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EVOLUTION OF THE CARTAGENA AGREEMENT

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/The Andean

The Andean Subregional Integration Agreement was signed in May 1969.^{1/} Not enough time has gone by for the significance of its achievements to be fully appreciated as yet, or for its possible evolution to be clear. There are however two major features which stand out. On the one hand, the basic principles of the Cartagena Agreement had the prior approval of ALALC, and it came into being as part of a system which, with time, may help to consolidate an economic association covering the whole of Latin America. It is a well-known fact that ALALC has a certain flexibility in that it envisages various integration systems. Negotiated tariff liberalization is the Association's principal instrument and there are others, such as the sectoral complementarity programmes, which enable progress to be made over a wider or narrower field, depending on the systems used. One system, which was not originally envisaged, but which supports the potentially broad concept of the Association, is the birth of the so-called Andean Group of countries within the Association.

On the other hand, although the Andean Group of countries strengthens an already existing trend in Latin America towards the formation of subregional economic groupings, there are some special features which distinguish it from those other efforts, particularly the decisive importance given to the co-ordination of plans and programmes and particularly to sectoral agreements on integration industries. The co-ordination of economic policies is, generally speaking, one of the basic principles of the integration movement in this group of countries; the tremendous scope of the concept and of the instruments for balanced development established by the member countries are also outstanding features, compared with other experiments in international economic co-operation. Lastly, the large number of extremely important decisions which have been approved in the very short period from May 1969 to March 1971 indicate that bodies set up by the Agreement have a considerable capacity for making decisions and taking action on them.

^{1/} The Commission of the Agreement agreed that the Subregional Integration Agreement, signed by the Governments of Bolivia, Colombia, Chile, Ecuador and Peru in Bogotá on 26 May 1969 should be called the "Cartagena Agreement". To this end, Decision No 1 was approved at the Commission's first regular session.

1. Basic objectives

Subregional integration is conceived as a policy for promoting and accelerating the balanced and harmonious development of the member countries and as a means of facilitating their participation in the integration process envisaged in the Montevideo Treaty. In order to achieve these objectives and ensure an equitable distribution of the benefits deriving from integration so as to reduce the existing disparities between them, the countries adopted a strategy for the development of the subregion whose basic aims were defined as follows: to generate employment in the subregion, improve the external trade position of the member States as a whole, to overcome their infrastructural problems, ensure the best possible use of scientific and technological advances and promote research in those fields. To achieve this, member countries agreed, a concomitant of the formation of the subregional market to harmonize their economic and social policies, co-ordinate their national development plans, adopt a joint planning system for industry, agriculture and the infrastructure, adopt measures for channelling resources to finance investment in the subregion, harmonize their exchange, monetary, financial and fiscal policies, and give special treatment to Bolivia and Ecuador, and take other measures for their benefit.

2. Co-ordination of industrial plans and programmes

Industrial programming plays a particularly important part when, as is the case with the economies of the Andean Group of countries, integration brings out both the very considerable potential of the group and the enormous disparities in the levels of economic development of the member countries. The Andean Group, has devoted much of its work to this subject, and they are well aware both of the urgent need to achieve significant progress, and of the difficulties involved.

One of the Commission's most important decisions was that establishing the list of products reserved for the sectoral industrial development programmes, in accordance with article 47 of the Agreement. This list includes about 2,500 items of the 6,500 or so making up the universe of tariff items for the subregion. The remaining items will come under the general liberalization programme, unless they are included in the lists of exceptions made by each member country or are reserved for the less developed countries.

/The products

The products reserved for programming - free trade in which is governed by the stipulations of the programme concerned - included practically all the products of the dynamic industries, which account for a very high percentage of imports. The following products were therefore reserved for programming; all the products of the motor-vehicle and the iron and steel sectors; glassware; pulp and paper; electronic consumer goods; electrical machinery and equipment; industrial and agricultural machinery; and a large number of other manufactures.

The sectoral programmes for these products must be approved by the Commission before 1974. However, on the advice of the Board, this may be extended for a further two years. These programmes must include among others, provisions relating to the following:

- (a) Joint programming of new investment on a subregional scale and measures to secure the necessary financing;
- (b) Location of plant in the countries of the subregion;
- (c) Liberalization programmes which guarantee freedom of access to the subregional market for the products of the different countries;
- (d) A common external tariff;
- (e) Exclusive advantages and effective differential treatment for Bolivia and Ecuador.

The above facts show how important the process of sectoral programming can be in accelerating and consolidating the industrialization of the subregion and of its individual countries. On the other hand, the studies on industry in the Andean Group of countries that have been carried out reveal definite weakness in the structure of production which tends to hold back and disrupt industrial progress in the region. There are very few intermediate goods industries in the region (paper, rubber, chemicals, petroleum products, coal by-products, non-metallic mineral products and basic metals) and the metal-transforming industries are still in their infancy (metal products, machinery, electrical appliances and equipment and transport material and equipment). While the industries producing non-durable consumer goods (food, beverages, tobacco, textiles, footwear and clothing, wood and furniture, etc.,) account for about 60 per cent of the total industrial output, intermediate goods producing industries

/account for

account for 28 per cent, and metal-transforming only 12 per cent. The share of metal-transforming in total production varies greatly from country to country; in Chile the figure is 23 per cent while in Bolivia it is only just above 2 per cent, but even the figure for Chile is nowhere near the average in the industrialized countries. The size of this gap is closely bound up with the over-all pattern of growth since it stems from the scarcity of intermediate goods and the inefficient techniques employed for their manufacture - particularly basic necessities and mass-produced articles - and from a similar situation with regard to capital goods. Economic development in general, including the users activities and the "real" level of investment, is slowed down and restricted by the high prices. Integration has a very important part to play here, on two fronts: not only can it lead to a correction of this serious structural imbalance, it can also ensure that this is done by achieving certain standards of efficiency. This last point obviously involves the prospects for exports of manufactures to third countries, and the achievement of targets in this area must be given high priority if the foreign trade of the subregion and of the five countries composing it is to improve.

Because products of this type are so expensive, they find few users and the real level of investment rises very little, which means that economic development is slowed down and cramped.

It is a well-known fact that one of the main obstacles to improving the efficiency of the industrialization process and vertically integrating the structure of manufacturing is the small size of each individual national market. In this respect, the Andean integration process is designed to open up the subregional market - which is of an appreciable size - for plants of suitable scale, either through a regime of direct free trade or through sectoral industrial development agreements. Within this scheme, the "reservation" of industries for the relatively less developed countries or those with relatively smaller populations and economic space can also play an important role. All the countries of the subregion need to integrate and harmonize their industry, but Bolivia and Ecuador particularly so since their industrial development is still very much in its infancy compared with that of the larger countries.

/It is

It is clear that, looking at the future prospects for industrialization that can best serve the integration process, import substitution will continue to have an important role, although now within the context of the subregional market. Import substitution would help to improve the structure of production at the level of the entire group of countries, as is clear from a look at the composition of current imports of manufactures. The total value of such imports is close to 2,500 million dollars, 85 per cent of which corresponds to the products of the intermediate goods (35 per cent) and metal-transforming (50 per cent) industries.^{2/} In Chile and Peru this proportion is approximately 85 per cent; while it is over 90 per cent in Colombia and around 70 to 75 per cent in Bolivia and Ecuador. The fact that it is lower in the relatively less developed countries is attributable to the lower level of import substitution in these countries, i.e., because of the still heavy weight of imports of products coming generally under the head of consumer non-durables and of intermediate goods directly employed in their production. Furthermore, the lower level of per capita income in these countries means that demand for consumer durables from the metal-transforming sector, and consequently their import requirements are lower than in the other countries of the Andean Group.

The integration process would therefore provide the necessary conditions to enable the two relatively less developed countries in the subregion to strengthen their industrial structure on the basis of a larger market and subregional import substitution. The expanded market will enable Chile, Colombia and Peru to continue to increase the vertical specialization of their industry and to achieve reasonable standards of efficiency in the fields where it is most needed. In other words, the emergence of a strong and diversified heavy industry would appear to be a foreseeable consequence of integration.

^{2/} Rough estimates for 1970.

Turning now to the individual branches of industry, the composition of imports of manufactures by countries shows where the best prospects for complementarity and import substitution exist. The following table shows the products that account for the largest share of imports in each country. The conclusion that emerges from this table is that the best prospects for import substitution lie in the chemicals, machinery, electrical appliances and equipment, and transport material and equipment sectors. This once again demonstrates that continuing the import substitution process would directly help to correct the structural weaknesses referred to earlier.

ANDEAN GROUP: MAJOR IMPORTS OF MANUFACTURES

Item	Chile	Colombia	Peru	Bolivia	Ecuador	Andean Group
Foodstuffs	x		x	xx		
Textiles					x	
Clothing and footwear						
Pulp and paper						
Rubber products						
Chemicals	x	xx	x	x	xxx	xx
Petroleum products	x				x	
Basic metals		x			x	x
Metal products					x	
Machinery	xxxx	xxxx	xxx	xx		
Electrical appliances and equipment	x	x	x	x	x	} 50 %
Transport material and equipment	x	xx	xx	xx	x	
Others			x	x	xx	

x Between 7 and 15 per cent of the total value of imports of manufactures.

xx Between 15.1 and 20 per cent of the total value of imports of manufactures.

xxx Between 20.1 and 25 per cent of the total value of imports of manufactures.

xxxx Between 25.1 and 30 per cent of the total value of imports of manufactures.

Note: The blank spaces indicate less than 7 per cent of the total value of imports of manufactures.

/Nevertheless, the

Nevertheless, the integration process is not confined - far from it - simply to import saving. There is no question of trying to reproduce on a larger scale the traditional model of industrial development that has been characteristic of most of the Latin American countries. Profound changes are expected that will enhance the dynamism of the process by broadening the social impact of development and enlarging domestic markets. At the same time it is expected that exports of manufactures will come to play an important role in correcting the external trade imbalances of each country and of the subregion as a whole, so that - as this objective is gradually achieved - the import coefficient of the subregion, which is among the highest in Latin America, will not necessarily have to fall. On the contrary, it would then be advisable for the Andean Group to step up its trade with the rest of Latin America with an eye to securing economies of scale and promoting specialization that can potentially bring quite sizable savings. This is borne out by the fact that the composition of imports is very concentrated. Approximately 76 per cent of imports of manufactures at present is accounted for by products of the pulp and paper, steel, chemicals, machinery, metal products and transport equipment sectors. There are therefore disparities between the countries as regards substitution, but it is already at an advanced stage. Most of the potentially replaceable imports in the lighter sectors of industry have already been replaced with domestic goods. Import substitution based on the expanded subregional market should make it possible to continue the process and to streamline and improve it. Some of the sectors involved, moreover, contain enterprises which are on a large scale even for the economically more developed countries of the subregion.

However, it is as yet difficult to imagine what the new national and subregional industries may represent as regards their effects on employment, the creation of income, exports of manufactures outside the subregion and on the phenomenon of urban marginality, which has accompanied the development of the countries at the national level and is also closely linked with the development of the agricultural sector.

3. Integration and the agricultural sector

The analysis of the world market in agricultural products shows that the countries' prospects for expansion through increased exports of such products are dwindling steadily. It is also known that there is an acute food shortage in the region, a scarcity of employment opportunities and a high percentage of the labour force in agricultural areas. Merely to give an idea of the magnitude of the latter problem, it is estimated that in two of the countries the number of agricultural workers available is more than double the number needed to produce the current output.

In addition, there appear to be possibilities of complementarity and planned substitution of imports that would make it possible to meet current and future deficits and to promote concerted co-operation and action programmes in this important sector, whose per capita product in the Andean Group of countries - as in many other countries - is only one-third of the product obtained in the other sectors. Before analyzing some of those possibilities, it should be stressed that, in view of the very nature of the sector and the complexity of its problems, whatever action is undertaken is unlikely to produce quick results in the form of a widespread increase in employment opportunities.

First, measures could be adopted in the agricultural sector to speed up the development of the region and contribute to the process of balanced integration and development, which would open up substantial prospects for Ecuador and Bolivia. Briefly, these possibilities for action could be divided into two groups: one concerned with trade and production and the other with services.

The first group comprises production and reciprocal trade in agricultural products - including processed products and capital goods and inputs for the agricultural sector and related activities. The agricultural imports of the countries of the region amounted to 380 million dollars in 1967. According to available data, (1965/1966) only 13 per cent of these imports came from the subregion, 20 per cent from the other Latin American countries and 67 per cent from outside the subregion. Imports of the three major groups of commodities ^{2/} amounted to about 162 million dollars, 42.5 per cent of which

^{3/} Wheat and flour, dairy products and oils and fats.

/came from

came from developed countries. Out of these imports, a detailed study should be made of those for which substitutes could be produced by Bolivia, Ecuador and other countries of the region, in the light of the development plans of the five countries and of production plans and possibilities.

On a more general plane, assuming that agricultural production will continue to grow at a rate of 2.9 per cent, as in the last decade, and that there will be no changes in either the rate of increase or the structure of demand, it may be estimated that agricultural imports would amount to around 1,000 million dollars in 1985, 700 million of which would originate in the developed countries. If the structure of imports remains unchanged also, it may be safely assumed that the Andean countries could manage to replace 500 million dollars' worth of imports by local production. Though this does not seem very much in absolute terms, a regional programme of substitution of this type would go a long way towards stimulating the growth of Bolivia and Ecuador, and would help the subregion to take better advantage of opportunities for expanding trade in agricultural products with the rest of Latin America.

Another really interesting possibility that could promote integrated development is production and trade in capital goods and inputs for the agricultural sector. Although no final data are as yet available, it is estimated that developed countries supply nearly all imports of products of the chemical and metal-transforming industries. The volume of trade between the countries of the subregion is negligible. The metal-transforming industry already has a considerable stake in the agricultural sector, which will probably grow in the future, leading to a boom in demand for tractors and agricultural implements and machinery.

Nevertheless, no clear judgements or final data are as yet available on the goods that agriculture and related activities require from the metal-transforming industries of the countries of the Andean Group. As has already been said, these requirements are supplied principally by imports, although the current volume of imports of certain goods appears to warrant the initiation of domestic production, or an increase in it where it already exists. Prospects are even better in view of the rapid growth of demand during the next ten or fifteen years that may be foreseen in each of the countries.

/Regarding the

Regarding the second group of possible measures, in the non-commercial field, there are numerous activities where reciprocal information, agreement on the application of uniform standards and joint action, when deemed advisable, may help to speed up development; this will be shown by a few examples, as the theme is too vast and complex to be dealt with in detail.

All the countries of the Andean Group try to carry out their own agricultural research. However, valuable though much of this research may be, it only partly covers the real and urgent needs of the countries. There are a vast number of problems that are not even dealt with, and the solution of those problems could have far-reaching effects on large regions or areas some of which are over-populated.

It is not within the purview of this document to point to those fields where agricultural research is most required, although mention should be made of the fundamental importance of discovering as soon as possible what exactly is the situation of the Andean Group in respect of such research. This is an excellent field for integrated efforts, particularly projects of interest to more than one country, and for making research more efficient by laying down national and regional priorities.

These and many other possible measures - in the field of fertilizers and pesticides, for instance - which are not mentioned in this document, would be facilitated by integration. The objectives proposed in the Agreement and the decision to adopt a common policy and to formulate an indicative agricultural plan represent a significant step towards taking advantage of the existence of the common market to solve problems such as rural unemployment, excessive food imports from outside the area, and other impediments to development.

Moreover, the countries of the subregion have taken an important step forward by deciding to draw up the following: the schedule of agricultural products to which the saving clauses shall be applicable; the list of products on which duties and charges should be eliminated for the benefit of Bolivia and Ecuador; the list of agricultural products that may in the first instance be subject to the system of gradual liberalization; a classified list of agricultural products to facilitate the application of the common external tariff, etc.

4. Balanced development

The balanced development of the member countries is one of the main objectives of the Agreement. In general, this problem has been tackled in different ways in other economic groupings in Latin America, in view of the marked disparities existing between the various countries. It may also be said to represent one of the most difficult economic situations to deal with both in theory, and in practice from the point of view of development through integration. This is because, as also happens within the economic frontiers of a country, development usually makes the fastest progress in the most advanced sectors of economic activity. One of the distinctive features of the Andean Group is the large number of factors which it can bring into play to step up development in the economically less developed countries and the important part in achieving that purpose which is assigned for the location of economic activities, which in some degree may be said to reflect the balance that is sought. Secondly, the regional development strategy and the co-ordination of national plans and programmes provided for in the Agreement open up even broader prospects of attaining this decisive subregional objective. In other words, the effective co-ordination of plans among the various countries constitutes the broadest and most general approach to the attainment of balanced development and at the same time a yardstick for measuring the extent to which disparities in levels of economic development are being ironed out.

Without attempting to enumerate all the various measures, it should be noted that the Agreement provides, inter alia, for differential treatment and incentives to compensate for structural deficiencies in Bolivia and Ecuador, and gives them priority in production and in the location of industries in their territories. Similar advantages and incentives should be included in the agricultural, financial and technical co-operation, and other programmes.

In order to ensure the effective and immediate participation of the products of Bolivia and Ecuador in the subregional market, the Agreement envisages the accelerated opening up of the subregional market in a way that is calculated to ensure duty-free access of these countries' products to the markets of other member countries seven years before this treatment is fully applied to the other member States. Moreover, from 1971 onwards a selected

/list of

list of products from Bolivia and Ecuador will enter the countries of the subregion duty-free. Special margins of preference in favour of products of particular interest to these two countries are also established.

Liberalization of the products included in the common schedule will not affect any exclusive advantages which other members of the subregion may have accorded to them within ALALC.

Bolivia and Ecuador, in their turn, will eliminate all duties on imports from the subregion and will adopt the subregional common external tariff according to a time-table which opens up the possibility of not initiating compliance with those obligations until seven years after the entry into force of the Agreement. Duties on the products included in the lists of exceptions for Bolivia and Ecuador will not be eliminated until 1990, and these lists would include more items than those of the other countries. Differential treatment is also envisaged for the adoption of commitments resulting from the harmonization of legislation on industrial development and the application of the common external tariff.

Some of the measures that have been approved to achieve better balance in the agricultural sector have already been described earlier in this study. Additional decisions in this and other areas of activity have recently been adopted by the Commission of the Cartagena Agreement, which is the supreme organ of the Agreement.

5. Treatment of foreign investment

With the purpose indicated elsewhere in this paper of defining the instruments which, by their very nature, are the essential basis for this integration effort, the Commission, in December 1970, adopted decision 24, which establishes a common system for the treatment of foreign capital. It also deals with trade marks, patents, licences and royalties, as provided in the Subregional Agreement.

For some time, various sectors have advocated the idea of gradually defining co-ordinated or common policies which would establish conditions for direct foreign investment. The last two or three years in particular have witnessed a growing interest in this matter inside and outside Latin America. The establishment of multinational economic associations focused increasing attention both on the study of the subject and on the need to find suitable, clear and stable approaches.

/The following

The following basic provisions of the common system in relation to capital should be noted. First, the advantages deriving from the liberalization programme are limited to products manufactured by national and mixed (national and foreign) enterprises in the member countries, and by foreign companies which are being converted into national or mixed enterprises. The existing foreign enterprises will have three years from the date on which the common system enters into force, in which to arrange this conversion. At the end of that period, it will not be permissible for the share of national capital to be less than 15 per cent of the company's total capital. The conversion must be effected in not more than fifteen years in Chile, Colombia and Peru, and not more than twenty years in Bolivia and Ecuador, from the date on which the system enters into force. Foreign companies which are established in any member country after 1 January 1971 will be obliged, under the terms of the common system, to become mixed enterprises within a period of not more than fifteen years in Chile, Colombia and Peru, and twenty years in Bolivia and Ecuador.

The agreements for the conversion of foreign enterprises are to include, inter alia, rules ensuring a stage-by-stage process of conversion and a progressively increasing national share in both capital and management of the enterprise. With that end in view, minimum percentages have been established for the share of national capital, to be gradually complied with during the period agreed on for the conversion of the foreign enterprise concerned.

This is undoubtedly one of the activities and decisions of the Andean Group that has received most public attention. The attention is probably justified, however, because of the probable repercussions of this decision on investment and - a point of no less importance which should be borne in mind, because this is the first time that a multinational agreement on this matter has been reached among Latin American countries. In other words, there are no precedents and no body of experience in this field. The subject is therefore of the greatest interest from the analytical and technical standpoint, in regard to its possible short- and long-term effects not only on foreign enterprises and capital, but also on national enterprises and investment. The experience that is now lacking will be built up in the next few years and the form it takes under the economic conditions of the

Andean Market - which stand for great dynamic growth - will really set the pattern for the operation of this important instrument as part of the whole group of mechanisms, provisions and policies that characterize the integration process.

6. The position of Venezuela

Venezuela signed the Declaration of Bogotá and ratified the Constitutive Agreement of the Andean Development Corporation - which established this basic financial instrument for subregional integration - and the Andrés Bello Agreement on Educational, Scientific and Cultural Integration. The Commission of the Cartagena Agreement granted Venezuela special differential treatment in order to leave the doors open for its possible accession to the Agreement. It therefore adopted a decision inviting Venezuela to participate until December 1970 as a special guest in all ordinary and extraordinary sessions of the Commission, and in all meetings for the study of problems connected with subregional integration and any other meetings that the Board might consider appropriate. A subsequent decision extended this period to December 1971. At the same time there have been constant contacts and talks between Foreign Ministers and other Ministers of State, with a view to clarifying the prospects of Venezuela's moving closer to the Andean Group.

In March 1970, the Commission of the Agreement decided to set up a working group of high-level technical experts representing the Governments of the Andean countries and Venezuela to "study and analyze the general and specific proposals to be put forward by the Venezuelan Government with a view reaching a concerted agreement on procedures for its inclusion within the legal framework of the Cartagena Agreement and the Commission's decisions". The working group will meet in Lima in April 1971 and will report to the Commission, the Board of the Cartagena Agreement will act in an advisory capacity.

The Andean Subregional Group has taken action in many more fields than those mentioned here. These activities have gradually given shape to a far-reaching plan of action whereby, both internationally and in the subregion, the essential elements for co-ordination are gradually being established,

/largely as

largely as a result of the encouragement and efforts of the Board of the Cartagena Agreement. A series of specialized intergovernmental meetings has now started, which has so far included the following: the Managers meetings of the Central Banks (Quito, June 1970) and National Directors of Tourism (Bogotá, June 1970); and meetings on air transport (Santiago, August 1970), shipbuilding (Lima, September 1970) and maritime transport (Guayaquil, October 1970).

This burst of activities and proposals, the important decisions adopted by the organs of the Agreement and the recent Declaration signed by the Ministers of Foreign Affairs at Cuzco, Peru, show how fast the work is proceeding. They also show a reflection on the potential of this economic area which has a population of nearly 60 million. The gross domestic product of the five countries together has been estimated at 22,000 million dollars at 1960 prices. A policy of development with integration can show how far the region is capable of speeding up its growth rate, which was 4.9 per cent in the 1960's, sufficiently to bring down the existing unemployment rate, which is very high, and reduce the growing underemployment in the low-productivity services sector. Unemployment and underemployment have continued to be a serious problem even when the growth rate for the subregion has picked up, as it has in the last few years, for instance during the first half of the 1960s, when it reached an average 5.3 per cent.

If population growth continues at the present rapid rate, the area will have about 90 million inhabitants by 1985.

Industrialization and the impetus which programmed integration may give to the economy of each of the member countries are therefore the main instruments for promoting the rapid economic changes needed to absorb in productive activities both the present unemployed and the future additions to the labour force.

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STATISTICAL ANNEX

Table 1
ANDEAN GROUP: GROSS DOMESTIC PRODUCT AT FACTOR COST
(Millions of dollars at 1960 prices)

Year	Total Andean Group	Bolivia	Colombia	Chile	Ecuador	Peru
1950	8 848.6	522.9	3 154.3	2 596.5	701.1	1 874.4
1955	11 161.1	560.6	4 053.6	3 125.4	901.7	2 519.8
1960	13 573.1	542.7	4 995.7	3 826.5	1 128.6	3 139.6
1961	14 356.7	554.0	5 184.1	4 053.2	1 157.1	3 398.3
1962	15 229.8	584.9	5 462.3	4 265.5	1 218.5	3 698.6
1963	15 819.5	622.5	5 639.6	4 466.9	1 249.6	3 840.9
1964	16 726.3	652.5	5 981.8	4 653.9	1 237.7	4 100.4
1965	17 476.1	677.6	6 191.5	4 887.2	1 461.4	4 298.4
1966	18 519.0	746.5	6 516.5	5 231.5	1 482.1	4 542.4
1967	19 093.1	793.7	6 788.7	5 353.6	1 534.3	4 622.8
1968	19 828.7	850.7	7 217.7	5 509.0	1 600.1	4 651.2
1969	20 639.6	889.0	7 665.2	5 680.5	1 692.1	4 712.8
1970 ^{a/}	21 869.1	935.2	8 201.7	5 822.5	1 852.9	5 056.8
<u>Annual growth rates (percentages)</u>						
1950-55	4.8	1.4	5.1	3.8	5.2	6.1
1955-60	4.0	-0.6	4.0	4.1	4.6	4.5
1960-65	5.2	5.2	4.6	5.0	4.4	6.5
1965-69	4.3	6.2	5.5	3.8	4.8	2.3
1969-70	6.0	5.2	7.0	2.5	9.5	7.3

Source: ECLA, on the basis of official statistics.

^{a/} Preliminary.

Table 2

ANDEAN GROUP: VALUE ADDED BY MANUFACTURING INDUSTRY

Year	Total Andean Group	Bolivia	Colombia	Chile	Ecuador	Peru
<u>Millions of dollars at 1960 prices</u>						
1950	1 476.6	66.6	455.4	569.8	111.2	279.6
1955	1 941.9	83.7	696.0	681.2	134.8	406.2
1960	2 545.1	64.2	853.4	888.0	176.6	562.9
1961	2 727.9	64.3	903.8	964.7	176.6	618.5
1962	2 981.6	71.2	965.0	1 075.7	186.8	632.9
1963	3 137.8	75.9	1 010.5	1 121.2	198.2	732.0
1964	3 368.9	82.6	1 069.5	1 188.7	231.0	797.1
1965	3 520.1	90.7	1 119.3	1 264.6	241.8	863.7
1966	3 860.6	101.9	1 192.7	1 373.2	244.2	948.6
1967	4 010.2	105.1	1 235.5	1 412.2	261.3	996.1
1968	4 160.1	111.7	1 311.1	1 446.8	270.9	1 019.6
1969	4 322.7	106.8	1 409.4	1 493.1	281.4	1 032.0
1970 ^{a/}	4 640.9	121.2	1 560.2	1 505.1	314.0	1 140.4
<u>Annual growth rates (percentages)</u>						
1950-55	5.6	4.7	6.9	3.8	3.9	7.8
1955-60	5.6	5.2	6.1	5.5	5.6	6.7
1960-65	7.1	7.2	5.6	7.3	6.5	8.9
1965-69	4.8	4.2	5.9	4.2	3.9	4.6
1969-70	7.4	13.5	10.7	0.8	11.6	10.5

Source: ECLA, on the basis of official statistics.

^{a/} Preliminary.

Table 3

ANDEAN GROUP: SHARE OF VALUE ADDED BY MANUFACTURING IN THE GROSS DOMESTIC PRODUCT ^{a/}
(Percentage)

Year	Andean Group	Bolivia	Colombia	Chile	Ecuador	Peru
1950	16.6	12.7	14.5	21.6	15.8	14.7
1955	17.4	15.2	15.7	21.7	14.9	16.0
1960	18.8	11.8	17.3	23.2	15.6	17.9
1961	19.0	11.6	17.4	23.8	15.3	18.2
1962	19.5	12.2	17.6	25.0	15.3	18.6
1963	19.8	12.3	17.9	24.9	15.9	19.2
1964	20.1	12.7	17.9	25.1	17.3	19.6
1965	20.4	13.1	18.0	25.4	17.3	20.3
1966	20.7	13.8	18.3	25.8	15.9	21.1
1967	20.9	13.4	18.1	25.9	16.3	21.8
1968	20.8	13.3	18.1	25.8	16.0	22.2
1969	20.9	12.3	18.3	25.9	16.6	22.2
1970	21.2	13.2	18.9	25.5	17.0	22.9

Source: ECLA: on the basis of official statistics.

^{a/} In this table, the values for the gross domestic product at factor cost were adjusted to facilitate the calculation of the percentage share of the value added by manufacturing.

Table 4
ANDEAN GROUP: PER CAPITA GROSS DOMESTIC PRODUCT AT
FACTOR COST, 1960 AND 1970
(Dollars at 1960 prices)

	1960	1970 ^{a/}
Bolivia	147	201
Colombia	311	370
Chile	498	595
Ecuador	261	307
Peru	313	372
Andean Group	326	389

Source: ECLA, on the basis of official statistics.
^{a/} preliminary.

Table 5

ANDEAN GROUP: TOTAL SUPPLY AND DEMAND

	Millions of dollars at 1960 prices							Annual growth rates			
	1960	1965	1966	1967	1968	1969	1970 ^{a/}	1960- 1965	1965- 1968	1968- 1969	1969- 1970
Total supply	<u>16 651.5</u>	<u>21 400.3</u>	<u>23 096.9</u>	<u>23 621.3</u>	<u>24 519.4</u>	<u>25 568.0</u>	<u>27 128.9</u>	<u>5.1</u>	<u>4.7</u>	<u>4.3</u>	<u>6.1</u>
Gross domestic product	14 685.4	18 910.9	20 029.3	20 692.3	21 476.7	22 354.5	23 681.8	5.2	4.3	4.1	5.9
Imports ^{b/}	1 966.1	2 489.4	3 067.6	2 929.0	3 042.7	3 213.5	3 447.1	4.8	6.9	5.6	7.3
Total demand	<u>16 651.5</u>	<u>21 400.3</u>	<u>23 096.9</u>	<u>23 621.3</u>	<u>24 519.4</u>	<u>25 568.0</u>	<u>27 128.9</u>	<u>5.1</u>	<u>4.7</u>	<u>4.3</u>	<u>6.1</u>
Exports ^{b/}	1 846.4	2 336.5	2 365.4	2 518.5	2 679.5	2 777.5	2 874.3	4.8	4.7	6.4	7.3
Total investment	<u>2 820.3</u>	<u>3 561.3</u>	<u>4 088.7</u>	<u>3 789.6</u>	<u>3 841.4</u>	<u>3 983.4</u>	<u>4 350.4</u>	<u>4.8</u>	<u>2.6</u>	<u>3.7</u>	<u>9.2</u>
Gross fixed investment	2 419.6	3 113.8	3 310.1	3 356.7	3 527.7	3 696.3	...	5.2	4.2	4.8	...
Construction	1 300.4	1 683.8	1 747.3	1 836.9	1 895.2	2 031.3	...	5.3	4.5	7.2	...
Machinery and equipment	1 119.2	1 430.4	1 562.8	1 519.8	1 632.5	1 665.0	...	5.0	4.0	2.0	...
Changes in stocks	400.7	447.5	778.6	432.9	313.7	287.1	...	2.2	-11.2	-8.5	...
Total consumption	<u>11 984.8</u>	<u>15 502.5</u>	<u>16 642.8</u>	<u>17 313.2</u>	<u>17 998.5</u>	<u>18 807.1</u>	<u>19 904.2</u>	<u>5.3</u>	<u>5.1</u>	<u>4.5</u>	<u>5.8</u>
General government	1 273.0	1 712.6	1 798.8	1 853.5	1 965.2	2 023.1	2 124.8	6.1	4.7	2.9	5.0
Private	10 711.8	13 789.9	14 844.0	15 459.7	16 033.3	16 784.0	17 779.4	5.2	5.2	4.7	5.9

Source: ECLA, on the basis of official statistics.

^{a/} Preliminary.

^{b/} Goods and services, excluding factor payments.

Table 6

ANDEAN GROUP: PURCHASING POWER OF EXPORTS OF GOODS AND SERVICES

Year	Total	Bolivia	Colombia	Chile	Ecuador	Peru
<u>Millions of dollars at 1960 prices</u>						
1960	1 846.4	57.8	589.1	550.5	154.9	494.1
1961	1 896.2	66.2	566.4	554.3	150.6	558.7
1962	1 947.3	66.5	560.2	561.4	167.8	591.4
1963	1 961.0	76.7	572.8	547.6	167.7	596.2
1964	2 397.8	99.9	727.2	650.5	185.6	734.6
1965	2 506.7	116.5	675.2	761.5	196.6	756.9
1966	2 817.9	136.5	631.4	948.5	207.4	894.1
1967	2 847.8	157.9	678.1	910.9	215.9	885.0
1968	3 069.5	159.1	743.4	1 000.0	222.9	944.1
1969	3 325.6	176.4	812.0	1 189.6	195.3	952.3
1970 ^{a/}	3 567.1	183.2	913.5	1 171.4	294.7	1 064.3
<u>Annual growth rates</u>						
1960-65	6.3	15.1	2.8	6.7	4.9	8.9
1965-70	7.3	9.5	6.2	9.0	3.6	7.1
1969-70	7.3	9.9	12.5	-1.5	20.0	11.8

Source: ECLA, on the basis of official statistics and of IMF, Balance of Payments Yearbooks for the years concerned.

^{a/} Preliminary.

Table 7

ANDEAN GROUP: INTRA-REGIONAL TRADE, 1960 AND 1966-1970

Year	Total Andean Group	Bolivia			Colombia			Chile			Ecuador			Peru		
		Ex- ports	Im- ports	Bal- ance	Ex- ports	Im- ports	Bal- ance	Ex- ports	Im- ports	Bal- ance	Ex- ports	Im- ports	Bal- ance	Ex- ports	Im- ports	Bal- ance
<u>(Millions of dollars o.i.f.)</u>																
1960	48.2	0.4	5.3	-4.9	4.2	4.9	-0.7	8.0	26.8	-18.8	8.0	2.7	5.3	27.6	8.5	19.1
1966	82.0	1.3	3.6	-2.3	18.6	18.8	-0.2	15.7	25.1	-9.4	16.2	7.4	8.8	30.2	27.1	3.1
1967	65.7	1.6	3.8	-2.2	15.9	11.9	4.0	16.5	18.4	-1.9	17.5	8.0	9.5	14.2	23.6	-9.4
1968	70.2	1.6	4.2	-2.6	18.0	17.4	0.6	15.2	20.5	-5.3	19.3	9.7	9.6	16.1	18.4	-2.3
1969	98.1	1.6	5.0	-3.4	35.9	20.7	15.2	15.3	30.2	-14.9	23.7	20.6	3.1	21.6	21.6	-
1970	121.0	1.6	5.8	-4.2	51.4	19.5	31.9	21.1	31.0	-9.9	25.9	22.4	3.5	21.0	42.3	-21.3
<u>Annual growth rates (percentages)</u>																
1960-66	9.3	22.0	-6.2		28.0	25.0		11.9	-1.1		12.5	18.3		1.5	21.0	
1967	-19.9	23.1	5.6		-14.5	-36.7		5.1	-26.7		8.0	8.1		-53.0	-12.9	
1968	6.8	-	10.5		13.2	46.2		-7.9	11.4		10.3	21.3		13.4	-22.0	
1969	39.7	-	19.0		99.4	19.0		0.7	47.3		22.8	112.4		34.2	17.4	
1970	23.3	-	16.0		43.2	-5.8		37.9	2.6		9.3	8.7		-2.8	95.8	

Source: ECLA, on the basis of official statistics.

Table 8
ANDEAN GROUP: INTRA-REGIONAL AND EXTRA-REGIONAL TRADE
(Millions of dollars)

Year	Exports f.o.b.				Imports c.i.f.			
	Andean Group	Other Latin American countries	Other countries	World total	Andean Group	Other Latin American countries	Other countries	World total
1960	40.4	65.1	1 477.0	1 582.5	48.2	100.0	1 423.9	1 572.1
1966	66.5	114.1	2 282.7	2 463.3	82.0	293.9	2 183.0	2 558.9
1967	53.1	126.8	2 350.0	2 529.9	65.7	325.4	2 172.3	2 563.4
1968	53.7	157.7	2 512.7	2 730.1	70.2	321.8	2 020.0	2 412.0
1969	84.5	180.9	2 647.7	2 913.1	98.1	370.3	2 164.7	2 633.1
1970	109.3	190.9	2 992.5	3 292.7	121.0	348.0	2 478.0	2 947.0
				<u>Percentage shares</u>				
1960	2.6	4.1	93.3	100.0	3.1	6.4	90.6	100.0
1966	2.7	4.6	92.7	100.0	3.2	11.5	85.3	100.0
1967	2.1	5.0	92.9	100.0	2.6	12.7	84.7	100.0
1968	2.2	5.8	92.0	100.0	2.9	13.3	83.7	100.0
1969	2.9	6.2	90.9	100.0	3.7	14.1	82.2	100.0
1970	3.3	5.8	90.9	100.0	4.1	11.8	84.1	100.0

Source: ECLA, on the basis of official statistics.

Table. 9
 ANDEAN GROUP: VALUE AND STRUCTURE OF IMPORTS, BY CATEGORIES OF
 COMMODITIES 1958, 1965 AND 1968

Economic groups	Thousands of dollars			Percentage shares		
	1958	1965	1968	1958	1965	1968
<u>Total</u>	<u>1 380 155</u>	<u>2 100 255</u>	<u>2 412 011</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1. Non-durable consumer goods	170 646	210 858	281 664	12.4	10.0	11.7
2. Durable consumer goods	73 923	117 437	114 031	5.4	5.6	4.7
3. Fuels and lubricants	63 687	73 196	72 478	4.6	3.5	3.0
4 and 5 Raw materials and intermediate products	479 044	846 075	936 833	34.7	40.3	38.8
6. Construction materials	80 580	54 410	62 483	5.8	2.6	2.6
7. Capital goods for agriculture	36 868	46 444	47 690	2.7	2.2	2.0
8. Capital goods for industry	320 952	488 718	528 625	23.3	23.3	21.9
9. Capital goods for transport	144 930	229 798	354 198	10.5	10.9	14.7
10. Miscellaneous	9 525	33 319	14 009	0.7	1.6	0.6

Source: ECLA, on the basis of official statistics.