordinariamente alta y persistente y por un elevado grado de inestabilidad en los tipos de cambio de las principales divisas. Si bien se han adoptado medidas específicas desde entonces, el proceso de ajuste internacional no ha sido satisfactorio, de tal forma que persisten grandes desequilibrios. Esto reviste especial gravedad en una economía internacional en la que se dan a la vez bajas tasas de crecimiento de la producción y del comercio, y elevadas tasas de desempleo y subempleo, de subutilización de recursos y de inflación.

102. Actualmente las corrientes de recursos públicos/no aumentan al ritmo de las necesidades y van perdiendo peso relativo. Además, los países de la Organización para la Cooperación y el Desarrollo Económicos (OCDE), tanto bilateralmente como en foros multilaterales, han adoptado el criterio limitado de relacionar las corrientes de capital con el ingreso per cápita, de manera que por sobre determinados niveles de éste la asistencia oficial para el desarrollo es reducida o eliminada. Dado que muchos países

/latinoamericanos están

latinoamericanos están actualmente por encima de ciertos niveles de ingreso per cápita, la región en su conjunto está siendo virtualmente excluida de las corrientes de ayuda oficial.

103. A pesar de la segunda enmienda del Convenio Constitutivo del FMI, las relaciones monetarias internacionales siguen caracterizadas por un alto grado de inestabilidad, con tipos de cambio que muestran frecuentes y agudas variaciones. Por otra parte, la corrección de los desequilibrios descansa con particular intensidad en los países en desarrollo - recayendo en ellos gran parte del peso de las medidas de ajuste -, que por añadidura han tenido que limitar sus programas de desarrollo e incurrir en una deuda externa sumamente elevada respecto de sus magnitudes económicas.

104. Se estima que el llamado "período interino" diseñado para resolver los problemas más agudos de la crisis monetaria internacional no ha sido satisfactorio. En consecuencia, el sistema monetario internacional requerirá reformas estructurales; deberá asegurarse la efectiva participación de los países en desarrollo en la organización y gestión de un nuevo sistema monetario internacional que les proporcione, entre otras cosas, recursos suficientes y adecuados para superar los problemas de desequilibrio en los balances de pagos.

105. A este cuadro cabe agregar nuevos hechos que, como la reciente adopción del Sistema Monetario Europeo (SME), hacen conveniente derivar hacia los foros pertinentes inquietudes y recomendaciones respecto de lo anterior, como temas susceptibles de negociación.

8. Aspectos específicos de las relaciones con áreas desarrolladas

106. Uno de los hechos más sobresalientes de los años setenta es que continúa la creciente internacionalización y vinculación económica y financiera de la región con las economías desarrolladas. En efecto, las relaciones externas de América Latina se han hecho más complejas y diversificadas, abarcando aspectos de comercio, tecnología y financiación, y en su funcionamiento desempeñan un papel muy destacado las empresas transnacionales. No obstante lo anterior, y por las razones que se indican más adelante, las exportaciones de América Latina a cada una de las áreas desarrolladas han acusado un significativo descenso de su participación relativa, y además, la región ha experimentado fuertes déficit comerciales con cada una de esas áreas. En esta sección se tratan algunos problemas específicos de esas relaciones en el ámbito comercial.

a) Relaciones con los Estados Unidos

107. A pesar de las transformaciones que han tenido lugar en los centros de poder económico de la economía mundial, los Estados Unidos mantienen una posición preponderante. Como socio comercial más importante de la región, suministra el porcentaje más elevado de sus importaciones y adquiere gran parte de sus exportaciones; origina las principales corrientes de inversión hacia América Latina y es su más importante abastecedor de tecnología. Los Estados Unidos participan en la propiedad y en la explotación de un número importante de recursos básicos que son de importancia decisiva para la economía de muchos países. Finalmente, es una importante fuente de turistas y los gastos de éstos constituyen una proporción significativa de las entradas en divisas de varios países latinoamericanos. Del análisis que sigue se desprende que en las relaciones entre América Latina y los Estados Unidos han empeorado las perspectivas y tendencias observadas al comienzo del presente decenio.

108. Las exportaciones a los Estados Unidos han seguido siendo el sector menos dinámico del comercio latinoamericano. El crecimiento de las exportaciones de productos manufacturados y semimanufacturados de América Latina hacia ese país ha sido el resultado natural del proceso de desarrollo de la región y de

sus esfuerzos por lograr la diversificación de la producción y
/el comercio.

el comercio. De estos esfuerzos dependen en parte tanto las posibilidades de crecimiento de las importaciones de equipos y bienes manufacturados intermedios de América Latina, como la expansión de las economías de la región.

109. En cuanto a los productos básicos y agropecuarios, han proliferado medidas proteccionistas de distintos tipos, entre ellas las relacionadas con el control de calidad y los aspectos fitosanitarios.

110. Además ha habido las periódicas ventas inconsultas de reservas estratégicas de productos minerales, principalmente de estaño, que han influido negativamente en los precios internacionales de dichos productos, debiendo congelarse indefinidamente los mismos, dados los efectos de las ventas en las economías de los países productores.

111. Los países latinoamericanos han visto con preocupación que las tendencias proteccionistas en los Estados Unidos afectan bienes de mucha importancia en las exportaciones latinoamericanas. Confirman el renovado proteccionismo de esta nación: i) el establecimiento del mecanismo de activación de los precios para los productos de acero a comienzos de 1978, después de la adopción de una medida similar de la CEE que fijó precios mínimos o "básicos" para tales productos; ii) la ley sobre importaciones de carne de res, dictada en octubre de 1978, que prevé un mecanismo para interrumpir estas importaciones cuando aumente la producción interna, y aumentarlas cuando ésta disminuya; iii) el alza de los derechos arancelarios y el establecimiento de una tasa adicional sobre las importaciones de azúcar; iv) la aprobación por ambas cámaras de un proyecto de ley que impediría al Ejecutivo otorgar concesiones en las negociaciones comerciales multilaterales sobre las importaciones estadounidenses de textiles y vestuario; y v) la negativa del Congreso a prorrogar las facultades del Ejecutivo para renunciar a los derechos compensatorios.

112. Existe preocupación por las restricciones comerciales que se han originado en la legislación estadounidense sobre derechos compensatorios y en su aplicación, la cual no siempre está en concordancia con las normas del GATT. Por esta razón se asigna gran importancia a las negociaciones sobre el código de conducta al respecto, que se vienen llevando a cabo actualmente en Ginebra y en las cuales se espera lograr un tratamiento

/especial y

especial y diferenciado en favor de los países en desarrollo, en lo que toca a subsidios y derechos compensatorios.

113. En cuanto al Sistema Generalizado de Preferencias, principal instrumento utilizado por los Estados Unidos en los últimos años para materializar sus políticas comerciales en beneficio de los países en desarrollo, continúa preocupando:

i) la exclusión de Ecuador, Venezuela y Cuba en contraposición al principio de no discriminación en los Sistemas Generalizados de Preferencias aceptados por los países industrializados cuando se comprometieron a poner en práctica estos esquemas preferenciales;

ii) las reglas de origen: para que un producto pueda acogerse al esquema de preferencias, por lo menos 35% de su valor agregado debe haberse originado en el país exportador; y la cifra se eleva a 50% cuando se trata de productos con valor agregado en dos o más países que forman parte de una asociación comercial o de una zona de integración; la índole restrictiva de estos porcentajes se agudiza muchísimo más debido a que el valor agregado se circunscribe, en la aplicación de la ley, a los costos directos;

iii) la aplicación de la fórmula de la "necesidad competitiva", que limita las exportaciones latinoamericanas de muchos bienes e implica la eliminación anual de productos de exportación importantes para América Latina del esquema preferencial de los Estados Unidos; estas cláusulas impiden que los países lleven a cabo inversiones derivadas de los incentivos que debería dar el sistema;

iv) la exclusión de numerosos bienes de alto interés para América Latina.

114. La declaración que emane del decimoctavo período de sesiones de la CEPAL debería manifestar la voluntad de los países de la región de que el Sistema Generalizado de Preferencias no sea un instrumento de coerción económica y de que, en consecuencia, se elimine la discriminación del Sistema Generalizado de Preferencias de los Estados Unidos contra Ecuador, Venezuela y Cuba.

115. Alrededor de 700 partidas arancelarias estadounidenses se han excluido del Sistema aduciendo que son sensibles y que su exclusión es obligatoria en virtud de la Ley de Comercio de 1974. Muchas de las

/partidas excluidas

partidas excluidas son de interés real o potencial para América Latina (textiles, vestuarios, calzado, etc.). Sin embargo, la lista más numerosa y más desalentadora de exclusiones es la que abarca todos los productos cuya ausencia del esquema es discrecional. Dichos productos han sido excluidos por decisión presidencial, después de audiencias públicas y de recomendaciones formuladas por la Comisión de Comercio Internacional, debido a la posibilidad de que su importación tuviera efectos desfavorables en las industrias y el empleo en los Estados Unidos.

b) Relaciones con la Comunidad Económica Europea (CEE)

116. La Comunidad Económica Europea sigue siendo el segundo mercado en importancia, detrás de los Estados Unidos, para la región latinoamericana. Sin embargo, las exportaciones de la región hacia la Comunidad no han logrado crecer con igual ritmo que las importaciones de ese origen, sobre todo en los últimos años, y esto ha significado que el saldo en el comercio con la Comunidad, que fue positivo hasta 1970, a partir de entonces ha dado lugar a déficit frecuentes.

117. Un examen de las condiciones de acceso al mercado de la CEE efectuado por la CEPAL en 1978 ha revelado que dicho mercado está altamente protegido, lo que afecta a las exportaciones de manufacturas y a las de productos básicos. Existen allí obstáculos al libre acceso de las exportaciones latinoamericanas que se manifiestan en distintas formas, variando de un grupo de productos a otro. Por ejemplo, los productos tropicales están en buena parte sujetos a aranceles altos que se elevan con el grado de elaboración. La aplicación del STABEX a algunos productos puede, por otra parte inducir a la Comunidad a comprarlos preferentemente a los países signatarios de la Convención de Lomé (ACP). Otros varios productos, principalmente de zona templada, están sujetos a la política agraria de la Comunidad, que protege efectivamente a sus agricultores con diversas restricciones a la importación.

118. Los distintos acuerdos suscritos por la CEE con grupos de países han ido conformando una red de arreglos que abarca gran parte de los países desarrollados y en desarrollo, lo cual puede tener consecuencias desfavorables para las exportaciones de los países latinoamericanos que no forman parte de esta red.

119. El esquema del Sistema Generalizado de Preferencias de la Comunidad ofrece mejores condiciones de acceso a los países en desarrollo para un gran número de productos; sin embargo, el tratamiento de los productos llamados "sensibles" y "semisensibles" afecta precisamente a aquellas manufacturas que América Latina trata de exportar.

120. La serie de medidas proteccionistas que adopta la CEE con creciente frecuencia y los grandes perjuicios económicos que de ellas derivan, dieron lugar a que en la Primera Reunión de Consulta sobre las relaciones de América Latina con la CEE realizada en el marco del SELA (Punta del Este, noviembre de 1978), se concretaran recomendaciones al Consejo Latinoamericano, para ser consideradas en su V Reunión Ordinaria.

121. Con relación expresa al aspecto en consideración, cabe señalar los procedimientos que pudieran adoptarse para fortalecer la posición negociadora de la región frente a la CEE, que consistirían fundamentalmente en que los países que se consideraran afectados, sin perjuicio de las acciones bilaterales que creyesen del caso adoptar, realizasen consultas con los demás países interesados, con miras a determinar la conveniencia de definir y desarrollar una adecuada acción conjunta.

122. Dicha acción conjunta incluiría, entre otras, medidas de aplicación voluntaria en el orden económico, financiero y comercial como las siguientes:

- i) el tratamiento comercial simétrico aplicable a exportaciones originadas en el país o países desarrollados;
- ii) lineamientos para restringir o estimular las importaciones de los países en desarrollo originadas en el país o países desarrollados;
- iii) la mantención de una actividad persistente y coordinada conducente a obtener una participación adecuada en las negociaciones o en los mecanismos operativos internacionales en todos los foros apropiados, para la defensa de los intereses de los países de la región, y con ese fin impulsar la acción colectiva en tales foros de negociación.

c) Relaciones con Japón

123. Como parte de la política de diversificación de sus relaciones externas, es importante acrecentar los vínculos de América Latina con Japón y otros países desarrollados en las áreas del comercio, la tecnología y el financiamiento. Las exportaciones de América Latina al Japón han

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aumentado a un ritmo menor que las importaciones. A partir de 1970 se ha producido un déficit creciente, el que llegaba en 1976 a 2 800 millones de dólares, es decir, a 136% de las exportaciones. Además, predominan fuertemente en las exportaciones de América Latina productos básicos con limitado grado de elaboración. Por ello es necesario ampliar la cobertura de productos y remover los obstáculos que limitan el acceso a ese mercado, tanto para bienes primarios como para manufacturas. Debe mejorarse y aplicarse plenamente el Sistema Generalizado de Preferencias de Japón y concretarse acuerdos que permitan incrementar las exportaciones a ese país de productos básicos y semielaborados. Además, es preciso concertar nuevos acuerdos en materia de tecnología.

d) Relaciones con otros países desarrollados

124. Con Canadá las corrientes comerciales han aumentado considerablemente, y también se han producido, en escala todavía reducida, ejemplos de cooperación técnica y financiera de interés. Es importante que los estudios iniciados por la secretaría para el análisis de las relaciones con Canadá se lleven a una culminación y se enfoquen en forma que contribuyan a resolver los problemas pendientes y a descubrir nuevas formas de cooperación que respondan mejor a las necesidades latinoamericanas. Convendría que la secretaría considere la forma de realizar sendas reuniones técnicas sobre relaciones con Canadá y Japón con base en los estudios que tiene en marcha, para derivar de ellos conclusiones útiles para la acción.

e) Relaciones con los países europeos miembros del Consejo de Asistencia Mutua Económica (CAME)

125. Los países latinoamericanos han mantenido relaciones comerciales y firmado acuerdos con los países europeos miembros del Consejo de Asistencia Mutua Económica (CAME); sin embargo, durante las dos décadas pasadas la importancia relativa de este intercambio dentro del comercio total de la región fue muy reducida. A partir de los primeros años del decenio de 1970 las exportaciones latinoamericanas alcanzaron una tasa anual de crecimiento más alta que la de los años anteriores, al mismo tiempo que aumentó el número de países de origen de las mismas, aunque no se modificó mayormente la elevada participación de dos países en el total de esas exportaciones. Por el lado de las importaciones latinoamericanas desde países del CAME,

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la evolución fue diferente, pues éstas crecieron a un ritmo muy inferior al de las exportaciones, de tal modo que el balance comercial global arrojó un superávit creciente en los últimos años.

126. Las tendencias y hechos apuntados previamente se refieren al conjunto de los países latinoamericanos, excluida Cuba. Desde comienzos de los años sesenta este país debió reorientar la mayor parte de su comercio exterior a raíz del bloqueo comercial de que fue objeto, y lo hizo en gran parte hacia los países europeos del CAME, que a comienzos de la presente década absorbieron el 64% de las exportaciones y suministraron el 63% de las importaciones totales de Cuba. En años más recientes, la participación de los países del CAME en el comercio cubano ha sido menor, pero sus relaciones en el campo de la cooperación se han hecho más amplias y profundas, particularmente desde 1972, cuando Cuba se afilió al CAME.

127. La expansión del intercambio comercial a que se ha hecho referencia ha estado acompañada, además, por un cambio cualitativo en la relación de los países latinoamericanos con los del CAME, en la medida en que los convenios de carácter estrictamente comercial han ido siendo sustituidos por convenios o acuerdos de carácter más amplio que incorporan aspectos de cooperación económica, científica y tecnológica. Actualmente un número importante de países latinoamericanos han suscrito con los distintos países del CAME aproximadamente 200 convenios de diversa naturaleza (entre ellos, convenios que definen el marco general y las modalidades de cooperación en diferentes campos), que constituyen la base contractual sobre la que descansan las relaciones entre los dos grupos de países. A este respecto, conviene señalar que la mayor parte de los convenios de cooperación económica han entrado en vigor hace poco tiempo y que, por lo tanto, en muchos casos los proyectos concretos de cooperación están en sus etapas iniciales de ejecución, y otros en la fase de estudio o de negociación. Es razonable suponer, por lo tanto, que a mediano plazo continúe aumentando el intercambio comercial latinoamericano con los países del CAME, sobre todo si se aprovecha la posibilidad de negociar volúmenes de ventas de productos en plazos y por períodos predeterminados.

128. Las preocupaciones de los países latinoamericanos respecto a estas relaciones se vinculan, entre otras cosas, con la concertación de arreglos multilaterales para la liquidación de saldos comerciales y con el interés de los países de la región en diversificar sus exportaciones, actualmente concentradas en productos tradicionales con insuficiente grado de elaboración.

9. Integración y cooperación económica regional e interregional

129. Durante el decenio de 1970 los procesos de integración económica regional, salvo el Grupo Andino, han enfrentado serios problemas, a pesar de lo cual se ha producido un aumento significativo de la vinculación real y de la cooperación entre los países latinoamericanos. Por la importancia que reviste la cooperación regional en el desarrollo y diversificación productiva de la región, la integración económica debe constituir un punto de apoyo fundamental en la estrategia internacional del desarrollo para los años ochenta y en el establecimiento de un Nuevo Orden Económico Internacional.

130. En los casos de la ALALC y del Mercado Común Centroamericano uno de los aspectos que ha incidido en los retrasos y problemas de algunos procesos formales de integración ha sido la falta de voluntad política, que ha dificultado la operación de los mecanismos de programación y ha retrasado el avance del proceso, no obstante los logros en materia comercial. También ha contribuido a dificultar el cumplimiento de los objetivos de estos esquemas la diferencia en la estructura económica y el grado de desarrollo inicial de los países miembros que no ha permitido lograr un equilibrio de los beneficios y costos.

131. No obstante tales dificultades en el avance de los mecanismos formales de integración, se han desarrollado fuertes vínculos en el campo del comercio, la industria, la infraestructura, la agricultura, la tecnología y la defensa de intereses comunes, así como en el intercambio cultural.

131 bis. La creación del SELA ha constituido un instrumento importante para dar impulso a acciones de cooperación en campos concretos y para definir posiciones comunes de la región ante negociaciones en foros internacionales, tal como fué aprobado en el Acuerdo Constitutivo de Panamá.

132. También es importante el tratado de cooperación amazónica recientemente firmado que institucionaliza un mecanismo regular de colaboración entre ocho países de la cuenca amazónica, con vistas a la promoción del desarrollo armónico de sus respectivas áreas, ríos amazónicos y la utilización racional de los recursos naturales de estas áreas.

132 bis. La estrategia que se defina para los años ochenta deberá procurar las fórmulas y modalidades que faciliten la convergencia e interconexión de los diferentes esquemas y mecanismos de integración; en esta labor así como en la armonización de los esquemas formales y las formas de hecho de cooperación, los propios sistemas de integración y el SELA deberán desempeñar un papel destacado en el marco de sus respectivas competencias.

a) Los procesos de integración

133. Durante la segunda parte de los años cincuenta y el decenio de 1960 los esfuerzos de cooperación económica regional se encauzaron principalmente hacia la formulación de procesos de integración de carácter global, cristalizando en el establecimiento del Mercado Común Centroamericano, la Asociación Latinoamericana de Libre Comercio, la Asociación de Libre Comercio del Caribe, transformada posteriormente en el Mercado Común del Caribe (CARICOM), y el Acuerdo de Cartagena. La Asociación Latinoamericana de Libre Comercio, que realizó importantes avances en sus primeros años de actividad, está pasando por un período de relativo estancamiento en lo que respecta a nuevas negociaciones. En alguna medida puede suponerse cierto retroceso, como consecuencia de disminuciones en los márgenes de preferencia zonales ocasionados por rebajas generales de aranceles aduaneros aplicados por algunos países miembros. La terminación en 1980 del período de transición del Tratado de Montevideo ha abierto una etapa de actividades de carácter preparatorio que se realizará en el presente año, con miras a que en la reunión del Consejo de Ministros se pueda revisar el proceso y adecuar la estructura jurídica de la Asociación a las exigencias actuales y a las necesidades de su desarrollo futuro, para que pueda recuperar su dinamismo original y recobrar su calidad de órgano impulsor de la integración regional.

134. El Mercado Común Centroamericano, por su parte, mostró un dinamismo acentuado durante su primer decenio de operación, y logró promover decididamente la industrialización de esos países y avanzar en la diversificación de sus estructuras productivas. Dentro del mecanismo que lo creó se contemplaban medidas de liberalización del comercio y de programación industrial conjunta. Dado que surgieron crecientes dificultades para la aplicación de estos últimos, se estancó el ritmo de transformación industrial que venía derivándose del proceso de integración aunque continuó creciendo en

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forma moderada el comercio intrazonal. En años recientes se agregaron, además problemas específicos que retardaron la reformulación a fondo del tratado original propuesta por la Secretaría del Tratado para darle nuevo impulso al Mercado Común.

135. En la región de la CARICOM (anteriormente CARIFTA) se hicieron significativos progresos en materia de expansión del comercio, desarrollo de las instituciones financieras, administrativas y de otro tipo, y consultas acerca del desarrollo agrícola y de la planificación industrial. Durante los últimos tres años, las dificultades económicas que se presentaron en algunos países ^{/de los} más grandes de dicha región hicieron que éstos introdujeran cupos de importación que alcanzaron incluso a las importaciones provenientes de otros países de la CARICOM, con lo cual se ha afectado temporalmente el avance de esta Comunidad.

136. El Grupo Andino se destaca por su dinámico desarrollo, tanto en las decisiones aprobadas como en el crecimiento del comercio intrazonal. Son promisorios los avances alcanzados por los diferentes mecanismos que contempla el Acuerdo y que se reflejan en las decisiones aprobadas, las cuales están llamadas a influir en la diversificación industrial de los países y en una distribución adecuada de los beneficios entre ellos. Dentro de sus realizaciones cabe destacar la Decisión 24 referente a un tratamiento común de las inversiones extranjeras, desde cuya aprobación se ha producido un crecimiento importante de éstas. Este mecanismo de integración subregional cuenta con un significativo respaldo político de los países que lo forman.

137. A pesar de los problemas experimentados por algunos procesos de integración, las exportaciones intrarregionales latinoamericanas han crecido varias veces más rápido que las extrarregionales y actualmente alcanzan cerca del 17% del total. Esta evolución favorable ha permitido aminorar las dificultades generadas por las tendencias proteccionistas de los países desarrollados. En las difíciles condiciones económicas mundiales de los últimos años, el mercado regional mostró capacidad para amortiguar el efecto de la baja de ventas a los mercados extrarregionales.

138. Las exportaciones al mercado regional se caracterizan por un contenido mayor de productos nuevos, industrial y tecnológicamente más complejos, que

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aquéllas al mercado extrarregional. En algunos de estos productos nuevos, particularmente de industrias mecánicas, el mercado de la región permitió ganar la experiencia necesaria para penetrar posteriormente en los países desarrollados. Así, la vinculación real entre economías latinoamericanas está contribuyendo al proceso de industrialización regional. La integración y complementación latinoamericana es un camino viable y eficaz para el desarrollo de nuevas industrias y para dar nuevo dinamismo a las existentes. En el campo agrícola, el avance ha sido poco importante, no obstante las grandes potencialidades.

b) Modalidades de cooperación sobre aspectos específicos

139. Un mecanismo importante de cooperación regional es el Sistema Económico Latinoamericano (SELA), cuyos comités de acción constituyen una forma nueva, ágil y novedosa de cooperación entre los países que los integran. Estos comités son órganos del sistema que se establecen por un plazo limitado para canalizar y poner en marcha proyectos de interés común para tres o más países miembros, y están abiertos a la adhesión del resto de los países latinoamericanos.

140. Entre los comités constituidos hasta el momento en el SELA cabe mencionar los de fertilizantes, complementos alimenticios, artesanías, viviendas de interés social y productos del mar y agua dulce; asimismo se proyectan otros sobre red de información tecnológica, productos lácteos y carne y sus derivados, granos, semillas, frutas y oleaginosas, y turismo.

141. Además de la acción del SELA se han realizado recientemente acciones conjuntas por dos o más países latinoamericanos en el campo del comercio, la infraestructura, los servicios productivos, el desarrollo tecnológico y la cooperación financiera. En el campo del comercio intrarregional se fortalecieron los acuerdos bilaterales, particularmente entre países situados en el Cono Sur del continente y en Centroamérica. Ejemplo de esta modalidad de cooperación comercial la constituyen los programas de liberación comercial bilateral, acuerdos encaminados a intensificar el intercambio de productos incluidos en listas especiales, compromisos de suministros de productos básicos para varios años y arreglos encaminados a promover compras directas entre empresas públicas.

142. En algunas áreas geográficas ha progresado la integración de la infraestructura física, particularmente en el campo del transporte, las comunicaciones y la energía. El transporte carretero presenta una infraestructura física continua, a lo largo de casi toda la región; las interconexiones ferroviarias están más concentradas en el Cono Sur, y el transporte fluvial se utiliza de manera importante en la cuenca del Plata. Subsisten, sin embargo, serios problemas de transporte que afectan a países mediterráneos y a ciertas regiones en su acceso al litoral, a cuya solución debieran realizar una contribución importante las acciones que se contemplen en la estrategia que se defina para el próximo decenio. De la misma manera, debe anotarse que los esfuerzos de cooperación e integración económica regionales y subregionales, se encuentran seriamente limitados por el incipiente desarrollo de la infraestructura física de transporte y comunicaciones, entre las distintas subregiones y subsistemas, por el interior del Continente. La Red Interamericana de Telecomunicaciones avanza rápidamente, faltando completar algunas interconexiones por microondas.

143. En el plano energético, las acciones conjuntas se concentran en el sector eléctrico. Han aumentado considerablemente los proyectos binacionales encaminados al aprovechamiento hidroeléctrico, destacándose las obras de Itaipú, Yaciretá, Puyango Tumbes, Laguna Merín, Salto Grande y Corpus. Un dinamismo significativo ha adquirido la complementación económica en el campo de los sectores productivos. Se aprecia la importancia de las inversiones realizadas en otros países de la región por empresas ubicadas en países latinoamericanos; como también el hecho de que estas inversiones no solo representan corrientes financieras sino también de capacidad empresarial y tecnológica. En materia de tecnología, estudios recientes revelan potencialidades de corrientes internas de conocimientos tecnológicos, complementarias de las importadas, lo que ayudaría a crear campos de cooperación horizontal entre países del área.

144. En materia financiera, existen en América Latina diversos mecanismos de cooperación tanto de tipo financiero como comercial y de apoyo al balance de pagos. Entre ellos cabe mencionar la Corporación Andina de Fomento, el Banco de Desarrollo del Caribe, la Cámara de Compensación Centroamericana y el Sistema de Pagos y Créditos Recíprocos de la ALALC. A ellos se han agregado el

mecanismo de apoyo transitorio del balance de pagos de los países de la ALALC y la República Dominicana (Acuerdo de Santo Domingo), el Banco Latinoamericano de Exportaciones y el Banco Latinoamericano de Turismo. El Banco Árabe Latinoamericano es un esfuerzo conjunto de ambos grupos de países. El Fondo de Inversiones de Venezuela es un organismo nacional, que, además de sus programas de ayuda concesional, promueve inversiones en la región, mientras que el Fondo Andino de Reserva, recientemente establecido, presenta a la vez una posibilidad de cooperación financiera y en materia de políticas. Finalmente, el Sistema de Aceptaciones Bancarias Latinoamericanas (ABLA), si bien no representa un esfuerzo cooperativo en sí mismo, refleja la colaboración de los países para dar características comunes a un documento bancario con el fin de facilitar su transacción en mercados financieros externos.

145. Son también importantes los mecanismos subregionales de cooperación infraestructural y económica existentes entre diversos grupos de países, como los tratados de la cuenca del Plata y de la cuenca amazónica, el Comité de Desarrollo y Cooperación del Caribe y el Comité de Cooperación Económica del Istmo Centroamericano.

146. América Latina cuenta además con organismos sectoriales, públicos y privados, que desarrollan actividades de cooperación entre los organismos y empresas de los diversos países de la región vinculados a un mismo sector. En el sector energético funcionan la Organización Latinoamericana de Energía (OLADE), la Asociación de Asistencia Recíproca Petrolera Estatal Latinoamericana (ARPEL), y la Comisión de Integración Eléctrica Regional (CIER); en transporte funcionan la Asociación Latinoamericana de ferrocarriles (ALAF), la Asociación Latinoamericana de Transporte Automotor por Carreteras (ALATAR), la Asociación Latinoamericana de Armadores (ALAMAR), la Naviera Multinacional del Caribe (NAMUCAR); en el sector industrial y de servicios se hallan la Asociación de Industriales Latinoamericanos (AILA), la Asociación Latinoamericana de Industriales de Conservas y afines (ALICA), la Confederación de Organizaciones Turísticas de América Latina (COTAL) y el Instituto Latinoamericano del Fierro y del Acero (ILAFA), y en el sector financiero están la Asociación Latinoamericana de Instituciones Financieras de Desarrollo (ALIDE) y la Federación Latinoamericana de Bancos, así como las reuniones regulares de los gobernadores de bancos centrales de la región.

147. En los últimos años se han establecido mecanismos regionales para la defensa conjunta de las condiciones de comercialización de algunos productos básicos de interés para América Latina; entre ellos se cuenta el que vincula a un grupo de países latinoamericanos y del Caribe exportadores de azúcar (GEPLACEA), y la Unión de Países Exportadores de Banano (UPEB).

148. La creación y perfeccionamiento de todos estos mecanismos y la experiencia que ellos han recogido, permite contar con una base real e institucional que facilite el desarrollo, ampliación y profundización de la cooperación dentro de la región y con otros países en desarrollo, de modo que esta cooperación desempeñe un papel protagónico, sobre todo frente a las dificultades por las que podría atravesar la economía internacional en los próximos años.

c) Países con situaciones especiales

149. Los países de la región presentan un cuadro heterogéneo de realidades nacionales distintas que se reflejan en el grado de diversificación de sus economías y en otros indicadores económicos y sociales. Este cuadro, que de por sí hace difícil generalizar y buscar soluciones a los problemas económicos y sociales de la región, se complica aún más si consideramos la existencia de países en desarrollo menos adelantados, países insulares y países sin litoral. En los necesarios esfuerzos por mantener la unidad y solidaridad de la región frente a los problemas que la afectan y le son comunes, será necesario el establecimiento de medidas que, en lo posible, atenúen o solucionen las situaciones específicas que confrontan estos países, de manera que puedan avanzar en su desarrollo.

d) La cooperación económica y técnica entre países en desarrollo

150. En la marcha hacia el establecimiento del Nuevo Orden Económico Internacional la cooperación entre países en desarrollo tiene una gran importancia. Es un tema que en los últimos años ha ocupado la atención preferente de los organismos internacionales, los países en vías de desarrollo y la comunidad internacional.

151. Esta importancia ha sido reconocida en diversas resoluciones, declaraciones y decisiones de la Asamblea General y de los organismos y órganos de las Naciones Unidas. La Conferencia sobre Cooperación Económica entre

Países en Desarrollo, realizada por el Grupo de los 77 en México en septiembre de 1976; la Conferencia de las Naciones Unidas sobre Cooperación Técnica entre los Países en Desarrollo efectuada en Buenos Aires en 1978, y diversas reuniones de los países no alineados, en particular la V Conferencia Cumbre celebrada en Colombo en 1976, han ratificado la trascendencia que los países en desarrollo y la comunidad internacional conceden a la cooperación técnica y económica de los países en desarrollo entre sí.

152. Es significativo, y constituye un compromiso para la América Latina, que dos de las conferencias internacionales sobre el tema se hayan efectuado en nuestra región. De otro lado, para los países latinoamericanos esta cooperación no es nueva, pues aparte de haberla desarrollado en la región, en algunos casos se ha proyectado en forma bilateral hacia otras regiones.

153. Es el momento de que esa proyección hacia las regiones de África y Asia adquiriera una nueva dimensión. Como se expresó en la Conferencia de Buenos Aires, esta cooperación "es una fuerza decisiva para iniciar, diseñar, organizar y fomentar la cooperación entre los países en desarrollo a fin de que puedan crear, adquirir, adaptar, transferir y compartir conocimientos y experiencias en beneficio mutuo, y para lograr la autosuficiencia nacional y colectiva, lo cual es esencial para su desarrollo social y económico".^{4/}

154. La CEPAL ha dado los primeros pasos para concretar las posibilidades de cooperación entre América Latina y África. Este esfuerzo incipiente debe ser sostenido e incrementado. América Latina, con apoyo y cooperación internacional adecuados, puede desempeñar un gran papel en este esfuerzo de los países subdesarrollados por lograr uno de los aspectos principales del Nuevo Orden Económico Internacional y la puesta en marcha del programa de acción aprobado en la Conferencia de México para la cooperación económica entre países en desarrollo.

^{4/} Naciones Unidas, Informe de la Conferencia de las Naciones Unidas sobre Cooperación Técnica entre los Países en Desarrollo (A/Conf.79/13/Rev.1), Nueva York, 1978, pág. 4.

155. La nueva fórmula de los comités de acción del SELA permite identificar áreas y sectores de interés aglutinante, y facilita asimismo la puesta en marcha de proyectos a través de la constitución de comités de acción interregionales en los cuales participan países de América Latina, Africa y Asia interesados en el desarrollo de un determinado proyecto.

B. EVOLUCION DE LAS NORMAS Y PRINCIPIOS QUE RIGEN LAS RELACIONES ECONOMICAS INTERNACIONALES

156. Para facilitar los cambios estructurales necesarios con miras al establecimiento del Nuevo Orden Económico Internacional, es preciso reformular y renegociar las reglas y principios que rigen actualmente el comercio internacional y las relaciones económicas, en función de lo acordado durante el VI Período Extraordinario de Sesiones de la Asamblea General y en la Carta de Derechos y Deberes Económicos de los Estados.

157. Las actuales reglas y procedimientos del Fondo Monetario Internacional y del Acuerdo General sobre Aranceles Aduaneros y Comercio (GATT), deben ser reforzados de manera que respondan a las necesidades del comercio, el desarrollo y las finanzas de los países en desarrollo, en virtud de que no han satisfecho las aspiraciones de estos países.

158. El resultado de las actuales negociaciones sobre códigos de conducta debe reflejar la situación de los países en desarrollo, y la reforma del Acuerdo General debe dar a éste mayor flexibilidad.

159. Deben denunciarse enérgicamente los intentos de los países desarrollados de introducir nuevos conceptos, normas y principios en las relaciones económicas internacionales, que sean contradictorios con las normas y principios establecidos en los documentos del Nuevo Orden Económico Internacional, dado que tendrían efectos muy negativos, al neutralizar el efecto de las medidas y cambios estructurales necesarios para establecer dicho orden. Por lo tanto, el CEGAN recomienda que se rechace:

i) el nuevo marco general de "necesidades básicas", que supone una concepción y sistematización inadecuada que reduciría el ámbito de acción en las áreas incluidas en el programa para el establecimiento del Nuevo

/Orden Económico

Orden Económico Internacional, lo cual, de aplicarse, produciría enormes presiones para que los países en desarrollo aceptaran objetivos incompatibles con sus políticas de desarrollo;

ii) el concepto de selectividad que vienen aplicando de facto los países desarrollados a las exportaciones procedentes de los países en desarrollo y que se intenta legalizar en las negociaciones comerciales multilaterales dentro del código de conducta relativo a las cláusulas de salvaguardia;

iii) el concepto de "acceso a los suministros" que implicaría la afectación del principio de la soberanía permanente sobre los recursos naturales y las actividades económicas;

iv) el concepto de "graduación", que implica una discriminación en las materias relacionadas con el comercio, el financiamiento y el desarrollo, al tratar de establecer categorías entre los países en desarrollo. Al respecto, el CEGAN recomienda que se denuncie enérgicamente la aplicación de facto de este concepto - no obstante no haber sido aceptado por la comunidad internacional - por diversos gobiernos de los países desarrollados, discriminando en contra de los países latinoamericanos en diversas medidas proteccionistas, y por las principales instituciones financieras internacionales, que han estado contrando cada vez más su atención en políticas concesionales y preferenciales concebidas fundamentalmente para ayudar a los países en desarrollo cuyo ingreso per cápita se sitúa por debajo de ciertos niveles predeterminados, excluyendo así a casi todos los países latinoamericanos.

160. En virtud de lo anterior, el CEGAN recomienda que se denuncie en todos los foros pertinentes este clima económico internacional que parece tornarse cada vez más adverso hacia América Latina, justamente en la etapa más crítica de su desarrollo.

III. PRIORIDADES DE AMERICA LATINA PARA LOS AÑOS OCHENTA

A. ASPECTOS GENERALES

161. A lo largo de la sección II de esta parte se han destacado algunas conclusiones y orientaciones para la acción que derivan directamente del análisis de las relaciones económicas externas de América Latina. Tales orientaciones para la acción futura deben considerarse junto con las prioridades que se destacan en esta sección III.

162. América Latina es una región en transición con gran potencial de desarrollo económico, que presenta a la vez graves problemas y limitaciones fundamentales que impiden que ese potencial se explote en forma acelerada.

163. En el campo interno, América Latina enfrenta problemas **socioeconómicos** serios, relacionados principalmente con el desempleo y los bajos ingresos de vastos sectores de la población, cuya solución depende en gran medida de que los problemas externos de la región se resuelvan adecuadamente, con independencia de los esfuerzos que sea necesario desplegar en el plano interno.

164. Los ingresos de divisas de la región continúan siendo originados fundamentalmente por las exportaciones de productos primarios, cuyos precios internacionales carecen de la estabilidad necesaria en términos reales, haciendo prácticamente imposible la planificación del desarrollo económico en los países latinoamericanos.

165. Los esfuerzos de industrialización de América Latina dependen en gran parte de la evolución y oportunidades de acceso a los mercados de los países desarrollados, lo cual ha encontrado serios obstáculos en las tendencias proteccionistas registradas en los últimos años en los países industrializados, cuya acentuación es motivo de profunda preocupación para los países latinoamericanos.

166. Los esfuerzos por lograr un desarrollo económico continuo por parte de los países latinoamericanos, las fuertes oscilaciones de los precios internacionales de los productos básicos y la agravación del fenómeno proteccionista han contribuido enormemente a que América Latina muestre

/un saldo

un saldo negativo en su balance de pagos; esto ha hecho necesario que los países latinoamericanos solventen cada vez más dicho saldo negativo a través del endeudamiento externo, con el consiguiente incremento de presiones de carácter externo que dificultan la solución de los problemas de carácter social y la redistribución del ingreso. Como consecuencia de ello, la solvencia exterior de América Latina está ligada muy estrechamente a la solución del problema de la oscilación de los precios de los productos básicos y del dinamismo de sus exportaciones.

167. El gran desafío de la región es el de combinar sus enfoques internos y externos en un marco coherente de política integral, de manera de mantener un desarrollo económico continuo y equilibrado.

168. Las trabas fundamentales de carácter externo continuarán existiendo a menos que se logren los cambios estructurales necesarios que permitan el establecimiento del Nuevo Orden Económico Internacional, conforme a las pautas de las resoluciones 3201 (S-VI), 3202 (S-VI) y 3281 (XXIX) de la Asamblea General de las Naciones Unidas.

169. Continúa limitando seriamente la vinculación de la región con la economía internacional la falta de voluntad política de los países industrializados para lograr en las negociaciones relativas al establecimiento del Nuevo Orden Económico Internacional, avances más acelerados que permitan la gradual adopción de políticas globales con plena participación de los países en desarrollo en los distintos campos fundamentales para dicho propósito.

170. En los últimos años han aparecido fenómenos adicionales que por su seriedad obstruyen los esfuerzos de desarrollo económico de la región, en especial los relativos a la progresiva discriminación que sufre América Latina en diversos mecanismos de cooperación internacional y, en algunos casos, de su exclusión. Este fenómeno se hace particularmente evidente en las políticas que orientan la asistencia oficial para el desarrollo, y en las que han adoptado o pretenden adoptar instituciones de cooperación financiera, que de facto constituyen una aplicación del concepto de graduación financiera y técnica internacionales. A lo anterior se agrega que ciertas políticas globales, como las que se refieren al acceso de los mercados, afectan en forma especial a la región.

171. La inoperancia del actual orden económico internacional no sólo se proyecta negativamente sobre los países en desarrollo, sino también sobre la recuperación y el nivel de actividad de los países industrializados. Se desconoce frecuentemente el papel activo de los países en desarrollo, y en forma particular el de América Latina, en el estímulo anticíclico en períodos de recesión internacional. Ello se pudo observar en el mantenimiento de la capacidad importadora de los países de la región en los últimos años. Las exportaciones de los países industriales a los países en desarrollo han crecido fuertemente en los años recientes: entre 1969 y 1975 los países en desarrollo absorbieron casi una tercera parte del aumento total de las exportaciones de manufacturas efectuadas por los países industriales. En 1976, las exportaciones de manufacturas desde el Norte hacia el Sur totalizaron 125 000 millones de dólares, mientras que la corriente inversa fue de solamente 25 000 millones. No se podría desconocer la influencia positiva que este volumen de ventas ha tenido sobre el nivel de empleo de los países desarrollados.

172. De lo anterior se destacan dos contradicciones que el CEGAN recomienda se denuncien enérgicamente. Mientras que por un lado los países industrializados exigen una elevada capacidad de pago de las deudas de los países en desarrollo, sus políticas comerciales minimizan las oportunidades de los deudores para hacerles frente aumentando su capacidad de exportación. Por otro lado, al tiempo que los países industriales están embarcados en una política antinflacionaria, se restringen las importaciones de productos provenientes de países en desarrollo cuyos procesos productivos hacen uso intensivo de mano de obra y que son de buena calidad tecnológica; los costos sensiblemente menores de los países en desarrollo podrían lógicamente beneficiar a los consumidores de los países desarrollados.

173. Para hacer frente a los problemas fundamentales de América Latina, se deben exigir avances sustanciales en las negociaciones relativas al establecimiento del Nuevo Orden Económico Internacional, dentro de un espíritu de equidad en cuanto a las oportunidades de todos los países del mundo a acceder a los frutos del progreso; en ello no caben las políticas discriminatorias de graduación, susceptibles de originar fisuras en una

/negociación cuyas

negociación cuyas características esenciales deben ser la globalidad y el mutuo beneficio, dentro del marco de los principios generales que rigen el sistema de las Naciones Unidas, incluyendo la Carta de Derechos y Deberes Económicos de los Estados.

B. OBJETIVOS DE LA ESTRATEGIA INTERNACIONAL DE DESARROLLO (EID)
EN EL TERCER DECENIO DE LAS NACIONES UNIDAS
PARA EL DESARROLLO

174. La formulación de una nueva estrategia internacional de desarrollo debe ser parte integrante de los esfuerzos de la comunidad internacional por acelerar el desarrollo económico y social de los países en desarrollo y establecer el Nuevo Orden Económico Internacional.

175. Por consiguiente, la formulación de dicha estrategia debe ser congruente con las pautas establecidas por la Asamblea General de las Naciones Unidas en sus resoluciones 3201 (S-VI) y 3202 (S-VI) del 1º de mayo de 1974, que contienen la Declaración y el Programa de Acción sobre el establecimiento de un nuevo orden económico internacional; en su resolución 3281 (XXIX) del 12 de diciembre de 1974, que contiene la Carta de Derechos y Deberes Económicos de los Estados, y en la 3362 (S-VII) del 16 de septiembre de 1975, sobre desarrollo y cooperación económica internacional.

176. Por otra parte, esa formulación debe estar dirigida hacia la consecución de los objetivos del Nuevo Orden Económico Internacional que están contenidos en las resoluciones mencionadas, y además de definir metas, objetivos y políticas, debe contener un conjunto de medidas interrelacionadas y concertadas en todos los sectores del desarrollo con miras a promover el desarrollo económico y social de los países en desarrollo y asegurar su participación equitativa, total y efectiva en la formulación y aplicación de todas las decisiones en la esfera del desarrollo y de la cooperación económica internacional.

177. Igualmente debe contribuir a la promoción del objetivo de autosuficiencia nacional y colectiva de los países en desarrollo, en particular mediante el fomento de la cooperación económica y técnica entre ellos y el apoyo incondicional por parte del sistema de las Naciones Unidas y de los países industrializados a esa cooperación.

178. Para efectos de lo anterior y de la labor preparatoria con miras a la formulación de la nueva estrategia internacional del desarrollo, el CEGAN ratifica el contenido de la resolución 33/193 de la Asamblea General y recomienda además que el propio CEGAN continúe reuniéndose periódicamente a fin de preparar adecuadamente las aportaciones de América Latina a la formulación de la citada estrategia, en apoyo al grupo latinoamericano que viene participando de acuerdo con dicha resolución.

C. ESFUERZO INTERNO DE LOS PAÍSES LATINOAMERICANOS Y COOPERACION ECONOMICA REGIONAL

179. El desarrollo debe ser concebido como un proceso integral caracterizado por la consecución de metas económicas en función de objetivos de transformación social que aseguren la incorporación plena de toda la población en los esfuerzos y beneficios del desarrollo. En este sentido, los países de América Latina, de manera individual y soberana, deberán fortalecer su estructura económica, cultural y social a fin de lograr un desarrollo congruente, basado en la autodeterminación nacional.

180. Se deberá atribuir la más alta prioridad a la organización y participación de los sectores de la población tradicionalmente postergados. Dentro de este contexto debe quedar reflejado el importante papel que corresponde particularmente a las organizaciones de base, las cuales deben ser promovidas mediante apoyo material, técnico y financiero.

181. El CEGAN considera que los gobiernos deberán intensificar las acciones tendientes a conseguir una real redistribución de los ingresos así como altos niveles de ocupación en favor de los grupos marginados, para incrementar su bienestar social a través de un mejoramiento de la calidad de la vida (salud, nutrición, vivienda, seguridad social) y la condición social y económica (participación popular, educación y capacitación).

182. América Latina deberá recuperar y lograr un alto ritmo de crecimiento económico en la próxima década, como una necesidad ineludible para facilitar el logro de las finalidades sociales que se postularon precedentemente.

183. Este crecimiento económico deberá ir acompañado de un intenso proceso de transformación productiva que permita materializar una rápida industrialización de las economías y un cambio profundo de los sistemas productivos

/agrícolas, para

agrícolas, para satisfacer adecuadamente las necesidades nutricionales de la población latinoamericana y contribuir al acrecentamiento de las exportaciones que se requieren para satisfacer los abastecimientos de bienes esenciales importados.

184. Las incertidumbres y dificultades por las que atraviesa la economía internacional acentúan aún más la necesidad de reforzar el papel asignado al esfuerzo interno y a la cooperación entre los países en desarrollo, y muy especialmente a la cooperación regional.

185. El mayor esfuerzo interno se deberá materializar en una intensificación del ahorro nacional, que inevitablemente exige la contención del consumo que hoy se polariza en reducidos sectores de la sociedad, para que en combinación con la captación de otros recursos se encamine su uso, de manera selectiva, al desarrollo agrícola e industrial, tal como se expresa en párrafos anteriores.

186. En cuanto a la cooperación regional, las prioridades que se señalan en los párrafos siguientes, especialmente en lo relativo a productos básicos, se agregan a las que se presentan sobre temas similares más adelante en el apartado E de esta sección, en que se trata la cooperación económica internacional.

187. La promoción de la cooperación regional y subregional, que constituye uno de los pilares fundamentales del programa de acción para el establecimiento del Nuevo Orden Económico Internacional debe efectuarse en América Latina en forma coordinada principalmente a través de los esquemas formales de integración existentes y del SELA, así como mediante el apoyo de otras instituciones y mecanismos regionales y subregionales.

188. Para facilitar tal promoción los gobiernos de los países miembros de América Latina deben coordinar sus políticas económicas con dichos esfuerzos y prestar su máxima colaboración para el óptimo aprovechamiento de la tecnología, capacidad técnica y recursos naturales de la región. Con este propósito deben usarse intensamente los foros pertinentes que existen en la región, los cuales deben ser reforzados adecuadamente para que puedan cumplir las tareas complejas tendientes a alcanzar el objetivo fundamental de la tercera estrategia internacional del desarrollo, el de establecer el Nuevo Orden Económico Internacional.

189. Para dar mayor dinamismo al proceso de integración económica en América Latina, es necesario introducir reformas para avanzar en otros campos del desarrollo económico, distintos de la desgravación comercial y para el establecimiento de programas y acuerdos de complementación industrial, tales como la infraestructura, la agricultura, la tecnología, el transporte y la defensa de intereses comunes. Con ese objeto, es preciso adoptar medidas en los esquemas formales de integración, que permitan resolver efectivamente los problemas de la distribución equitativa de ventajas y riesgos entre los países participantes, asegurando una real y oportuna transferencia de recursos financieros y tecnológicos a los países de menor desarrollo.

190. Por otra parte, es necesario establecer fórmulas y mecanismos que faciliten la convergencia e interconexión de los diferentes esquemas y mecanismos de integración, para lo cual los propios sistemas de integración y el SELA deberán desempeñar un papel destacado en el marco de sus respectivas competencias dando impulso a acciones de cooperación en campos concretos y tendientes a la definición de posiciones comunes de la región para negociaciones en foros internacionales para aprovechar la capacidad de negociación y compra conjunta de América Latina.

191. Tomando en consideración que la ALALC - que registró avances en sus primeros años y que ha experimentado un período de relativo estancamiento - en virtud del próximo vencimiento a fines de 1980 del período de transición del Tratado de Montevideo, se encuentra desarrollando actividades preparatorias de negociación para efectos de la revisión del proceso, se recomienda que los gobiernos de los países miembros introduzcan reformas para ajustarla a las exigencias actuales con el objeto de devolverle su dinamismo original, dotándolo de mayor flexibilidad como foro de consulta y cooperación y fortaleciendo los mecanismos de negociación por productos y de acuerdos de complementación industrial.

192. En cuanto al Mercado Común Centroamericano es urgente encontrar fórmulas y mecanismos prácticos que le den un nuevo dinamismo que permita que el ritmo de transformación industrial de sus países miembros se acelere. Tocante al Grupo Andino que se destaca por su dinámico desarrollo es importante que se detecten nuevas formas de apoyo que le permitan profundizar sus importantes decisiones.

/193. Por otra

193. Por otra parte, los países latinoamericanos deben reforzar al SELA, cuyos comités de acción, que constituyen una nueva, ágil y novedosa forma de cooperación entre los países que los integran, ofrecen un potencial ilimitado para facilitar la cooperación económica.

194. Asimismo, cabe destacar que para superar los obstáculos de la integración económica en América Latina es de vital importancia acelerar la integración de la infraestructura física entre los países de América Latina, particularmente en el campo del transporte, las comunicaciones y la energía.

195. Para evitar la duplicación de esfuerzos de las distintas secretarías de los organismos de integración, es conveniente promover reuniones periódicas entre estos organismos, los que podrían reforzarse mutuamente e intercambiar experiencias. La CEPAL podría desempeñar un papel importante como órgano de apoyo y de asistencia técnica a través de estudios específicos que complementaren la labor de las mencionadas secretarías.

196. Dentro del espíritu de las resoluciones aprobadas en el ámbito internacional y regional, en la nueva estrategia para el desarrollo deberán profundizarse mecanismos que permitan atender a los problemas que afectan a la economía de los países de menor desarrollo de la región, particularmente a los insulares y a los que carecen de litoral.

197. El CEGAN recomienda que la vinculación física del continente no se realice exclusivamente en el cinturón costero, sino también hacia el interior, a fin de que los países sin litoral puedan mejorar las vías de solución a los problemas de comercialización de sus productos.

198. En lo que respecta a los productos básicos, es necesario que se intensifiquen las consultas con miras a aprovechar en forma óptima la experiencia y los recursos de la región. Entre las acciones posibles se destacan las siguientes:

i) que se establezca, dentro del marco del Nuevo Orden Económico Internacional, un mecanismo financiero que pueda facilitar los recursos necesarios para que, basándose en el principio del respeto a la soberanía permanente sobre los recursos naturales y las actividades económicas de los países, se realice la identificación, exploración y desarrollo de los recursos naturales de la región;

ii) que se refuercen las actuales asociaciones de productores y se creen otras en función de las posibilidades de cooperación, y de las negociaciones internacionales que se estén llevando a cabo;

iii) que se establezca un régimen de autoabastecimiento de productos agropecuarios;

iv) que se creen oficinas de los países productores de la región en las bolsas de productos básicos que operan en los países desarrollados, con el fin de observar la evolución de las transacciones que influyen en la oscilación de los precios internacionales de productos básicos, y de asegurar de que la información que se canaliza sobre oferta y demanda mundiales y factores climáticos sea veraz, y que no se distorsionen las tendencias reales en estos aspectos;

/v) que

- v) que se establezcan posiciones comunes de la región con miras a la negociación dentro de los órganos permanentes que rigen los convenios internacionales de productos básicos, y a las que se están llevando a cabo dentro del marco del Programa Integrado para los Productos Básicos;
- vi) que frente a medidas proteccionistas que afecten a las exportaciones regionales de productos básicos se apliquen las estrategias comunes convenidas en el SELA, y que también se apliquen estrategias comunes frente a la venta de reservas estratégicas de dichos productos por parte de los países desarrollados;
- vii) que se establezcan mecanismos especiales para facilitar las consultas e intercambios de experiencias entre los países de la región, con miras a modernizar los métodos de cultivo y de extracción e incrementar así la productividad;
- viii) que se incremente la investigación y desarrollo dentro de la región con el objeto de identificar nuevos usos de los productos básicos;
- ix) que los países latinoamericanos adopten planes apropiados para ampliar y diversificar la producción y el comercio de alimentos;
- x) que se establezca, en la medida de lo posible, un programa conjunto de comercialización y distribución de los productos básicos de la región;
- xi) que se establezca una institución financiera regional que dé apoyo técnico y financiero al desarrollo de los sistemas nacionales de comercialización y distribución de los países latinoamericanos, y en particular al financiamiento de la constitución de reservas nacionales y de instalaciones de almacenamiento, así como a la constitución de fondos de diversificación horizontal.
199. En cuanto a la industrialización, para acelerar el desarrollo económico e industrial de los países latinoamericanos es preciso intensificar sus esfuerzos colectivos para expandir y establecer industrias multinacionales basadas en el aprovechamiento de los recursos locales. Asimismo, es preciso crear una infraestructura que permita la absorción más racional del capital y la tecnología externos, ampliar los mercados nacionales y regionales y aumentar considerablemente la participación de las manufacturas latinoamericanas en el comercio mundial.
200. Por otra parte, es necesario que se adopten adecuados instrumentos de control de calidad que permitan que las exportaciones de productos /manufacturados y

manufacturados y semimanufacturados tengan mayores posibilidades de competir en los mercados internacionales.

201. Igualmente se requiere, para un mejor aprovechamiento del mercado global de la región, que los países latinoamericanos agoten todas las posibilidades de programación y complementación industrial y adopten una posición conjunta frente a las prácticas comerciales restrictivas que imponen las empresas transnacionales, de acuerdo con su posición respecto del código de conducta para las empresas transnacionales en el marco del SELA, puesto que dichas empresas obstaculizan el aprovechamiento racional de los recursos naturales y de la mano de obra. Es necesario reforzar las reuniones sectoriales de empresarios y promover consultas entre organismos empresariales a fin de detectar la evolución de las intenciones de las empresas transnacionales en lo que se refiere a la aplicación de dichas prácticas. Asimismo, es necesario reforzar los mecanismos de consulta, establecimiento y aplicación de normas de calidad.

202. En el plano legislativo, sin olvidar los esfuerzos que en el ámbito internacional se realicen en este aspecto, los países latinoamericanos deben adoptar entre otras normas efectivas que regulen la inversión extranjera, las condiciones mediante las cuales se transfiere la tecnología, las prácticas comerciales restrictivas de las empresas transnacionales y los aspectos relativos a la propiedad industrial, de acuerdo con las políticas nacionales de desarrollo, a fin de evitar los perjuicios que puedan surgir de eventuales acuerdos de exclusividad y los abusos del poder de mercado.

203. Dado que la expansión de la industrialización depende en gran medida de la evolución de factores externos como medidas proteccionistas, financiamiento, tecnología, control de calidad y transporte, es indispensable que se intensifiquen las consultas al respecto y que la región adopte posiciones comunes para efectos de las negociaciones internacionales que sobre dichos puntos se llevan a cabo actualmente dentro del sistema de las Naciones Unidas, incluyendo organismos asociados como el GATT.

204. Dentro del campo de la tecnología, es necesario crear mecanismos especiales que faciliten la transferencia de tecnología autóctona y el intercambio de asistencia técnica. Para estos efectos se recomienda la creación de centros nacionales de desarrollo tecnológico que puedan vincularse con instituciones o centros de carácter regional, como la Red de Información

Tecnológica Latinoamericana (RITLA), creada durante la IV Reunión Ordinaria del Consejo Latinoamericano del SELA.

205. Dicha vinculación entre los centros nacionales y centros subregionales y regionales para el desarrollo y la transferencia de tecnología ayudará a poner en práctica iniciativas como las relacionadas con:

i) el intercambio adecuado de información sobre las distintas posibilidades que en materia de tecnología se ofrecen a los países en desarrollo;

ii) el establecimiento de programas comunes de investigación y capacitación tecnológicas;

iii) la determinación de las necesidades de tecnología y de suministro de asistencia técnica para el desarrollo de programas de capacitación y preparación de contratos tipos para la concesión de licencias.

206. Asimismo, es importante desarrollar tecnología intermedia y adecuada para atender problemas como el de la agricultura de subsistencia, que gravita sobre vastos sectores de la población rural latinoamericana.

207. Con miras a lograr que el código internacional de conducta para la transferencia de tecnología que se está negociando en el seno de la UNCTAD incluya todos los aspectos de interés de los países latinoamericanos, es necesario que se continúe actuando en forma coordinada.

208. En lo que se refiere a las empresas transnacionales, su creciente participación en la actividad económica en la región ha originado preocupación que se refleja en los principios sostenidos por la comunidad internacional en la Carta de Derechos y Deberes de los Estados, y lo sostenido por los países en desarrollo en relación con la elaboración de un código de conducta para las empresas transnacionales.

209. Es necesario establecer un sistema de información sobre tecnología y sobre empresas transnacionales en la región, combinando recursos del Centro de Empresas Transnacionales de las Naciones Unidas con los de las comisiones regionales y con los recursos adicionales necesarios.

210. Es indispensable que se estimule el empleo de nuevas modalidades de contratación con las empresas transnacionales, aprovechando la capacidad de negociación conjunta de la región, a fin de seleccionar aquellos elementos en los cuales el aporte de las empresas transnacionales es insustituible, y de minimizar los costos involucrados en tales negociaciones.

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211. Con relación a las negociaciones relativas al código de conducta sobre las empresas transnacionales, los gobiernos latinoamericanos deberían mantener, con el apoyo de la CEPAL y del SELA, los esfuerzos de coordinación para definir y aplicar posiciones conjuntas.

212. En relación con el proteccionismo, es indispensable combatir las tendencias que en este sentido exhiben actualmente los países desarrollados, para permitir una expansión adecuada de las exportaciones latinoamericanas de productos básicos, y de manufacturas y semimanufacturas.

213. En la región, independientemente de las acciones que se busquen a nivel internacional para frenar la nueva ola proteccionista, se podría establecer un mecanismo regional que vigilara la evolución de las tendencias e implicaciones del proteccionismo con relación a los intereses de América Latina.

214. Dentro de dicho foro se podrían decidir las acciones que los países latinoamericanos juzgaran necesarias en el orden económico, financiero o comercial, como:

i) el tratamiento comercial simétrico aplicable a exportaciones originadas en el país o países desarrollados;

ii) los lineamientos para restringir o estimular las importaciones de los países en desarrollo originadas en el país o países desarrollados;

iii) el mantenimiento de una actividad persistente y coordinada conducente a obtener una participación adecuada en las negociaciones o en los mecanismos operativos internacionales en todos los foros apropiados para la defensa de los intereses de los países de la región, y el impulso a la acción colectiva en tales foros de negociación.

215. Por otra parte, se podría establecer un sistema de información ágil que permitiese identificar con mayor rapidez y seguridad las barreras no arancelarias que aplican los países desarrollados, y las modalidades de su aplicación.

216. En cuanto a los productos energéticos, América Latina en su conjunto depende de los hidrocarburos en mayor proporción que otras regiones del mundo para su abastecimiento energético. Asimismo, dado el grado de desarrollo de esta región, se hace muy difícil en el corto o mediano plazo separar el crecimiento económico de un crecimiento paralelo de consumo energético. Más aún, la firme intención de elevar cada vez más el nivel

de bienestar de los sectores marginados de nuestra sociedad, redundará en un aumento del consumo energético. Además, se hace cada día más patente que en los años ochenta la humanidad confrontará una demanda que superará la capacidad productiva de este recurso. Todo ello plantea serios interrogantes para concebir una estrategia de desarrollo económico y social sostenida para América Latina.

217. Se agrega a esto la extensión geográfica de la región, con vastas áreas potencialmente petrolíferas aún no exploradas, además de la gran disponibilidad de otros recursos energéticos convencionales escasamente utilizados, como son los recursos hídricos, además de la existencia de otras fuentes al momento no convencionales y no aprovechadas. Por ello se hace necesario que en la próxima década los países de América Latina, individualmente y como conjunto, adopten políticas energéticas integrales tomando en cuenta la proyección de sus necesidades, la disponibilidad de recursos y los avances tecnológicos que se logren sobre la materia. Estas políticas deben tender a lograr un autoabastecimiento energético de la región que asegure una transición sin grandes dificultades a una era energética postpetrolera.

218. Este esfuerzo individual y de conjunto abre un vasto campo a la cooperación internacional entre los países de la región y el resto del mundo. Con este propósito, se debe apoyar y reforzar además de los esfuerzos nacionales, los esfuerzos que están realizando organizaciones regionales especializadas sobre esta materia, como la OLADE, la ARPEL, la CIER, UCEL y CEE.

219. Con base en resoluciones de la UNCTAD y en el resultado de reuniones regionales previas, el CEGAN recomienda al decimotercero período de sesiones de la CEPAL que decida convocar a una reunión de superintendentes de seguro y reaseguro latinoamericanos, que avance en las decisiones ya tomadas para el establecimiento de una asociación regional de dichos funcionarios.

D. COOPERACION ECONOMICA ENTRE PAISES EN DESARROLLO

220. La cooperación económica entre países en desarrollo es uno de los pilares fundamentales del programa de acción para el establecimiento del Nuevo Orden Económico Internacional.

221. La cooperación económica entre países en desarrollo, por ser una materia que concierne primordialmente a éstos, debe ser formulada e impulsada por ellos mismos, en el plano subregional, regional, interregional y global.

222. En este contexto, los países desarrollados y las organizaciones del sistema de las Naciones Unidas tienen un papel de apoyo y participación en este proceso, el cual deben cumplir en forma incondicional en cumplimiento de las diversas resoluciones de la Asamblea General y de la UNCTAD.

223. El marco fundamental de la cooperación económica entre países en desarrollo lo constituyen:

- i) las decisiones adoptadas en la Conferencia sobre Cooperación Económica entre Países en Desarrollo (México, 13 al 22 de septiembre de 1976),

- ii) el Programa de Acción sobre cooperación económica y las resoluciones pertinentes aprobadas por la Quinta Conferencia de Jefes de Estado o de Gobierno de los Países no Alineados (Colombo, 16 al 19 de agosto de 1976) relativas a la cooperación entre países en desarrollo, así como las recomendaciones sobre este tema formuladas en la Conferencia de Ministros de Relaciones Exteriores de los Países no Alineados (Belgrado, 24 al 29 de julio de 1978);

- iii) el primer plan de acción de corto y mediano plazo para las prioridades globales relativas a la cooperación económica entre países en desarrollo aprobado en la Cuarta Reunión Ministerial del Grupo de los 77, Arusha, febrero de 1979.

- iv) el Plan de Acción de Buenos Aires, aprobado en la Conferencia de las Naciones Unidas sobre Cooperación Técnica entre los Países en Desarrollo (30 de agosto al 12 de septiembre de 1978).

224. Basándose en el programa de México, la Comisión de Cooperación Económica entre Países en Desarrollo adoptó un programa de trabajo prioritario, que sirvió de referencia para establecer en la IV Reunión Ministerial del Grupo de los 77, el primer plan de acción a corto y mediano plazo en materia de cooperación económica entre países en desarrollo.

225. Al respecto, el CEGAN recomienda que del decimoctavo período ordinario de sesiones de la CEPAL emane un párrafo operativo en donde se ratifique el contenido de dicho plan de acción.

226. Con miras a facilitar los acuerdos y la adopción de posiciones conjuntas de la región respecto a los temas y acciones a que se refiere el citado plan de acción, el CEGAN recomienda que se refuerzen los organismos regionales pertinentes, en especial el SELA y la CEPAL.

227. Recomendamos también que el SELA, en colaboración con la CEPAL y los organismos regionales y subregionales de integración de América Latina, elaboren un programa de estudios con miras a identificar las características de los problemas regionales en cada uno de los temas incluidos en el mencionado plan de acción y asimismo, que sobre la base de dichos estudios se convoque a reuniones intergubernamentales de expertos de los países latinoamericanos, a fin de identificar los problemas que surgen de los compromisos y características de la integración económica de América Latina y adoptar ante ellos las posiciones conjuntas que más convengan a los intereses de la región.

228. Para hacer posible la realización de dichas tareas hay que intensificar los lazos de cooperación entre los organismos regionales y subregionales de cooperación e integración económica en América Latina, y el Programa de las Naciones Unidas para el Desarrollo (PNUD). Al respecto el CEGAN recomienda que se estudie la conveniencia de establecer divisiones especiales sobre cooperación económica entre países en desarrollo en las secretarías del SELA, la CEPAL y los diversos organismos subregionales sobre integración económica de América Latina, entendiendo que la creación eventual de dichas divisiones implicará por lo general una reasignación de sus recursos y no necesariamente un aumento del monto total de los mismos.

229. Por último, es necesario que la UNCTAD continúe prestando asistencia técnica a los organismos regionales y subregionales de integración económica de la región.

230. En cuanto a la cooperación técnica entre países en desarrollo, cabe destacar que, en la forma como ésta ha sido concebida tanto por los países en desarrollo en diversas ocasiones anteriores, como por la Conferencia de las Naciones Unidas sobre Cooperación Técnica entre los Países en Desarrollo, constituye un instrumento fundamental para impulsar la cooperación económica entre países en desarrollo.

231. Es necesaria la pronta y efectiva instrumentación del Plan de Acción y las resoluciones aprobadas en la mencionada Conferencia de Buenos Aires. Entre las muy importantes disposiciones contenidas en ese Plan de Acción cabe señalar aquí las relativas a la necesidad de fomentar la creación de centros nacionales de investigación y capacitación de alcance multinacional en los países en desarrollo, y de fortalecer los existentes, lo cual además constituye una de las resoluciones aprobadas por la Conferencia.

232. Asimismo, en apoyo de la ejecución de dicho Plan, merece resaltarse la importancia de la contribución de los países desarrollados y de los organismos internacionales al aumento de la capacidad nacional y colectiva de los países en desarrollo para ayudarse a sí mismos y entre sí, con el objeto de instrumentar, entre otras, las disposiciones en materia agrícola e industrial.

233. Puesto que la primera reunión del foro intergubernamental de las Naciones Unidas al que se le ha encomendado el examen global de la cooperación técnica entre países en desarrollo tendrá lugar en 1980, de acuerdo a lo convenido en Buenos Aires, es necesario que el Grupo de los 77 tome las medidas necesarias para su adecuada preparación, a fin de concertar una posición común previa a las reuniones mencionadas.

E COOPERACION ECONOMICA INTERNACIONAL

234. Además de los esfuerzos internos, regionales e interregionales de los países en desarrollo, se necesita la cooperación de los países industrializados para eliminar los factores externos que bloquean el desarrollo económico de aquellos países.

1. Política comercial

235. Con miras a obtener un mayor acceso a los mercados de los países desarrollados es necesario elaborar y aplicar en los foros pertinentes e incorporar a la legislación de los países desarrollados nuevas normas sobre subsidios y derechos compensatorios que permitan que los países en desarrollo puedan llevar a cabo políticas dinámicas de promoción de sus exportaciones.

236. En materia de aranceles, es preciso combatir las tendencias proteccionistas actuales a fin de permitir una expansión adecuada de las exportaciones latinoamericanas de productos básicos, manufacturas y semimanufacturas, eliminando o reduciendo para ello los aranceles de los países industriales que gravan importaciones provenientes de países latinoamericanos; también es necesario eliminar o disminuir el escalonamiento arancelario que grava de manera creciente los bienes más elaborados, lo cual desalienta el proceso de industrialización; para ello es conveniente negociar sobre la base de la protección efectiva y no de la protección nominal, con el fin de lograr reducciones mayores en aquellos aranceles que aumentan en proporción el valor agregado por la manufactura.

237. En cuanto a las barreras no arancelarias, debe actuarse en tres áreas:

i) establecer sistemas de información nuevos que puedan especificar con mayor rapidez y seguridad, cuáles son las barreras no arancelarias que existen, cómo se aplican y dónde;

ii) obtener su eliminación en el caso de los productos de interés para América Latina o, si ello no fuese posible, que sólo se apliquen con carácter excepcional;

iii) contemplar la posibilidad de responder activamente cuando se establezcan nuevas barreras no arancelarias al comercio, o cuando se aumenten las existentes. Con este fin, es conveniente usar intensamente y reforzar los mecanismos actuales y considerar la posibilidad de establecer un mecanismo adicional que se encargue de la vigilancia y de organizar las respuestas.

238. Con este propósito, el CEGAN recomienda la adopción de los acuerdos alcanzados en la reunión de coordinación latinoamericana celebrada dentro del marco del SELA, y durante la IV Reunión Ministerial del Grupo de los 77.

2. Proteccionismo

239. Las implicaciones del proteccionismo para la economía mundial requieren convenir e instrumentar un programa de acción internacional coordinado. Ante medidas proteccionistas propuestas o adoptadas por un país o un grupo de países industrializados que afecten las exportaciones de productos de los países en desarrollo, y en especial las de América Latina - incluida la conclusión o prórroga de acuerdos de autolimitación -, el país o países de América Latina

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afectados, sin perjuicio de las acciones bilaterales que juzguen convenientes, podrían consultar con los demás países en desarrollo interesados con miras a determinar la conveniencia de definir y desarrollar una acción conjunta adecuada. Para ello se debería aprovechar al máximo el margen de acción posible dentro de los acuerdos y el marco institucional, definiendo y aplicando medidas de política comercial apropiada.

240. Dicha acción conjunta incluiría, entre otras, medidas de aplicación voluntaria en el orden económico, financiero o comercial, como las siguientes:

i) establecer un tratamiento comercial simétrico aplicable a exportaciones originadas en el país o países desarrollados;

ii) señalar lineamientos para restringir o estimular las importaciones de los países en desarrollo originadas en el país o países desarrollados;

iii) mantener una actividad persistente y coordinada conducente a obtener una participación adecuada en las negociaciones o en los mecanismos operativos internacionales, en todos los foros apropiados, para la defensa de los intereses de los países de la región, y para ello impulsar la acción colectiva en tales foros de negociación;

iv) reforzar y aprovechar al máximo el poder de negociación de América Latina en su conjunto en las negociaciones comerciales internacionales; para ello es esencial la coordinación de las posiciones negociadoras de los países latinoamericanos entre sí, y con el resto del mundo en desarrollo.

241. Una de las principales soluciones de mediano y largo plazo ante las políticas proteccionistas radica en la reestructuración industrial que debe operarse en el seno de los países desarrollados, con la plena participación de los países en desarrollo. Esta reestructuración industrial se basaría, en alto grado, entre otras cosas, en la especialización intraindustrial.

242. Las políticas a largo plazo encaminadas a una reestructuración industrial mundial que favorezca el crecimiento global óptimo requieren esfuerzos conscientes de la comunidad internacional para establecer en el mundo modalidades racionales de producción.

243. Sobre el particular, el CEGAN recomienda la adopción de los acuerdos emanados de la IV Reunión Ministerial del Grupo de los 77, en especial los relativos a la creación en la UNCTAD de un mecanismo para analizar periódicamente las modalidades de la producción y el comercio en la economía mundial

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y para identificar los sectores que necesiten un reajuste estructural, y al establecimiento de un foro apropiado para acelerar negociaciones con miras al establecimiento y aplicación, por parte de los países desarrollados, de las medidas y políticas necesarias para promover el proceso de reajuste en los sectores que se identifiquen, para facilitar la salida de los factores de producción de los mismos y para velar constantemente con el fin de evitar la creación, en los países desarrollados, de una capacidad excesiva y anti-económica que podría dar origen a exigencias de protección.

245. Por otra parte, el CEGAN recomienda reforzar y usar intensamente los foros existentes en América Latina con el objeto de examinar el proteccionismo en sus aspectos generales y particulares, y generar recomendaciones tendientes a lograr su reducción o eliminación a la luz de los intereses de la región.

246. Asimismo, el CEGAN recomienda que se denuncien en todos los foros apropiados las contradicciones flagrantes entre las recomendaciones formuladas por los países industrializados a los países en desarrollo para que abran sus economías a los mercados internacionales y se integren más estrechamente a la economía mundial, y el hecho de que al mismo tiempo levanten barreras proteccionistas contra el acceso a sus mercados de los bienes producidos por estos últimos, lo que constituye fuente de innegable frustración para los países de América Latina y otros en situación similar.

247. El CEGAN, consciente de que la América Latina dispone en conjunto de un gran poder de compra y de vastos recursos naturales que le confieren un poder de negociación considerable, recomienda que en todos los foros pertinentes de América Latina, y en especial dentro de la CEPAL y del SELA, se realicen estudios sobre las distintas posibilidades de utilizar dicho poder de compra y los mecanismos más idóneos para hacerlo efectivo. En tal sentido, y de conformidad con las diferentes posibilidades y las áreas en donde ello

/sea más

sea más factible, debe insistirse en promover acciones de negociación y compra conjunta o coordinada, dentro del marco de los comités de acción del SELA.

248. Deben revisarse las reglas que rigen actualmente el comercio internacional de manera que tomen plenamente en cuenta los intereses de los países en desarrollo, y facilitarse la eliminación de las nuevas medidas proteccionistas.

3. Reestructuración industrial mundial

249. A fin de evitar que los países desarrollados sigan aplicando medidas proteccionistas para proteger sus industrias ineficientes y para lograr una nueva división internacional del trabajo, se requiere una reestructuración industrial mundial que favorezca un crecimiento global óptimo y racional de la producción industrial en el mundo.

250. A este respecto es necesario que los países desarrollados establezcan medidas efectivas de asistencia para la reconversión en todos aquellos sectores que necesiten un reajuste estructural en función de su ineficiencia y de su falta de competitividad.

251. Para hacerlo deberán crearse mecanismos de vigilancia que analicen periódicamente las modalidades de la producción y el comercio mundial con miras a identificar los sectores que necesiten un reajuste estructural y que examinen los esfuerzos de los países desarrollados en cuanto a la adopción de las medidas y políticas necesarias para promover el proceso de ajuste en los sectores que se identifiquen y para facilitar la salida de los factores de producción de los mismos. Con relación a este punto se recomienda también que se adopten los acuerdos alcanzados en la IV Reunión Ministerial del Grupo de los 77.

252. Para que la reestructuración industrial mundial opere en función de los intereses de los países en desarrollo, es indispensable que éstos participen plenamente en todas las decisiones que se tomen al respecto, a fin de que la nueva división internacional del trabajo sea armónica y equitativa entre los intereses de los países desarrollados y los países en desarrollo, y permita que el avance industrial de los países en desarrollo no se concentre únicamente en industrias básicas y ligeras, sino que también ellos puedan elaborar productos de la industria pesada y de sectores de alta tecnología de acuerdo con los lineamientos de su política industrial.

4. Productos básicos

253. El CEGAN estima que debe proseguirse con los objetivos propuestos en el Programa Integrado para los Productos Básicos a fin de que coadyuven a alcanzar una justa relación de intercambio con precios que en términos reales sean remuneradores y equitativos para todos. Empero, determinados productos básicos disponen ya de sus propios foros de negociación y, por lo tanto, es en ellos donde debe decidirse acerca de las medidas que se aplicarían a estos productos.

254. La agilización de la aplicación de la estrategia del programa integrado debe servir para lograr una integración efectiva de las negociaciones sobre las distintas medidas aplicables y para pasar a la brevedad posible, en las negociaciones de productos, a la fase de negociación de convenios internacionales de productos básicos.

255. Se deberá propender a la aplicación de medidas y procedimientos adecuados para estabilizar y mejorar en términos reales el precio de los productos básicos exportados por los países en desarrollo, tomando en cuenta la inflación mundial y los cambios que ocurran en la situación económica y monetaria mundial en lo referente a tipos de cambio, condiciones comerciales, rentabilidad de las inversiones y otros factores pertinentes.

256. El fondo común que se establezca deberá funcionar como una institución eficaz y económicamente viable para financiar los arreglos sobre constitución de reservas y otras medidas pertinentes respecto de los productos básicos, con miras tanto a estabilizar los mercados de productos básicos como a lograr una mayor elaboración de ellos. Sus operaciones deberán contribuir al mejoramiento de las estructuras del mercado y del comercio internacional de los productos básicos que interesan a los países en desarrollo, y alcanzar condiciones estables en este comercio a precios que sean remunerativos y justos para los productores y equitativos para los consumidores.

257. En caso de que el fondo común no cumpla con dichos objetivos, habrá que establecer mecanismos complementarios que logren con eficacia la estabilización de los mercados internacionales de los citados productos.

258. En las negociaciones por productos se deben incluir los productos elaborados y semielaborados que se fabriquen con las materias primas incluidas en la lista que figura en la resolución 93 (IV) de la UNCTAD.

259. Se debe flexibilizar y ampliar el servicio de financiamiento compensatorio que opera en el FMI de manera de compensar los déficit de los ingresos por concepto de exportación de productos básicos desde los países en desarrollo. Se necesita también el establecimiento de un marco para la cooperación internacional encaminada a aumentar en los países en desarrollo la elaboración de productos primarios y el acceso a los mercados de los países desarrollados para dichos productos.

260. Asimismo son necesarios compromisos para regular la producción e inversión de sustitutos sintéticos que compitan con los productos naturales, y es indispensable establecer un marco con miras a aumentar la participación de los países en desarrollo en la comercialización y la distribución de los productos básicos exportados por ellos. También es preciso que se adopten programas de investigación y desarrollo, de promoción de mercados y de diversificación horizontal. Con relación a los aspectos enumerados anteriormente, el CEGAN recomienda que se adopten los acuerdos alcanzados en la IV Reunión Ministerial del Grupo de los 77.

5. Aspectos específicos de las relaciones con países industrializados

261. La política económica internacional de los países desarrollados, incluidas las de las agrupaciones económicas de esos países y las políticas nacionales de los mismos que tengan repercusiones internacionales, deberían contribuir a promover el crecimiento de los países en desarrollo, teniendo en cuenta sus necesidades a corto y largo plazo. Es necesario una actitud favorable de los Estados Unidos y de la Comunidad Económica Europea hacia los problemas y necesidades en el comercio de las manufacturas y productos básicos de los países de América Latina y de los países en desarrollo en general.

262. En las relaciones de América Latina con los Estados Unidos revisten gran importancia tanto aspectos específicos de la vinculación entre ambos, como el papel que los Estados Unidos tiene en la solución de problemas de alcance multilateral internacional que son objeto del diálogo Norte-Sur. Entre los temas que tienen interés prioritario para América Latina deben mencionarse:

i) la necesidad de que el Sistema Generalizado de Preferencias no sea un instrumento de coerción económica y que, en consecuencia, se elimine la discriminación de dicho sistema contra Cuba, Ecuador y Venezuela;

ii) el mejoramiento de las condiciones de acceso al mercado de los Estados Unidos para exportaciones procedentes de países latinoamericanos, entre otras cosas, mediante el perfeccionamiento del Sistema Generalizado de Preferencias de ese país, especialmente en cuanto a la cobertura de un número más grande de productos de interés para la región y la eliminación de las restricciones relacionadas con la aplicación de la fórmula de necesidad competitiva y con las normas de origen;

iii) la eliminación gradual de restricciones arancelarias y no arancelarias respecto a bienes primarios, semimanufacturados y manufacturados de alto interés exportador para la región;

iv) el apoyo por parte de los Estados Unidos a la búsqueda de un régimen especial y diferencial para el empleo de los subsidios y los derechos compensatorios, régimen que exceda los límites estrechos de lo que viene emergiendo sobre este tema en las negociaciones comerciales multilaterales;

v) la adhesión de los Estados Unidos a las medidas para reducir y eventualmente eliminar la inestabilidad de los ingresos de exportación en relación con las necesidades de importación de los países en desarrollo, debido a la influencia de factores externos en sus economías.

263. Los aspectos que más interesan a América Latina en la política comercial de la Comunidad Económica Europea son, entre otros:

i) la eliminación de restricciones fitosanitarias y de otro carácter que impiden el acceso a la CEE de varios productos importantes de América Latina, en especial la carne y sus derivados;

ii) la eliminación de obstáculos al comercio de bienes para los cuales América Latina tiene ventajas comparativas, evitando el recrudecimiento del proteccionismo;

iii) la adopción de un programa para la gradual eliminación de las trabas de la política agrícola común.

264. El perfeccionamiento del sistema generalizado de preferencias de la CEE, no sólo en cuanto se refiere a los intereses de los países de menor desarrollo relativo, sino a todos los países en desarrollo. En este aspecto, cabe mencionar:

- i) la ampliación de las cuotas para los llamados productos "sensibles";
- ii) la inclusión de un mayor número de productos agrícolas en el sistema generalizado de preferencias, y
- iii) la ampliación del margen de preferencias para productos agrícolas que tienen un margen de tratamiento preferencial demasiado estrecho.

265. Dentro de la política general de ampliación y diversificación de las relaciones económicas para América Latina es importante la expansión y diversificación de su comercio y demás relaciones económicas con otros países desarrollados, en particular con el Canadá y el Japón; es necesario corregir las tendencias deficitarias del balance comercial de la región y ampliar la gama de bienes exportados.

266. Las exportaciones de países de América Latina a los países europeos miembros del Consejo de Asistencia Mutua Económica (CAME) han registrado un crecimiento relativamente rápido en los años recientes. Entre países de las dos áreas se ha firmado un elevado número de convenios comerciales y de pagos, muchos de los cuales exceden el campo puramente comercial para incluir asuntos de cooperación industrial, científica y tecnológica. La base contractual existente permite considerar en forma positiva las perspectivas de una mayor expansión del comercio recíproco, aunque ello en parte puede depender de que se logren soluciones satisfactorias para el establecimiento de arreglos multilaterales para la liquidación de los saldos comerciales. Conviene señalar también el interés de los países latinoamericanos en diversificar sus exportaciones a los países del CAME (actualmente constituidas casi totalmente por productos primarios) mediante la exportación de productos manufacturados.

6. Empresas transnacionales

267. Es necesario dar un fuerte impulso a los trabajos tendientes a concluir la elaboración de un código internacional de conducta para las empresas transnacionales que norme sus actividades.

268. Los países latinoamericanos deben mantener el criterio, sostenido en la Evaluación de Guatemala, de que las empresas transnacionales deben ajustarse a los siguientes principios:

i) las empresas transnacionales deben someterse a las leyes y reglamentos del país receptor y, en caso de litigio, someterse a la jurisdicción exclusiva de los tribunales del país donde operen;

ii) deben abstenerse de toda ingerencia en los asuntos internos de los Estados donde operen;

iii) deben abstenerse de interferir o perturbar las relaciones entre el gobierno del país que los recibe y otros Estados;

iv) no deben servir como instrumento de la política externa de otro Estado o como medio para extender al país que las recibe disposiciones del ordenamiento jurídico del país de origen;

v) estarán sujetas a la soberanía permanente que ejerce el país anfitrión sobre todas sus riquezas, recursos naturales y actividades económicas;

vi) deben someterse a las políticas, los objetivos y prioridades nacionales de desarrollo y contribuir positivamente a sus realizaciones;

vii) deben suministrar al gobierno del país anfitrión la información pertinente sobre sus actividades, a fin de asegurar que ellas estén de acuerdo con las políticas, objetivos y prioridades nacionales de desarrollo del país que las recibe;

viii) deben conducir sus operaciones en forma tal que resulten en una aportación neta de recursos financieros para el país receptor;

ix) deben contribuir al desarrollo de la capacidad científica y tecnológica interna de los países receptores;

x) deben abstenerse de prácticas comerciales restrictivas.

269. Paralelamente, es importante preparar pautas de acción para las futuras negociaciones sobre inversiones directas entre los gobiernos y las empresas transnacionales, sobre la base de la experiencia que en esta materia se ha obtenido recientemente, tanto en América Latina como en otras regiones del mundo. Se asigna gran prioridad al uso más intenso de la capacidad potencial de negociación de que disponen los países latinoamericanos, la que se ha empleado hasta ahora en forma limitada.

/270. Los

270. Los países latinoamericanos deben hacer esfuerzos por intercambiar entre sí y con otros países en desarrollo la información de que dispongan sobre negociaciones con empresas transnacionales, a fin de incrementar su poder de negociación individual y colectivo. En este sentido, se considera necesario reforzar el punto focal latinoamericano existente en la secretaría de la CEPAL para que, en coordinación con el Centro de Empresas Transnacionales de las Naciones Unidas, recabe y suministre, en forma regular y sistemática, toda la información sobre tales empresas.

7. Tecnología

271. En esta materia, América Latina considera de fundamental importancia precisar la urgencia de la adopción de un código internacional de conducta sobre la transferencia de tecnología, de carácter obligatorio.

272. Asimismo, la región asigna gran importancia a:

i) el establecimiento en los países de la región de mecanismos institucionales adecuados, en particular centros nacionales para el desarrollo y la transferencia de tecnología;

ii) el fortalecimiento de la capacidad propia de adaptación y creación tecnológica de la región, objetivo que, junto con el de la transferencia de tecnología desde el exterior, debe lograrse en las condiciones que requiere el desarrollo de cada país y de acuerdo con las orientaciones fijadas nacionalmente;

iii) la instalación y perfeccionamiento de mecanismos del sector público que contribuyan a la búsqueda y difusión de tecnologías apropiadas a estas condiciones, que permitan al Estado cumplir con su responsabilidad en la adquisición en el mercado mundial de tecnologías adecuadas para el desarrollo;

iv) la elaboración de acuerdos preferenciales para el desarrollo de tecnología y su transferencia entre América Latina y otras regiones en desarrollo;

v) el establecimiento en América Latina de centros subregionales y regionales para el desarrollo y la transferencia de tecnología que puedan servir de vínculos con los centros nacionales de los demás países en desarrollo, o el fortalecimiento de los existentes;

/vi) el

vi) el establecimiento o fortalecimiento de centros subregionales, regionales o interregionales en América Latina para el desarrollo y la transferencia de tecnología en sectores específicos y críticos.

273. Dado que en América Latina se ha alcanzado un significativo progreso técnico, los países de la región deberían adoptar medidas para fomentar activamente la transferencia y difusión recíprocas de tecnología en los campos que puedan impulsar un desarrollo económico y social equilibrado.

8. Financiamiento externo y problemas monetarios

a) Requerimientos del sistema monetario internacional

274. Es necesario buscar la vigorización de las decisiones adoptadas recientemente en el marco del FMI sobre el aumento de las cuotas, el establecimiento del servicio de financiamiento suplementario y la nueva asignación de derechos especiales de giro (DEG). A este respecto el CEGAN recomienda:

i) que para futuros aumentos de cuotas se tome en cuenta la propuesta formulada con ocasión de la séptima revisión general, en el sentido de que los países desarrollados costeen el componente de DEG en los aumentos de cuotas de los países en desarrollo;

ii) también es necesario el establecimiento de una facilidad financiera a largo plazo para la adquisición por parte de los países en desarrollo de bienes de capital en las condiciones más favorables posibles;

iii) avances significativos de las decisiones adoptadas para hacer de los derechos especiales de giro el principal activo de reserva en el Sistema Monetario Internacional, con la finalidad de que la liquidez mundial no tenga origen en los desequilibrios estructurales o los déficit de pago de los países con monedas de reservas;

iv) una condicionalidad más flexible para la utilización de los recursos de balance de pagos del FMI destinados a estimular la recuperación de la actividad económica general de los países en desarrollo, la expansión de su comercio y el empleo en particular y a facilitar un proceso de ajuste más equilibrado.

275. Al ejercer su vigilancia sobre los principales tipos de cambio en el actual sistema de flotación controlada, el FMI debería intensificar su vigilancia sobre las principales monedas y prestar la atención debida a las especiales circunstancias de los países en desarrollo.

276. Habrá que perfeccionar y ampliar los servicios existentes de financiación compensatoria con el fin de compensar plenamente la reducción de la capacidad adquisitiva de las exportaciones de los países en desarrollo debida a cambios de los precios relativos o a descensos de volumen medidos conforme a la tendencia de la tasa de crecimiento. A este respecto, el CEGAN reitera las recomendaciones de la reunión de altos funcionarios del Grupo de los 77, celebrada en Arusha (6 a 12 de febrero de 1979). Tales recomendaciones habían sido aprobadas previamente en la Reunión de Coordinación Latinoamericana para la IV Reunión Ministerial del Grupo de los 77 (Caracas, 15 a 19 de enero de 1979) con miras a la V UNCTAD.

277. De las recomendaciones aprobadas en Arusha, el CEGAN pone de relieve las siguientes:

i) incluir medidas en virtud de las cuales los países desarrollados con superávit y los países cuya moneda es de reserva acepten una parte equitativa del ajuste y el establecimiento de un vínculo entre la creación de derechos especiales de giro y la financiación del desarrollo, de acuerdo a las formas propuestas en la reunión de Arusha;

ii) hacer que los países en desarrollo tengan participación más efectiva y equitativa en la adopción de decisiones en las instituciones del sistema monetario internacional;

iii) abrir una cuenta de subvenciones para que los países en desarrollo puedan pedir préstamos al servicio complementario del FMI.

iv) aprovechar las reuniones del FMI y del Grupo de los 77 que se celebrarán en Belgrado en 1979 para estudiar la conveniencia de convocar a una conferencia internacional sobre la reforma monetaria;

v) reafirmar el principio de que las instituciones internacionales de financiamiento deben desempeñar su función sin establecer discriminaciones entre los países miembros y sin que la cooperación sea atada;

vi) propugnar que las instituciones monetarias y financieras multilaterales otorguen créditos sin que intervengan criterios políticos; asimismo, que no condicionen su financiamiento de apoyo al balance de pagos a la aceptación por el país en desarrollo de medidas y programas que entrañan costos y perjuicios de carácter social, contrariando así los propósitos y objetivos fundamentales para los cuales fueron creadas.

/b) Corrientes

b) Corrientes netas de recursos y condiciones de su transferencia

278. El CEGAN apoya no sólo el objetivo de lograr que se destine 0.7% del producto bruto de los países desarrollados a la asistencia oficial para el desarrollo, sino el de obtener un nivel mayor, con participación adecuada de América Latina, sin que esto menoscabe las corrientes de recursos que se destinan a los demás países en desarrollo. Las políticas de las instituciones oficiales de financiamiento del desarrollo deben sujetarse a las prioridades de los países en desarrollo.

279. Deben convenirse nuevos criterios para asignar los recursos de ayuda oficial que reemplacen al del ingreso per cápita como criterio único.

280. La transferencia de recursos debería despolitizarse y realizarse con carácter cada vez más seguro, continuo y automático, y distribuirse de manera racional y equitativa entre los países en desarrollo. Debería mejorarse la calidad de la AOD, asistencia oficial para el desarrollo, de acuerdo con las formas acordadas en la reunión ministerial del Grupo de los 77, celebrada en Arusha con miras a la V UNCTAD.

281. Los países desarrollados donantes deberían depositar los recursos de la asistencia oficial para el desarrollo en un fondo rotatorio en cuanto se concierten los compromisos, en vista de que existen sumas considerables destinadas a esta asistencia que siguen sin desembolsarse, y aumentar los recursos de los organismos financieros internacionales, como el BIRF, el BID y el BDC, incluyendo en ellos recursos concesionales en volumen compatible con los aumentos de las necesidades de inversión en los países de la región.

282. Los países en desarrollo deberían renovar el planteamiento referido a la reactivación de la "tercera ventanilla" del Banco Mundial, con intereses subsidiados para proyectos de infraestructura económica de los países latinoamericanos en particular.

283. Asimismo, deberían procurar la ampliación paralela de la transferencia de recursos de financiamiento con carácter concesional para programas de desarrollo social y sectores de bajos ingresos, dentro del objetivo de establecer el Nuevo Orden Económico Internacional.

284. El CEGAN reitera la propuesta referente al establecimiento en el Banco Mundial de un servicio a largo plazo de financiación de las adquisiciones de bienes de capital por los países en desarrollo que debería examinarse en la primera oportunidad, con el fin de tomar una decisión positiva lo antes posible.

/285. Asimismo

285. Asimismo insta a que se facilite un volumen mayor de asistencia técnica multilateral, tanto para la elaboración como para la realización de proyectos de desarrollo.

286. Rechaza también el principio de "gradualidad" en sus aspectos financieros, principio que se está introduciendo en el BIRF y en otras instituciones internacionales de financiación. Al respecto, recomienda que se eliminen tales criterios de gradualidad por parte de los organismos internacionales, en vista, entre otros aspectos, de la reciente elaboración realizada por éstos de una lista de 44 países con prioridad en la ayuda alimentaria que sólo incluye cuatro de América Latina, y de que dichos organismos tratan de excluir sistemáticamente a esta región de los préstamos internacionales en términos concesionales o de favor.

287. Los programas especiales que se propongan en favor de los países en desarrollo menos adelantados deben ser "adicionales" a las medidas que se tomen en favor de todos los países en desarrollo. Cuando se apliquen resoluciones de las Naciones Unidas con respecto a países en desarrollo menos adelantados, deberán tenerse en cuenta también los intereses de todos los países en desarrollo.

c) Capital privado

288. El Comité de Desarrollo del Fondo Monetario Internacional y el Banco Mundial han examinado el problema del acceso a los mercados de capital de los países industriales, cuya ampliación es necesario lograr. A tal efecto, la acción del FMI puede ser muy importante, y debería tomar en cuenta las recomendaciones de la Tercera y la Cuarta Reunión Ministerial del Grupo de los 77, (Manila, enero y febrero de 1976, y Arusha, febrero de 1979) para ayudar a eliminar los obstáculos actuales.

289. El recientemente aprobado sistema monetario europeo no debe llevar a una reordenación de monedas que pudiera conducir a la composición de un costo excesivo a los países de la región que tengan pasivos en esas monedas.

290. Las inversiones privadas directas deben ser compatibles con la legislación nacional y con las prioridades de desarrollo de los países de América Latina, entre otras, la de permitir una mayor participación local en la

/dirección, la

dirección, la administración, el empleo y la capacitación en el empleo del personal local, así como una mayor participación local en la propiedad de las mismas. En este sentido, debe recordarse la urgencia de definir un código de conducta que rijan las actividades de las empresas transnacionales.

d) Cooperación financiera internacional

291. América Latina, junto con los demás países en desarrollo, aprobó en la IV Reunión Ministerial del Grupo de los 77, un programa de acción en cuestiones monetarias y financieras a cuya aplicación la región asigna gran importancia. En esta evaluación el CEGAN destaca en particular que América Latina reitera la necesidad de que los países desarrollados se comprometan de manera eficaz en la elaboración de un sistema amplio de cooperación financiera con el firme convencimiento de que ello redundaría en beneficio de toda la comunidad internacional. Este sistema debería cumplir, entre otros, los siguientes objetivos:

i) asegurar una transferencia de recursos en términos reales para que los países en desarrollo alcancen sus metas previstas de desarrollo;

ii) hacer compatibles la forma y composición de esas corrientes de capital con los planes de desarrollo de esos países y responder plenamente a sus prioridades de desarrollo;

iii) esta transferencia de recursos debería hacerse en condiciones acordes con la capacidad para el servicio de la deuda de los países deudores en desarrollo;

iv) los países desarrollados que todavía no han alcanzado la meta internacionalmente aceptada para la asistencia oficial al desarrollo deberían aumentar ésta sustancialmente hasta alcanzar esa meta, e introducir mejoras de tipo cualitativo en su asistencia;

v) debería establecerse un marco multilateral para las futuras operaciones de la deuda de los países en desarrollo interesados, que salvaguarde sus planes de desarrollo;

vi) la transferencia de recursos debería asentarse sobre una base previsible y cada vez más segura a fin de que los países en desarrollo preparasen con certidumbre sus programas de desarrollo;

/vii) debería

vii) debería ejercerse un control o evaluación periódica tanto de las aportaciones necesarias de los países desarrollados donantes y de las instituciones multilaterales como del funcionamiento de cualquiera de los componentes del sistema de cooperación internacional, con miras a corregir deficiencias.

e) Otros aspectos

292. El CEGAN insta a que se preste la debida atención a las recomendaciones para establecer un servicio de garantía multilateral separada para los países en desarrollo interesados, y a la recomendación de modificar los instrumentos básicos de las instituciones financieras multilaterales, de modo que puedan otorgar garantías, incluso parciales, con mayor facilidad. Tales garantías deberían producir como resultado corrientes adicionales de capital para los países interesados, y no afectar el acceso que ya tienen algunos países de la región a los mercados de capitales.

293. Como se acordó en Arusha, el CEGAN apoya la propuesta sobre el establecimiento de un servicio multilateral de garantía del crédito a la exportación, que tiene por objeto aumentar el acceso de los países en desarrollo a los mercados internacionales de capital y facilitar la diversificación de sus exportaciones, en el entendido de que dicho servicio multilateral no afectaría en modo alguno el acceso a los mercados de capital de que ya disfrutaban algunos países en desarrollo.

294. Tanto en lo que se refiere a la ayuda oficial para el desarrollo como al capital privado, podría examinarse la posibilidad de establecer grupos de trabajo especiales a nivel regional en los que colaboren la CEPAL, el BID, el BDC, el Centro de Estudios Monetarios Latinoamericanos (CEMLA) y el SELA.

295. El CEGAN invita a los países desarrollados a aplicar plenamente, sin discriminación, las medidas de favor a que se refiere la resolución 165 (S-IX) de la UNCTAD.

C E P A L

ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session
La Paz, Bolivia, 18-26 April 1979

1. The amended version of the report of CEGAN (E/CEPAL/1073), with modifications in the following paragraphs, has been issued as ConfRoom/GL/17:

1	132	261
5	142	274
6	157	277
69	189	280
75	190	288
87	198	296
91	202	298
94	223	
99	228	
102	244	
131	259	

2. One paragraph is inserted between 5 and 6 and between 82 and 83, and two paragraphs between 131 and 132 and between 298 and 299.

C E P A L
ECONOMIC COMMISSION FOR LATIN AMERICA

Eighteenth session

La Paz, Bolivia, 18-26 April 1979

Amendment to the text of the CEGAN report (E/CEPAL/1073) proposed
by the delegation of Argentina

Paragraph 190

190. On the other hand, formulae and machinery must be established to facilitate the convergence and interconnexion of the different integration schemes and machinery, for the purpose of which the integration schemes themselves and SELA, in view of their flexibility, should play an important role, giving impetus ...

IV. RESOLUTIONS

101. The Meeting approved the following resolutions by consensus:

RESOLUTION I. INSTITUTIONAL MACHINERY FOR PROMOTING THE IMPLEMENTATION
OF THE MAR DEL PLATA ACTION PLAN AT THE REGIONAL LEVEL

The Latin American Regional Meeting on the Action Plan of the United Nations
Water Conference,

Taking account of the resolutions and recommendations adopted by the United Nations Water Conference, which make up the Mar del Plata Action Plan,

Noting that the Conference requested the regional commissions to "play a central role in the promotion of intergovernmental co-operation" in their respective regions, as a follow-up to the Plan, and specifically recommended in Resolution 8 thereof that they should:

- "(i) assist the United Nations Development Programme and the United Nations specialized agencies and organizations, at the request of the Governments of developing countries concerned, in identifying intersectoral subregional, regional and interregional projects and preparing programmes;
- "(ii) intensify their efforts in the water sector, and, with the assistance of the competent organizations of the United Nations system and at the request of the Governments concerned, enlarge co-operation among the countries in the water field at the subregional, regional and interregional levels;
- "(iii) assign specific responsibility on water to an existing intergovernmental committee within the regional commissions, or if necessary, create a new one, and establish or strengthen, as appropriate, the secretariat units of the commissions dealing with water, which would serve as the secretariat of the intergovernmental committee referred to in this subparagraph;
- "(iv) establish ad hoc groups of experts, as and when necessary, who should preferably be drawn from the countries of the region concerned;"

/Bearing in

Bearing in mind that the General Assembly recommended that "the regional commissions should exercise team leadership and responsibility for co-ordination and co-operation at the regional level" (A/RES/32/197, Annex, paragraph 20, on the restructuring of the economic and social sectors of the United Nations system),

Recalling resolution 379 (XVIII) of CEPAL,

Recognizing that in paragraph 10 of its resolution 2121 (LXIII) the Economic and Social Council requests the regional commissions "to strengthen and intensify their responsibilities in the water sector and, to this end, to assign specific responsibilities to an existing intergovernmental committee within the regional commissions, or if necessary create a new one in accordance with the recommendations of the Conference and with resolution 1 (V) of the Committee on Natural Resources, and to formulate their requirement for whatever additional resources may be necessary for this purpose",

In pursuance of General Assembly resolution 32/158, paragraph 8 of which "requests the regional commissions to strengthen and intensify their responsibilities in the water sector and, to this end, assign specific responsibilities to an intergovernmental committee within the regional commissions, in accordance with the recommendations of the Conference and with resolution 1 (V) of 16 May 1977 of the Committee on Natural Resources, with the allocation, if necessary, of additional resources",

Convinced that it is necessary that CEPAL should possess institutional machinery capable of permitting the systematic and specialized assessment of the implementation of the Mar del Plata Action Plan by the countries of the region, with a view to promoting its most complete fulfilment by, inter alia, exchanging experience on progress made at the national level, identifying needs and opportunities for mutual co-operation, and co-ordinating and promoting the necessary technical and financial support, both within the United Nations development system and outside it,

Likewise convinced that, in view of the multisectoral nature of the action envisaged in the Mar del Plata Action Plan, it is desirable that support to governments for the implementation of the Plan should be provided through the appropriate secretariat units of CEPAL and the specialized

/agencies of

agencies of the United Nations system, such support being mobilized through a focal point in CEPAL set up to promote the convergence of efforts on the execution of the planned action,

Recognizing that it is desirable to make maximum use of the existing regional and subregional intergovernmental machinery and the available resources, in order to avoid the dispersal of effort and the proliferation of agencies, as well as to ensure economy of resources and efficiency in the action to be carried out,

Recommends that:

1. The Economic Commission for Latin America should:
 - (a) in order to promote the implementation of the Mar del Plata Action Plan at the regional level, directly assume concrete permanent responsibilities to this end at its regular sessions, preferably through a sessional committee;
 - (b) in order to expedite the implementation of this aim, include as a first step in the agenda of its next session, to be held in the first half of 1979 in La Paz, the item "Implementation of the Mar del Plata Action Plan", and it should set up a sessional committee for the discussion of this item, to which governments should be recommended to send highly-qualified experts so that this procedure can become normal practice at all sessions.
2. The CEPAL secretariat should:
 - (a) set up a water resources unit, of a permanent nature and of high technical level, to act as a focal point within the secretariat;
 - (b) prepare, on the basis of the recommendations of the Mar del Plata Action Plan, the Lima Consensus and the guidelines laid down at the present meeting, sufficiently in advance of the next session of CEPAL and in consultation with Member States and the appropriate specialized agencies, a report to help governments to take decisions regarding the programme of work to be carried out by CEPAL and its secretariat, including the relevant orders of priority and the financial implications of the measures proposed.

RESOLUTION II. THE INTERNATIONAL DRINKING WATER SUPPLY AND SANITATION
DECADE

The Latin American Regional Meeting on the Action Plan of the United Nations
Water Conference,

Bearing in mind Resolution II of the Mar del Plata Action Plan, the recommendations contained in paragraphs 15 to 17 and 34 to 40 of that Plan, and paragraphs (e), (f) and (k) of the specific recommendations for Latin America,

Noting with satisfaction the designation of the period 1981-1990 as "International Drinking Water Supply and Sanitation Decade" (Recommendation C.12 of HABITAT, paragraph 15 of the Mar del Plata recommendations, and resolution WHA30.33 of the World Health Assembly),

Acknowledging the work done in the region by the Pan-American Health Organization of the World Health Organization (PAHO/WHO) and the activities of the Pan-American Sanitary Engineering and Environmental Science Centre (CEPIS),

Requests the governments of the region to:

- (a) give their fullest and most decided support to the International Drinking Water Supply and Sanitation Decade and make public their intention of fulfilling on a priority basis the objectives and goals laid down in Resolution II of the United Nations Water Conference;
- (b) promote the holding of periodic meetings of representatives of their respective national institutions with a view to exchanging experience on progress made in drinking water supply and sanitation plans;
- (c) continue to try to extend all necessary support to the national institutions responsible for carrying out the provisions of Resolution II of the Mar del Plata Action Plan;
- (d) set up the technical, economic and legal machinery needed to achieve the objectives laid down in that resolution:

Urges PAHO/WHO to pursue and intensify its programmes in the field of water resources, and in particular its activities connected with the fulfilment of the objectives of the Decade.

/RESOLUTION III.

RESOLUTION III. AGRICULTURAL WATER USE

The Latin American Regional Meeting on the Action Plan of the United Nations Water Conference,

Bearing in mind Resolution III, section B.7 of the Mar del Plata Action Plan, which calls for the development of new criteria and methodologies for the evaluation of agricultural water use projects,

Considering,

- (a) the heavy investments required by projects for agricultural water use, which oblige the countries concerned to seek financing from international agencies;
- (b) the very long lead time of these projects;
- (c) the fact that by providing sources of employment they help to stabilize the rural population and avoid their migration to urban centres,

Recommends, the appropriate national bodies and international credit institutions to review their criteria and methodologies for the evaluation of projects for agricultural water use in such a way as to assign due importance to benefits of an indirect and social nature.

RESOLUTION IV. NEED FOR THE CONSTRUCTION OF SMALL AND MEDIUM-SIZED
IRRIGATION DAMS

The Latin American Regional Meeting on the Action Plan of the
United Nations Water Conference,

Bearing in mind Resolution III of the Mar del Plata Action Plan,
section B.7 of which mentions the need to formulate concrete proposals
regarding the problem of water use for agriculture,

Considering,

- (a) that the vast majority of Latin American countries, especially in the Caribbean, do not possess sufficient and adequate irrigation systems for their cultivable land,
- (b) that a large proportion of their cultivable land lies unused for want of a suitable irrigation policy,
- (c) that this leads to a situation which may soon generate problems having very serious repercussions,
- (d) that it is vitally necessary for the countries of the region to increase their agricultural production continuously, without delay, and in such a way as to provide steady employment for the rural population, since most of them lack major industries which could relieve the social problems caused by shortage of food and jobs,
- (e) that the vast majority of the countries of the region lack the financial resources to carry out a policy of construction of irrigation systems,

1. Recommends the international and regional financing agencies and co-operation bodies to study the possibility of setting up a technical and financial co-operation programme designed to provide the Latin American countries which still lack such a system with an efficient agricultural infrastructure, specifically of small and medium-sized dams for the irrigation of cultivable land.

2. Extends this recommendation to those Latin American countries whose economic and technical capacity is such that they could carry out co-operation programmes in this respect.

/RESOLUTION V.

RESOLUTION V. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

The Latin American Regional Meeting on the Action Plan of the United Nations Water Conference,

Bearing in mind that paragraphs 4 and 5 of Resolution VI of the Mar del Plata Conference recommend the strengthening of regional institutes and the promotion by UNDP of programmes of technical co-operation among developing countries without prejudice to the action guidelines established by governments through the institutional machinery planned to provide a framework and continuity for regional action,

Considering that the financial resources of the countries of the region are limited and that technical and financial co-operation is required from the specialized bodies of the United Nations and regional organizations, as well as co-operation among countries,

Recommends that:

- (a) Measures should be taken, with immediate effect, to foster the launching of projects for horizontal co-operation in the field of water resources in Latin America. In particular, the bodies of the United Nations system should make the budgetary adjustments needed to absorb the cost of such measures in 1979;
- (b) At its eighteenth session, the Economic Commission for Latin America should request the Economic and Social Council, the General Assembly, and other competent bodies to assign to CEPAL in 1979 and subsequent years, from the regular budget of the United Nations, the sum of US\$ 300,000 to finance the launching of horizontal co-operation projects;
- (c) Member countries should be invited to earmark the necessary funds, in their 1979 and subsequent budgets, to finance their own co-operation activities.

RESOLUTION VI. TECHNICAL AND FINANCIAL CO-OPERATION

The Latin American Regional Meeting on the Action Plan of the United Nations Water Conference,

Bearing in mind recommendations A, C, E and F and resolutions V, VI and IX of the Mar del Plata Action Plan,

Noting that environmental conservation and preservation projects are of the highest social interest,

Requests that:

- (a) A system should be set up through CEPAL to permit the assessment of the technical capacity existing in the region, priority being given to the use of the available technology and installed capacity for horizontal technical assistance;
- (b) CEPAL should promote the holding of courses and seminars in different countries of the region, make arrangements for the periodic exchange of information, and prepare a list of cases of special interest which could provide useful experience for all the member countries.

RESOLUTION VII. ASSESSMENT OF WATER RESOURCES

The Latin American Regional Meeting on the Action Plan of the United Nations Water Conference,

Bearing in mind Resolution I of the Mar del Plata Action Plan, the recommendations contained in paragraphs 1 to 4, 11 to 14 and 39(k) of the Plan and paragraphs 9(b) and (c) of the specific regional recommendations,

Considering that the evaluation of water resources, present water use and future needs is essential in order to shape water policies and programme action designed to secure the multiple use of such resources,

Noting that in spite of the considerable efforts made by governments and the substantial progress achieved, a number of countries of the region still lack processed, quantitative and qualitative data on their surface and ground water resources,

Recognizing the important work done by the United Nations specialized agencies and other world and regional organizations on the investigation and evaluation of water resources, and in particular the results achieved during the International Hydrological Decade in the installation of water measurement and data processing systems,

Suggests that the project contained in the proposal for joint action to be submitted by WMO and UNESCO to the Committee on Natural Resources in response to Resolution I of the Mar del Plata Conference should be carried out in close collaboration with the regional economic commissions and that the pilot studies should include at least one to be effected in a country of the region,

Recommends the Commission, with a view to complementing international co-operation in the assessment of water resources and of the objectives which can be achieved through their use, to consider what matters have not yet been adequately covered as regards orders of priorities, planning and programming, and project execution. This work would be entrusted to appropriate specialized bodies or, failing this, to the Commission itself.

RESOLUTION VIII. PUBLIC INFORMATION AND EDUCATION ON WATER MATTERS

The Latin American Regional Meeting on the Action Plan of the United Nations Water Conference,

Bearing in mind that the United Nations Water Conference stressed the importance of conducting "programmes for national information campaigns directed to all people concerning the proper utilization, protection and conservation of water" (paragraph 71 of the Action Plan) and the reclamation of this resource,

Considering that it is important to assign responsibility for the execution of these campaigns to the highest possible levels of the public authorities, so that they will form an integral part of national policy on this matter,

Urges governments to foster awareness at all educational levels, through the mass media and the educational system of the need for the conservation and proper use of water resources and the environment, and to set up for this purpose a State body or a specialized unit within the national planning bodies,

Requests the support of specialized international agencies and the co-operation of governments with experience in this field, for the planning and execution of these programmes.

REPORT OF THE EXECUTIVE SECRETARY
TO THE EIGHTEENTH SESSION
OF THE COMMISSION

(La Paz, Bolivia, 18-26 April 1979)

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INTRODUCTION

Once again I have the honour and the privilege of addressing this plenary to submit for the consideration of the member governments of CEPAL the report of the Executive Secretariat to the eighteenth session of the Commission, here in the hospitable city of La Paz.

As on other occasions, I should like to take this opportunity to express some thoughts on the economic and social situation of the region, in the light of our observation of the many diverse facets of Latin American reality.

This meeting is taking place at a special moment in our history, as one decade draws to a close and another dawns. These moments of transition have a particular attraction in the historical evolution of our societies, for they are suitable occasions for exercises of introspection which enable us, as we look at the recent past, to put forward some hypotheses concerning the major problems and challenges which will face us in the 1980s. An exercise of this kind is particularly timely and necessary at a moment when the governments of the region must turn to the task of laying the foundations of what is to be the international development strategy for the forthcoming decade, to be discussed by the United Nations General Assembly in 1980.

This kind of analysis, however, is inherently fraught with difficulties, for obvious reasons. In the first place, we are living today under the sign of change and uncertainty in all spheres. This is clearly visible in the international economic situation and the violent changes in the political, economic and social settings which affect the very values on which we believed that post-war civilization was firmly based. These changes transcend the confines of the economy, and call into question in various ways man's present and continued existence on this planet.

Furthermore, the growing interdependence among the nations of the globe - another sign of our times - means that no-one can escape the effects of these changes, and our region has certainly felt their impact especially strongly. One thing is sure, namely that following a period of extraordinary prosperity and confidence in a stable future, which began some thirty years ago, we have entered a dangerous period in which feelings of insecurity and anxiety about the future prevail at every level.

It is therefore a hazardous business to venture on hypotheses about the probable course of future events. All forecasts which go beyond the short term may become quite unrealistic very shortly after being formulated.

It is equally difficult to formulate hypotheses about the future of Latin America, again for a number of reasons. Perhaps the most important of these is the course followed by the world economy, which has such a direct effect on the development of the countries of the region. Equally important are the great changes which have taken place in Latin America in recent years. New political situations, new economic experiences and new social factors have emerged, revealing profound changes which in many respects are often in keeping with those which have occurred at the world level.

This has meant that the common traits of the region have been overlaid by increasingly clear and unmitigated disparities between some of our countries, stemming partly from their varying geographic and demographic size, their different economic and social structures, or the particular way in which they are linked with the world economy. This explains why, despite the common denominators, it is more difficult now than previously to generalize about the problems of the region. Always risky, such generalizations have now become more dangerous than ever.

Despite these obstacles, however, reflexion about the immediate past and possible future scenarios for the region as a whole is particularly necessary and opportune. The speed with which events are taking place in the modern world often obliges us to give priority to immediate problems. Thus, by force of circumstance, there is a growing tendency at all levels to focus on the short term, a tendency which should be overcome from time to time, however, in order to draw on the wealth of regional experience for guidelines to orient future action.

This, indeed, has been the role of CEPAL over its many years of existence. We therefore feel bound, on occasions such as this, to express our thoughts to the governments of the region - in all honesty, and fully aware of the limitations of the undertaking - in order to let them know our views on the fundamental problems of the day and the great challenges of the approaching decade.

It is in this spirit that I wish to make a number of comments on three major areas of concern:

- Firstly, the main lessons to be learned from the economic and social evolution of the 1970s;

- Secondly, the balance-sheet of the achievements and shortcomings of the process of change observed in the region in recent decades;

- And, finally, what we consider to be the main challenges of the near future.

I. THE 1970s: CULMINATION OF A CYCLE, INTERRUPTION
AND ADVANCE TOWARDS THE UNKNOWN

A. The slow-down of the 1970s

Anyone looking at the main features of the world economic situation in the 1970s must conclude that the decade will be remembered for two fundamental aspects: the culmination of a cycle of unprecedented progress which began in the 1950s, and the profound change of direction in this trend which occurred in the middle of the 1970s.

If, looking back, the period between 1970 and 1973/1974 represented the euphoric culmination of the post-war cycle of expansion, the succeeding years saw the interruption of that process and the beginning of a stage of substantial adjustments which are still continuing, and whose complexity, intensity and duration make it impossible to discern as yet the nature of the new stage which may take shape after this interregnum.

Some tend to view the 1973 rise in oil prices as the decisive element in this uneven evolution. However, it is important not to exaggerate its importance, or to ignore other significant factors, for in reality this rise in prices was superimposed, in the central economies, on a variety of monetary and financial upheavals which date from the final years of the previous decade, and which emerged clearly in 1971. At that time the embryonic symptoms of "stagflation" had already been diagnosed, and deep thought was being given to the possible consequences of the policies designed to remedy it by decreasing growth rates.^{1/} Thus the "oil trauma" should be regarded more as the spark which precipitated and aggravated a worsening situation than as the sole or basic cause of it.

^{1/} See, for example, CEPAL, Economic Survey of Latin America, 197

The fact is that, for a complex set of reasons, significant break took place in a trend of progress and economic growth which had begun two and a half decades previously and which had begun to seem indefinite.

If the problem is viewed from the standpoint of our region, a similar evolution can be identified in the economic field: the culmination of a dynamic cycle of growth in the product at the beginning of the decade, followed by a decline in the expansionary cycle in the second half of the period.

The first essential element in the decline in the region's former buoyant trend was, of course, the performance of the central economies. The document presented to the CEGAN meeting by CEPAL records with startling clarity how growth in the region has followed the ups and downs in the central countries, and particularly the downward tendency starting in 1974 and 1975 (see figure 1).

Notwithstanding slight differences in trajectory, intensity and performance in specific cases - to which I shall refer below - this parallelism confirms the long-standing conception of the reflex character of the cyclical movements on the periphery - a fact which we must not forget in our current discussions on interdependence.

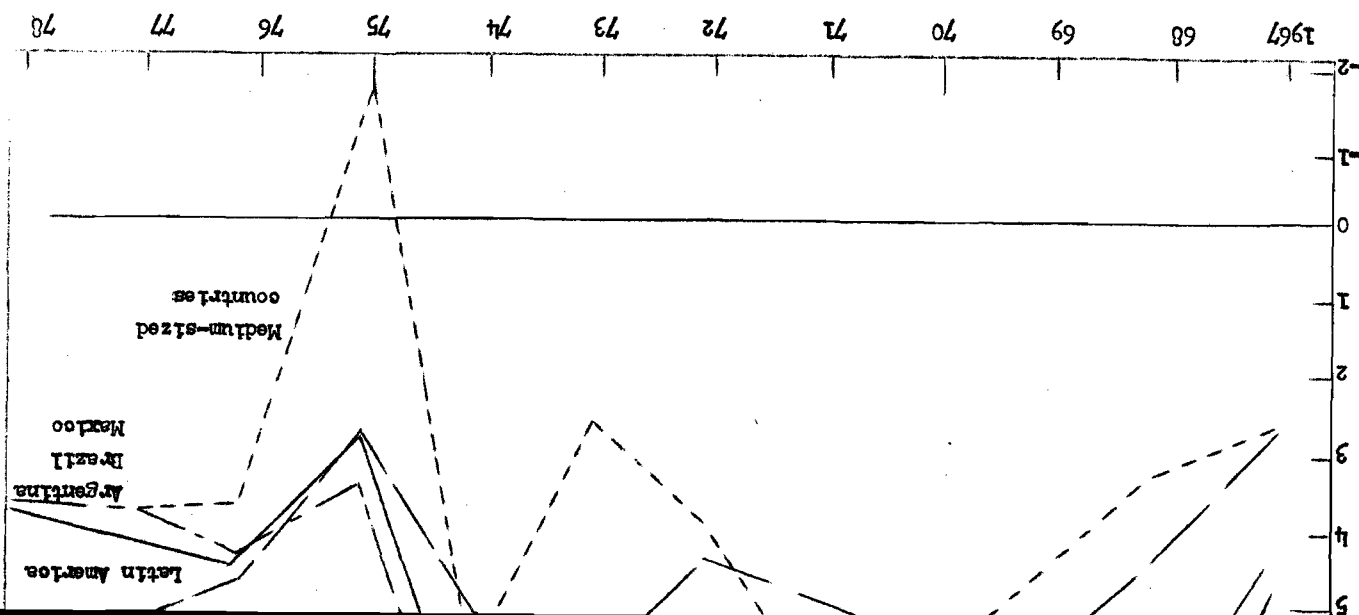
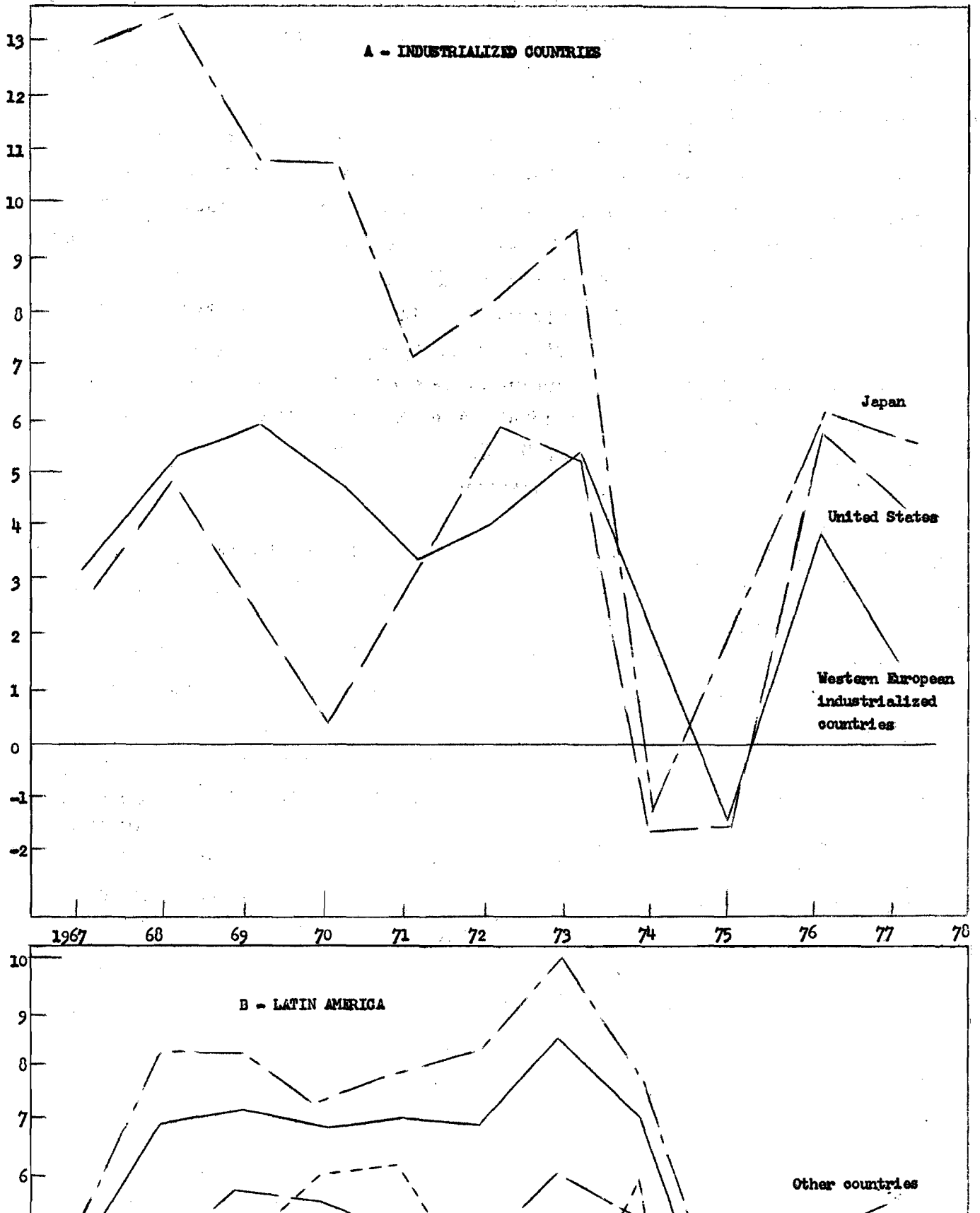


Figure 1

GROWTH RATES OF THE MAIN INDUSTRIALIZED ECONOMIES AND OF LATIN AMERICA

(Annual growth of the gross domestic product at constant prices, per cent)



It is worth while emphasizing that the serious problems of the latter have not led to conflicts or animosity vis-à-vis the former, the fundamental reason being that the affected countries have not forgotten two very important aspects of the matter.

Firstly, undoubtedly no primary commodity - in this case non-renewable - had suffered such a damaging deterioration in its price in the post-war period. In fact, as is demonstrated in a recent CEPAL publication, the real price of petroleum dropped by almost half between 1950/1951 and 1973, before it was readjusted.^{1/} This process might well be regarded as a clear demonstration of the historical short-sightedness of the traditional policy on raw materials and its consequences. In that context the following statement by the President of the European Economic Community, Mr. Roy Jenkins, is telling:

"For far too long the industrialized world assumed that it had a divine right to indefinite supplies of cheap energy. We seem to be learning from our mistakes, although the learning process is still too slow."^{2/}

Secondly, aside from possible reservations concerning the form of the price readjustment and the use made of the increased revenue, the affected countries could not but appreciate the potential implications of joint action in favour of an adequate return for their commodity exports.

Finally, it is also clear that the upsets of the recent period are linked with the very characteristics of national forms of development and the policies adopted to deal with them. Despite the favourable climate for expansion which prevailed until 1973/1974 in Latin America, one cannot forget that even then many countries were encountering serious difficulties and uncertainty concerning the continuation of the process of transformations in production

^{1/} See J.W. Mullen, World oil prices: prospects and implications for energy policy-makers in Latin American oil-deficit countries. Cuadernos de la CEPAL, Santiago, 1978.

^{2/} Europe and the Developing World, speech delivered to the Overseas Development Institute in London on 8 March 1979.

and the form of that process, especially as regards its social impact. Although it had specific features in each country, the phenomenon was repeated both in the larger economies and in the medium-sized and smaller economies.

In this way the particular problems posed by the international economic situation were added to the specific problems of each country and were either exacerbated or alleviated depending on the countries' degree of vulnerability and the capacity of national policies to deal with them.

B. The pressures of the conjuncture:
new faces for old problems

The upheaval of the middle of the decade took place against this background, and economic policies had to add to the traditional challenges the more pressing problems arising from the international economic situation.

Firstly, the countries most affected by the situation were obliged to tackle simultaneously problems on their external accounts, the repercussions of inflation and their depressive consequences for production activity, employment and income distribution. The policies differed according to the countries, but all of them had to take dramatic steps, combining and re-ordering their defensive policies in very different ways. The three-way choice between growth rates, external borrowing and the degree of inflation was as frequent as it was painful, and old problems reappeared which the region thought it had overcome in the euphoria of the beginning of the decade.

Secondly, the countries which benefited from a rise in their foreign currency earnings had to cope with the task of assimilating the additional resources to ensure maximum impact on development and minimum effect on inflation. Their position was more favourable than that of the former, but it undoubtedly put the tools of economic policy to the test.

It would be mistaken to liken this crisis of the mid-1970s to previous crises, for two reasons which, it seems to us, should be underlined with particular emphasis in order to describe the new situation correctly.

(a) The "international financial permissiveness" which, as a result of the unprecedented abundance of financial resources arising from the oil surpluses and the crisis in the industrial centres, made it possible to moderate the effects of the payments imbalances and postpone many of the costs of the adjustment in international prices. Of course, this also led to considerable borrowing, which by the end of 1978 was estimated at about US\$ 100 billion for the region as a whole.

This financial permissiveness was a completely new factor in the historical experience both of the region and the world as a whole. While in most cases the balance-of-payments crisis did not have a dramatic impact on internal development, it did make it necessary to adjust growth rates and incur substantial loans to which we shall refer again below.

(b) The region's "new capacity to defend its interests", which manifested itself in many ways. There is no doubt that vital importance was assumed by the progress achieved in previous decades in the broadening and diversification of the structure of production: that is to say, industrialization in its widest sense. In this regard, and with reference to the countries which best managed to cope with the setbacks produced by the economic situation, a recent report submitted to the Group of 24 points out very correctly that:

"... their capacity for adjustment was substantial because of earlier progress that they had made towards the diversification of the domestic economy in general and of the structure of exports in particular."1/

1/ UNDP/UNCTAD, The Balance of Payments Adjustment Process in Developing Countries: Report of the Group of Twenty-four, New York, January 1979, p. 6.

On the other hand, due recognition should be given to the high degree of maturity and flexibility achieved by national economic policies as a result of the greater experience accrued in managing the economy at both the public and private levels.

As a result, adjustment policies of greater or lesser scope were introduced in the different countries; a high rate of expansion of exports, particularly non-traditional exports, was maintained; and high levels were attained in trade within Latin America, which functioned as an anti-cyclical factor at a time of weakness in international markets.

No less significant for the region was the marked capacity to secure resources from private financial markets and the continuation of a high rate of direct or foreign investment by the transnational corporations, as is indicated by recent secretariat studies.

The combination of plentiful external financing and the improvement in the defence capacity of the economies meant that although in the majority of the Latin American countries the growth rates of the product decreased, they did not do so as much as might have been expected in view of the crisis in the central economies.

The cost that this implied in terms of indebtedness has already been mentioned, but it was certainly not the only one. In social matters there were large-scale setbacks resulting from the policies of readjustment and also from the rate of inflation, which regained momentum in many countries. Both these types of costs had regressive effects on the poorer sectors and on rates of investment.

C. The external factor conditioning the immediate prospects:
the evolution of the central economies

It is clear from several points of view that the immediate prospects of the regional situation will be strongly influenced, in the case of the great majority of the countries of the region, by the behaviour of the international economy, which in turn is

basically determined by the behaviour of the central economies, i.e., by the recovery of their growth rate and the attainment of acceptable levels of price stability and equilibrium in their balance of payments.

It would be superfluous on this occasion to attempt to analyse the significance and the projections of the present weak level of activity of the industrialized countries, on the subject of which thousands of pages have been written in recent years. It is, however, both necessary and possible to highlight some aspects of vital interest to our region and to the Third World in general.

Some mistaken analogies have now been dispelled, such as the attempt to characterize the present crisis by evoking the great depression of the 1930s or the assumption made that this crisis was yet another of the transient upsets of the postwar period. Neither is the case.

Instead, the predominant view is that a deep-seated, difficult and lasting readjustment is taking place at the level of the central economies and the relations between them on the one hand and their links with the rest of the world on the other.

As far as the first element is concerned, the contradictory features of this crisis spawned by the economic system of the industrial market economy countries are much in evidence.

In addition to the elements which are common to all crises - decline of private investment, reduction of real rates of profits, increase in unemployment, growth of idle installed capacity - there are others such as active and persistent inflation, which represents a notable contrast to the situations of deflation typical of such conjunctures in the past. The well-known scenario of "stagflation" has created a dilemma which is too much for the Keynesian therapies used to solve the problem on other occasions and routs them completely: any tendency towards growth, in traditional policies, appears to be frustrated by the activation of inflationary pressures, while policies directed at reducing such pressures tend to aggravate the slowing down of production.

Although the disequilibria in the external accounts have played a substantial role in some countries, it is equally true that the same dilemmas also occur in countries with surpluses, and in fact this difference in situations constitutes another of the seemingly insoluble problems raised by the impotence of policies so feverishly pursued or tried out.

What are the options regarding the immediate prospects of the international conjuncture?

Some main options - which are not necessarily mutually exclusive in all aspects - may be deduced from the variety of analyses and opinions on the short- and medium-term prospects of the present situation.

The first is that the situation of the last few years will continue its precarious existence, with recurring ups and downs in the priority assigned to and the successes and failures achieved in the reactivation of growth and the control of inflation and external disequilibria.

The second is that the obstacles to the more rapid growth of the production process and external trade and financial transactions will get worse, opening the way for more clearly restrictive policies and a situation at least resembling that of a traditional or "classical" crisis.

The third possibility - and certainly the most favourable - is that the present crisis will culminate in a transition towards a more favourable scenario in which the central economies will succeed in making the necessary structural and institutional adjustments and that this will facilitate new forms of insertion in external trade and better opportunities for the development of the periphery.

This option reminds us of the lucid definition given by our fondly remembered master, José Medina Echeverría, who said that in the strict etymological sense a crisis should be understood as a certain moment in the evolution of a system which shows

sufficient signs of fluctuation and upheaval to indicate a state of transition, which does not exclude either its strengthening and recovery or its final breakdown and ruin.

Let us adopt the relatively optimistic hypothesis that we are living in a period of readjustments which will later evolve into a broader and more favourable course for the world economy.

It seems reasonable to suppose that even in such a case the transition will involve some years of risks and sacrifices which will be very different for countries of the periphery like those of Latin America. These risks will perhaps be more serious than those experienced in the last part of the present decade, and it is consequently essential to prepare for tackling and overcoming them.

The first risk arises out of the continuing situation of slow growth and persistent inflation in the central countries. This stands in the way of the necessary growth of our exports and makes imports continually more expensive. This general effect becomes worse in proportion as the industrial countries resort to policies which aim at the reduction rather than the necessary expansion of growth and trade through the structural adjustments required in their domestic economies.

In this respect it is of interest to recall some recent statements. At a meeting of the Group of 24 held in March this year, the communiqué issued by the Ministers present "expressed dismay at the proliferation of trade restrictions in the developed countries". Another forum carrying considerable weight - the Interim Committee of the Board of Governors on the International Monetary System - announced that since its last analysis of the world economic situation in September 1978 "there had been some worsening of the prospects for economic growth in the industrial countries, increasing inflation, a slow rate of expansion in international trade and a tendency in some countries to resort to protectionist measures".

These developments in external conditions are already being reflected in the economies of the countries of the region, although with notable differences between one country and another: not only between the oil-exporting countries and the rest but also within each group.

Thus, it can easily be seen that despite the efforts made the deficits on current account still stand at very high levels compared with the beginning of the decade, while there has been a continuous increase in the amounts of indebtedness in respect of indebtedness in respect of private credit, which has constituted the bulk of the net inflow of capital (see table 1).

In global terms, the situation does not appear alarming at this stage in terms of such current relations as the ratio of payments of interest and amortization on the external debt, plus remittances of profits, to the value of exports, but - exceptions apart - it is none the less true that there is good reason to be concerned that these trends may continue.

The second risk is that the relatively abundant supply of external credit cannot be considered a prop on which it will be possible to rely indefinitely. This is so because the copious liquidity of the market and the easy access to it are the result of exceptional conditions which can hardly continue in the future, quite apart from the fact that its terms and costs are frequently not in keeping with the requirements of development financing.

It should therefore be understood that the chances of continued use of international credit by the debtor countries necessarily depend on their ability to rectify the basic imbalances in their external accounts by taking the positive approach of increasing and diversifying their exports rather than by a severe restriction of their purchases abroad.

As is well known, this second option would also harm the industrialized economies by weakening or eliminating one of the factors which have stimulated their shaky economic growth in recent years, namely, the demand stemming from their sales to the periphery.

Table 1

LATIN AMERICA: BALANCE ON CURRENT ACCOUNT AND NET CAPITAL INFLOW
(Millions of dollars)

	Balance on current account				Net capital inflow			
	1970	1975	1977	1978 _{a/}	1970	1975	1977	1978 _{a/}
<u>Latin America</u>	-3 103	-14 046	-10 361	-14 622	4 660	15 011	14 694	21 583
Oil-exporting countries	-272	2 047	-2 362	-5 034	358	1 041	1 041	3 568
Non-oil-exporting countries	-2 831	-16 093	-9 588	-9 588	4 302	13 970	13 970	18 015

Source: CEPAL, on the basis of official data.

a/ Preliminary figures.

As is well known, this second option would also harm the industrialized economies by eakening or eliminating one of the factors which have stimulated their shaky economic growth in recent years, namely, the demand stemming from their sales to the periphery.

The third risk is the impact of the present situation of the central economies on the region's growth rate and on inflationary pressures, as we pointed out earlier.

While the region is today better able to defend itself than in the past, it would face a much more severe challenge if the restrictive effects stemming from the central economies were to continue for a protracted period.

The picture is even gloomier if one considers the potential inflation. Although in 1977 and 1978 the rate of price increases declined in comparison with the high levels of earlier years, it is nevertheless true that inflation continued to pose difficult problems of control and management in a sizeable number of countries which have considerable weight in the regional total. The picture is therefore very unfavourable as regards the objective of keeping up the growth rate, and in addition it involves sacrifices and social inequalities which hinder the concerted determination on all sides required to advance towards a solution.

II. THE GREAT CHALLENGES OF THE COMING DECADE

The basic question which emerges as we stand on the threshold of a new decade is what major challenges Latin America will face during the next ten years.

If an adequate answer is to be given to this question, the analysis of the main features of the economic conjuncture in recent years is not enough. A retrospective view is also required, to enable us to make an appraisal of the economic and social evolution of the region in the context of a long-term historical perspective.

This appraisal would lead to the following main conclusions:

1. Since the war, and particularly during the 1960s and the early years of the present decade, the region as a whole - with exceptions which this is not the moment to analyse - achieved vigorous development of its forces of production.

This development was analysed in some detail in previous presentations by the Executive Secretariat, so that only its most essential features need to be summed up here. These were, firstly, the sustained growth of the Latin American economy, which meant that in 1975 the joint product of the region had increased fivefold since 1950; secondly, the growth and diversification of Latin American exports, which continued even through the recent recession in the world economy; and lastly, the improvement of the capacity for handling economic policy to be observed in the Latin American countries, to which I referred earlier.

2. This definite substantial material progress, however, was not able to solve some of Latin America's most acute and serious social problems. Modernization and progress, in fact, only benefited certain strata of society. Others, particularly the great masses, remained outside this progress or only received its benefits marginally. Owing to this basic feature of the development style which tended to prevail in the majority of the region's economies, the number of people affected by critical poverty continued to be intolerably high, unemployment and particularly underemployment did not decrease significantly, and some social indicators improved only slowly or even showed signs of deterioration.

The development of the last thirty years was thus marked by a basic ambivalence. While on the one hand it revealed the region's capacity for increasing its material output at a fairly high rate, on the other it reflected a flagrant inability to distribute fairly the results of this more rapid material progress. It is this essential ambivalence in the development style which explains the contrast between the optimistic conclusions which may be drawn from the evolution of some conventional economic indicators, such as those referring to the growth rate of the product, exports or international reserves, and the sometimes discouraging conclusions arising out of certain social indicators which show that in many countries of the region acute problems of malnutrition, poverty, illiteracy and underemployment continue to exist. In some cases their solution is desperately slow, and in others it is even more distressing to note actual worsening of the situation.

3. These characteristics of internal economic change were accompanied by an increasing internationalization of the Latin American economies which strengthened the links between their development processes and changes in the world economy.

The process of internationalization represented a new dynamic growth factor for certain countries but also involved a new and perilous vulnerability. The latter took shape with particular clarity when, in the middle of the present decade, the great growth cycle of the world economy which had begun early in the 1950s was interrupted and the trend towards a liberalization of international trade was simultaneously paralysed. In recent years, as a result of these closer links with the exterior, the rates and forms of growth of the central countries have become basic conditioning factors of the rate of internal development of many of our economies.

The relative importance of the three basic characteristics of Latin American development which I have just mentioned has, of course, varied greatly in the different countries of the region. All the same, these three basic characteristics which sum up the achievements, shortcomings and vulnerable features of the development process in the last 30 years are repeated to some extent in the experience of the great majority of our

economies and become evident when their evolution is viewed from the perspective of the last few years of this decade.

What we consider to be the three fundamental challenges which the countries of Latin America will have to face in the next decade thus emerge very clearly and can be expressed in the form of three questions:

(1) Is it possible to improve the social spread of the development style which predominates in the region?

(2) Is it possible also to maintain and if possible speed up the rate of economic growth?

(3) Is it possible to design defence mechanisms against the instability and uncertainty which characterize the present world scenario so as to reduce the effects of the new external vulnerability of the Latin American development process?

An affirmative answer to each of these questions would mean that in the next decade the region can indeed progress towards fair, dynamic and autonomous development.

I should now like to go on to make some brief remarks on the possibilities of and requisites for achieving each of these three basic services.

A. The first challenge and requirement: broadening the social impact of growth

As I mentioned earlier, it is a widely accepted fact that the dynamic growth of the region in the post-war period bypassed, in relative or absolute terms, a sizeable part of the population.

I do not intend to dwell on this topic, which I have dealt with at length in speeches at earlier sessions. On this occasion I should merely like to recall that a recent CEPAL study, covering six countries which account for 70% of the population and an equal proportion of the gross product of Latin America, found that in those countries per capita income rose by 26% in the period 1960-1970 a figure which is certainly satisfactory. Only 10% of this growth, however, benefited those who were below a certain poverty line in 1960, while 60% of it was absorbed by the richest 20% of the population. Thus, in absolute terms the 40% of the population who were poor in 1960 increased their per capita income by only 20 dollars between then and 1970. Furthermore, according to the latest available data, in 1970 about 40% of the Latin American population suffered from extreme poverty and almost half of these could be considered indigent. Although the incidence of poverty varied enormously from country to country, as may be seen from table 2, this percentage means that in 1970 the poor of the region numbered almost 110 million, of whom 54 million were indigent.

With all the limitations involved in making a projection, and merely in order to be able to visualize the urgency of the changes which must be made in the forms of development which have so far characterized Latin America, it may be noted that if recent trends continue, by the year 2000 the poor of our region will have increased in absolute figures, although they will represent a small proportion of the total population. And what is more serious, the income gap between rich and poor will have increased alarmingly, a fact which runs counter to basic moral principles, has no justification in economies and constitutes an evident threat to social coexistence.

Table 2

ESTIMATES OF THE INCIDENCE OF EXTREME POVERTY IN SOME LATIN
AMERICAN COUNTRIES AROUND 1970 a/

Country	Percentage of households below the poverty line			Percentage of households below the indigence line		
	Urban	Rural	National	Urban	Rural	National
Argentina	5	19	8	1	1	1
Brazil	35	73	49	15	42	25
Chile	12	25	17	3	11	6
Colombia	38	54	45	14	23	18
Costa Rica	15	30	24	5	7	6
Honduras	40	75	65	15	57	45
Mexico	20	49	34	6	18	12
Peru	28	68	50	8	39	25
Uruguay	10	4
Venezuela	20	36	25	6	19	10
<u>Latin America</u>	<u>26</u>	<u>62</u>	<u>40</u>	<u>10</u>	<u>34</u>	<u>19</u>

Source: Oscar Altimir, La dimensión de la pobreza en América Latina, E/CEPAL/L.180, 1978, p. 81.

a/ The ten countries considered account for 84% of the population of Latin America.

The other fact of capital importance to which I should like to refer is that unquestionably most of the managing cadres - in the government, professional and intellectual circles, political parties and basic institutions such as churches, the armed forces, trades unions and business associations - agree on the urgent need to tackle this specific problem with the utmost priority. This implies that there are few people who still believe that a dynamic growth process will suffice for the problem to solve itself.

Naturally enough, there are differences, sometimes profound, in the diagnoses and remedies suggested or adopted, but this overall consensus is certainly of fundamental importance, for the collective awakening to the problem is not only a new development but also the prime and most essential condition for beginning to solve it.

The nature of the challenge facing us is certainly very complex since without losing sight of the growth objective, which I will discuss later, we must find a means of achieving social justice; without renouncing the modernization of society we must give preferential treatment to the groups which have not yet benefited from technological progress; and without neglecting the excellence necessary in the training of certain groups in our communities, we must broaden and improve the system of opportunities and rewards in such a way as to involve actively large groups in Latin American society who are still excluded from the decisions which affect their living conditions.

1. The size of the social challenges

One factor closely linked with the situations of critical poverty encountered in the regions is that of demographic trends. The projections made by CELADE indicate that although there will be a slight drop in the population growth rate from 1980 onwards, in the remainder of this century the Latin American population will increase by 75% (see table 3). At the same time, migration from the countryside to the towns will continue, especially in the

Table 3

LATIN AMERICA: TOTAL POPULATION BY COUNTRIES
(In thousands of inhabitants at mid-year)

	1950	1978	2000
<u>Latin America</u>	<u>160 271</u>	<u>344 168</u>	<u>601 247</u>
Argentina	17 150	26 395	32 861
Bahamas	79	220	330
Barbados	211	249	285
Bolivia	2 703	5 285	9 299
Brazil	52 901	119 477	212 507
Chile	6 091	10 732	14 934
Colombia	11 597	25 614	42 441
Costa Rica	958	2 111	3 377
Cuba	5 858	9 718	12 717
Dominican Republic	2 361	5 653	9 333
Ecuador	3 307	7 543	14 596
El Salvador	1 940	4 524	8 708
Guatemala	2 962	6 839	12 739
Guyana	423	846	1 256
Haiti	3 097	5 534	9 860
Honduras	1 401	3 439	6 978
Jamaica	1 403	2 115	2 726
Mexico	26 606	65 421	132 244
Nicaragua	1 109	2 559	5 154
Panama	825	1 808	2 823
Paraguay	1 371	2 888	5 274
Peru	7 832	16 821	29 468
Suriname	215	461	904
Trinidad and Tobago	632	1 041	1 280
Uruguay	2 194	2 886	3 448
Venezuela	5 145	13 989	25 705

Source: CELADE, Boletín Demográfico, N° 23, Santiago, Chile, January 1979.

countries where the percentage of the population living in rural areas remains very high, and where the incidence of critical poverty is greatest. All this will increase the pressures on services and physical space in the urban zones.

Furthermore, due to changes in the age structure of the population, the proportion of the total population represented by persons of active age will increase, and this, combined with higher rates of participation by women, will generate an increase in the labour force estimated at an annual average of nearly 3%, with the total rising from 170 million in 1975 to 345 million at the end of the century.

A number of studies of the region show that if the current style of development continues unchanged, the growth rate needed to maintain current unemployment levels would be well above the rates achieved by most of the countries of the region in recent decades - rates which were actually the highest ever recorded.

The rapid growth of the labour force certainly represents an important challenge to the capacity for job creation of the countries of the region, and this challenge increases still further if it is recalled that it will also be necessary to increase the productivity and incomes of those who ~~are~~ currently vegetating in backward activities or are suffering from different forms of underemployment. In this latter respect, the estimates of the International Labour Office show that underemployment affects nearly 30% of the labour force. In short, the problem is not only one of reducing unemployment but also of absorbing underemployment so as ensure opportunities for productive and well-remunerated work for the entire labour force.

As will be understood, however, there are other social challenges which must urgently be dealt with - education for example. Frequent reference is made to the major advances achieved here, but the shortcomings which still exist are overlooked.

It is a fact that considerable progress has been made in increasing the access of the population to the educational system. Between 1960 and 1975, ~~the~~ coverage of primary education doubled in absolute terms, secondary enrolment increased five-fold and enrolment in higher education increased more than six-fold. It is also true, however, that despite the substantial effort made, illiteracy in a considerable number of countries of the region was still very high in 1970, while the average educational level of the labour force was still low and the proportion of workers without schooling was very high (see table 4). This last fact is particularly important since, as may be observed from recent CEPAL studies, the great majority of heads of households in situations of poverty have three years of schooling or less. It may also be noted that the incidence of poverty drops drastically when the head of the household has completed full primary education.

The foregoing is a reflection of the fact that the proportion of students who complete the primary cycle in Latin America is still very low, although there are substantial differences between countries. A study of 18 countries shows that around 1975 less than 50% of the students who had enrolled in primary education 6 years previously had completed the cycle, while more than half the drop-outs were in the first three years of schooling and thus ran a great risk of becoming illiterates from lack of practice.

From another standpoint, the tendency towards a predominant urban labour force and the increasing numbers of persons graduating from the educational systems mean that new job-seekers come up against a labour market which offers fewer opportunities than are required at nearly all levels, and this creates insecurity and frustration, both among young people with little education and those who have succeeded in completing their secondary education. Indeed, in some countries this situation is emerging even among graduates from higher education, who are not succeeding in finding jobs in keeping with their training and aspirations.

Table 4

LATIN AMERICA: EDUCATIONAL INDICATORS OF THE LABOUR
FORCE AROUND 1970

Country	Average level of education of the economically active population (years of schooling)	Proportion of the economically active population without schooling (percentage)
Argentina	7.2	4.0
Brazil	3.1	36.0
Chile	5.8	8.2
Colombia	3.9	21.6
Costa Rica	4.8	10.8
Honduras	2.5	42.5
Mexico	3.5	27.1
Panama	5.2	17.1
Peru	4.5	19.3
Uruguay	5.7	4.9
Venezuela	3.6	...

Source: Data taken from the CEPAL/UNICEF project on social stratification and mobility in Latin America, 1975.

2. Mission: possible!

Although these and other related facts give some idea of the vast size of the tasks to be faced, I am convinced that these are not insuperable.

The economic growth of the region in recent decades, the noteworthy progress in technical knowledge, and the incorporation of increasingly large numbers of professionals trained in the management of public affairs constitute a group of factors which, united with a firm political will, may well remedy the social inadequacies that cause us so much concern. My optimism is thus not purely rhetorical.

Recent studies on the problem show that the additional income which would have been required around 1970 to bring the income of the poor groups up to the estimated minimum for covering the basic overall consumption budget was equivalent to approximately 6% of the total disposable income of Latin American households or 12% of the disposable income of the richest 10% of the population. From another standpoint, it would have represented about 22% of total public expenditure for the region as a whole.

These values, of course, hide wide variations between countries where the deficit expressed as a proportion of total personal income ranged from 0.6% to 20%, while as a proportion of public expenditure it varied between 3% and over 100%.

These relationships between the seriousness of the situations and the amount of national income or total disposable household income clearly shows that when a point has been reached, as has happened in Latin America, where average per capita income is four times the figure corresponding to the poverty line, the eradication of poverty appears as an economically feasible task.^{1/}

If the problem is examined from the standpoint of some basic deficiencies, much the same conclusions are reached.

^{1/} The per capita gross domestic product, expressed in dollars at that year's prices, was 886 dollars in 1970 and the estimated poverty line at that time was a little over 200 dollars.

(a) It is estimated that between one-third and two-fifths of the population of Latin America suffers from nutritional deficiencies since their calorie consumption is below the minimum requirements recommended by specialized international agencies. Taking as a reference the cost of the basket of foodstuffs used to determine the poverty line, it is estimated that Latin America's nutritional deficiencies represent between 1 and 2.5% of the regional gross product.

(b) As regards the educational deficit, it is estimated that the additional cost of providing six years of primary schooling for the future cohorts would amount to somewhere between 0.3 and 0.5% of the region's gross domestic product, while the additional expenditure required to finance an adequate health system would absorb 1 to 1.5% of the regional gross product.

(c) Finally, with respect to housing, it is assumed that about 1% of the gross national product would have to be transferred to the poorest families so that their expenditure on housing could be equivalent to that incurred by families whose income is equal to the poverty line.

In short, to solve those deficits would involve reassigning income amounting to between 3.3 and 5.5% of the regional total, which does not seem too ambitious an objective.

Obviously, however, it is not a question here of merely transferring income from one destination to another, or from the rich to the poor. After the financial transfer - and the difficulties which by its very nature this involves - real and perhaps bigger and more complex obstacles arise. The operation really requires the transformation of some structural profiles and, in the final analysis, of the mode of operation of the economic, social and political system. Only thus can the existing distribution patterns be permanently altered, in a context of adequate productive dynamics which will guarantee higher real incomes on a stable basis for the poorer groups, without jeopardizing economic growth to the point of frustrating the income distribution attempt.

It is not surprising, therefore, that the consideration of these problems should have opened an active discussion on the nature of the policies and expedients capable of appreciably improving the distribution of the fruits of technical progress and erradicating the critical poverty scenarios.

3. Stages of a redistribution strategy

In this discussion - which is raised today in every kind of international forum - there emerge three lines of action and thinking: one deals basically with the problem of critical poverty; a second enlarges on this concern and extends it to the field of basic needs; and a third integrates those objectives and subordinates them to the formulation of a global strategy for change, capable of modifying the original bases of the situations of deficiency and inequality.

It is not possible to enter into a detailed examination of these positions, all of which are perfectly respectable. Let us merely say that from our own point of view we see no absolute contradictions between them, but only stages of a process which should integrate them according to the material, social and political conditions prevailing in each country.

We have no doubt that only a strategy which alters the structural bases and mode of operation of the global system can provide the whole answer to the complex problem we have before us. This does not mean, however, that we cannot propose and pursue more restricted and specific aims such as those linked with the campaigns against poverty or for the satisfaction of basic needs, which will help the collective conscience to simmer and mature, and provide concrete experience that will facilitate the attainment of more ambitious goals.

Let us examine some features of these three courses of action.

(a) The critical poverty approach

It will take time for the permanently favourable effects of the radical changes which must be introduced in the distribution patterns to be felt by the poorest population groups. Therefore, it is necessary to design specific policies with a view to satisfying the most elementary needs of poor families as efficiently as possible and within the shortest possible time.

Nutrition, education, health, housing and sanitary conditions among others, are areas of intervention in which experience in Latin America has shown a greater or lesser degree of success. Notwithstanding the efforts made, these can be said to have been insufficient, both because of the volume of resources assigned to those aims and because of the relatively limited proportion that has reached the extremely poor sectors. It is therefore necessary to revise the criteria for assigning public resources, especially in the social sectors, and also to make a genuine effort to increase the taxation of those groups which have reaped most benefit from economic growth, with the object of providing the resources required to face the extreme poverty emergency.

Furthermore, the institutionality in force and the bureaucratic administrative practices are not the most suitable to take care of the poor population. This is because the decisions adopted in the social sectors are generally unco-ordinated and the "target groups" are not clearly defined. As regards the bureaucratic administrative aspects, compliance with the rules and regulations calls for educational and other conditions which are not easily fulfilled by the population which is ultimately meant to be favoured.

These assistance-oriented policies, even if their coverage increases and their implementation improves, are not of course the solution to the poverty problem but merely help to palliate its most degrading features. This is what underlies the objective of overcoming extreme poverty as the first stage of a development strategy aimed at achieving greater social equality.

(b) The basic needs approach

A second stage, which differs from the first because of its broader objectives, the means that have to be utilized and its dynamic concept, consists of the satisfaction of basic human needs. These do not refer only to the deficiencies found in extreme poverty, measured in absolute terms, but to those which, including that minimum stage, permit self-sustained development through the creation of productive employment and levels of income which permit the persons concerned to be integrated in the economic, social and political life of their national societies. In other words besides satisfying certain minimum material needs the aim is to cover needs which, not being of a material kind, constitute essential elements of a society involving greater participation, equality and solidarity.

A first problem which arises in the satisfaction of basic needs is the choice of a criterion for defining them. Obviously, a universally valid prescription cannot be given, but the criteria should be determined according to the conditions prevailing in each country, and even within the national frontiers some of those needs will vary from one region to another. This information depends on the sovereignty of each country, a fact which must be made perfectly clear.

Once a criterion for identifying the basic needs to be satisfied and the groups to be favoured has been adopted by the political authorities, the strategy should specify the direct and indirect means for attaining the objectives. In this stage it is especially important to make sure that the policies designed to increase the income of the poor are not counteracted by a rise in the prices of the goods and services they consume, or that the productivity increments are not translated into higher monetary income. This means that the increased purchasing power in the hands of the poor will really be converted into greater permanent well-being based on changes in the magnitude and structure of supply.

In view of the limited resources of the Latin American countries, the satisfaction of basic needs should be compatible with other objectives, such as the need for sustained growth, the diversification of the production system, less external dependence in terms of both products and markets, the maintenance of certain basic equilibria and the legitimate consumer aspirations of the middle-income groups.

(c) The integrated change approach

The foregoing stages necessarily lead to a third stage, which consists of incorporation the previous two stages in a global development strategy aimed at eliminating contradictions between objectives and making the policies consistent with one another.

The choice of the two primary objectives of eradicating poverty and satisfying basic needs, in their dynamic and structural change approach, should be integrated in a strategy which will simultaneously achieve the capital formation required to sustain the expansion of productive capacity. Experience shows that the spontaneous action of market forces tends to reproduce the inequalities of the existing distribution pattern and, of course, fails to assign the resources to the production of goods and services consumed by the poorest groups because of the small percentage of income they manage to obtain. Moreover, in many cases, private investment does not respond as quickly as it should to purely economic incentives.

These considerations justify a more active participation by the State, both in fulfilling the redistribution objectives and in achieving the level of accumulation and structure of investment suited to the growth objectives and the reorientation of the production structure. This in no way implies ignoring the important role of the market; it merely points to the need to recognize that the State fulfils an irreplaceable function in a strategy which assigns priority to the eradication of poverty and the satisfaction of basic needs.

It is an empirically proven fact that the great social inequalities are linked with the structural heterogeneity of the productive systems. That is to say, the co-existence of broad informal or traditional sectors where technical progress has not yet arrived, with modern activities in which advanced technologies are used. Therefore, if it is desired to compatibilize growth with a reduction of the existing inequalities, the expansion of the modern sectors should be able to sustain a dynamic demand for employment, and a proportion of its surpluses should help to raise productivity in the backward and informal activities.

Let us recapitulate: the greatest challenge facing the governments of the region is the need to assign preferential and immediate attention to the most seriously afflicted groups; to promote the creation of employment in order to make full use of the labour force at sufficient levels of remuneration to satisfy its basic needs; and to incorporate the marginal sectors in the production process, mainly through the proper generation and channelling of investment resources.

B. The second challenge and requirement: to
accelerate the economic growth rate

1. The economic growth imperative

The more equitable distribution of the fruits of progress and the eradication of critical poverty in a historically short time are then, in our view, basic objectives of Latin America's development policy. Clearly, however, in order to achieve them the region will require not only to raise its modest rate of economic growth of the past four years, but systematically attain a very high rate of expansion.

Please understand me. To propose this does not, of course, mean to subscribe to the ingenuous theory that the evident situations of lack or inequality prevailing in the region will right themselves with economic growth. Very much to the contrary. As CEPAL has always maintained, to grow is important, but growth is not enough. No less important, in fact, is how to grow and for whom. We have therefore repeatedly advocated that in order to attain genuine and fair economic growth in Latin America it is indispensable that not a few of the styles of development prevailing in most countries of the region should be changed.

To accept this by no means implies, however, underestimating the main significance of the accelerated and constant expansion of the production base of the economy, nor overlooking the decisive contribution it can make towards a development strategy aimed at improving the well-being and the employment opportunities and progress of the traditionally underprivileged groups.

From this point of view, the rapid and sustained growth of the economy is essential in order, first, to provide productive well-paid employment for the huge contingents annually joining the labour force and, secondly, to raise the productivity and income of the considerable proportion of the labour force which is currently affected by the various forms of under-employment. The achievement of these two objectives constitutes, as is well

known, one of the most fundamental conditions of any policy aimed at satisfying the basic needs of the population and permanently ensuring a more equitable distribution of income. But, as we have said, in the remainder of the century the region's labour force will increase very rapidly, and at present about 30% of it suffers the effects of under-employment. Consequently, in order to satisfy the minimum but essential requirement of providing productive well-paid employment for the whole labour force, the economy will necessarily have to expand at a very high rate.

The need for intensive and sustained economic growth is also evident if the implications of a redistributive policy are analysed from the angle of the real production structure. A more equitable distribution of income would lead to substantial changes in the composition of domestic demand in favour of essential goods. So that the prices of these goods should not rise out of all proportion - thus largely cancelling out the effects of redistribution of monetary income - it would be necessary to increase their production significantly and continuously.

Moreover, in order really and effectively to improve the living levels and productive capacity of the poorest sectors, it would be imperative to increase education, health, recreation and housing services also to a marked extent. All this would in itself create important pressures on the production system. Added to them would be the pressures generated by increased demand for these goods and services and also by the demand for other less essential goods and services from the middle-income groups, whose importance and growing significance in the majority of the countries of the region should not be overlooked.

In these circumstances, the maintenance of a high rate of economic growth is also indispensable in order to cover effectively, permanently and simultaneously the basic needs of the hitherto underprivileged groups, and the needs deriving from the legitimate aspirations of the middle-income sectors.

Finally, a continuous and rapid expansion of the economy would help to increase the political viability of a development strategy aimed at eradicating extreme poverty and improving the distribution of income. These objectives, by definition, imply that the more unfavourable is the initial situation of the various groups, the more rapidly their levels of income and consumption must grow. In a static economy or one which grows only slowly, such a relative differentiation in the growth rate of the income of the various sectors would require an absolute decrease in the income of the richest groups, which would certainly contribute to their opposition to the redistribution programme. This political obstacle would, in contrast, be much less of a hindrance in a society in which global production expanded steadily and rapidly. In that event, the relative difference in the rates of increase in income of the various groups would be compatible with the increase in the absolute amount of income in all sectors, including the richest, and therefore the political viability of the redistribution strategy would be greater.

Accordingly, whether redistribution is analysed from the angle of its employment requirements, or of the changes it assumes in the real structure of production, or its political determinants, the achievement of a high and persistent rate of growth is an indispensable although insufficient requisite of a programme aimed at eradicating extreme poverty and distributing the benefits of general economic progress on a more equitable basis.

2. Possibility of growth: the region's potential

The rapid summary I have made of some of the main reasons why the accelerated expansion of the economy constitutes an essential component of a redistributive strategy in the Latin American context naturally leads to the question of whether such accelerated economic growth is possible in the region.

As recent experience has clearly shown, the answer to that question partly depends on factors which are external to the region and are mainly linked with the evolution of the central economies, the policies they adopt (particularly in connexion with trade), and the progress made by the world community towards establishing a new international economic order which will be fairer and more favourable to the development of the economies of the Third World. Furthermore, any answer to this question would have different meanings for the various countries of the region, whose growth possibilities and prospects are, of course, very different.

Be that as it may - and taking these limitations into account - I consider that the answer to this fundamental question is essentially affirmative. In fact, in my opinion, a rapid and sustained process of economic growth is not only necessary in Latin America but is also possible.

This view - one of hopeful but realistic optimism - is based fundamentally on the region's vast potentialities and on the evident - though still insufficient - progress made recently in utilizing them more fully than in the past.

This vast potential - whose full realization constitutes one of the great challenges which Latin America will have to face in the remainder of the century - is based on four fundamental factors: the natural resources base, the magnitude and skill of its human resources, its capital goods production potential, and the size of the market.

Let us briefly recall some basic data on each of these factors and formulate, also very briefly, some considerations on their significance for the attainment of an accelerated growth rate.

(a) The natural resource base

It is common knowledge that in the last few years, particularly since the historical adjustment of the price of oil at the end of 1973, there has been an evident and fully justified revaluation of the role of natural resources in the development process. This has led to the renewed discovery of the obvious principle - often forgotten in the recent past - that the availability of a broad and varied natural resources base constitutes a condition which, while not in itself guaranteeing the attainment of a high rate of growth, largely facilitates this task to the extent that it is accompanied by policies leading to the rational utilization of such resources.

From this viewpoint, and if consideration is given to the region as a whole, Latin America is obviously in a privileged position. As distinct from other areas of the Third World and the majority of the industrialized countries, Latin America possesses a relative abundance of arable land and some countries of the region still have an agricultural frontier. Thus, according to preliminary calculations, it is estimated that the potentially arable areas of the whole of Latin America is close to 575 million hectares, of which some 170 million are cultivated at present. Naturally, these figures are subject to a wide margin of error and it would be a mistake to conclude from them that the cultivated area can expand rapidly and easily within the short term. Clearly, however, the existence of a considerable area which can gradually be incorporated in the land under cultivation is a relatively exceptional possibility in the world context, whose economic significance should not be underestimated.

Latin America also possesses a broad and varied base of mineral resources. Although it must be borne in mind that there are huge areas of the region whose mining potential has not yet

been explored by means of modern techniques, the known reserves of some minerals are impressive. Thus, for example, Latin America's reserves of copper represent one-third of the world total, those of bauxite more than one-quarter, and those of iron one-fifth. At the present rate of production, the known reserves of iron are expected to last 225 years, those of bauxite nearly 200 years, those of copper one century, and those of nickel over 80 years (see table 5).

Moreover, in the last few years Latin America's position has improved dramatically as regards petroleum and gas reserves, and the region also possesses an enormous hydroelectric potential. Suffice it to recall that this hydroelectric potential is one-third greater than that of the Soviet Union, that it more than doubles the combined potential of the United States and Canada, and that it quadruples the total potential of Europe. What is not less important is that not more than 15% of that potential is utilized at present and, therefore, there are great development possibilities in this field too.

(b) The new labour force

The availability of abundant and diversified natural resources is undoubtedly a propitious factor for achieving a rapid and stable economic growth. It is not less evident, however, that the realization of the development potential implicit in that natural resources base depends on the simultaneous existence of other factors, particularly work aptitudes, skills and vocation and saving by the population.

If we consider the world scene, we will find that among the countries which have reached satisfactory levels of economic development there are some which have possessed rich and varied natural resources, and others which, on the contrary, have had a somewhat modest and undiversified base of primary resources.

Table 5

LATIN AMERICA: RESERVES OF MAIN MINERALS, 1977

Minerals	Latin American reserves (millions of tons)	Latin America's share in world total (percentages)	Annual production in 1977 (thousands of tons)	$4=(1)/(3)$ Duration of reserves <u>a/</u> (years)
Bauxite	4 360 000	26.0	22 082	197
Copper	150 000	33.0	1 494	100
Tin	1 597	16.0	40	40
Iron	19 800 000	20.0	87 834	225
Nickel	5 500	9.0	67	82
Lead	12 000	7.0	440	27
Zinc	14 000	9.0	936	15

Source: Mineral Facts and Problems: Metal Statistics 1967-1977
Metallgesellschaft Aktiengesellschaft, Frankfurt am Main, 1978.

a/ At the 1977 rate of production.

All of them, however, whatever their politico-institutional régime, have had one fundamental feature in common, and that is that the prolonged process of economic expansion and continuous increase in productivity has been preceded, or at least accompanied, by a substantial rise in the educational levels and, above all, by a genuine universalization of basic education.

From this standpoint, there is still much to be done in the countries of Latin America. On the other hand, it would be neither fair nor realistic to ignore the progress achieved in this field. These advances - imperceptible perhaps if viewed within a short-term perspective and more intensive in some countries than others - have transformed and substantially improved the structure of skills of the Latin American population.

As a result of this progress the labour force of the region is at present radically different from that which existed, for example, barely a generation ago. Thus, it includes - to mention only a few striking instances - a much higher proportion of specialized workers employed in a modern and far more extensive and diversified urban sector, who are beginning to be found too in the more developed strata of commercial agriculture. This different labour force also comprises the new entrepreneurs, who are more dynamic and innovating than their predecessors and are increasingly often found in manufacturing, agriculture, mining, construction, basic services, commerce and financial activities. It also includes new professionals and technical cadres whose influence is progressively more evident in public administration and the management of State enterprises.

It has been largely due to this multifacet transformation of the region's human resources that Latin America was able significantly to raise its growth rate in the decade prior to the start of the world recession and that, in spite of the recession's negative effects and the growing protectionism of the industrialized countries, the region continued to expand and diversify its exports and increase its competitive capacity on the world markets.

Recognition of these positive facts should not, of course, make us adopt a passive and complacent attitude. On the contrary, it should lead us to emphasize the priority which ought to be assigned to measures for improving the skills and, especially, the versatility of the labour force, which are characteristics that in a dynamic world subject to sharp changes, are perhaps the most essential conditions that must be satisfied in order to achieve a rapid and persistent economic growth.

(c) Capital goods production potential

This qualitative transformation of the labour force has been accompanied by a continuous rise in the investment coefficient. This grew slowly but steadily from 18% in 1950 to 20% in 1960, to a little less than 22% in 1970, and much more rapidly thus far in the present decade, that is around 26% in the last few years.

Two of the main results of this investment process have been, first, the growth and diversification of the manufacturing sector and, secondly, the equally considerable expansion and diversification of the capital stock. Thanks to this, Latin America's present capacity to produce its own equipment, machinery and inputs which are of basic importance for capital formation is much greater than in the past.

Thus, for example, the steel industry - which is generally taken as a symbol of that capacity and which undoubtedly constitutes a fundamental component of a reasonably self-sufficient industrial system - produced 23.5 million tons of steel in 1978, which is 80% more than in 1970 and five times the 1960 output.

In its turn, the production of cement - a product which may in some degree be considered as an indicator of the capacity to make a broad range of infrastructural investments - was also 80% higher in 1978 than in 1970, which indicates that, as has been happening regularly since 1950, it will also double during this decade.

The increase in the generation of electric energy - another key factor of the capacity to support growth and the structural change in the economy - has been even greater. After increasing fivefold between 1950 and 1970, it has continued to expand at a very high rate so far in this decade, to the point where by 1978 it has already almost doubled the electric energy generated in 1970.

Lastly, the metal manufactures and machinery industry - which has decisive significance in the manufacture of machinery and equipment - expanded its production at an annual rate of about 10% between 1950 and 1970, and its growth was even more rapid in the first half of the present decade. As a result, its production in 1975 was 1,000% higher than in 1950 (see table 6).

For a better appreciation of the strategic significance of these figures it is useful to compare them with those for some of the industrial systems developed in some not too distant years. Thus, if consideration is given to the group composed

Table 6

LATIN AMERICA: EVOLUTION OF SOME MACROECONOMIC VARIABLES
AND SELECTED INDUSTRIAL PRODUCTS

	Physical volume				Annual growth rates			
	1950	1960	1970	1978 ^{a/}	1950- 1960	1960- 1970	1970- 1975	1950- 1975
Gross domestic product <u>b/</u>	48.9	80.5	137.1	212.5	5.1	5.7	6.4	5.5
Manufacturing product <u>b/</u>	9.3	17.3	33.6	57.9	6.5	6.9	7.2	6.8
Production								
Steel ingots (millions of tons)	1.4	4.8	13.0	23.5	13.3	10.6	6.8	10.9
Cement (millions of tons)	7.3	16.5	32.1	57.7	8.6	6.8	7.6	7.7
Metal manufactures and machinery <u>c/</u> (1970=100)	15.0	41.0	100.0	173.0 ^{d/}	9.9	9.3	11.6	10.0
Electrical energy (billions of kWh)	27.0	67.6	147.6	271.7	9.6	8.1	8.4	8.8

^{a/} Preliminary figures.

^{b/} Billions of dollars at 1970 prices at factor cost, using the import exchange rate. Not including Cuba or the English-speaking Caribbean countries.

^{c/} Excluding basic metal industries.

^{d/} 1975.

of the Federal Republic of Germany, France and Italy in 1960, that is, when these three economies, following their recovery from the ravages of war, had almost completed a decade of rapid growth and constituted one of the most important industrial nuclei in the world, it will be noted that Latin America's electric energy generation in 1978 was 15% greater than that achieved by those three economies in 1960, and that Latin America's cement production in 1978 also exceeded the output of that group of countries in 1960. Moreover, Latin America's output of cement, electric energy and steel in 1978 was 150, 135 and 9% higher, respectively, than that achieved in 1960 by Japan, which was already by that year another of the most important and dynamic industrial systems in the world. Finally, the region's cement production in 1978 was about 30% higher than that of the Soviet Union in 1960, while its electric energy generation was only 7% less.

It seems clear, therefore, that thanks in particular to the development of the region's manufacturing sector in the past quarter of a century, Latin America has today a relatively broad and diversified industrial base which ensures at least one of the conditions for a more accelerated and autonomous process of capital formation.

(d) Size of the market

It is a well-known fact that the existence of broad and homogeneous markets constitutes a favourable condition for growth. They enable the economies of scale to be fully utilized, with the resulting reduction in production costs, a fact which is of decisive importance in the present-day scene and which has undoubtedly constituted the basic economic reason underlying the regional integration systems in various regions of the world.

From this standpoint, and if the region is considered as a whole, Latin America's situation and prospects are also most interesting. Thus in 1978 Latin America's total gross domestic product was equal to over 80% of the combined product of the Federal Republic of Germany, France and Italy in 1960; it was slightly lower than the product obtained that year by the Soviet Union, and trebled Japan's total product in 1960.

Furthermore, if from this year to 1990 the region were to grow at an average annual rate of 7.4% - a rate which is only slightly over that actually obtained in the period 1970-1974 - Latin America's total product in 1990 would be 20% higher than the combined product of the Federal Republic of Germany, France and Italy in 1970 and 10% higher than that of the Soviet Union for that year, and 150% higher than Japan's product in 1970.

It is true that these figures relate to Latin America as a whole, which unfortunately is far from being a unified market today. However, they have a dual and far-reaching significance.

On the one hand, they provide a first indication of the actual benefits obtainable in the medium term if the countries of the region were to progress decisively towards closer economic integration. In that case, the considerable size of the regional market would facilitate the installation in Latin America of plants which, for technological reasons, require a very high production volume so that the goods produced by them may compete on the domestic market with those imported from outside the area, given a reasonable and gradually decreasing degree of protection.

On the other hand, the figures given on the size of the regional market also serve to evaluate the much greater bargaining power our countries would have on the international scene if, instead of acting independently, they adopted a joint, or at least a co-ordinated, stand.

3. Four requirements for a growth strategy

As we have seen, the growth potential of Latin America is considerable, for the region possesses abundant and varied natural resources, has a labour force with far better qualifications than before, has succeeded in establishing an industrial sector of some size, and taken together constitutes a market of sizeable dimensions.

This potential, however, does not of itself guarantee that Latin America will in the future actually arrive at a high and sustained rate of growth. To achieve this it must conceive and apply a coherent set of policies which will also enable it to secure a fairer distribution of the fruits of this growth and a greater degree of autonomy.

It would naturally be impossible to sum up in the time I have at my disposal the essential characteristics of a development strategy which would pursue these objectives. Obviously, they would also vary very much in the different countries of the region and would have to take into account the different political situations of each of them.

For these reasons I only wish to mention what, in my opinion, are the important requirements for progressing towards and achieving the above-mentioned objectives. I would, however, stress that they do not in any way constitute an exhaustive list, and I am also fully aware that they have very different relative importance in the different economies of the region.

(a) Increasing domestic savings

A first condition for achieving rapid, fair and autonomous development is to increase domestic savings. Although in the recent past numerous Latin American countries have increased their savings coefficients, these will have to be much larger in the future in order simultaneously to boost the growth rate and reach a state of relatively less dependence on external financing.

It is true that it will not be easy to comply with this requirement, for as I already said, if it is really desired to progress in the fields of the redistribution of income and the eradication of extreme poverty it will be necessary to allocate far more resources than in the past to the production of basic consumer goods and essential services such as education and health. In order to enable domestic savings to be increased at the same time, it will be necessary to cut down the rate of growth of luxury consumption, improve the institutional machinery and incentives which promote private savings and increase public sector savings. This latter will in turn require an increase in taxation, the elimination or at least the reduction of non-essential fiscal spending and the efficient management of State enterprises.

(b) The growth of exports

A second basic requisite for achieving the proposed objectives is to increase the growth rate of exports. It is particularly important to fulfil this condition if faster and continuing economic growth is to be achieved in the relatively smaller countries, for their exports account for a fairly high percentage of final demand and their export growth rate therefore has a greater direct impact on the growth of production. Moreover, generally speaking the natural

resources of the relatively small countries are less wide-ranging and diversified, while they also have a smaller and less varied industrial base than the larger Latin American economies. In view of these two circumstances, the possibility of speeding up growth depends heavily on their capacity to import a substantial variety of raw materials, intermediate inputs, consumer goods and particularly machinery and equipment, and this capacity to import basically depends in the final analysis on their volume of exports. In these countries the export sector thus constitutes the activity which so to speak "produces" a large proportion of the capital goods they need, and for this reason a continuing and rapid growth of exports is an indispensable condition for being able to transform plans for domestic savings into real investment.

Although it is less direct, the influence of the rate of growth of exports on the overall growth rate of the economy is also very important in the largest and most developed economies of the area. The import coefficients of these countries are generally very low, and in the majority of cases the structure of imports includes only a small proportion of non-essential goods. Consequently - except for relatively brief periods - the growth rate of the economy tends to be limited by the rate at which the volume of imports increases; and this rate in turn depends on the speed at which exports increase. This last relationship may not, of course, occur in the short-term and even over longer periods if the net income from loans and investment makes it possible to finance imports whose value exceeds that of exports during the period. This imbalance between external sales and purchases, however, can only be maintained at the

cost of a growing external debt, whose adverse effect on the degree of autonomy of development is self-evident and the servicing costs of which eventually make it essential to reverse the disequilibrium in external trade, so that finally the global rate of economic growth is once again conditioned by the rate of growth of exports: hence the fundamental importance of rapid and continuous growth of exports for these economies.

(c) Rural development and the growth of agricultural production

The modernization of the rural sector and the sustained growth of agricultural production and productivity constitute a third basic component of a strategy aimed at rapid, fair and autonomous development.

In the first place, rural development is indispensable in order to achieve a fairer distribution of social income, for in the majority of our countries the most flagrant gap is not that between the incomes of the capitalists and the workers in the modern urban sector, but that existing between the levels of living of the urban workers and those who live and work in rural areas. Not only is this inequality expressed in the different average incomes received by the inhabitants of urban and rural areas but it is reflected in a particularly clear and dramatic manner in the health, education and housing indicators, and in the fact that the rural population includes an extremely large proportion of the total number of families affected by extreme poverty.

This basic gap between urban and rural levels of living is, of course, a product of numerous factors, some of which, like the very unequal distribution of agricultural property existing in many countries of the region, are structural features of the rural economy itself. To a large extent,

this is also the result of the effects of economic policies which in practice have penalized the enterprises and workers of the agricultural sector. It is a fact that in not a few cases exchange, tariff and price policies have resulted in this sector receiving artificially low prices for its products while it has had to pay excessively high prices for its inputs and for manufactures in general. It is also true that the agricultural sector, and particularly the smallest farmers, have received a very small fraction of the total credit available. And lastly, it is also a fact that fiscal expenditure on education, health, housing, public works, training and technical assistance have benefited the inhabitants of the cities to a disproportionate extent, to the relative disadvantage of the rural population. It is therefore essential to rectify these discriminatory policies if the incomes of the rural population are to be improved and if a fairer distribution of national income is to be generated. Measures of this kind, aimed at striking a better balance between urban and rural levels of living, should be supplemented by activities which, like those aimed at changing the distribution of agricultural property and raising the organizational levels of the rural workers, contribute to generating a fairer distribution of income within the agricultural sector itself.

The measures aimed at correcting examples of discrimination against the agricultural sector and the rural population, however, would not only be positive in that they would contribute to the establishment of a fairer distribution of national income, but would also be of value in that they would help to increase the profitability of investment in agriculture and augment the productivity of the rural labour force, thus also promoting more rapid growth of agricultural production and consequently helping to achieve more rapid overall economic growth.

This contribution would be particularly significant in the many countries of the region where the agricultural sector still generates the largest share of the total domestic product and where its growth rate is in the final analysis decisive in determining the speed at which the economy grows as a whole.

In many of our economies the agricultural sector also generates the greater part of total exports, and we have already seen the fundamental influence that the growth of exports has on the overall economic growth rate. Lastly, increasing agricultural production is important because the rate at which the supply of food increases depends on it to a large extent, and this in turn is one of the main conditioning factors both for the level of real wages and the stability of price levels.

(d) Need to secure a minimum of stability in price levels

Finally, I consider that another condition for rapid and above all continuing economic growth is to maintain at least a minimum of stability in price levels. Naturally, in the present circumstances, when the economies of the region have been obliged year after year to face up to strong external inflationary pressures, largely originating in the continuous rises in price levels in the industrialized countries, this minimum stability cannot be interpreted in absolute terms.

In the light of Latin American experience, however, it is also evident that inflationary processes of any intensity are essentially incompatible with the maintenance of a high and sustained rate of economic growth. These inflationary processes may perhaps stimulate the apparatus of production during short periods and with apparent ease, but after a short time this spurt in growth initially generated by inflation tends to fade out, while the price increases simultaneously reach unacceptable levels. The need to apply policies aimed

at easing inflation then becomes unavoidable, and is evident from several instances of regional experience, the stabilization policies applied for this purpose tend to depress the rate of economic growth for several years and even cause considerable drops in the level of overall production and particularly in investment. Finally, when the cycle comes full circle and inflation is reduced to more normal levels, the average rate of growth achieved during the period is seen to be very low and the accumulation of production capital minimal, thus adversely affecting the possibility of large-scale growth in the future.

Both at the stage of the acceleration in the rate of inflation and in the initial phases of the stabilization programmes, real wages tend to decline notably, so that income distribution is also adversely affected.

This is why we are convinced that the maintenance of a modicum of stability in price levels constitutes another basic requisite of a strategy aimed at achieving rapid, sustained and fair economic growth.

C. The third challenge and requirement: strengthening the autonomy of growth

The experience of recent years shows that Latin America has pursued a more open form of development, more closely linked with the international economy.

This is nothing new, as we are all aware. The influence of external factors has in fact, been a historical constant in the region and in the developing countries in general. What is new are the forms this phenomenon has acquired, which we shall now go on to discuss.

To avoid misinterpretation, let us say that we consider this evolution to be positive and necessary for the internal development process in so far as it enables activities requiring more wide-ranging markets to be projected outwards, and the way ultimately opened for another scheme of the international division of labour.

We must also recognize that not all the effects of this relationship with the international economy are positive, however. There are also risks to be identified and an attempt must be made to lessen them. These risks are manifested on the one hand, in the conditioning factors which this relationship implies for our development, and on the other in the undesirable fluctuations caused in our economies by the course of international events.

Overcoming these two major liabilities constitutes one of the essential tasks of economic policy. This should foster the active insertion of our economies into the international economic scenario and at the same time reduce vulnerability and perils involved in international interdependence. To the extent that these objectives are achieved, the autonomy of Latin American growth will be correspondingly strengthened.

How should we interpret "active" insertion in the international economy? I think we should understand it as the kind of insertion which is fostered and selectively oriented by the national authorities in keeping with the objectives of

national development. This does not, of course, mean ignoring the role which the forces of the market can and should play in this selection. We do not, however, believe that these forces should be the factors which exclusively determine the process. The linkage between the region and the international economy conditions domestic development right from the start. It must therefore be oriented so as to uphold the main objectives of the community. Consequently, the linkage with the international economy should not be entirely subject to the forces of the domestic market or those of the growing power of the transnational corporations.

In other words, Latin America should make the maximum possible use of the advantages stemming from closer links with the rest of the world, but without renouncing a form of development defined in an autonomous manner. Just as each of our societies has some form of national development project, so also we should set ourselves a national project for our insertion in the international economy on a selective basis in keeping with our own interests.

There is no single way of doing this, of course. In the last analysis, the forms of insertion which each country selects will be determined by the degree of development it has achieved, its size and geographical location, its traditional trade and financial relations and its own economic or political ideology as regards the development of its forces of production and its social objectives.

The second basic objective in this area is to lessen external vulnerability. In order to analyse the implications of this, it is essential first of all to examine the new forms of regional internationalization.

1. The new forms of Latin America's insertion into the international sphere

I have already referred to the deep-seated change which Latin America has undergone during the last thirty years, and particularly during the present decade.

This change substantially altered the forms of the region's insertion into the international sphere in at least four basic aspects.

The first of these changes occurred in the structure of Latin American exports. In the 1950s, more than 95% of these exports consisted of primary commodities. Today, however, industrial goods account for nearly 20% of the region's total exports and are worth around 10 billion dollars. These figures clearly show that the Latin American countries have learned to export, by placing their manufactures - some of which have a high level of technological sophistication - in their traditional markets and diligently seeking to open up others. The growth and diversification of exports thus constitutes a novel and basic feature of the new Latin America.

The second change relates to the origin of the external financing received by the region. During the 1950s, the bulk of the capital entering Latin America was of public origin and only a small proportion came from private sources. Nowadays, however, the percentages have been inverted. Four fifths of the capital inflow is of private origin and only one fifth of public origin. Owing to the abundant financial resources flowing into the region, the external debt increased from 10 billion dollars in 1965 to more than 60 billion dollars in 1975 and then continued to escalate until it reached an estimated 100 billion dollars in 1978. Latin America has thus become an active seeker of capital in the private banking markets - a situation practically unknown in the past.

The third change concerns the participation of the transnational corporations. The increasingly powerful presence of these corporations in the countries of the region is another

manifestation of the transnationalization of the Latin American economy. It is estimated that in 1975 the accumulated investment of the OECD countries in Latin America came to nearly 40 billion dollars, while the overall sales by the transnational corporations in the region accounted for around 80 billion dollars - nearly twice the total value of Latin American exports for that year.

The fourth change concerns the intensity and the nature of Latin American demand for technology. As a result of the diversification of the apparatus of production and the progress of industry, regional demand for new technologies has gone up enormously and its nature has changed. This demand now covers the most varied fields and in recent years has come to include nuclear technology for peaceful purposes. This trend has become progressively more pronounced as the bases of the system of production have been expanded and diversified and the region has begun to produce increasingly sophisticated industrial goods.

These facts show the profile of the new forms of Latin America's insertion in the world economy and reveal how its links with it have become progressively stronger, with all the advantages but also all the contradictions which this involves.

It is therefore more than ever imperative to answer the question we asked earlier: how can we lessen the vulnerability which the growing internationalization of the region creates in us?

2. Lessening external vulnerability: the tasks of the region

Faced with this question, a clear distinction must be drawn between what the region should be doing and what is incumbent on the international community - mainly the group of the industrialized economies.

As regards the first responsibility, we have already stressed that much of the action taken in recent years has worked towards strengthening Latin America's defence capacity

vis-à-vis the international economic conjuncture. This is why our countries must keep up the process of the diversification of production; increase and diversify their exports, both in terms of the number and variety of the goods exported and the markets on which they are sold; implement domestic policies of readjustment so as to be able to cope with the trends indicated by the international conjuncture in such important aspects as the price structure; and define policies for dealing with the transnational corporations so as to adapt them to national interests. We must also regard questions of regional co-operation and policies aimed at closer links with and concertation of our conduct vis-à-vis the international community as matters of interest falling within our competence.

For many years CEPAL has stoutly maintained that regional co-operation should constitute a basic element of our development.

We consider that while this assertion continues to be as valid as ever, such co-operation should now play the additional role of serving to offset and defend against the vicissitudes of the international economic conjuncture.

This does not mean, of course, that we should reduce our efforts to achieve an active insertion in the world economy. It does, however, mean recognizing that regional co-operation is nowadays called upon to play a more important role than in the past, in so far as Latin America makes an effort to achieve the double objective of reaping the benefits of its active integration into the world economic system on the one hand and maintaining the autonomy of its growth process on the other.

There are, it is true, indications that regional integration is passing through a period of crisis or stagnation. Of the four formal integration schemes in existence, the Andean Group has stood out during the present decade on account of its greater dynamism, while the CACM and CARICOM continue to face major problems and

LAFTA is approaching the end of the period of transition set by the Caracas Protocol without having achieved any revitalization of the integration process.

Despite these circumstances, the relations among the countries of the region have not ceased to grow during recent years, through the increase in reciprocal trade and joint activities of specific types.

Between 1960 and 1977, intraregional exports grew nearly three times more rapidly than exports to the rest of the world, so that their share in total exports increased from 8% in 1960 to 17% in 1977. The importance acquired by regional trade is even greater if one looks at its structure in which manufactures carry a far greater weight than in exports to the rest of the world.

Moreover, the relative weakening of some of the formal integration schemes has been offset by a definite tendency towards the expansion of economic co-operation among the countries of the region as a result of partial activities of a specific nature. Thus, the integration of the physical infrastructure has experienced sustained and noteworthy progress both in the field of transport and in that of communications and energy (especially hydroelectric energy). The Latin American countries have also given considerable impetus to the complementation of their production sectors, not only through an increasing flow of intra-regional investment, but also through transfers of technology from the countries which have reached relatively advanced stages of development.

In this regard, the growing heterogeneity existing among the Latin American countries from the standpoint of the size of their economies, their degree of development, the natural resources they possess and other factors would appear to be a stimulus for undertaking joint action, in that it makes it necessary to combine the markets, natural resources, technological capacities and financial surpluses of the different countries.

Although it would be premature to evaluate the impact of this type of activity on the economic development and complementarity of the countries of the region, its dynamism is certainly notable.

What is perhaps even more important is the fact that the increase in mutual trade has contributed very effectively to mitigating the impact of the profound disturbances which have affected the international economy in recent years.

At the same time, greater economic complementarity among the Latin American countries would seem to be a necessary condition for them to reach new levels of efficiency and competitiveness in the world markets, particularly in activities which, for reasons of scale, the origin of their raw materials, technological sophistication or the volume of financial resources required, demand a joint effort by two or more countries.

We are therefore convinced of the need to rethink the role which regional economic complementarity is called on to play in the future development of the countries of Latin America. This is also why we are watching with great interest and concern the progress which may be expected in some of the ongoing negotiations on the integration schemes. I refer particularly to those which should take place this year within LAFTA and the continuation of the negotiations taking place in the Central American Common Market.

3. Reduction of external vulnerability: areas in which the co-operation of the international community is required

It must be acknowledged, however, that the individual efforts of our countries and even their possible concerted action at the regional level will not be enough to achieve a significant increase in the degree of autonomy of our domestic development, for this will continue to be strongly influenced by what the industrialized countries do or fail to do. This is why the Latin American countries have a vital interest in the future evolution of the international economy and the process of negotiation of the New International Economic Order.

I will begin by repeating that the great hopes of the region must continue to be firmly placed in this process of negotiation. When we look at the agonizing slowness of the progress made in this matter so far, however, we cannot feel too optimistic. Moreover, it is also true that the profound economic transformation of the region in the last few decades, and especially the new forms of our international relations, are changing the priorities as regards the objectives which Latin America must pursue through the establishment of a New International Economic Order.

Does this mean that our interest in this new Order should go down?

The answer is most definitely no. It is only necessary to look at some of the great areas of international discussion to see that even though the relative emphasis may have changed, the region continues to be deeply interested in what goes on in the forums where the international dialogue is taking place. Let us look, for example, at some of the topics which are under discussion in various international forums today.

(a) A new international framework in the field of basic commodities

A first example is that of basic commodities. As I already noted, these continue to represent 80% of the total value of the region's exports. Traditionally, Latin America's main concern in this field has been regarding the proportion of the value of total sales which returns to our countries in the form of taxes on the profits of the big foreign commodity-exporting firms and the expansion of their investments.

Now, however, the ownership of these enterprises has changed in many cases and the concern of the Latin American countries is centred more on the stabilization and improvement of prices and the increase in income from their exports of commodities. This is quite logical, since commodities will continue for many years to be a fundamental item in our foreign exchange income. This why it is a matter of special and disquieting concern that in the last few

decades Latin America has been losing relative importance in the world food and commodity markets both to the other two developing regions and to the industrialized countries.

Thus, for example, between 1960 and 1977 Latin America's share in world exports has dropped from 47% to 26% in the case of bauxite, from 70% to 52% in the case of coffee, from 58% to 46% in the case of sugar, and from 23% to 12% in the case of meat.

It is easy to see the unfavourable repercussions of these figures for the majority of the countries of the region which still depend mainly on exports of these products.

The loss of opportunities to increase our foreign exchange earnings implicit in the above figures gives grounds for reflection as to why the efforts made and the successes achieved by the Latin American countries in the field of exports of manufactures have not been accompanied by similar advances in exports of commodities.

This is why the region must continue to take an active part in the discussions aimed at establishing a more equitable framework for commodity trade. It should be noted in this connexion, however, that the criterion of price stabilization is not enough, and may even be highly dangerous in periods of inflation like the present. The important thing is to secure stabilization of commodity prices in such a way that they receive fair prices on international markets.

It is necessary to advance with equal determination in the fields of the marketing, transport and local processing of these goods. The recent progress made regarding the Common Fund represents a positive albeit timid step towards what ought to be an authentic new order in this field.

(b) External financing

A second important aspect is that connected with external financing, for in the future Latin America will continue to need large flows of capital to supplement its domestic saving and its import capability. Although there have been times when it may have

seemed that the improvement in the region's terms of trade had reduced the importance of external financing, the last few years have demonstrated how important the provision of external resources has been for the maintenance of Latin America's growth.

There are also other important changes which should be taken into account in this connexion. During the years following the war, both Latin America and the industrialized countries attached great importance to official development aid and especially the concessionary nature of the terms of credits.

Today, our concern is centred on three factors directly linked with the transfer of resources from the industrial countries to the developing countries, namely:

(a) the progressive elimination of Latin America from the flows of transfers of public resources, both bilateral and multilateral;

(b) the real or potential limitations on the region's access to capital markets and possible restrictions which might arise in the future;

(c) the lack of suitable machinery for facing up to the new-style balance-of-payments crises.

In one form or another, and with different degrees of severity, the Latin American countries have been suffering from these problems, as they have made known in international forums.

The progressive elimination of Latin America from among the recipients of official development assistance is very well known. Of course, there is no question of denying that it is permissible and necessary for the international community to provide support to the relatively less developed countries of the third world in the form of generous credits on concessional terms. What may, however, be disputed is that this should have led to the exclusion of Latin America from access to public sources on the pretext that it can "manage on its own" by making use of the private capital markets.

We believe that Latin America should share in public flows both of capital and of technical assistance - and not only in the case of the relatively less developed countries, but also in the case of the remainder, inasmuch as a certain type of credit required to finance the development of the region can only be secured through public channels.

In this context, I should like to emphasize that the region's external savings requirements are large today and will be much larger in the future, and that private sources are not capable of meeting these needs on the terms and for the periods which are often required. Accordingly, it is essential that the international community should continue to support such institutions as the Inter-American Development Bank, the World Bank and the regional financing agencies.

These observations lead me to the second issue of concern in this field: the need to maintain the region's access to private financial markets and to sustain the substantial flow of private capital currently being directed towards the region. Regrettably, these flows are largely flows of short-term and medium-term capital, and many Latin American countries have still not secured full access to sources of long-term finance, which is so necessary in order to maintain an adequate rate of growth.

Finally, some countries of the region are concerned at the lack of resources to deal with the new types of balance-of-payments crisis. As was pointed out in the report referred to above prepared recently by the UNDP/UNCTAD Project on the balance-of-payments adjustment process in the developing countries,

"it is important to distinguish between those components of a balance-of-payments deficit for which a developing country is directly responsible and those which are due to factors outside its control".

And it is no less important to recognize that, as the report also indicates,

"to the extent that such deficits are merely the counterpart of structural surpluses in other parts of the system, or reflect substantial price movements of external origin, the adjustment must take place over extended periods of time".^{1/}

Even though limited efforts have been made to meet these financing requirements generated by the international economic situation in recent years, much remains to be done. For that reason the existence of sources of resources provided on terms appropriate to the new critical balance-of-payments situations should constitute one of the principal objectives of the international community.

It is therefore natural that the region is keenly interested in the international negotiating machinery through which attempts are being made to establish a new international monetary system and to assist the developing countries with their balance-of-payments problems and external resource requirements.

(c) Relations with the transnational corporations

The relations of the Latin American countries with the transnational corporations - and the flows of investment and technology which are usually channelled through them - constitute another issue of major importance. For that reason the region is fully committed to international negotiations on this subject, and especially on the Code of Conduct.

Latin America has become one of the most attractive regions of the world for the operations of the transnational corporations, as a result of a set of factors including the growing size of its markets, the abundance, skills and relatively low cost of its labour force, its degree of institutional development and the abundance of its natural resources.

This has sharply increased the bargaining power of the countries of the area. And as a result they have come to take a more active stance vis-à-vis the transnational corporations and have sought a better way to reconcile the corporations' activities with their own national development objectives.

1/ Op. cit., p. 5.

This has led to the emergence of links and relations with such corporations which range from co-production and specialization agreements to agreements limited to the provision of technological inputs or marketing services. At the same time regulations have been drawn up to ensure that the corporations establish links with local public or private capital, thus achieving a fairer distribution of the benefits derived from their activities.

Nevertheless, concern remains regarding other problems, such as the role of the transnational corporations in generating balance-of-payments deficits, their low level of investment from external sources, the high import content of the goods they produce or the ways in which prices are established in transactions within the companies.

All this naturally calls for appropriate decisions for national regulation. However, it is already well established that this is not enough, and that to some extent there is an additional need for general rules, jointly adopted by the countries, to govern the activities and policies of these firms.

(d) Control of the new protectionism in the industrial centres

While painful progress is being achieved in this and other areas of international negotiations, certain actions are being taken in some industrialized economies which, because of their magnitude, give rise to serious concern in the countries of the region and throw a shadow over their domestic development efforts.

I refer to the recent and marked recrudescence of protectionist tendencies in the major industrial countries. I have already mentioned that one of the most positive factors in Latin America's economic development has been the vigorous effort to export manufactures. Exports of industrial goods have thus become a factor for growth and stability for the countries of the region.

Nevertheless, at times when this favourable trend is occurring, the protectionist tendency arise increasingly forcefully in various industrial countries, with a consequent adverse impact on our exports.

Thus an estimate based on CEPAL analyses of 75% of Latin America's trade with the United States, Japan and the European Economic Community shows that the protectionist measures applied in those three markets caused the region to lose 2,800 million dollars in 1976 in terms of goods not exported because of the measures. That sum was equivalent to about 15% of the total exports considered.

It should not be said that we are facing a new problem. It is well known that protectionism - especially in agriculture - has a long history in international trade. What is worrying is that this phenomenon is now assuming different characteristics, forming a much more subtle and complex picture, which is tending to create a permanent system behind a screen of exceptional, temporary measures.

The introduction of quotas, voluntary agreements, non-tariff barriers and other protectionist measures is tending to increase. Their importance is undoubtedly much greater as a potential threat than as a present reality. But there are already signs which give grounds for concern and reflection.

The new protectionist measures contain blatant contradictions, which have been pointed out repeatedly not only by spokesmen for the developing countries but also by officials representing the developed world.

Firstly, there is a flagrant contradiction between such actions and the traditional economic theory originated in the industrialized countries themselves, and also with economic policy recommendations made by them over a long period to the developing countries, to the effect that they should open up their economies to international competition and become more fully integrated in the world economy. This manifest contradiction is certainly a special source of frustration and resentment for the countries of the third world, and one whose consequences should not be underestimated.

A second contradiction arises within the industrial countries themselves, and emerges in the difference between the costs they would incur in opening themselves up fully to international competition, and to that end restructuring their internal structures of production, and the cost of the new protectionism.

In fact, the real costs of a policy of free trade are out of all proportion in the industrialized countries to the protectionist measures they have proposed or adopted.

For example, a recent study carried out for the United Kingdom established that between 1970 and 1975 134,000 jobs were lost in 24 industrial sectors as a result of increased imports of competing products; only 47,000 of the losses, were attributable to imports from developing countries. This latter figure is equivalent to less than 2% of the labour force employed in the sectors covered in the report. But the net drop in jobs related to trade with the developing countries was even lower, since account must be taken of the rise in employment due to the increase in British exports to the developing countries.

These and other similar data would appear to show that the impact on the industrialized economies of competition from the developing countries is much less greater than is claimed in justification of the current growth in protectionism.

Protectionist reactions to imports of manufactures from the developing world also usually forget that in their trade in manufactures with the developing countries in 1976 Europe and North America recorded a positive balance of 100 billion dollars - corresponding to the net creation of 10 million jobs in those industrialized economies taken as a group.

Meanwhile, the recent World Development Report of the International Bank for Reconstruction and Development indicates that in 1977 the developing countries absorbed 33% of North America's exports of manufactures, while Western Europe bought only 20%. Furthermore, the developing countries purchased 25% of the total exports of Western Europe, while North America took only 7%.

4. A basic requirement: the restructuring of the central countries' economies

The trade trends recorded in recent years have once again shown that the past international division of labour is becoming obsolete. Only a genuine restructuring of the productive forces in the industrial countries which would recognize this fact can lead to a healthy and sustained development of the world economy.

In the last few years, the realities of interdependence have been as notable for the industrial countries as for the developing countries, which have long been acquainted with them. In this field, the conspicuous case of energy resources is certainly not the only one.

As clearly pointed out by the Economic Commission for Europe, it should not be overlooked that the proportion of the gross product which Western Europe as a whole obtains from external trade has grown from 10% to 20% in the past two decades. One out of every seven industrial workers in that region works for export. In the United States, one out of every three hectares of agricultural production serves international trade.

Indeed, it might be affirmed that at the present time the old saying could be inverted: everything that is good for the developing world is also good for the industrial world.

On the basis of that principle it would be relatively easy to infer that mutual interest should be found in a genuine restructuring of the economy of the industrial countries, from which would derive situations of prosperity that would be reflected in the economies of both the developing and the industrial countries. As Mr. Janez Stanovnik, Executive Secretary of the Economic Commission for Europe, stated very clearly in February 1979, when he announced the results of a study by the secretariat of that Commission on the structural changes and trends in European industry in the past two decades:

Growth and structural change are twins. Dynamic industrial sectors invariably are also the sectors which have been undergoing the most dynamic structural change. Or, if you wish, the countries which have been the most flexible in adapting their economic structures towards the sectors of high growth and high technological innovation have also been at the same time the countries of higher overall economic growth. One lesson therefore comes very clearly from the past, namely that we cannot consider structural adaptation and change under the conditions of economic stagnation".

Mr. Stanovnik went on to say that we find ourselves today in a completely anomalous situation in which the total resources that the governments of the industrialized countries spend on subsidies are equivalent to the total value of their imports of manufactures from developing countries. Today they are spending about 2% of the gross domestic product on imports of manufactures from developing countries and approximately 2% on different types of subsidies. This seems an anomalous situation which is also closely linked with inflationary trends.

In the light of these facts it is perfectly clear that the solution does not lie in closing trade but in a genuine economic restructuring of the industrial countries which would involve recognition of the new international division of labour which is a primary factor in the construction of a New International Economic Order.

5. The strengthening of Latin America's bargaining capacity

Finally, I wish to make some observations on what I believe is an urgent imperative: the improvement of the bargaining power and attitude of the developing world, in particular of Latin America.

This bargaining power today faces new challenges and increasing dangers.

The challenges derive from the new attitudes prevailing today on the international scenario which are progressively tending to differentiate between the special situation of the so-called "intermediate countries" - of which most of the countries of the region form part - from the rest of the developing countries.

As a result, de facto situations are being created which, as I have already said, are reflected in the growing exclusion of Latin America from official development assistance, in the tendency to discriminate between countries and groups of countries in trade matters, in attempts to reduce the resources assigned to Latin America by multilateral financing institutions, in policies aimed at reducing the funds earmarked for multilateral and bilateral technical assistance, and, lastly, in the segregation of what have recently been called industrialized countries from the rest of the Third World economies, as expressed in recent reports of national and international development agencies.

A kind of abandonment of the region to its own forces is thus being created, precisely when the symptoms of recession and instability are predominant in the world economy. What is more, the slow progress in the negotiation of the new international economic order has prevented the adoption of concrete measures to deal with the specific and frequently urgent problems of the Latin American countries.

The result of these policies and trends and what they might mean in the future has not yet been analysed in sufficient depth by our countries, save for their emphatic rejection in international negotiating forums of any attempt at exclusion or differentiation. We believe that the subject merits detailed consideration in order to deal with it frankly in world discussions and take a stand against the risks which these differentiation policies involve.

These risks arise both in the attitudes of the industrialized countries and in those which might be generated within the developing countries themselves.

In the attitude of the industrialized countries, in my opinion, two serious dangers exist. The first and perhaps the most serious danger is that the intermediate countries are believed to have passed the stage in which they need international co-operation. The facts clearly show that this is not the case. Latin America needs and will continue to need international co-operation for many years. Its heavy dependence on the international situation, its increasing investment needs, its eagerness to incorporate technology, to mention only a few significant items, are some reasons why the region must have the support of the international community to continue to play the dynamic role it already has, which could be spectacularly expanded in international trade and investment.

The second and equally obvious risk deriving from these attitudes, which is accentuated as the international negotiations fail to advance at the desired rate, is that of falling into the temptation of thinking that the problems of the New International Economic Order can be negotiated separately or sectorally, both by topics and by groups of interested countries.

This would mean renouncing one of the essential principles of the New International Economic Order, that is, its universal and global character. In our opinion, the problems which this New Order is intended to solve cannot be dealt with in watertight compartments. If there is one fact which demonstrates the true situation in the last few years it is the close relationship between the fields of trade, financing, investment and technology. Therefore, it is impossible to deal with one independently of another; hence, to break that unity of treatment would be equivalent, in our view, to ceasing to deal with the integral essence of the situation and falling into piecemeal approaches which in the long run would not lead to the establishment of a fairer and more equitable order in international relations, but merely by postponing the real solution to the problems it would sow the seeds of future controversy.

Similar risks may be identified in the attitudes of the developing countries.

The first is that owing to the discouragement in the face of the slow progress being made in the international negotiations and the differences in level of development or relative positions vis-a-vis the international situation existing among the Third World economies, the unity of the Third World might be weakened or even disrupted.

This unity must be recognized as of fundamental importance. In fact, in a world with such unequal negotiating powers, the negotiating unity of the weakest is essential. The developing countries, however large, count for very little at the negotiating table if they participate on their own. Furthermore, the developed countries should see in that negotiating unit the assurance of sound and continuing negotiations.

This, of course, does not prevent recognition of the existence of special interests of certain countries or groups of countries in the discussion of the complex and wide-ranging problems of the New International Economic Order. But such special interests should be identified by the developing countries themselves and should be dealt with on the basis of principles of solidarity which should prevail within the group, while at the same time claimed in the relations with the central economies.

It is therefore in the appropriate identification of those diversities and in the search for mutual support for the interests of each country that the negotiating unity of the Third World should be found.

The other equally evident risk is that some of the countries of the developing world might fall into a kind of "temptation of solitude" and choose to navigate the international situation on their own. We believe that such an attitude has evident disadvantages and that it would be highly negative both for the construction of a new order and also for the permanent interests of such countries as were to succumb to that temptation.

All this leads us to the conclusion that it is necessary both to strengthen the bargaining power of the developing world, and to provide renewed impetus to the machinery for international dialogue. The mutual interest should be a realistic source of inspiration, but the ethical imperative in the face of the existing inequalities should be the great challenge for the construction of a better world.

Latin American unity is essential for these purposes, as much for the international dialogue as to progress within the frontiers of the region itself. This is the true meaning of collective self-reliance which, and with good reason, is being claimed in the developing world.

For us, collective self-reliance is integration. We sincerely believe that the road to regional co-operation has scarcely started to be travelled. The results I have referred to in the field of formal and informal integration are thus only the first steps.

There are, in fact, a great many opportunities for regional co-operation in the fields of investment, trade, technology and financing. It will depend on our ability to see clearly where the common interest of each country lies whether that powerful engine of our growth - regional co-operation - will play an increasing role in our development strategies.

A similar comment is pertinent in examining the possibilities of co-operation between Latin America and the rest of the developing world.

The initial contacts we have made with Africa and Asia have caused us to view with renewed optimism the co-operation potential existing between those regions and Latin America. To take advantage of that potential undoubtedly requires firm and decisive political support and also a basis of technical information for the establishment of which CEPAL is prepared to lend its assistance to the governments of the region.

III. FINAL REFLECTIONS

In closing, and as a final message from the secretariat on the occasion of the eighteenth session of the Commission, I should like briefly to recapitulate the more salient points of this report and draw some conclusions based on what I have just said.

In all areas of life in the region, whether economic, social or political, time has not passed in vain for anybody. The region's best asset is perhaps its fund of experience - both successful and unsuccessful - which has been the fruit of long years of travelling the difficult paths of development.

Taking stock of that experience over the last three decades leads to three major conclusions:

The first is that during this period the Latin American economies have undergone a dynamic process of growth and transformation. Although varying in intensity in the different economies of the region, this process has brought about substantial changes in the great majority of them. As a result, the economies of Latin America are today very different both in size and in other structural features from the economies of thirty years ago, when CEPAL began its activities.

The second is that in the majority of cases the benefits of this significant economic growth have been distributed most unevenly among the different groups of society and consequently extreme poverty still affects vast sectors of the Latin American population.

The third is that during this period the forms of Latin America's insertion in the world setting have changed greatly, which, as I pointed out earlier, has brought some favourable consequences, and others less favourable.

Furthermore, it is important that it should be clearly understood that the substantial changes in the political and economic scenarios and in the workings of the international economy which set in at the beginning of the current decade and which

reached a peak in mid-decade with the most profound and protracted crisis the industrialized market economies have known since the Great Depression, have radically altered the external factors conditioning our development. The world economic setting of the closing years of this decade is indeed qualitatively and substantially different from what existed at the beginning of the decade; and therefore to the foregoing conclusions we must add some further points which need to be better defined.

The first of these is that the three processes mentioned earlier have taken on new features, almost all of which are unfavourable. The widespread instability of the international economy and the sluggishness of the central economies have been reflected since 1975 in lower growth rates in most of the Latin American countries and a considerable rise in their foreign debt. The simultaneous rise in external inflationary pressures has also meant that at the same time the problems of income distribution have worsened in many of our countries.

A second fundamental point which should be born in mind is the transformations which have occurred in recent years and which continue to occur in the industrialized market economies. The capacity of the central countries to respond to the substantial changes in the international monetary system, the structure of world trade and the supply of certain strategic raw materials has proved to be much more flexible and effective than that of the peripheral countries, and has taken the form of the adoption of measures and the creation of machinery of a defensive nature. As a result of these responses - whose high degree of co-ordination has contrasted with the dispersed efforts of the countries of the Third World - the influence of the central countries in the bodies responsible for establishing the modalities and machinery which will provide the framework for the workings of the new international economic order has remained very great.

A third major event of the present decade, and one of particular importance to the countries of the periphery, was the raising of the price of petroleum. This changed radically, and probably definitively, one of the essential elements on which international trade and the development of the industrialized economies had been based since the war. What is no less significant for the countries of the Third World is that this was a clear demonstration of the advantages which they could gain by taking joint action to secure better earnings for their primary commodity exports.

Nevertheless, as a result of the rise in the price of petroleum and of other changes which occurred in the international economy as well as the development of the countries themselves, the latter have tended to differ increasingly in the extent and forms of their insertion in the world economic system. The importance of this fact must not be neglected, since it represents a possible difficulty for the renewal and strengthening of economic co-operation within Latin America at a time when the adverse circumstances deriving from the slow and unsteady growth of the central economies make joint action by the countries of the region more necessary than ever.

It is against this background of the economic and social development trends of Latin America over the long stretch of growth which came to an end in the middle of the present decade, and of the many deep changes which have occurred in the world economic picture in recent years, that I would ask you to consider the following three major concerns.

1. How can the great majority of the Latin American population catch up

The first problem is to improve the distribution of the benefits of economic growth. This, as I mentioned before, is a fundamental moral imperative of development policy. The continued existence of situations of extreme poverty and even indigence

affecting a large proportion of the Latin American population constitutes in my opinion the clearest and most unacceptable shortcoming of the style of development which has prevailed in the region. What is equally important is that the erradication of extreme poverty is in most of the countries of the region today a feasible objective from an economic standpoint. Again, as I pointed out earlier, to achieve this objective satisfactorily would call for the application of systematic and coherent policies of redistribution accompanied by a high, steady economic growth rate, and thus the reduction of social inequality would go hand in hand with a considerable expansion of domestic markets.

2. How to bring new ideas into econcmic relations within Latin America?

This expansion of the domestic market and the foreseeable drop in the growth rates of the economies of the industrialized countries highlight the need to introduce new ideas into all levels of economic relations within Latin America. In the present circumstances, these have tended to become defensive, in the face of the unfavourable trends stemming from the international economy, and constitute a potential on which faster, steadier growth of the Latin American economies could be based.

It is important to realize that this fostering of bilateral, subregional and regional interrelations in Latin America should be viewed as a complement of, rather than a substitute for, the growth of national markets.

Thus the second major concern which I ask you to consider, one with which CEPAL has been closely associated since its inception, is that of finding the machinery and methods of attaining this objective.

3. How to transform passive insertion in the international economy into dynamic interdependence?

In a world of increasing economic interdependence, it would be unrealistic for a region whose performance has depended heavily upon trends in international trade and finance to set its sights on autarchy. Neither the expansion of domestic markets nor a greater degree of economic interrelation in Latin America should be seen as means of reducing their degree of insertion in the world economy. Quite the opposite. The export capacity of the countries of the region should increase and the vigorous process of growth and diversification of exports should be pursued. At the same time, the rising level of income of the Latin American population will swell the volume of imports.

The challenge lies precisely in thinking out how the countries of the region can make maximum use of the opportunities offered by their position in world economic flows while minimizing their negative effects; how to play an active role in the design of the rules of the game governing trade and financial flows, instead of being relatively passive participants; and how to reconcile the economic policy requirements needed to attain these objectives with those required to achieve the growth and redistribution targets.

The dialogue on the New International Economic Order begun some years ago points in this direction, and we must continue to emphasize the set of topics it comprises, and devote all our powers of imagination and negotiation to developing it.

I have ventured to single out only these three fundamental concerns. Neither their number nor the order in which I have mentioned them are the result of an intellectual whim. On the contrary, they represent the secretariat's conviction that there is a deep interrelationship and interdependence between them. An expansion of national markets which is not accompanied by community regional and subregional action and without a proper insertion in the world economy could result in a state of technologically-backward

semi-autarchy. And an external insertion lacking these national and regional dimensions would represent an extremely vulnerable and dependent style of development.

Finally, I wish to pause for a moment to examine the implications for CEPAL of the identification of the three major concerns to which I have referred. The fact that I have limited myself to stating them and have not attempted to suggest ways of solving them is deliberate, since my main purpose is to elicit guidelines from you for our future activities.

Naturally, the secretariat has some ideas in this respect, and these are contained in the documents which we have submitted for consideration at the session. We are, however, far from understanding all the consequences and implications of the topics which I have ventured to cover in this report. Still less do we have all the answers about how the region as a whole and each country in particular can face up to these challenges in the new and ever-changing conditions characteristic of the present world economic picture.

This is, in my opinion, one of CEPAL's principal tasks in the immediate future: to re-examine our thinking on Latin American economic development and adapt it to the context of a rapidly-changing world and of a growing variety of options within the region itself. This is the challenge which the secretariat must tackle in the future, and whose dimensions and implications we hope to be able to begin to examine - at least roughly, at first - when working on a New International Development Strategy for the region.

We know what disappointment many of these exercises have caused in the past. But it is important to renew our interest, by updating the approaches to the preparation of a new strategy.

The opportunities opened up to us by the dialogue on the strategy are wide-ranging. On the one hand, we are encouraged to reflect on our own internal problems, an exercise which of course constitutes a sovereign task for each country. But the dialogue can stimulate that reflection and enrich it with the cumulative experience of each and every one of our countries.

On the other hand, the discussion of the strategy can explicitly include a constructive debate on the possibilities and limitations of regional co-operation. Thus, it can be converted into support for the political task which must be carried out in order that regional co-operation may be renewed and may thus accentuate its dynamic role in our development process.

Lastly, the discussion of the strategy will provide a further opportunity both to identify the problems of the new international economic order within the context of a broader perspective, and to establish specific goals for the international action of governments of the region.

Understood in those terms, the international development strategy should not be, as it was in the past, an exercise conceived only at the world level and from the centre of the United Nations system. This exercise which is undoubtedly valuable, should be supplemented by a regional view which, translating the global goals into regional objectives, will stimulate dialogue and co-operation among us.

CEPAL has always been intimately committed to this task. Today we wish to renew this commitment, placing ourselves at the government disposal in this enterprise.

It is in this spirit and conscious of the positive contribution which this discussion could have that I venture to suggest to you all that the Commission should proclaim as one of its great tasks for the future the preparation of the Strategy for the Third Development Decade for the region.

Thank you very much.

