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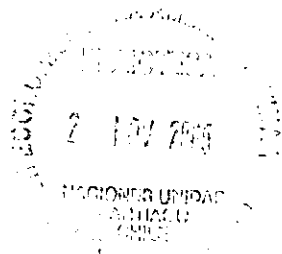


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REPORT OF THE FIFTH SESSION OF THE COMMITTEE OF HIGH-LEVEL  
GOVERNMENT EXPERTS (CEGAN)\*

(Quito, Ecuador, 9-13 March 1981)

\* For consideration by the Commission at its nineteenth session.



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Part One

ORGANIZATION OF WORK

Place and date of the session

1. The fifth session of the Committee of High-Level Government Experts was held in Quito, Ecuador, from 9 to 13 March 1981, in accordance with the provisions of CEPAL resolutions 386 (XVIII) on preparations and contributions by CEPAL for the formulation of the New International Development Strategy for the Third United Nations Development Decade and 419 (PLEN.14) on the rationalization of the institutional structure and of the pattern of meetings of the CEPAL system, which establish that CEGAN should meet prior to the sessions of the Commission in order to carry out its responsibilities in relation to the implementation and appraisal of the New International Development Strategy and the Declaration and Programme of Action on the Establishment of a New International Economic Order.

Attendance

2. Government experts from 20 member States of the Commission attended the session: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela. It was also attended by a representative of the Permanent Secretariat of the Latin American Economic System (SELA).

Opening meeting

3. At the opening meeting on 9 March, addresses were delivered by the Constitutional President of the Republic of Ecuador, Mr. Jaime Roldos,<sup>1/</sup> the Minister of State for the Participation of Women in Development of Venezuela, Mrs. Mercedes Pulido de Briceño, Ambassador Federico Grunwald (Uruguay) speaking on behalf of the participating delegations, and the Executive Secretary of CEPAL, Mr. Enrique V. Iglesias.

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<sup>1/</sup> The full text of this address appears in the Annex.

Election of officers

4. At the first working meeting, the participants elected the following officers:

<u>Chairman:</u>	Germánico Salgado (Ecuador)
<u>First Vice-Chairman:</u>	Salvador de Jesús Arriola (Mexico)
<u>Second Vice-Chairman:</u>	Mervis V. Dohman (Jamaica)
<u>Rapporteur:</u>	Gabriel Montes (Colombia)

Agenda

5. At the same meeting the following agenda was adopted:
1. Election of Officers
  2. Adoption of the agenda
  3. Latin America and the 1980s
    - (a) Strategy for the economic and social development of Latin America in the 1980s and regional programme of action for the instrumentation and implementation of the New International Development Strategy
    - (b) Machinery and procedures for appraisal of the implementation of the New International Development Strategy and the regional programme of action
  4. Consideration and adoption of the report.

Documents

6. The secretariat introduced the main document of the session entitled: "Latin American Development in the 1980s" (E/CEPAL/G.1150; E/CEPAL/CEGAN 5/L.3). The participants also had before them the following documents prepared by the secretariat: "Strategy for the Caribbean countries for the Third Development Decade" (E/CEPAL/G.1132); "Collected Resolutions on the International Development Strategy and the New International Economic Order Adopted by the United Nations General Assembly and Economic and Social Council, the Economic Commission for Latin America and the Caribbean Development and Co-operation Committee" (E/CEPAL/G.1157); "Agricultural Development in the 1980s" (E/CEPAL/G.1159); "The External Economic Relations of Latin America in the 1980s" (E/CEPAL/G.1160); "Latin America: Industrial Policy in the Context of the New International Development Strategy" (E/CEPAL/G.1161); "The Financial Demands of the International Drinking

/Water Supply

Water Supply and Sanitation Decade in Latin America" (E/CEPAL/G.1165);  
"International Drinking Water Supply and Sanitation Decade: The Situation  
in Latin America on the Eve of the Decade and the Prospects for the Future"  
(E/CEPAL/G.1166).<sup>2/</sup>

#### Organization of Work

7. The session conducted its work in plenary meetings, and also held working meetings of an open drafting group to consider agenda item 3. The discussions resulted in the text which appears in Part Two of this report.

#### Adoption of the report

8. At its final working meeting, on Friday 13 March at 4:00 p.m., the participating delegations adopted the present report.

#### Closing meeting

9. At the closing meeting the delegations taking part thanked the host country for its hospitality, the Chairman for the efficient manner in which he had guided the work of the session, and the secretariat for its efforts, which had contributed to the success of the session.

10. They also requested the Chairman to forward a copy of the report to the forthcoming meeting of the Latin American Economic System (SELA) to be held in Caracas from 30 March to 1 April 1981.

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<sup>2/</sup> Report prepared jointly with the Pan-American Health Organization.

Part Two

REGIONAL PLAN OF ACTION FOR LATIN AMERICA IN THE 1980s

I. THE PRESENT SITUATION OF LATIN AMERICAN DEVELOPMENT

A. LATIN AMERICAN PROBLEMS AT THE NATIONAL, REGIONAL  
AND INTERNATIONAL LEVELS

1. The central development problems prevailing in the countries of the region may be referred to three essential, dynamically interrelated aspects which characterize the situation and course of the socioeconomic process. First, there is the continuing asymmetry in the structure of external relations, in terms of the nature of the flows of exports and imports of goods, the declining terms of trade and the rising external debt. Secondly, and largely on account of the nature of these external relations and of the factors of instability and uncertainty prevailing in the world economy, there has been a fall in the growth rate of most Latin American countries. Thirdly, and as a consequence of the present inappropriate socioeconomic structures, extremely inequitable societies have developed. The unfavourable effects and repercussions of the external economic relations of dependence, limit or reduce the present or potential resources needed to bring about the conditions and changes required to overcome the social problems.

2. During the 1970s, profound changes took place in Latin America's forms of insertion in the world economy, and the region's process of internationalization and of linkage with the market economy industrial countries was intensified, aggravating the adverse effects of the current forms of insertion. The transnational corporations and private banks and international financial and monetary institutions played a predominant role in this process. For their part, the governments have applied policies of greater external openness in various economic, financial and technological respects. Concrete manifestations of these new relations and problems are to be found in the participation of the transnational corporations; in the rate and composition of external trade; in the trends of the terms of trade; in the magnitude of external financing and the sources providing it; and in

/the degree



the degree of external indebtedness. The persistent tendencies towards economic recession or slow growth rates in the developed countries in recent years, together with their inflationary processes, have had a negative effect on the rates and forms of economic activity in the majority of the countries of the region.

3. The growing participation of the transnational corporations which dominate in the strategic, more dynamic sectors, where technological progress is fastest, in the region's economic activity has not in its activities respected the principles upheld by the international community in the Charter of the Economic Rights and Duties of States. The channelling through those corporations of substantial proportions of imports, of external financing, of the incorporation of technology, and their limited effect on exports, form the background of the problems of disequilibrium and external dependence of many Latin American economies, and contribute to the structural deformations from which many countries of the region suffer.

4. The inflation affecting the world economy has affected the Latin American countries with varying degrees of intensity and different effects. The oil-exporting countries succeeded in increasing their terms of trade compared with the markedly depressed levels of the beginning of the previous decade. In these countries, economic growth tended to increase and imports continued to grow, but surpluses ceased to be accumulated in the external accounts and in some years deficits were registered in the current account of the balance of payments. In the non-oil-exporting countries, on the other hand, the terms of trade have tended to worsen - although to varying degrees - reaching in the last two years of the decade a level significantly lower than that recorded at the beginning of the 1970s.

5. This leads to an uneven structure of external economic relations which the policies of protectionism and of subsidizing uncompetitive lines of production adopted by the industrialized countries tend to perpetuate, and which is based on an international division of labour that keeps the countries of Latin America in a situation of economic dependence. Thus, imports consist of the goods essential for maintaining and increasing economic activity and the growth process; while exports, despite the efforts made to diversify them, contain a small proportion of manufactures, which

/must be

must be expanded substantially in order to achieve a more balanced structure in trade relations and participate in the faster growing branches of world trade. Furthermore, the rising imports of food from outside the region by most of the countries of the region represent an unprecedented situation with profound repercussions in terms of external dependence.

6. Despite the increase in the volume of exports recorded during the second half of the 1970s, the great majority of the countries of the region had to tackle serious balance-of-payments problems for a number of reasons:

(i) The rise in the value of imports, caused particularly by inflation in the industrial countries and higher oil prices. The change in prices represented, for example, in 1978 for the region as a whole, a rise in the value of imports of US\$ 14 442 million for fuels and US\$ 25 304 million for imports of manufactures over their value estimated at 1970 prices;

(ii) The worsening terms of trade;

(iii) The widespread inflation in the industrial countries which raised the prices of manufactured goods imported by the developing countries;

(iv) The rise in financial services on account of the mounting debt and the rise in interest rates;

(v) The need to recover specific import levels, following the decline in the mid-1970s, in order to underpin the growth of the domestic product;

(vi) The need to keep monetary reserves up to certain levels, which have been rising due to world inflation and the nature of the capital inflows destined for short-term investment or speculative activities; and

(vii) The instability of the exchange rates of the main reserve currencies.

7. The current-account deficit of the balance of payments of the majority of the countries rose during the second half of the decade, accompanied by far-reaching changes in the amount and origin of external financing. Thus, for the non-oil-exporting countries it represented, on average during the 1970s, 3.3% of the gross domestic product, a far higher percentage than that recorded in the 1960s, when it was 1.9% on average. As regards the sources, in the 1950s and the early 1960s the bulk of the capital which entered Latin America was of official origin and long term. However, in the 1970s, a large proportion was provided by private commercial and bank sources (close on 85%

/in 1979),

in 1979), in the form of short- and medium-term capital subject to mounting interest, and the servicing of the debt in 1980 came to account for around 45% of exports. The result of this has been an appreciable increase in the external debt, from around US\$ 10 billion in 1965 to an estimated US\$ 150 billion at the beginning of 1980. Although Latin America spends less than any other region of the world on armaments, in some cases purchases of costly and sophisticated modern weapons have helped to worsen the problem of external indebtedness and aggravate internal and external disequilibria. As a result, the level of commitment represented by external financial services vis-à-vis the national income and the current value of exports has risen. Furthermore, concern exists as to the continuation of this system of financing, owing to aspects relating to the operations of the private banks, the terms they impose, and the management of the debt by the borrower countries.

8. Significant progress has been made in multinational and bilateral investment in infrastructure, in multinational enterprises, such as NAMUCAR and MULTIFER in the energy field, and in financial co-operation. Major advances have also occurred in the expansion and diversification of intra-regional trade: the proportion of total exports going to countries of the region has increased, and they include a larger amount of manufactures - intermediate and capital goods - than exports to other areas; in the case of some countries, these trade flows have represented a significant growth factor in specific branches. However, the economic integration agreements have run into difficulties and in most cases have failed to achieve the targets and objectives they had set themselves. Hindrances and obstacles to intra-regional trade have also been observed.

9. The growth rate of the region as a whole during the 1970s (somewhat less than 6% a year) shows that in practice the region continued with its past moderate dynamism, without the increase which might have been expected given the more favourable experience of the early years of the decade. During the 1970s, the economic growth of the Latin American countries varied considerably, with highly significant changes in rates and structures. These adverse conditions were accentuated in the countries of the Central American and Caribbean subregions, where in the last three years of the

/decade the

decade the growth rate of the product declined and there were even some sharp drops in the gross domestic product. The process was strikingly dynamic in some countries but comparatively slower in others, and broadly speaking the region passed from a boom period to one of particular weakness, followed in recent years by moderate recovery in a climate of great instability and uncertainty, particularly for the countries with foreign trade deficits.

10. The course of the world economy and particularly trends in the industrial countries, with which Latin America maintains most of its external relations, particularly influenced this rise and fall of the growth rate, and the serious problems affecting the world economy have had clear effects and repercussions on the situation and prospects of future growth of the Latin American countries.

11. In these circumstances, the maintenance of some rate of growth, or an improvement in growth rates, in recent years has been shaky, particularly in the case of countries with foreign trade deficits, while their external vulnerability has continued to increase.

12. Latin America has undergone a significant process of economic growth and social change since the war, but the nature of that process has led and still leads to the shaping of highly inequitable societies. The forces of production have developed, increasing production capacity and the sectoral and technological transformation of the economy; the productivity of labour and of enterprises has been raised, leading to higher national income; but at the same time the differences and segmentation of society have been accentuated, unemployment, underemployment and poverty persist. These and other factors restrict the active economic and social participation of the population and generate powerful sources of instability.

13. The socioeconomic structure is characterized by a very high concentration of wealth and income in small segments of the population and a large section of the population remaining in conditions of extreme poverty and even of abject destitution, and at the same time often rapid growth of the middle social sectors, with major economic, social and political consequences. The development of a modern entrepreneurial sector oriented towards exports and high-income markets in most countries and the spread of technological

/progress in

progress in agricultural production are altering the structure and functioning of rural society and integrating it more fully with the rest of the system, while at the same time increasing the differentiation between agroindustry and traditional or peasant agriculture. This has increased unemployment and the concentration of wealth in the former sector.

14. The determinant or inherent factors of these structures are linked with the limited social participation, the concentrative tendencies of the prevailing economic system and the appropriation of a significant part of income by small social groups, inasmuch as it is used to increase ever more diversified superfluous consumption, as well as consumption investment, following the patterns of the industrial countries with a higher per capita income. In particular, this process is influenced by the concentration of the means of production and of land ownership, the minifundio smallholdings, the forms and location of the development of the modern entrepreneurial sector, the excessive growth of the "middle-man", the growth of the liberal professions and the new employment structure which accompanies economic growth.

15. A review and appraisal of women's problems in Latin America during the last five years indicates that: (i) in employment, the percentage of women in the labour force remains very low, and most of them are in unskilled work. In many cases, women are discriminated against and exploited as regards remuneration, working conditions and hiring practices, and in their participation in political, economic and social life; (ii) women represent a high proportion of the total illiterate population: even in the countries considered to have attained a high cultural level, the percentage of women with secondary, technical and higher education is low; and there is also the special problem of girls who drop out of school because of a lack of economic resources, pregnancy, the need to work in order to contribute to the family's resources or for other reasons; (iii) in health, the situation is even more critical due to the special care needed during pregnancy, childbirth and breast-feeding; (iv) inasmuch as legislation discriminates against women, it prevents them from becoming integrated into development, and while legislative measures are not in themselves sufficient to ensure

/the equality

the equality of women, the removal of all discriminatory provisions opens the way to equality. In the region, de facto discrimination has been supported and encouraged by de jure discrimination.

16. The nature and scale of the abovementioned problems may be illustrated by the statistical indicators for the region as a whole on income distribution, the size of extreme poverty and the degree of occupation of the labour force and education. In the case of personal income distribution, 44% of total income is in the hands of 10% of families, while the 40% of the families at the lower end of the scale receive only 8%. The size and extent of poverty may be appreciated from the fact that 40% of the families of the region do not have sufficient income to meet their essential or normal needs; this means that at present some 100 million persons are living in such a situation. Unemployment and underemployment affect the equivalent of 28% of the economically active population. Open unemployment is very high in many countries. Finally, the growth rate of primary education between 1970 and 1975 was 3.9%, barely higher than the population growth rate. Illiteracy rates vary between 5% and 40% of the labour force.

17. Although health services have been expanded in nearly all the countries of the region, as indicated by the indices showing a widespread decline in infant mortality and a longer life expectancy at birth, even these services are far from covering and satisfying the essential needs of the majority of the population, particularly in rural areas and marginal urban zones.

18. The most important challenge consists in this interrelated set of social problems affecting large sectors of the national population, representing a significant minority in some countries and the majority in others, such as the unfair distribution of income, critical poverty, unemployment and bad labour conditions, the low productivity of a considerable part of the labour force, the backwardness and marginalization of large urban and rural sectors, widespread semi-literacy and illiteracy which negatively affect the capacities of the labour force, and the limited share of most of the population in decision-making at all levels and in the economic, social and human development process.

/B. PROSPECTS

## B. PROSPECTS FOR THE 1980s

19. The review of the above economic and social problems shows that there are no sufficiently dynamic factors which will spontaneously change the nature of the process, at least within the time-span required for the solution of these problems in view of the importance of the social tensions they generate. Indeed, the prospects are that these problems are tending to flare up and become more widespread.

20. The immediate prospects of the global economic evolution of the Latin American countries are not the same for all of them and in many situations they differ substantially. The majority of the countries will begin the 1980s in adverse conditions of extreme vulnerability as regards external variables. This situation is particularly serious for some Central American and Caribbean countries, so that their possibilities of raising their growth rates in the 1980s will depend on the degree of financial support they can receive on concessionary terms. The problems include, among other considerations, the high level of indebtedness and the heavy burden of the external financing services, the problems which affect the continuation of financing through the private international banks, prospects as regards the economic growth of the industrial countries and their consequences on Latin American exports, the effects which the intensification of protectionist measures in these countries may have, and the persistent increase anticipated in the real prices of imports.

21. Important changes must therefore take place in the institutional organization and structure and operation of the world economy and in national policies. In the short term there is no sign of fundamental factors which may have the effect of a significant improvement in these situations.

22. The problem should be tackled through strategies and policies of a comprehensive, coherent, simultaneous and integral nature which tend towards the establishment of institutional and structural conditions leading to a new orientation of the development process to achieve specific economic and social ends. In determining these strategies and policies for the 1980s particular account must be taken of the diversity of initial conditions, and their prospects of evolution. However, in the preparation of a regional

/programme of

programme of action or in the preparation of national development plans, the aim is not to extrapolate present trends or maintain intact institutions and structures, but to propose changes which should take place in the conditions and policies of an internal and external nature for dealing with social problems and speeding up the dynamism of economic development. It is therefore a matter of establishing objectives and goals of a normative or indicative nature, which will be reasonably feasible with the promotion of structural and institutional changes and the implementation of policy measures forming an integrated programme of action.

23. When undertaking the structural and institutional changes and implementing the policy measures, it is essential to take into account that the concept of integrated development implies, on the one hand, that economic growth must be accompanied by redistribution, and on the other, that action of a social nature should be carried out in the framework of suitable economic dynamism, failing which the dynamic and redistributive effects will be frustrated.

## II. TOWARDS THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE ON THE BASIS OF LATIN AMERICA'S OBJECTIVES AND SPECIFIC CONDITIONS

24. The Latin American countries are aware that the new International Development Strategy is far from adequately satisfying the needs of the developing world in general and of Latin America and the Caribbean in particular. The limitations have been increased by the reservations or interpretative declarations formulated by the industrialized countries at the time of its adoption, or simply the failure to live up to prior agreements. The Latin American countries are, however, resolved to encourage the introduction of elements which will correct and strengthen the Strategy in the course of its implementation.

25. Development should be conceived of as an integral process characterized by the achievement of economic and social goals and targets which will ensure the real participation of the population in the development process and its

/benefits, for



benefits, for which purpose it is necessary to make deep-seated structural changes in this context as a prerequisite for the integral development process aspired to. In the attainment of this objective, the integral participation of women on an equal economic, political and cultural footing is considered essential.

26. The analysis of the nature and extent of the central problems of Latin American development shows clearly that they relate to the structure and operation of the economic and social process, that they are inherent in this process, and that their solution requires institutional and structural changes at the internal level and in the context of the world economy, which will lead to a new functioning of the economy and society in order to achieve specific ends in connexion with economic growth and social wellbeing in a framework of fairer societies.

27. The Latin American countries propose to achieve the following interrelated objectives during the 1980s:

(i) speed up economic and social development and the structural change of the national economies;

(ii) speed up the development of the region's scientific and technological capacities;

(iii) promote a fair distribution of national income and to eradicate situations of poverty as rapidly as possible; in particular, an integral strategy for eliminating hunger and malnutrition must be implemented;

(iv) structure an adequate economic policy which will tend towards the establishment of conditions in which inflationary processes may be controlled or obviated, without resorting to measures of a recessive nature which will provoke unemployment and aggravate social tensions;

(v) stimulate the active economic, social and political participation of the entire population in the economic and social development process, and the decision-making process at all levels, to ensure the participation of young people, the welfare of children and the integration of women into economic and social development. In order to be able to achieve this integration the development plans should not restrict themselves to devoting a special chapter to the problems of women: measures relating to women must be organically incorporated into each relevant sector;

/(vi) conserve

(vi) conserve the quality and increase the potential use of the environment, including measures to correct wasteful practices, so as to improve living conditions and lay the bases for a type of development which can be maintained in the long term;

(vii) define, in the context of the internalization of energy development and the process of transition from traditional to new sources of energy, an energy model which, bearing in mind that in the short- and medium-term hydrocarbons will continue to constitute the region's energy base, will make for the orderly transition from an economy based on hydrocarbons to one which will substantially increase the role of the renewable resources, by diversifying supply and strengthening national supply;

(viii) conserve and stimulate the cultural authenticity and identity and development of the countries' own forms or styles of living;

(ix) freely exercise full and permanent sovereignty, including possession, use and disposal of all their wealth, natural resources and economic activity;

(x) strengthen integration and the different forms of co-operation among the countries of the region in order greatly to increase international trade, to make a better use of natural resources and to reinforce the capacity for joint negotiation so as thus to expand the means towards greater economic and social development and a more adequate position in the world economy;

(xi) promote the change of the structures of external economic relations so as to achieve a new international economic order and the proposals of the Charter of Economic Rights and Duties of States in order to put an end to situations of dependence, achieve real participation in international decision-making processes and produce adequate conditions in the functioning of balance-of-payments external accounts.

28. In the context of these general objectives, the countries themselves must establish their objectives and goals taking account of their particular conditions, their aspirations and their capacity for promoting the structural reforms required by a development strategy of the nature and scope proposed.

29. Moreover, as the IDS recommends, the region establishes its own goals in this document on the basis of the region's growth needs, circumstances and modalities.

30. The economic growth proposed for the 1980s, in keeping with the foregoing objectives, considers the following elements, inter alia:

(i) a speeding up of economic dynamism of greater intensity than indicated by the projections of historical trends for all countries, so that through adequate policies a positive contribution may be made to the solution of the problems of unemployment and the eradication of poverty;

(ii) a minimum growth goal which will make it possible to double the per capita product in a period of not more than 15 years, as a general norm for all the countries; and

(iii) the materialization of the high economic growth potential observed in some countries, so that the growth target may in some cases prove to be greater than the abovementioned minimum.

31. Thus, for the region as a whole the gross domestic product should double in the 1980s, which implies an annual growth target of a little under 7.5%. This would mean an annual economic growth rate similar to that recorded during the first four years of the 1970s. But there is a very important difference: while during that period growth was mainly concentrated in a very small number of countries, it is now proposed to speed up growth taking in all the countries of the region.

32. The output of the agricultural and fishery sector will have to grow at an annual rate of 4.4%. This target is essential for meeting the growth of domestic demand for basic foodstuffs on a priority basis - which would stem from the growth of income, from the aims of eradicating extreme poverty or situations of destitution - and the need to increase the region's exportable surpluses.

33. Industrialization should become relatively dynamic, with an indicative annual growth rate of approximately 8.5% for the manufacturing sector, which means a much more rapid industrialization process in greater depth than in the past. It will be necessary to tackle activities with a greater technological content calling for large-scale capital investment in the branches of essential intermediate products and production goods. In this new stage, industrialization will have to take place under the best conditions of economic efficiency, since to achieve the proposed growth will require

/a considerable

a considerable expansion of trade in manufactures between countries of the region and of exports to developed countries and other developing regions.

34. Bearing in mind that scientific and technological capability plays an important role in speeding up economic growth, the region should devote to scientific and technological research and development the equivalent of 1% of the gross domestic product by the end of the decade.

35. The achievement of these growth targets will require a large increase in investment, which will have to increase to 29% of the gross domestic product for the region as a whole by 1990. Domestic saving will have to increase appreciably, to 26% of the gross domestic product. Thus, external financing will be reasonably in line with investment and exports.

36. However, it should be noted that the conditions and trajectories which appear in this scenario vary from one country of the region to another, and in many of them the speeding up of the growth rate will require relatively larger increases in investment and domestic saving, and therefore a more intensive effort than for others. It is also evident that the relative importance of external financing, in comparison with the product and investment, will also differ significantly from one country to another.

37. In the context of the dynamic growth process of the normative scenario of economic development which has been proposed, imports will have to grow, selectively, for nearly all the countries of the region as a whole at a slightly faster pace than the gross domestic product, i.e., at an annual rate of approximately 8%. Consequently, the external purchasing power of the Latin American countries will have to grow far more than in the past in order to meet this demand for goods and services.

38. This growth will come from three main sources: (i) volume and diversification of exports, which will depend appreciably on access to markets; (ii) evolution of the terms of trade and (iii) magnitude and terms of external investment and financing. The real value of exports of goods and services will have to rise at a rate of nearly 8% annually during the decade, and net external financing should retain the same relationship to the gross domestic product as on average during the 1970s.

III. REGIONAL PROGRAMME OF ACTION TO SPEED UP THE ECONOMIC AND SOCIAL  
DEVELOPMENT OF LATIN AMERICA AND THE CARIBBEAN IN THE  
CONTEXT OF THE IMPLEMENTATION OF THE INTERNATIONAL  
DEVELOPMENT STRATEGY FOR THE THIRD UNITED  
NATIONS DEVELOPMENT DECADE

A. NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT

39. As was said in defining the region's objectives, development should be conceived of as an integral process characterized by the achievement of economic and social goals which will ensure the real participation of the population in development and its benefits, which makes it necessary to carry out deep-seated structural changes in this context as a prerequisite for the integral development process aspired to. Both aspects are an indissoluble part of a whole and condition each other mutually, and it is difficult to conceive of an effective strategy which does not consider them simultaneously.

40. The specific policies for this integral development will be freely determined and implemented by the countries as part of their development plans and priorities and in line with their cultural identity, socioeconomic structure and stage of development.

1. Economic development

41. The speeding-up of growth and the productive and technological transformation of the economy are essential to ensure a process of increasing diversification, integration and strengthening of the national economies and to create bases to underpin the implementation of a social policy. In particular, the intensification of economic dynamism will be necessary to increase the productive capacity of the labour force, raise levels of employment, help accumulation and facilitate the application of policies to improve the distribution of income, and to solve situations of extreme poverty by the active incorporation of the labour force, which will grow rapidly, into high-productivity activities. Economic growth is therefore a necessary condition, but it must be integrated with other policies in order to be able to attain specific goals relating to a better distribution of the results of economic growth, the eradication of poverty and other

/social objectives

social objectives pursued. The need to speed up the economic growth of the Latin American countries in the context of an integral strategy which proposes a fairer distribution of income and greater social wellbeing of the entire population is essential because of, among other reasons, the magnitude and gravity of the social problems which will tend to be exacerbated by the high rates of growth which will occur in the economically active population. It is clear that the productive incorporation of the available labour force will require a much more intensive dynamism of economic development than that which occurred on average in the second half of the 1970s. It should not be forgotten that with the acceleration of economic growth the increase in the product per employed person is also speeded up, as a result of the progress which should take place in the transformation of production and the development of new forms of production. During this process, naturally, the amount of capital required per employed person increases, and the volume of production to absorb the same quantity of labour rises sharply.

42. The fundamental basis of this speeding-up of economic development will be in the domestic effort and the mobilization of the countries' own resources. Institutional and structural reforms will be promoted in the Latin American countries in order to cause this development potential to materialize, and in particular to boost a large accumulation of capital which can only be achieved by means of profound changes in the operation of the economies, which among other objectives would lead to the containing of the high levels of consumption which are concentrated in a small sector of the population.

43. In order to promote the objectives of speeding-up economic growth, improving income distribution, eradicating situations of poverty and fostering the economic and social participation of all the social sectors, action must be programmed in the economic and financial field so that, together with promoting the changes and transformations proposed, the inflationary pressures which would have an adverse effect on the implementation of the economic and social programme and would particularly damage the lowest income groups can be avoided or controlled.

44. In many Latin American countries, it is in the rural sector that the problems of poverty and underemployment are most severe. Development strategies should therefore envisage specific measures to tackle them and avoid policies tending to aggravate them.

45. Agricultural policy will play a central role in the drive for self-sufficiency in food and in solving the nutritional problems which affect large percentages of the population of Latin America. Simultaneously the sector should contribute to the growth of exports of commodities and to the satisfaction of the demand for inputs in agroindustry.

46. Policies must be established to promote the intensive use of land and to remove the obstacles which present forms of access to the use of land create for increasing production and solving social problems. Concentration of land should be avoided, particularly in the hands of transnational corporations, as should the spread of the minifundio, peasant settlement on marginal land and the underutilization of land in medium and large properties.

47. Agrarian reform policies taken as a permanent process of transformation and adjustment of the agricultural structure to the new national situations may be fundamental in many countries. The social and economic organization of producers, the rational utilization of the national territory devoted to agriculture, the extension of the agricultural frontier, legislation promoting the intensive and preferably national use of land, a suitable capitalization of the rural sector, and an adequate input of technology, will be part of or will supplement agrarian reform policies.

48. Agricultural policies should contribute to solving the employment problem. Among the activities and policies which should be promoted, mention should be made of agricultural research and experimentation for this purpose, greater access by peasants to land which is not used or which is underutilized, the rational utilization of the national land devoted to agriculture, the expansion of the agricultural frontier, public investment and credit programmes, extension of irrigation, training and administrative decentralization.

49. Agriculture and fishery strategies and policies should therefore consider in their entirety the problems of rural development and simultaneously tackle social aspects and production, marketing, processing, distribution and

/consumption problems.

consumption problems. The policies for agrarian reform, increases in production and productivity and increased employment should be supplemented with policies on credit, fiscal matters, marketing, prices, the supply of agrochemical inputs, and the strengthening of State services to support peasant agriculture. In the majority of cases an effort should be made to eliminate the distortions of the market which render technology and physical and financial inputs inaccessible to the peasants, and foodstuffs in adequate conditions inaccessible to the consumers.

50. At the same time, the implementation of agrarian reform and the formulation of adequate agricultural strategies and policies will increase the purchasing power of the rural and fisheries sector, permitting its access to food of high nutritional value. In this regard mass communication programmes aimed at the establishment of recommendable eating habits should provide effective support.

51. Industrialization is a fundamental component of economic and social development policy, and particularly of the measures aimed at greater autonomy in the management of the development process, more balanced external trade relations, and a fairer distribution of income and consumption.

52. During the decade important industries producing capital goods and basic intermediate inputs should be promoted or strengthened. The share in world output will thus be increased, reducing the heavy dependence on the industrial countries now registered, and the bases will be laid for a more symmetrical and balanced trade with these countries. Policies should be implemented which will enable conditions of productivity and efficiency to be achieved in the long-term.

53. Industrial supply will have to be significantly increased and reoriented in order to keep in line with the growth and changes in demand resulting from the modifications which take place in employment and from the better income distribution proposed. Industrial supply should endeavour to use the technological innovations produced in the country or countries of the region, making a consistent utilization of the country or region's own human, natural, technological and financial resources.



54. Industrialization policies will require the promotion and support of governments in order to overcome the disequilibria and backwardness which now affect the industrial sector. There are industries in which the scale of investment is so large and the lead times so long that the national private sector cannot tackle the task, at least independently. In such cases, the public sector could make its investments through its enterprises, or in association with national private enterprises or enterprises from other countries of the region, or through arrangements with them. In policy implementation, the governments will take advantage of the experience accumulated in this type of policy and the capacity which the public enterprises possess in many countries.

55. The countries will carry out policies aimed at improving their bargaining position with the transnational corporations and eliminating the restrictive practices these corporations apply. The strengthening of entrepreneurial capacity, personnel training, the delimitation of the activities of the transnational corporations and a technological policy will prevent the national sectors from losing importance in output. The acceptance en bloc of the technological and financial package of the transnational corporations should be avoided. By breaking down this input into its components, it will be possible to carry out in the region part of the scientific and technological research, and stages of design and engineering, and achieve greater complementarity with national enterprises.

56. In the context of the policies drawn up by the State to foster integral development, private initiative is a force capable of contributing effectively to the attainment of the goals pursued. In the formulation of its policies, the State should therefore consider encouraging the positive action which the private sector may undertake to the benefit of economic development.

57. If long-term trends are maintained, the energy required for the product of the countries of Latin America to reach a level consistent with the regional goal in the next ten years will mean doubling the supply of energy. The difficulties in satisfying such a high level of energy demand make it essential to initiate policies which will permit a rational use of energy resources or to reinforce those already in progress, particularly in the case of eminently wasteful consumption imitative of the industrialized societies.

58. A larger quantity of technical and financial resources must be earmarked for the creation, prospection, and development of traditional and new sources of energy. Although in the short and medium term hydrocarbons will remain the energy base for the development of the countries of the region, efforts must be made to develop new and renewable sources of energy. In this context, and bearing in mind that many of the countries of the region have the right weather and soil conditions for developing the biomass as a fuel, special consideration should be given to the study and exchange of experience existing in the region for making adequate use of the biomass. Efforts should also be made to develop other new and renewable sources of energy, such as nuclear, solar, geothermal, wind, sea and other types of energy.

## 2. Social development

59. Economic growth is a necessary but not in itself a sufficient condition for ensuring full social and human development. In order to achieve this objective, the benefits of economic growth must be distributed more equitably among the deprived groups in the development process, so that with the participation of all social groups it will be possible to attain fairer and more integrated societies which are masters of their own destiny and in which human beings have real possibilities of developing their potential to the fullest degree.

60. The success of the social development policies will be associated with the implementation of objectives and policies to increase production capacity, so that the structures of production and consumption can be transformed in order to meet the basic aspirations of the majorities for a better life. Policies to this end must reconcile the fostering of dynamic economic growth, with greater social justice and the reduction of structural differences and social inequity. In order to achieve these goals the effective participation of the population in the economic, social and human development process will be promoted. Policies will be prepared and implemented favouring participatory structures, processes and organizations.

61. The distribution objectives proposed make it essential to have policies with an impact on the structure and dynamism of economic growth in the medium and long term and measures which affect present distribution in the short term. In the medium and long term greater rationalization of the structure of production and increased economic dynamism should notably alter the labour market, and increase employment and the skills structure, all of which should give rise to a better distribution of income. In the short-term the need to increase national saving at the cost of the growth of consumption of the highest income groups will require action aimed at attracting or productively orienting the use of part of this income.

62. The distributive measures will make it necessary in some countries to consider a prior distribution of assets in the different sectors of production, as in the case of rural areas where it is necessary to provide more access to land and the use of water to a substantial proportion of the peasants.

63. The redistribution policy will acquire special connotations when the aim is to reduce or eliminate situations of extreme poverty, without prejudice to the policies and actions designed to change the social and production structures in the context of an integral development policy. In the first case, public spending will be an instrument of the greatest importance and must be focused on the neediest social sectors and groups, particularly as regards education, health, food and housing services, in order to assist the production capacity of the lower income sectors.

64. The countries will formulate suitable policies for the advancement and integration of women into the economic and social development process. Appropriate machinery should be applied to ensure that women participate in production and in development tasks, ensuring their full equality and the elimination of discriminatory relations. In this framework, greater effective participation by women in the economic, political, social and cultural life of the region will be fostered. Such action will powerfully contribute to the safeguarding and development of human resources and strengthen the sound functioning of the family nucleus.

65. Technological change will produce a large increase in the product per person employed. Despite the rise in productivity indexes, the economic growth postulated will promote a greater absorption of the labour force which - for the region as a whole - would equal the increase which would take place in the economically active population. The structure of employment will undergo important changes, not only in its sectoral distribution but also in its structure as regards the nature of the jobs and their level of skill. This will not, however, solve the unemployment problem in the relatively short term owing to the size of the proportion of the population affected by situations of underemployment and open unemployment.

66. The heterogeneity which characterizes the structure of production of the countries will make it necessary to define different employment policies, depending on whether they are oriented towards modern or traditional sectors or towards large, medium or small enterprises.

67. In the countries which face serious employment problems, the orientation of the structures of production and the promotion which may take place as regards the size of the enterprises may play an important role. In fact, as the external trade situation becomes more flexible, the options to promote a more efficient structure of production in relation to employment increase. As technological development increases in the region and the conditions in which technology is purchased improve, the possibility of choice is expanded, including as regards the size of factories. In these circumstances, employment considerations should play an important role in decisions.

68. For the low-productivity urban and rural marginal sectors, where the mass of unemployment and underemployment is to be found, policies of a very different nature must be designed. In addition to the short-term emergency policies which should be adopted in critical cases, it will be necessary to go to the assistance of the low-productivity and potentially productive economic units in order to transform them into units capable of generating employment and income at adequate levels.

69. The effective training and organization of peasants, smallholders, small-scale fishermen, small merchants and landless day workers is indispensable for the success of the measures described. For this purpose, organizations should be fostered and guaranteed for participatory activity, such as co-operatives, forms of community ownership and others. Support must be provided for the training and organization of rural women so as to increase their opportunities for employment in rural areas, bring about a structural change which will avert their migration to urban areas, and facilitate their access to financing through credit or other means which will ensure their participation.

70. A central role devolves on agriculture in the solution of the nutritional problems which affect great percentages of Latin America's population. Women play a vital role in the food systems as regards the production, processing, handling, distribution, preparation and consumption of foodstuffs. This means that women should participate at all levels of the decision-making process concerning nutrition, agriculture and food.

71. The true democratization of education at all levels, the generalization of complete primary or basic education for all school-age children, the eradication of illiteracy and of the other situations which hinder the normal development of children and the gradual and thoroughly strengthening of the programmes of integral attention for children of pre-school age living in social conditions which are adverse for them will be goals which the Latin American countries cannot postpone. This requires the combined action of consistent programmes aimed at adults, and school and out-of-school work to incorporate all children and young people into functional and efficient educational services. These measures imply the elimination of absenteeism in schools, the reduction of repetition and drop-out rates and the appropriate use of the communications media.

72. In the effort to achieve a more direct link between education and the labour market, the countries should put into practice education systems which give efficient job training and at the same time provide individuals with an integral training which stresses the cultural heritage and the universal values of mankind.

/73. During

73. During the decade the deficit in urban and rural housing should be appreciably reduced and the supply of housing for the low-income urban majorities increased, solving the problem of the deterioration in urban and rural housing and the shanty-towns and improving the electrification, drinking water supply and sewerage infrastructure. To this end, State participation will be indispensable in many cases; giving priority attention to the housing needs of the population with the lowest income, by fostering the provision of resources on concessional terms, by developing the low-cost housing construction industry - both as regards local materials and traditional building systems - providing incentives for self-help construction including organized community efforts, and regulating the operation of the real estate market.

74. By the year 2000 all the inhabitants of the region should achieve a level of health allowing them to lead economically and socially productive lives. To this end, in keeping with national priorities and characteristics, an adequate and comprehensive system of primary health care should be set up, as an integral part of a global health system. By the year 2000, no country of the region will have a life expectancy at birth of less than 70 years nor an infant mortality rate exceeding thirty deaths per thousand live births. Maximum efforts should be made to supply drinking water and basic sanitation to the entire population by 1990. Measures to cut down infant mortality and that of all the population should include integral attention for the family, appropriate nutrition, the education of mothers, the immunization of children and environmental sanitation programmes. Priority should be given to programmes for the prevention of disease and disability aimed especially at the marginal rural and urban groups. Priority shall also be given to measures aimed at avoiding the spiraling cost of drugs, and to increase the effectiveness of government policies aimed at controlling and supervising the production and distribution of drugs, including control over the activities of transnational corporations in this field. Free access to health services will be provided, as will the expansion of medical and paramedical coverage, especially in rural areas, the implementation of special plans for mother-and-child health care, access of women to the means and information for exercising their responsibility

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for their own fertility, and the encouragement of breastfeeding in the early months of a baby's life, as the natural basic food. To this end, men and women must participate fully and equitably in the implementation of policy decisions relating to health services.

75. In order to correct the growing inequality between the small group of the population covered by the social security systems and the majority of the unprotected population, it will be a top priority goal to extend social security coverage to the entire population. Changes should be made in the system of contributions so that the provisions of social security will be fairer.

76. The prevention of disabilities and the integral rehabilitation of the disabled should be tackled as soon as possible as a form of dynamically incorporating the disabled into society. Their physical and psychological adaptation to society will be promoted by providing them with suitable assistance, attention, training and guidance; they will be provided with appropriate work opportunities, and research will be undertaken into ways of facilitating their practical participation in daily life while the remainder of the population will be educated and informed about the right of this group to participate fully in, and make its contribution to, economic, social and political life.

77. Population policies should be considered as part of global and sectoral development policies. It will be necessary to integrate population measures and programmes into socioeconomic goals and strategies. The countries will take the measures they consider necessary as regards migratory movements and levels of fertility with full respect for the fundamental human right to take a free and responsible decision as regards the number and spacing of children.

78. The establishment and improvement of the national machinery which will guarantee the full equality of women and men and the implementation of measures for the integration of women into the development process are important goals for the countries of the region. These policies should give priority to women belonging to poor groups, particularly poor rural women. The countries have committed themselves to deploying their best possible efforts to support the implementation of the Regional Plan of

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Action for the Integration of Women into Latin American Economic and Social Development, which is the special instrument setting forth the region's action priorities.

79. In formulating global development policies the environmental dimension must be incorporated, on the basis of national resources, in policies such as those on population, human settlements, territorial reorganization, natural resources, technology, international relations, energy and regional integration, particularly in drawing up strategies aimed at reducing or eliminating poverty and underdevelopment. In the planning of Latin American development, too, consideration should also be given to the place of the environment in policies relating to the development of agriculture, industry and urbanization, taking into account the specific environmental problems of the Latin American countries and the need to examine them in the context of their economic and social development programmes.

80. It would be desirable for countries to include in their global development plans action policies designed to put an end to situations of regional disequilibrium within the countries.

## B. CO-OPERATION WITHIN LATIN AMERICA

### 1. General considerations

81. Co-operation within Latin America is exclusively the concern of the developing countries of the region. In this context, the importance is recognized of the technical and financial support of the international community. In their mutual relations, the countries of the region will bear in mind and implement the decisions and measures to which they have committed themselves and which have been adopted in the intra-regional co-operation bodies, such as those agreed to in SELA and the Latin American Energy Organization (OLADE), as well as other future measures resulting from forums for co-operation within Latin America; they will also see to the implementation of the commitments assumed in the general framework of co-operation among developing countries, such as those contained in the report of the Meeting of the Ad Hoc Intergovernmental Group of 77 on

/economic co-operation



economic co-operation among developing countries (Vienna, Austria, 3-7 June 1980) and those which may result from future conferences on co-operation among developing countries.

82. Integration and the various forms of co-operation among the countries of the region will continue to be one of the most powerful vehicles for increasing international trade and ensuring security in food, making better use of natural and financial resources, strengthening co-operation with the rest of the developing world, reinforcing their negotiating capacity vis-à-vis the industrialized countries the international forums and transnational corporations, and in general for undertaking action to broaden the paths leading to greater economic and social development of the countries of Latin America and the Caribbean and achieving a more appropriate position in the world economy. It is considered vitally important to broaden and strengthen the unity and solidarity of Latin America and the Caribbean for the full implementation of the regional programme of action adopted to accelerate the economic and social development of Latin America. Initially, co-operation within the region should comprise short-term activities to tackle the extremely serious situation existing in the relatively less economically developed countries of the region. To that end, it is essential to support with unqualified political will and the required concrete measures the machinery for integration and co-operation existing in the region, and also to continue advancing in the search for and application of instruments and forms of co-operation to supplement and improve them.

83. The greatest efforts should be made to support the implementation of the Regional Plan of Action on the Integration of Women into the Economic and Social Development of Latin America, which jointly with the decisions of the Second Regional Conference for the Integration of Women into the Economic and Social Development of Latin America and the Caribbean constitutes the essential instrument setting forth the region's action priorities.

84. In order to strengthen the integration treaties and agreements in force in the region, it will be necessary: (i) to set up machinery granting real preference to products originating in the region, particularly those which need large markets or big scales of production; (ii) to grant special consideration to the relatively less economically developed countries in

/the integration

the integration processes and avoid the polarization of trade and imbalances in the benefits reaped, as well as facilitating for all of them the processing of intermediate products and capital goods and products with adequate technological components. This calls for the promotion, on behalf of those countries, of preferential tariff treatment, the provision of financial resources, the implementation of joint projects, and other measures aimed at expanding their markets and at the same time increasing their exportable supply; (iii) to keep in view the final objectives of integration even within such flexible machinery as that of the Latin American Integration Association (ALADI), and ensure the convergence of partial actions in that direction; (iv) to link up the integration plans even though they retain their institutional individuality.

85. In order to avoid the duplication or overlapping of efforts of the various secretariats of integration and co-operation bodies of Latin America and the Caribbean, permanent links should be established among them, thus achieving better mutual support and complementarity in the studies and preparation of projects undertaken. In this connexion, the role of SELA both in intra-regional co-operation and in the co-ordination of Latin American foreign policies should be strengthened.

## 2. International trade

### (a) General aspects

86. All necessary efforts should be made substantially to expand intra-regional trade between countries or groups of countries belonging to the various subregional integration processes in Latin America and the Caribbean as well as with countries of the region not members of such processes. In this context, the elimination of the non-tariff barriers in Latin America and the Caribbean should be envisaged. These activities will be undertaken chiefly through SELA.

87. In order to achieve greater flexibility and fluidity in intra-regional trade efficient information systems should be set up concerning tariff and non-tariff barriers and co-operation should be stepped up in the field of transport, insurance, packing and packaging, promotion and distribution.

88. The promotion of co-operation among State foreign-trade bodies should be increased.

89. A continuing review should be undertaken of the problems affecting intra-regional and extraregional trade, of which the efforts made in SELA are an example.

90. The needs in the field of joint marketing, whether for export or for import, should be evaluated. To this end, projects should be promoted aimed at setting up multinational marketing enterprises which take advantage of the joint purchasing and sales capacity of the region.

91. All necessary support should be given to the existing multinational marketing enterprises (MULTIFER and COMUNBANA) and the constitution of other multinationals in the future, should be fostered.

(b) Commodities

92. Latin American and Caribbean countries should organize themselves better and make the most of the experience built up and the technology developed within Latin America and the Caribbean, in the context of producers' associations the decision-making machinery of which could consider, inter alia, the following activities:

(i) exchange of information and experience on production, markets, marketing, export policies, processing, distribution, transport and technology;

(ii) establishment of a shared development system as regards new uses, prices, costs and other elements of an economic nature. In the fields of marketing, it is of particular importance that representations or a suitable mechanism should be established in the commodity stock markets so that the associations will have timely information on prices and markets and in turn transmit them periodically to member countries, and also be in a position to contradict any distorted information on world commodity markets which it might be attempted to disseminate;

(iii) circulation among members of information on innovations as regards productivity, production, and improvements in quality and standards;

(iv) adoption of direct measures in different fields such as the creation of research and development centres and mixed investments to form production, marketing, processing and storage enterprises;

/(v) review

(v) review and adoption of machinery for the creation of national reserves co-ordinated within the region for price stabilization, export quotas and other measures for price protection;

(vi) constitution of permanent forums for the different commodities so that consultations can be made and strategies prepared for other forums;

(vii) holding of seminars to facilitate the harmonious and vigorous development of production and to encourage marketing in member countries in order to assist in the adoption of common positions in the negotiations held in international meetings on a commodity.

93. So as to boost marketing and distribution activities and neutralize the restrictive practices of the transnational corporations, the countries of the region should adopt machinery in conjunction, including the setting-up of multinational marketing enterprises. Measures should also be adopted to ensure the financing of national reserves in those Latin American countries which produce the region's different commodities so that the producer countries with the lowest earnings in the region are not forced to sell their products on the international markets at the most inopportune moments. In this regard, studies must be undertaken to set up financial funds for each of the commodities which will enable this objective to be achieved, and permit a possible intervention in the market, were this necessary.

(c) Export promotion

94. Co-operation among governments and enterprises may help to improve promotion instruments, combine exportable supplies, undertake advertising campaigns, create producers' associations for exportable goods and multinational external marketing enterprises, and in general carry out collective activities which make it easier to compete in a protectionist and increasingly competitive international market.

95. In order to achieve the global targets for Latin American exports, it is essential to step up the growth rate of intra-regional exports. To this end, support should be given to the creation of bodies specializing in export promotion and in export insurance credit. The example of sectoral exporters' associations and joint marketing enterprises for final goods and inputs suggests lines for future action in these forms of regional co-operation.

96. Co-operation among national bodies for the fostering of external trade should also be encouraged.

(d) Promotion of tourism

97. It is considered that owing to the importance which the services sector has acquired in the countries of Latin America and the Caribbean, it is a matter of top priority to strengthen regional co-operation as regards the intra-regional promotion of tourism. Efforts aimed at the promotion of tourism from outside the region should also be encouraged. These efforts may result in substantial support to the region's balance of payments and the creation of jobs.

3. Joint use of natural resources and compensation of regional imbalances

98. Action should be fostered or continued to achieve: (i) collective self-reliance in the regional supply of important items such as basic foods and raw materials; (ii) environmental conservation and the rational use of resources, particularly non-renewable resources; (iii) better returns from exports of basic commodities, by increasing their value added and by greater participation of the countries concerned in the distribution and marketing stages and in the international negotiations aimed at securing proper prices for those products; (iv) co-operation formulas which - like producers' associations or marketing companies - help to ensure the regional supply of commodities and improve the marketing of exports.

99. So as to cope with the large-scale investments needed, it is essential to improve co-operation in the field of physical infrastructure, particularly as regards communications and roads. It would also be necessary to facilitate passenger and goods traffic and bring about for this purpose the interconnexion of different means of transport. Greater collaboration must be promoted in areas which are not internationally competitive, such as metropolitan railways, drinking water, irrigation and urban sanitation, while seeking to eliminate administrative and organizational obstacles.

100. 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

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incorporate the interior of the continent into economic activity. In addition, consideration must be given to the use of different modes of transport and combinations of them, and the necessary technological advances must be introduced. 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.

101. In the case of water resources, co-operation has taken place in various activities, particularly in the electricity sector. Binational projects aimed at taking advantage of hydroelectricity have increased considerably, particularly noteworthy examples being the schemes at Salto Grande, Itaipú, Yaciretá, Laguna Merín and Corpus.

102. Co-operation in the mining sector should be promoted, particularly in the integration of the mining, metallurgy and engineering stages and the production of capital goods and intermediate inputs. Priority should be given to Latin American multinational agreements or projects of an integral nature.

#### 4. Energy

103. Co-operation should be fostered - particularly horizontal co-operation - in the use of non-conventional energy sources; the processing and channelling of data on energy sources, and particularly those concerning petroleum and petroleum products; and in all aspects of manpower training, business management, etc., relating to energy economics and technology.

104. The problems of the balance of payments and of access to a stable energy supply faced by energy-deficit countries should be tackled in a framework of regional co-operation. Long-term energy development programmes should be undertaken aimed at making progress in the development of local energy sources.<sup>3/</sup>

105. The decisions adopted by the Energy Ministers of the region at the Extraordinary Meeting of Ministers of OLADE (Lima, Peru, 6 and 7 March 1981) should also be taken into account, in particular the decision requesting

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<sup>3/</sup> See the Declaration of the Extraordinary Meeting of Ministers of OLADE, San José, Costa Rica, 6 to 8 July 1979.

the Permanent Secretariat of that organization to present to the Twelfth Meeting of Ministers the draft Latin American Programme of Energy Co-operation, including specific aspects, financial machinery and other means required for its implementation (Decision REM/D/077).

#### 5. Industry

106. The countries of the region should adopt measures to:

- (i) Strengthen and intensify the promotion of basic industry, agroindustry and small- and medium-sized enterprises;
- (ii) Establish an industrial development strategy in the region in order to take advantage of comparative advantages and reach industrial development agreements based on intra-industrial and interindustrial specialization;
- (iii) Establish long-term policies based on possible industrial sectoral agreements between the region and the international community for the restructuring of production capacity in the light of the economic development objectives and priorities of the developing countries;
- (iv) Accelerate the import substitution process in a rational and selective fashion;
- (v) Hold consultations in the region by industrial branches, within the framework of SELA and the United Nations Industrial Development Organization (UNIDO), to identify joint action to be taken at the meetings of the UNIDO system of consultations, and in order to bring about integral processes of restructuring world industry, including the adoption of effective policies for structural adjustment on the part of the developed countries;
- (vi) Improve the industrial development plans and strategies of the Latin American and Caribbean countries to secure proper rationalization of the use and exploitation of natural resources in the light of regional demand;
- (vii) Expand scientific and technological capacity in industrial branches of key importance for the economic development of the region, strengthening its role in the selection, acquisition, assimilation and innovation stages;

/(viii) Improve

(viii) Improve national legislation for the regulation of the transfer of technology, foreign investment and the activities of the transnational corporations, to ensure that such corporations are accepted only when they suit the host country's interests and that their activities are adapted to the policies, laws, programmes, targets and objectives of the latter. In this connexion, regional machinery should be set up for the exchange of information on the forms of operation of the transnational corporations;

(ix) Set up and expand regional multinational enterprises and industrial complementarity projects;

(x) Identify, promote and implement joint projects to increase the exportable supply of manufactures and semi-manufactures.

107. Co-operation may take place in broad sectors, in more specific branches, or through arrangements between individual enterprises of different countries. The main areas could be the joint programming or complementarity of manufacturing activities which involve large-scale investments and are capital-intensive and where domestic markets are small or unstable, as in the case of petrochemicals, aluminium, shipbuilding or steel-making. The production of capital goods is a special case, as their manufacture encourages steady progress in technology and engineering and provides the countries involved with the capacity to choose between production alternatives. The region as a whole could aspire to achieve a high level in its scientific organization; groups of countries could co-operate in certain branches of technical specialization, supported by an integrated production system. Big projects in the basic sectors, which generate a large part of the demand for capital goods, open up opportunities for fruitful complementary action among enterprises of the region.

108. It is necessary to identify the general features of industrial redeployment in order to ensure that it is in keeping with the industrialization and development objectives of the Latin American and Caribbean countries, and that it does not primarily involve polluting or uncompetitive industries or the inadequate use of the region's competitive advantages. In this connexion, the countries of the region might adopt a joint declaration

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within the framework of SELA. In addition, CEGAN should hold the necessary ad hoc meetings on the basis of the study which is under preparation by SELA with the support of CEPAL and of the UNIDO regional representative.

#### 6. Agriculture and food

109. Food dependence and insecurity in the local and international supply of foodstuffs is a serious obstacle with grave political, economic and social repercussions. Through international co-operation, there must be a significant increase in efforts to develop and make full use of the region's capacity to produce, process and distribute basic foodstuffs, fertilizers, agricultural equipment and chemicals for agricultural use. The region should pursue the target of checking the rapid rise in the number of people suffering from hunger and malnutrition and recover its position as a net exporter of agricultural products as rapidly as possible. The solution of food problems is a key element in economic policy for solving problems of global development, unemployment, underemployment, inflation and external bottlenecks.

110. There is much room for action in the spheres of agricultural technology, external trade, regional self-sufficiency and agroindustrial development. Complementarity in production in accordance with climatic features or types of land available (intensive or extensive forms of cultivation) should give rise to long-term agreements among groups of countries.

111. As regards the export of agricultural commodities, regional co-operation should be strengthened in the greatest possible number of products. COMUNBANA is an important example of such co-operation, which could be extended to other products. Fishing is another activity where co-operation activities are essential to protect natural resources, encourage their rational exploitation and promote the joint use of natural resources shared by two or more countries.

112. It is necessary to take full advantage of the experience and capabilities of the international bodies and agencies connected with all aspects of the food and nutrition problems of the region. In particular, various activities begun by SELA should be implemented,

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including the creation of regional machinery for information as to surpluses, shortfalls and prices; conclusion of medium- and long-term marketing agreements between countries or groups of countries; creation of multinational marketing enterprises; establishment of common or co-ordinated storage systems on a regional or subregional basis; agreements between agricultural research agencies and institutions for the execution of joint projects; promotion and creation of enterprises providing technological services, especially to collaborate with the less developed countries; and establishment of a regional agricultural insurance system. These and other projects could be implemented flexibly and efficiently by co-ordination between CEPAL and SELA in the areas of their competence.

113. National efforts as regards agricultural development should be supplemented by continuing adjustment of the international bodies and agencies to the needs of the countries of the region. The necessary efforts should also be made to ensure interagency articulation and co-ordination.

114. The countries of Latin America and the Caribbean and CEPAL should provide the necessary support for the implementation of the recommendations of the fifth Meeting of Ministers of the CDCC member Countries.

115. Measures will have to be taken to give priority to the intra-regional trade in agricultural products, and the necessary efforts should be made to take advantage of the region's joint purchasing and selling capacity in foodstuffs, with the creation of suitable regional marketing machinery. Links between national marketing bodies, as well as between groups of exporters and importers of the region, should also be promoted.

116. Efforts to promote world food security should be intensified: an essential element of that security is greater food production in the region. The countries which have accepted the relevant international commitments will co-operate in the stockpiling of foodstuffs as a prerequisite for increasing food security. Intra-regional co-operation should be directed, inter alia, towards improving the trade and industrial infrastructure, including transport networks, storage facilities and market information, and towards providing a suitable response to food

/security needs.

security needs. To these ends, a regional programme of self-reliance in food supplies and nutritional development should be drawn up and implemented, including the creation of a Latin American agrarian reform and rural development centre.<sup>4/</sup>

117. Intra-regional co-operation in food and agriculture calls for the strategic implementation of an integrated regional food security system, underpinned by detailed technical studies dealing in the required detail with all aspects concerning, for example, financial resources, institutional capability and complementarity among countries.

#### 7. Science and technology

118. Among the areas where major results could be achieved in regional co-operation are:

(i) The selection and importing of technology. The region will continue incorporating technology - particularly that from the industrialized countries - at a growing pace, and this means that measures must be taken to safeguard the interests of the purchaser countries. In this connexion, it is important to try to harmonize the treatment given by the region to foreign technology from third countries, and to strengthen the support services of the Latin American Technological Data Network (RITLA), the recently-created Andean Technological Information System and the Andean technological development projects, and the Technological Information Exchange System (TIES), sponsored by UNIDO. It would also be desirable to explore the possibility of gaining access to the technology of medium-sized and small enterprises of the developed countries, which may be more appropriate for the region than the technology offered by the large transnational corporations;

(ii) The reinforcement and strengthening of indigenous technological capacities and solutions. The scientific and technological infrastructure existing in the region could develop co-operative efforts in certain fields, such as the use and conservation of natural resources, the design of industrial processes for use in the food, health or housing sectors,

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<sup>4/</sup> See the Agreements of the Sixteenth FAO Regional Conference for Latin America (Havana, 26 August-6 September 1980).

the design of appropriate techniques for agricultural, stock-breeding, forestry and fishery development, techniques in the field of energy, communications, transport, and other action of joint interest. As regards food, it will be indispensable to concentrate activities on laying the bases for creating the region's own food technology, achieving an adequate transfer of agricultural and fisheries technology, and increasing the capacity of absorption of this technology, including the implementation of adequate organizational techniques;

(iii) Training of the human resources required for scientific and technological development, and the design of joint policies to make use of skilled human resources and prevent the brain drain; educational policies in the region should be co-ordinated with a view to achieving some degree of specialization in investment on education and the training of skilled personnel;

(iv) Obtaining the support of international and regional financial agencies for co-operation projects in the field of scientific and technological development which meet the specific needs of the countries of the region;

(v) The harmonization of a technical standardization policy, which is important for national industrial development and export policies.

119. The action programme on regional scientific and technological co-operation should be oriented systematically and permanently towards the elimination of monopolistic or oligopolistic exploitation in the regional trade in technology.

120. It is recommended that public sector machinery should be set up or improved to contribute to research, selection and distribution of technology so as to make it possible to encompass the aims of strengthening national technological development capacity and selecting in world markets the technology needed for Latin American development; preferential agreements should be concluded for the development of technology and its transfer between Latin America and other developing regions; subregional and regional centres should be set up in Latin America for the development and transfer of technology which could serve as links with the national

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centre of other developing countries or existing centres of this kind should be strengthened; and subregional, regional or interregional centres in Latin America for the development and transfer of technology in specific key sectors should be set up or strengthened.

121. It is also considered necessary to establish:

(i) A regional convention including preferences for the transfer of technology developed in Latin America and the Caribbean;

(ii) Machinery for the exchange of experience and information on education and training systems and programmes;

(iii) Joint programmes and centres for training and study plans;

(iv) Programmes to promote the exchange of skilled manpower, as necessary, between the Latin American and Caribbean countries;

(v) Programmes to improve national legislation in the Latin American countries in order to ensure that abuses are not committed as regards patents and patented imports and that the transfer, absorption, adaptation and creation of the technology needed for the economic development of the countries of the region are facilitated. RITLA is carrying out specific studies in this connexion.

#### 8. Immediate Action Programme on Monetary and Financial Matters

122. The manifest need to attain financial and payments co-operation in the region, in order to expedite development, co-operation and integration, is the main objective pursued in this equally top priority area, as was made clear at the First Meeting of Latin American Ministers of Finance and Presidents of Central Banks, held in Lima in April 1980. This would make possible a timely and adequate regional response to the world economic, financial and monetary crisis, the reduction of external vulnerability, and the strengthening of regional economic security, on the basis of a system of co-operative self-defence which rejects a passive role for Latin America vis-à-vis the consequences of the international economic crisis and permits the mobilization of the region's own potential and resources as the underpinning for concerted regional development on the basis of solidarity.

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123. It would be important to adopt concrete measures on:

- (i) Joint regional activities in financial and monetary matters;
- (ii) Machinery for payments clearance and balance-of-payments support;
- (iii) Financing of intra-regional trade;
- (iv) Medium- and long-term financing for investment projects and programmes;
- (v) Financing of multinational projects;
- (vi) Strengthening of co-operation among Latin American banks;
- (vii) Mutual technical and financial co-operation in the Latin American field.

124. Co-operation between SELA, the Latin American Federation of Banks (FELABAN), the Centre for Latin American Monetary Studies (CEMLA), the Latin American Association of Development Finance Institutions (ALIDE) and the Inter-American Development Bank (IDB) would be important in this regard so that SELA, with the support of these institutions, can submit the studies and progress required to the Second Meeting of Ministers of Finance and Presidents of Central Banks, where the main problems in this area may also be discussed, such as international monetary reform, the Latin American external debt, and the financing of intra-regional trade and investment.

125. The Latin American and Caribbean countries need to formulate an immediate action programme on monetary and financial matters, to be implemented during the 1980s by SELA and other appropriate bodies, in which the solutions proposed are consistent with the economic situation of the region and with the proposals which the developing countries as a group have submitted at the multilateral level with a view to the reform of the world economic system.

(a) Measures relating to the expansion of the financial resources of the region

126. In line with the goals and objectives the region has set itself, there is a need to mobilize intra-regional and extraregional financial resources as soon as possible - the latter to supplement the regional effort. Of fundamental importance in this regard is the adoption of measures aimed at:

/(i) Tripling

(i) Tripling the loan resources in real terms of the IDB and other subregional banks;

(ii) Amending the constituent instruments of these institutions in order to increase the current asset/liability ratio of 1:1 to a new ratio of 2:1;

(iii) Urging the rapid conclusion of the sixth replenishment of IDB resources, and at the same time insisting that this institution should prepare new financial and operational policies;

(iv) As part of IDB's new financial and operational policies, considering increasing the margin of preference in bids in favour of the developing countries from the present 15% to 25%, ensuring that the currencies available in the development finance institutions are what the borrowers really need, and increasing the percentage of local expenditure financed with external resources;

(v) As part of the general increase in financial resources for the region, substantially augmenting those of the IDB Special Operations Fund and of other highly concessional windows in favour of the economically relatively less developed countries;

(vi) Considerably increasing the relative participation of the developing countries of the region in the design of studies and policies and in decision-making within the multilateral financing bodies;

(vii) Introducing more expedite internal machinery - in countries where this may be necessary - to allow the more rapid replenishment of the resources of the financial institutions of the region.

(b) Measures concerning the real transfer of resources in the region  
127. So that the region can deal effectively with the changes and the new prospects of the region in the 1980s, and so that economic growth will be compatible with the objectives and goals proposed for this decade, it should be stated that the real transfer of resources must be based on the principle of "additionality" of financial resources, so that the new policies of support to the region will not adversely affect the funds earmarked for programmes already under way. In this regard, the following specific activities are recommended:

/(i) The

(i) The incorporation in the operational policies of the financial institutions of the region, and especially in the IDB, of the requisite that loans for programmes must account for at least 25% of their total loans as soon as possible. Provision should also be made for these institutions to increase considerably the financial resources to support multinational projects, including those from other co-operation and integration bodies in the region, without this causing any deterioration in the resources channelled to the various individual countries;

(ii) Activation of the role which IDB should take in strengthening the machinery for regional co-operation and integration. In this regard the expansion or establishment of financial facilities should be considered in certain areas where the action of this institution has not yet penetrated or is only limited, such as:

- in the area of high-risk insurance and carriage of merchandise, measures should be taken to secure the reduction of expenditure on this item and ensure its retention in the region;

- the rediscounting of commercial instruments derived from export credit machinery covering regional trade, in order to make it possible to mobilize rapidly the resources which will only be available at their maturity date.

(c) Measures relating to balance-of-payments support

128. The uncertain prospects of the international economy in the 1980s justify the forecast that the developing countries of the region will require financial facilities which will give an adequate and timely response to these challenges. With this in view, the strategy of the Latin American countries should consider the following:

(i) The adoption and rapid implementation of the second stage of the Santo Domingo Agreement on financial assistance, and also the initiation of the preparatory work for possible extension of and improvements to this facility;

(ii) The strengthening of operational linkages among the various subregional financial co-operation schemes with a view to increasing the access of member countries to greater financial resources;

/(iii) The



(iii) The provision of advisory services by the regional and subregional financial institutions, in view of their knowledge of the economic and political situation of the region, at the request of developing countries facing the renegotiation of their external debt, in order to contribute appropriate technical elements which will permit these countries to obtain the best and fairest results in the negotiations with their creditors, within the framework of international economic co-operation;

(iv) Review by the Latin American banks, in particular the internationalized ones, of the possibility of co-ordination, so as to achieve consolidation of their operations and obtain loans on more favourable terms and conditions in the international financial markets, and also provide advisory services to facilitate access to those markets;

(v) The reduction of the credit from official financing sources and the violent fluctuations in interest rates in the international markets seem to indicate that it is increasingly urgent for the countries to opt for measures which will procure them their own financing, by placing their securities on the capital markets of the industrialized countries. Here, too, the establishment of some form of horizontal co-operation is feasible, since some countries of the region have already made successful ventures into this class of operation;

(vi) Strengthening of intra-regional technical assistance in order to establish quantifiable parameters on destabilizing factors, so that the countries of a region can anticipate these disequilibria and take the necessary measures.

#### 9. Technical co-operation

129. With the aim of facilitating the implementation of agreements and the adoption of joint positions by the countries of the region concerning the subjects and action referred to in the Buenos Aires Plan of Action adopted by the United Nations Conference on Technical Co-operation among Developing Countries (30 August-12 September 1978), and in view of the decision adopted by the Fourth Ordinary Meeting of the Latin American Council of SELA on the question of technical co-operation among developing countries (Caraballeda, Venezuela, 22-23 May 1980), it is recommended that

/the appropriate

the appropriate regional bodies, especially SELA and CEPAL, should be strengthened. Arrangements should also be made to implement the resolution on this topic adopted at the Meeting of the Ad Hoc Intergovernmental Group of the Group of 77 (Vienna, Austria, 3-7 June 1980) on economic co-operation among developing countries.

130. The identification or creation of national research and training centres of multinational scope should also be promoted, as laid down at the above-mentioned SELA meeting.

131. Machinery should be identified for combining available capacities in order to ensure that greater use is made of national consultancy and engineering services within and outside the region. In particular, there could be good prospects for increasing the use made of capital goods produced in Latin American and Caribbean countries, as the decision on where to acquire such goods is significantly conditioned by the origin of their design and of the engineering projects. The possibility of co-operation in large-scale energy, transport and communications projects, mining projects, or the establishment of industrial plants may give rise to continuity in the use of specialized know-how and eliminate the abrupt fluctuations affecting the demand for consultancy and engineering services within each country. With regard to forms of co-operation, these might consist in partnerships between engineering enterprises of various countries or the creation of multinational enterprises for the execution of joint projects, or technological complementarity in those sectors where greater experience and know-how has been acquired in a specific sector (mining, forestry, agriculture, fishing, oil prospecting and exploitation, etc.). The countries of the region are also recommended to strengthen the activities of the Preinvestment Information Centre for Latin America and the Caribbean (CIP).

10. Co-operation with countries in special situations

132. The integration systems and multilateral machinery for regional co-operation deal explicitly with this fundamental area of co-operation. One of the priority objectives in this field should be the integration of the English-speaking Caribbean countries into the rest of the region, a project calling for specific co-operation activities which should be identified and undertaken by common accord among the parties.

133. As far as the less developed countries of Latin America and the Caribbean are concerned, concentrated efforts should be made to develop co-operation activities in areas of major interest to them, such as energy, economic planning and administration, access to the sea, markets, development of infrastructure, training of technicians and professionals and acquisition of strategic raw materials.

134. For the relatively less developed Latin American countries, it might also be possible to explore the fields where collaboration with the more developed countries of the region might be useful (landlocked situation, islands, small domestic markets, lack of natural resources or of skilled personnel).

11. Regional co-operation in negotiations with transnational corporations

135. There are various ways of improving the position of the countries of the region when dealing with the transnational corporations, but the most important are:

(i) Information concerning the structure, behaviour and expansion programmes of the main corporations, and their operations in the region and in the rest of the world;

(ii) Co-ordinated action by countries which decide to present common positions and combine their individual negotiating power through instruments such as Decision 24 of the Andean Pact and the binational River Plate Basin projects;

/(iii) Establishment

(iii) Establishment of a co-ordinated Latin American position on the basis of common principles, to ensure that the transnational corporations refrain from continuing to apply restrictive business practices and other negative practices in Latin America and the Caribbean; and

(iv) Determination of the areas and fields where the transnational corporations may make genuine contributions to countries without distorting their production and foreign trade systems and their consumption patterns. The possibility of seeking other sources of technology and other markets should not be excluded (such as the medium-sized and small enterprises of the industrialized countries or enterprises of recently developed countries or of countries with centrally planned economies).

136. At the same time, it is important to prepare guidelines for future negotiations between governments and transnational corporations on direct investments, on the basis of recent experience in this regard both in Latin America and in other regions of the world. High priority should be assigned to more intensive use of the potential bargaining power of the Latin American countries, of which only limited and unco-ordinated use has been made until now.

### C. CO-OPERATION WITH OTHER DEVELOPING AREAS

137. Co-operation among developing countries is exclusively the concern of those countries. In this context, the importance is recognized of the technical and financial support of the international community.

138. During the present decade increasing emphasis must be placed upon co-operation with other developing areas. This co-operation is not only essential in itself but will help to strengthen the unity, cohesion and solidarity of the developing countries and their negotiating power with the developed countries. Co-operation among developing countries is not and cannot be considered to be an alternative to co-operation between developed and developing countries, without which it will be impossible to attain the targets and objectives for the economic and social development of Latin America. Nevertheless, efforts must simultaneously be made to renew and revive the North-South dialogue which is virtually at a standstill on account of the inaction and lack of political will of the developed countries.

139. The fundamental framework for economic co-operation among developing countries is provided by: (i) the decisions adopted at the Conference on Economic Co-operation among Developing Countries (Mexico City, 13 to 22 September 1976), (ii) the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries (30 August to 12 September 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 (Arusha, February 1979); (iv) the Programme of Action on economic co-operation and resolution No. 7 on policy guidelines to strengthen collective self-reliance among developing countries adopted by the Sixth Conference of Heads of State or Government of the Non-Aligned Countries (Havana, September 1979); (v) the First Meeting of Finance Ministers of the Group of 77 (Belgrade, September 1979).

140. In this regard the Latin American countries should broaden and deepen their co-operation with other developing areas, inter alia in the following sectors which were the object of important agreements at the Meeting of the Ad Hoc Intergovernmental Group of the Group of 77 on Economic Co-operation

/among Developing

among Developing countries held in Vienna in June 1980: trade, technical co-operation among developing countries, technology, food, energy, raw materials, finance and industrialization.

141. With regard to trade, the intensification of activities to establish the Generalized System of Trade Preferences among developing countries, the increase in co-operation among State external trade enterprises, and the constitution of multinational marketing enterprises (Arusha Programme for Collective Self-Reliance and Framework for Negotiations), constitute an important starting point for strengthening trade among those countries. The GSTP is global and aims to cover all developing countries. The explicit linking of negotiations on tariff barriers with non-tariff barriers should also be included.

142. With regard to technical co-operation among developing countries, there is great potential for stepping up the exchange of consultancy, engineering and other services among developing countries. There is also great potential for the identification and establishment of national research and training centres of multinational scope - i.e., subregional, regional or interregional - in the developing world. As a rule, the greatest possible application should be made of the agreement reached in Vienna whereby preference should be given as far as possible to the utilization of experts from the developing countries taking into consideration the criteria of efficiency and experience. The Latin American countries, in solidarity with the developing countries of other areas, should strive to ensure that UNDP makes increasing use of the expert services of developing countries in the programmes which it executes. Furthermore, and in accordance with the recommendation of the Ad Hoc Intergovernmental Group of the Group of 77 on Economic Co-operation among Developing Countries, careful consideration should be given to the creation of a Forum of the developing countries for the co-ordination, implementation and evaluation of technical co-operation programmes among those countries.

143. With regard to technology, the Latin American countries attach particular importance to the undertaking made in Vienna for the transfer of technology on favourable terms to other developing countries, and that preferential treatment should be given to the technology of other developing countries. The possibilities open for this type of co-operation should be explored and expanded.

/144. With

144. With regard to food the Latin American countries reaffirm their support for the recommendation that "Food-exporting developing countries should take concrete measures to accord priority, without prejudice to their national interests or to their existing commitments, to food-importing developing countries in securing their food supplies so as to meet their net domestic requirements".<sup>5/</sup> At the same time, they are convinced that food security depends on supply commitments and national and international stockpiling systems but fundamentally on the growth of basic food production and adequate distribution in the developing countries, and in this connexion they consider that systems to stimulate investment should be set up by the surplus developing countries with a view to increasing basic food production in other developing countries. They should also take into consideration the relevant decisions of the World Conference on Agrarian Reform and Rural Development held by FAO (Rome, 12 to 20 July 1979).

145. With regard to energy the countries of the region consider that the efforts made by the oil-exporting countries to raise the value of their product are in keeping with the aspirations of the developing countries as a whole to obtain fair and equitable prices for their primary commodities. They recall the commitment undertaken in Vienna in the sense that "energy-exporting developing countries should take concrete measures to accord priority, without prejudice for their national interests or to their existing commitments, to the other developing countries in securing their energy supplies through direct contracts between the Governments of the exporting and importing countries or their respective agencies at the official prices so as to meet their net domestic requirements".<sup>6/</sup> As a corollary to the recommendation, it would be necessary that the possible cutbacks in oil production by producer countries should not affect the amounts exported for the developing countries. The countries of the region have developed technologies for the use of alternative sources of renewable energy sources and jointly with interested developing countries should establish

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<sup>5/</sup> Report of the Meeting of the Ad-hoc Intergovernmental Group of the Group of 77 on Economic Co-operation among Developing Countries, paragraph 16.

<sup>6/</sup> Ibid., paragraph 22.

the forms of transfer of that technology. The countries in a position to do so might provide finance to facilitate this transfer. Co-operation between Latin American and other developing countries should be increased for the prospection and development of the domestic energy resources of the net importing countries.

146. With regard to raw materials, the countries of the region reaffirm the commitments made in Vienna, inter alia, as concerns the granting of priority, without prejudice to their national interests or to their existing commitments, to the other developing countries so as to meet their net domestic requirements. At the same time, the possibility should be fully explored, as envisaged on the same occasion, of providing assistance, including finance, for the development, exploration and processing of raw materials.

147. With regard to industrialization, besides the specific measures recommended in Vienna, the possibility should be considered of granting the enterprises of developing countries preferential treatment, as far as possible, in the calls for bids by other developing countries for the execution of their projects.

148. In the forthcoming decade, the co-operation between Latin America and Africa should be supported and increased and the corresponding regional economic commissions should devote themselves to this task. To this end, a programme of action representing an appropriate framework for many multilateral and bilateral initiatives should be drawn up and agreed upon. The aspects this programme could envisage should fall into three major categories: execution of studies, periodic publication of information, and creation of forums for a regular dialogue between the two regions.

149. Co-operation with the developing countries of Asia should also be encouraged, for which purpose the action of the corresponding regional economic commissions should likewise be co-ordinated.



#### D. INTERNATIONAL CO-OPERATION

150. The region must carry out vigorous concerted action in line with the basic positions maintained by the group of developing countries particularly with a view to including issues of particular importance to the developing world in the agenda of the global negotiations proposed in the United Nations General Assembly on the entire range of problems affecting them (raw materials, energy, trade and development, money and finance). These proposals must be expressed in the negotiations with the developed countries and in the formulation and implementation of defence mechanisms to check the harmful effects of the present international crisis at the national level.

151. The countries of the region stress that it is highly important that the global negotiations should urgently commence and be conducted in such a way as to secure real and rapid progress towards the New International Economic Order.

152. The dynamism of the external sector must be promoted, on the one hand through an increasingly large and diversified flow of exportable goods and, on the other, through growing access to international markets. The 1980s will call for new efforts to increase access to the resources of international financial institutions and money markets. It will be necessary to procure substantial financial resources on terms which favour the development process.

153. In the conduct of their external relations the Latin American countries will, where appropriate, deploy their best efforts to supporting the implementation of the decisions of the World Conference of the United Nations Decade for Women. In the implementation of the objectives and goals of the New International Development Strategy in the sphere of international co-operation, all aspects of women's problems must be taken fully into account.

##### 1. International trade

154. The Latin American countries express their profound concern for: (i) the serious inconveniences for the developing countries of the region, efficient producers of food and raw materials, of the subsidized sales of developed countries which cause shifts in markets traditionally supplied by developing countries or in new markets; (ii) the consequences which the resurgence of protectionism on the part of the developed countries threatens to have in

the 1980s; this protectionism, which has assumed very different forms that significantly affect Latin American exports, must be vigorously combated.

155. Among the types of concrete action to be carried out in various forums in order to combat the protectionism of the industrialized countries, the following should be considered: (i) similar tariff treatment for the exports of developed countries which apply protectionist policies; (ii) persistent and co-ordinated action to secure fuller and more significant participation in negotiations and international operational mechanisms - especially the United Nations Conference on Trade and Development (UNCTAD) and the General Agreement on Tariffs and Trade (GATT) - for the concerted defense of Latin American interests; (iii) the abandonment of such concepts as gradation, selectivity and access to supplies; (iv) a joint effort to bring about the restructuring of the production systems of the developed countries, with the object of shifting to other countries those activities which are not internationally competitive, instead of applying protectionist measures.

156. In the face of the expansion and strengthening of these mechanisms, the Latin American countries should organize measures to: (i) establish information systems to provide effective indication of what these barriers are, how they are applied, and where, since the tangled web of restrictions emanating from the various sets of regulations must be clearly exposed if it is to be checked; (ii) use all available negotiating power in order to eliminate these measures in the case of products of interest to Latin America; (iii) consider the possibility of active retaliation through the imposition of special restrictions on the exports of protectionist developed countries.

157. The Tokyo Round of negotiations adopted a set of measures which significantly modify the organization of international trade contrary to the interests of the developing countries, by institutionalizing practices which go against their development objectives, including new forms of protectionism. In view of the difficulties which the developing countries will have in acceding to the Tokyo Round agreements, it may be concluded that a large number of them, even if Contracting Parties of GATT, will not be able to participate in the taking of the decisions which will govern international trade and thus directly affect them. It is therefore of the

/greatest importance

greatest importance that the developing countries in general and the Latin American countries in particular should determine the level and form of their participation in the new decisions on world trade.

158. With regard to non-tariff barriers, special attention should be paid to the harmful effects which have been caused by quantitative restrictions, "voluntary" restrictions (including those of the Multifibres Agreement), sanitary licences, regulations and prohibitions, and variable duties and components. In the face of the expansion and strengthening of these mechanisms, the Latin American countries should organize measures to:

(i) establish information systems to provide effective indication of what these barriers are, how they are applied, and where, since the tangled web of restrictions emanating from the various sets of regulations must be clearly exposed if it is to be checked; (ii) use all available negotiating power in order to eliminate these measures in the case of products of interest to Latin America; (iii) consider the possibility of active retaliation through the imposition of special restrictions on the exports of protectionist developed countries.

159. 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) protection of the purchasing power of the unit value of the commodity exports of the developing countries; (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-reliance in agricultural and fishery products; (iv) creation of observation and information offices of the producer countries of the region in the commodity exchanges which operate in the developed countries; (v) compliance by the developed countries with the political commitment entered into at UNCTAD IV (resolution 93), with the consequent formalization of new commodity agreements containing measures for the dynamic stabilization of world prices and the promotion of the functioning of the Common Fund; (vi) co-ordinated action by the countries of the region in the context of the existing commodity agreements to ensure that the measures they contain are efficiently applied and that the price scales are in keeping with

/production costs;

production costs; (vii) application of common strategies, agreed upon within SELA and the various Latin American Groups, vis-à-vis protectionist measures affecting regional exports of commodities; (viii) establishment of special machinery to facilitate consultations and exchange of experience among the countries of the region, with a view to modernizing farming and mining methods and thus increasing productivity; (ix) increase of research and development within the region with the object of identifying new commodity uses; (x) adoption by the Latin American countries of appropriate strategies for expanding, diversifying and rationalizing production of and trade in foodstuffs; (xi) establishment, as far as possible, of a joint programme for the marketing and distribution of the commodities produced by the region.

160. With regard to the export of manufactures, it is necessary to promote action aimed at modifying the structure and the operation of the Generalized System of Preferences. It is necessary to insist on the need for modifying its legal nature so as to reduce the factors of uncertainty and instability. It is necessary to strive for: (i) the inclusion in the preferences of many products subject to customs duties, such as processed agricultural products; (ii) elimination of the quota system; (iii) regulation of recourse to safeguard clauses; (iv) harmonization of the systems of preferences of different countries; (v) inclusion of non-tariff restrictions in the system and establishment of the practice of prior consultation whenever it is necessary to limit the system's application, and (vi) completion as soon as possible of the negotiations to establish a code of conduct on non-discriminatory safeguards. The foregoing list is not exhaustive but simply illustrative. In addition to these aspects, it will be necessary to strive for the modification or elimination of the principles of gradation, selectivity and competitive need which are contrary to the very basis of generalized and non-discriminatory preferences.

161. The CEPAL secretariat will continue to carry out studies on the problems affecting intra-regional and extraregional trade. These studies should be submitted to SELA in order to serve as technical support for identifying:

(i) joint action based on the region's manufacturing purchasing power, so as to obtain better access to the markets of the industrialized countries;

/(ii) projects

(ii) projects to expand intra-regional trade between countries or groups of countries belonging to the various subregional integration processes in Latin America and the Caribbean, as well as countries not members of any regional or subregional integration process;

(iii) machinery for better co-ordination, complementarity and co-operation among subregional and regional integration and economic co-operation bodies.

162. These studies should also identify the different possibilities of using the region's purchasing power and the immense natural resources existing in Latin America and the Caribbean which provide the region with considerable bargaining power.

163. To facilitate these tasks, co-operation between the SELA secretariat and the secretariats of the various subregional integration bodies as well as specialized regional bodies should be reinforced. At the same time in the field of trade CEPAL activities should be strengthened and expanded for the detailed identification and analysis of the internal and external obstacles which affect regional exports as well as export possibilities, on the basis of data provided by international organizations, regional and subregional bodies of Latin America and the countries of the region.

164. The CEPAL secretariat will carry out studies reflecting the degree to which the growth rate of the Latin American and Caribbean countries has been affected by the protectionist policies applied by the developed countries and projections of the growth situation in the light of different hypotheses regarding the reduction or elimination of this protectionism.

## 2. External financing and monetary problems

165. The increased investment and imports needed to secure the faster growth compatible with the achievement of the goals and objectives of the IDS call for a considerably larger flow of financial resources in real terms to the developing countries. In this context, the international community should pay urgent attention to the important proposals recently formulated by the Heads of State and Government as regards substantially increasing financial flows in real value, both on concessional and non-concessional terms, towards the developing countries. These resources should

/be provided

be provided on terms and at interest rates which suit the lead times and financial requirements of the investments that must be effected in the developing countries. It should be made clear that the present indebtedness of the Latin American countries is more the result of the difficulties through which the world economy is passing than of the domestic policy problems of those countries.

166. Increasing international financial flows (especially official flows) and adapting their volume, composition, quality, form and distribution to the needs of the developing countries will call for: (i) a big increase in transfers of official resources, especially through public institutions, in order to make available the long-term funds needed to finance the investments required by the development process, the energy transition and self-sufficiency in food; (ii) access to private resources, and especially new bank sources, on better terms and conditions, and (iii) new forms of co-operation among international public and private financing institutions to channel resources from the countries with financial surpluses to the Latin American economies, as far as possible avoiding conditions that might adversely affect the development process.

167. If the countries involved so request, support should be given to the renegotiation of their external debt, with the participation of UNCTAD and of the appropriate regional institutions and on conditions which relate not only to the short-term but also to the medium- and long-terms.

168. The proposal for the establishment within the World Bank of a long-term financing facility for the acquisition of capital goods by the developing countries should be repeated.

169. The continuation is supported of the negotiations underway in UNCTAD for the rapid establishment of an export credit guarantee system.

170. It is repeated that there is a need for: (i) ensuring fairer and more effective participation by the developing countries in the taking of decisions in the institutions of the international monetary system, and (ii) advocating that the multilateral monetary and financial institutions should grant credits without invoking political criteria, while in addition they should not make their balance-of-payments support finance 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.

171. Stress should be laid on the importance of securing a relative increase in the quotas of the developing countries in the International Monetary Fund and a substantial increase in the allocation of Special Drawing Rights. In addition it should be stressed that the allocation of SDRs should be on a permanent and increasing basis, and the characteristics and use of this international asset should be improved.

172. A reduction in the preponderant role of the main reserve currencies and a greater stability in exchange rates will be encouraged.

### 3. Energy

173. The international community will have to make progress in a gradual and appropriate transition towards an economy based on new and renewable sources of energy as part of the rationalization of the use, distribution and consumption of energy products. It should be recalled here that the traditional energy resources will continue to be the energy base for the development of the developing countries.

174. So as to maintain the rational development of the energy resources of the developing countries and meet their energy needs, the global negotiations should concentrate on:

(i) Efficient energy-saving measures, particularly in the developed countries (rationalization of consumption);

(ii) Measures by the international community to satisfy on a priority basis the growing needs of the developing countries with respect to all forms of energy;

(iii) The provision of financial and technical resources and of technology for the development of new and renewable, as well as conventional, sources of energy, in order to increase their availability;

(iv) The exploration and development of autochthonous energy resources in the energy-short developing countries;

(v) The improvement and protection of the purchasing power of the unit value of energy exports by developing countries;

(vi) Greater participation by developing countries in transportation and post-extraction activities in the energy field.

### /4. Agriculture

#### 4. Agriculture and food

175. Without adequate growth of food production and of the investment needed for that purpose, without a proper national food reserve system and without efficient information and warning systems, the countries of the region may periodically face serious problems of food shortages. It should be clearly recognized that these objectives cannot be attained outside a world food security system, and that they will also depend on the conclusion of some international conventions on food products, such as cereals. The following are the main measures which the region should promote in this field:

- (i) a substantial increase in investment for food production, including an adequate flow of resources from international co-operation, and particularly from the International Fund for Agricultural Development;
- (ii) greater efforts devoted to agricultural research and the dissemination of knowledge in that field;
- (iii) the deepening of policies aimed at the modernization of agriculture and at increasing its productivity, with special emphasis on using the potential of the traditional or peasant sector in this respect;
- (iv) adoption of national food reserve policies and programmes to regulate supplies for the domestic market and to ensure exportable supplies in the case of countries with the potential and interest for so doing;
- (v) participation in suitable information and warning systems on food and agriculture for use in making an exact evaluation of foreseeable shortages in case of emergency, with a view to the adoption of corrective measures;
- (vi) concerted action in the international machinery and forums connected with food and agriculture, including the mobilization of the financial resources needed for the sector during this decade, and the struggle to reduce agricultural protectionism in the developed countries and gain access to their markets;
- (vii) strengthening of regional co-operation in the above areas.

#### /5. Transnational



5. Transnational corporations

176. Governments will seek to evaluate the activities of the transnational corporations in the light of short, medium and long-term criteria, in order to ensure that their presence in and impact on the economy of the countries are compatible with their national objectives and development policies, and clearly to define their possible fields of action.

177. The governments of the countries of the region must unify their views and present common positions at the various stages of the process of discussion, approval and application of the code of conduct for transnational corporations. The Latin American countries express their firm determination to achieve the objectives connected with that code, particularly as regards the effective implementation of its provisions.

178. The exchange of information and experience regarding conventions and agreements with transnational corporations and on the supervision of the latter should be made into a regular and permanent process in order to strengthen the bargaining power of every country of the region.

179. The Latin American countries should uphold the view that the transnational corporations should conform to the following principles: (i) they 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 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 net inflow of

/financial resources

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 trade practices.

180. 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. In this connexion, they will reinforce CEPAL's activities so that, in co-ordination with the United Nations Centre on Transnational Corporations, it can collect and disseminate all the information on such corporations on a regular and systematic basis.

#### 6. Technology

181. The governments should make an effort to formulate technology policies which fit in with the main lines of their development policies and are in keeping with the Latin American strategy as regards the procurement of technology outside the region, the transfer of technology within it and autonomous forms of generation of technology.

182. The different technological options should be analysed. The technically more advanced Latin American countries have the possibility of advantageously competing in many fields with the generators of technology in the central countries and of transferring their experiences to countries which are less advanced in this field.

183. Proper institutional organization and the necessary financial support which will transcend the small, scattered and sometimes redundant scale which limits a real development of technology should be fostered. The orientation of these efforts in the light of the special features and needs of the individual countries will make it possible to carry out indigenous technological initiatives and will also promote a critical and selective attitude towards foreign technology.

184. The joint action of the region should be strengthened in the negotiations on the revision of the Paris Convention and on the code of conduct for the transfer of technology. With regard to the latter, special attention should be paid to its legal nature and its scope of application.

#### /7. Restructuring

## 7. Restructuring of world industry

185. 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.

186. For the above purposes, monitoring machinery must be set up to analyse periodically world production and trade in order to identify the sectors which require 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 production factors from these sectors.

187. 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, but also includes products in heavy industry and high technology sectors, in accordance with the guidelines of their industrial policy.

188. Consultations should be held by industrial branches in the region, under the auspices of SELA and UNIDO, to identify joint action prior to the meetings of the UNIDO system of consultations, especially in the industrial sectors of major interest to the region, in order to bring about integral processes of restructuring world industry, including the adoption of effective policies for structural adjustment on the part of the developed countries.

## 8. Transport

189. 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. A problem of continuing importance is the difficulty in obtaining liner rate reductions for countries which have

/undertaken operational

undertaken operational or cost-related port improvements. It is also necessary to study the structure or adaptation of the region's merchant marine policies in order to deal with unilateral decisions of liner conferences and their negative effects on the developing countries.

190. Studies should be made of the legislative and operational effects for Latin America of the introduction of new transport technology, particularly those stemming from the provisions of the multimodal transport convention recently adopted in UNCTAD.

#### 9. Co-operation with developed areas

191. With regard to co-operation between Latin America and developed areas, periodic meetings which will be prepared through SELA should be promoted to overcome the obstacles which at present stand in the way of the intensification of those relations and the achievement of better attention to Latin American interests.

192. In the coming years it will be necessary - after prior unification of the region's positions within the framework of SELA - to activate and strengthen the negotiations carried out by Latin America to solve the current difficulties in its economic relations with the United States, which adversely affect the economic and social development of the countries of the region. Among priority topics must be that of the reduction and elimination of the tariff and non-tariff barriers faced by products that could be exported by Latin America when they attempt to enter the United States market; there is also the question of the action needed to expand the range of products and make the latter country's Generalized System of Preferences more flexible, while at the same time avoiding the introduction of the principle of gradation and selectivity. Efforts must also be made to induce the United States to adhere to measures to reduce fluctuations in commodity prices and in the export income of developing countries. A fundamental need in this respect will be support for the commodity agreements which are being negotiated in UNCTAD within the Integrated Programme for Commodities. Furthermore, the negotiation should be of an integral nature and should therefore deal, inter alia, with such matters as financing and technology as well as trade.

193. Latin America's trade relations with the European Economic Community have been unfavourably affected by, on the one hand, the protectionist nature of the Community's Common Agricultural Policy and the subsidizing of non-competitive products, and, on the other, by the discriminatory policies benefiting developed countries. These circumstances have adversely affected Latin America's exports of commodities and manufactures. Moreover, reference should be made to the contradiction between the sluggishness of trade relations and the growing interest in the Latin American market shown by European industrial enterprises and financial institutions. In view of these considerations, it is clearly desirable that there should be negotiations covering two-way trade, financial flows and agricultural, industrial, technological, transport and marketing problems. There is also the need to promote and negotiate profound changes in the discriminatory policies applied, especially as regards protectionism and the Common Agricultural Policy. In addition, the Community should refrain from subsidizing its agricultural exports - a practice which has led to the ousting of Latin American countries from some traditional markets - and it should stop imposing "voluntary restrictions" on Latin American exports. The Generalized System of Preferences should also be improved.

194. As part of the 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. Product coverage must 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.

195. In view of the importance assumed in recent years by trade and economic co-operation with the Eastern European countries which are members of the Council for Mutual Economic Assistance (CMEA), the special forms of economic relations with countries with different economic and social systems, and the prospects for further expansion and closer collaboration within the framework of these relations, it would appear that: (i) although reciprocal trade between Latin America and the CMEA countries has registered high growth rates it is

/still very

still very far from making proper use of the potential of this type of trade relations; (ii) the imbalance on the trade flows (heavy deficits by the CMEA countries) and the asymmetrical structure of the trade (Latin American exports of primary commodities, as against imports of manufactures from CMEA) constitute two of the main limitations on an increase in this trade, and for the gradual correction of this situation it is necessary to take such measures as better and more intensive trade promotion, long-term supply contracts, co-operation in the markets of third countries, etc.; (iii) as regards financing and systems of payments, there has often been a low level of utilization of lines of credit at the same time as greater flexibility in conditions of payment and an increase in the use of convertible currencies in trade; (iv) the systems of payments should be brought up to date; (v) as regards institutional aspects, the network of trade and economic co-operation agreements established over the last 25 years provides a sufficient basis for maintaining reciprocal economic relations, even though the mechanisms thus established could be improved in the future, and (vi) as regards co-operation in areas other than trade, important areas are clearly those of activities connected with the transfer of technology, the establishment of joint ventures, and tripartite co-operation in third countries.

#### E. INSTITUTIONAL ASPECTS

196. The International Development Strategy for the Third United Nations Development Decade establishes that "at the regional level, the review and appraisal will be conducted by the respective regional commissions"; and that "development banks, regional and subregional groups and organizations could collaborate with the regional commissions for this purpose. Furthermore, the regional commissions should carry out, as part of their regular activity of preparing economic surveys of the region, periodic reviews of major aspects of development in the evolving development experiences in their regions".<sup>7/</sup>

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<sup>7/</sup> See "International Development Strategy for the Third United Nations Development Decade" (A/RES/35/56), 20 January 1981, paragraph 173.

197. CEGAN, which pursuant to resolutions adopted by the Commission should serve as a forum for the discussion of the various aspects of the analysis and appraisal of the International Development Strategy, has been carrying out highly important and effective work in this field; and particularly in the preparation of the present plan of action, from the standpoint of the implementation of the new strategy at the level of the Latin American and Caribbean region.

198. It is considered necessary to strengthen and broaden the activities of CEGAN as the basic body for the analysis and appraisal of the implementation of the new strategy and of this regional plan of action. For this purpose, CEGAN will meet at least once a year.

199. In order to fulfil the provisions of General Assembly resolution 35/56, the CEPAL secretariat shall request information from the co-operation bodies of the region and of the United Nations system for the purpose of appraising the progress of the International Development Strategy, and shall transmit that information to CEGAN. On the basis of those appraisals, CEGAN may suggest to governments and the regional co-operation bodies the steps it considers desirable for optimizing the implementation of the IDS in Latin America.

200. Without prejudice to the various activities connected with the new Strategy CEGAN may discuss other problems which member governments consider pressing, as well as the questions entrusted to it by CEPAL resolution 419 (PLEN.14) in the fields of population, industrialization and science and technology. For this purpose, it will meet as often as necessary.

201. The global negotiations should constitute a fundamental instrument for the implementation of the IDS in the field of international co-operation for the establishment of the New International Economic Order. The CEPAL secretariat should contribute the technical studies and information considered necessary for the co-ordination and definition of the Latin American positions on these negotiations to take place in SELA.





Annex

STATEMENT BY HIS EXCELLENCY THE PRESIDENT OF THE REPUBLIC  
OF ECUADOR, H.E. JAIME ROLDOS AGUILERA

Honourable representatives:

If the importance of meetings lies in the results they achieve, it also lies in the reason for convening them. And the meeting starting today undoubtedly reflects this dual importance, which makes it unusual and promising. That being the case, it is a great honour for Ecuador, land of peace and brotherhood, to provide the setting in which so select a group of Latin Americans is going to discuss the economic and social development of our peoples - ours because of common problems and interests and similar approaches to them.

You have been summoned here to fulfil a great responsibility in that you have not gathered for a social engagement but rather to examine and discuss the living conditions of the countries of Latin America and the Caribbean and to come up with ideas and initiatives to bring about the integral development of our peoples. The task is not easy or superficial nor can it be viewed in terms of clichés which the peoples of our States are tired of. It is a matter of finding a viable and sure approach to a new phase in the International Development Strategy for the Third United Nations Development Decade. While this means building on the legacy of what has or has not been done in the past, it does not justify an attitude of skepticism on the part of many men in our region about the real import of what we can propose and accomplish here.

Thus, your mission is an arduous one because it presents an opportunity for obtaining the results needed if Latin America and the Caribbean are to achieve or maintain decent living conditions in this decade. Yours is not an impersonal task, and therein lies what may be one of the most serious problems when viewed from the perspective of the fact that large sectors of our communities are basically ignorant of your work, which looks to them like an abstraction of that done by groups which compose basically artificial formulas far removed from the real situation of our people. This work is later supplemented by observations concerning the targets which for one reason or another have not been met. In other words, there are many diagnoses but few results. And our people demand results.

If your analysis is to be of the kind indicated above, you must take as your basic hypotheses the actual social and economic situation of our peoples and their own set of historical circumstances, otherwise, if this condition is not met, all the proposals you make will be unfeasible.

The strategy for the economic and social development of Latin America in the 1980s must be viewed within the context of the existing international economic order, which, unamended, constitutes an insurmountable obstacle to the kind of development sought. For this reason, a New International Economic

Order is necessary, on the basis of which we must democratically change the national economic orders of our countries so that we can tackle the problems which are causing us anguish with ideological clarity and resolution. This interdependence of the contemporary world, which shapes our economic systems, makes us insist on the need for a reciprocal structural change.

That the world in which we live is in crisis has been said so often that it seems trivial or merely circumstantial. But this is not so; the constant state of crisis, with its obvious indications, has plagued mankind since the 1970s, and at this point in time we may affirm that we have lacked either the creativity or the determination needed to emerge from the critical stagnation in which our debates are floundering. The economic crisis now devastating mankind and cushioned by a number of peripheral and conjunctural measures is similar to cancer which may be relieved but not cured. If we now begin to look at dates and recall, for example, the year in which the need for a New International Economic Order was first expressed and contemplate the progress made since then, we will see that the theorizing has been widely accepted but that there have been virtually no practical results or positive achievements.

If we analyse the significance of development in Latin America and the Caribbean in the 1970s and make an honest appraisal, as we should do, we see that the results are by no means creditable. The progress made in the two United Nations development decades is the same as that achieved by the other Third World nations.

Ecuador, which is engaged in this effort and is constantly promoting universal co-operation, both horizontal and vertical, in the struggle for a more equitable distribution of the world's income and resources, for justice, increased production and employment, and other social objectives, is compelled to remark that the possibilities of the Third World within the context of the United Nations are affected by the inadequate co-operation of the developed countries. The results of vertical co-operation, to which those countries committed themselves in the second Development Decade, are modest indeed in that the financial resources transferred represent less than 1% of their gross national product. This inadequate co-operation and the problems of the Third World countries have made it difficult to reach the 6% overall growth target, which called for a 3.5% annual increase in the per capita gross domestic product.

If this is so, we must think seriously about the goals established in the United Nations resolution of 5 December 1980, calling for an average annual growth of the gross domestic product of the developing countries as a whole of 7%, which, within the context of a desirable average annual rate of population growth of 2.5%, would result in an annual increase in the per capita gross domestic product of around 4.5%; and, by the same token, in an increase in annual growth rates of exports and imports of goods and services of no less than 7.5% and 8%, respectively. If to this is added the new commitment of the developed countries to furnish the developing countries with official aid in the neighbourhood of 0.7% of their gross national product, or less than the recommended 1%, the outlook is not favourable and

gives rise to questions with dramatic overtones because unquestionably the goals and objectives the developing countries set for themselves depend on the extent to which the developed countries live up to their promises (which are not clearly defined in terms of execution) within the context of the New International Economic Order, in addition to those they did not keep in the previous decade.

In addition to all this, it must be emphasized that the present decade has begun with a sharpening of the international crisis which hit the developed countries during the previous decade. We are still afflicted by the so-called energy crisis, inflationary trends in which the value of currencies and the rates of interest fluctuate wildly, the accelerated recycling of petroleum dollars, the marked increase in foreign trade among the developed countries which has eroded the profits of developing countries; the movement of the transnationals towards the exploitation of natural resources and in high-profit productive sectors, and finally the development of armaments industries as a source of employment and gain, while all the time the internal recession worsens.

The economic and financial manifestations of the crisis in the more highly industrialized countries and the policies adopted to deal with them are undoubtedly having adverse consequences on the developing countries. The anti-inflationary and anti-recession policies of the industrialized countries and the intensification of their trade with each other are giving rise to protectionism which constitutes a real barrier for the other countries at a time when pressure is being put upon them to open their commercial frontiers irrationally and to admit with no restrictions technologies inappropriate for their needs as their markets are flooded with finished products.

At the same time the developing countries are somehow or either being both helped and hindered in their attempts to make headway with their integration projects. As part of this pattern, trade with the industrialized countries remains unequal, and in addition the international economic crisis is now being passed on, with the result that there is further deterioration in the terms of trade. Moreover, the developing countries are being pushed further into debt which increasingly difficult terms as regards payment periods, years of grace and interest rates, and with a proportional decrease in international financial assistance.

If these trends continue, a climate of extreme injustice will result. By about the year 2000, the developed countries will have an average per capita gross domestic product level of about US\$ 7 800, whereas the levels attained by the developing countries will be between US\$ 500 and 600. Today the ratio is 10 to 1; then it will be 15 to 1.

Although it is true that income levels in Latin America are higher than the average for the rest of the Third World, they are still affected by the general trend; moreover, internally, as the CEPAL secretariat notes, this region is noted for its extremely unequitable societies in which: "(i) 44% of total income is in the hands of 10% of the families; (ii) the

40% of families at the lower end of the scale receive only 8%; and (iii) the 50% of the total number of families in the middle of the scale receive the remaining 48% of the income". As the same CEPAL study shows, "the size and extent of poverty may be appreciated from the fact that 40% of the families of the region do not have sufficient income to meet their basic or normal needs. This means that at present some 100 million persons are living in a state of absolute poverty; and unemployment or underemployment affect the equivalent of 28% of the economically active population".

From the analysis of Latin America in the 1970s, we see that some economic development has undoubtedly taken place, but that it has generated serious social antagonism in that it has resulted in regressive income distribution and the formation of strata of absolute poverty, especially in the countryside, resulting in acute unemployment and underemployment. Moreover, the hallmarks of this economic growth are the important role of modern activities in the productive sectors and the concentration of ownership. Foreign capital has played a leading role in this development, basically through the intermediary of the transnational corporations. All this has created a system of small economically and socially privileged minorities and a type of economic development which must be considered in the light of the international markets and the international division of labour and, by the way, is very vulnerable, being subject to international economic crises.

This rough outline of a situation which, for the purposes of this address, is suggested rather than minutely described, should make us see how important it is for us to take up the great challenge of structural change and of the new order which has been proclaimed as being necessary and peremptory. Let me return now to the task of coming up with a strategy for the economic and social development of Latin America in the 1980s and with regional action programmes designed to instrument and implement the new international strategy - a solemn undertaking of historic scope. We, the men of Latin America and the Caribbean, should bear this very much in mind so as not to lose our way in the labyrinth of theoretical disquisition which can only lead us into a new web of frustrations. Whatever our ideological leanings may be, if we are not clear as to basic and common principles, we shall not reach the proposed goals. I am sure we are agreed on such axioms as not wishing our peoples to remain in a state of underdevelopment or our countries in a state of dependence, and that we are all agreed that the men of our countries love freedom and democracy and feel themselves to be brothers, so that no barriers of hatred can be erected between them. I am sure that this region is not a backyard much less the backyard of any other country; that we wish to be on friendly terms with all countries and be absolutely independent in maintaining our own principles and criteria, and that all States are equal before the law. We are aware that the development process should promote human dignity, achieve the elimination of poverty and dependence on the basis of freedom, justice, equality and the common good and that, in the words of the United Nations General Assembly resolution in which the Development Strategy for the Third Decade was adopted, we all desire "full respect for the independence, sovereignty and territorial integrity of every country, abstention from the

threat or use of force against any State, non-interference in the internal affairs of other States and the settlement by peaceful means of disputes among States, believing this to be of the utmost importance for the success of the International Development Strategy".

War is folly for all peoples, but even more so for peoples such as we: it is a crime to spend on arms what should be invested in combating hunger, malnutrition, disease, illiteracy and all other expressions of social marginality.

Honourable Representatives: May wisdom and social consciousness prevail in your difficult task as I am sure they will do, for this is a region which is still mighty in natural wealth and where people live in democratic tolerance and innate goodness. Those people expect you, as, all those exercising the option of government, to act with creativity and vigour in finding effective solution to their problems. May Latin America and the Caribbean not be divided by internal disputes, which must be settled in peace and justice, so that we can be of one heart and one mind.

Welcome to this Amazonian and Andean country, a country of mixed origins which is the motherland of so many Latin Americans, forged in the eternal ideals of Bolívar.