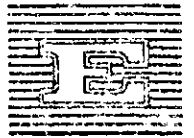


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PROGRESS REPORT ON THE CENTRAL AMERICAN  
ECONOMIC INTEGRATION PROGRAMME

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PROGRESS REPORT ON THE CENTRAL AMERICAN  
ECONOMIC INTEGRATION PROGRAMME

1. During the period between the sixth and present sessions of the Commission the activities of the Central American Economic Co-operation Committee gathered momentum and became increasingly diversified.

Meetings

2. In 1956, the Committee held its third regular session at Managua, Nicaragua, and meetings were held subsequently by the Ad Hoc Committee established to prepare the draft multilateral free trade treaty (Mexico, March 1956); by the Statistical Co-ordination Sub-Committee (San José, Costa Rica, May 1956); by the group of experts dealing with the agreement on Central American integration industries (Managua, June 1956); and by the Central American Industrial Initiatives Commission (Guatemala, July 1956). In 1957, the following meetings were convened: fourth session of the Committee (Guatemala, February); meeting of Central American road traffic authorities (Tegucigalpa, February); and the third session of the Statistical Co-ordination Sub-Committee (Guatemala, March). The Central American Trade Sub-Committee had to defer the meetings scheduled for 1956 and, in addition, the second session of the Central American Industrial Initiatives Commission and the meeting of Central American officials on electrification were postponed.

3. In January 1956 the Central American Research Institute for Industry began its activities. The Board of Directors held meetings in January, August and November. The Advanced School of Public Administration continued its work in accordance with the programmes approved by the Board of Directors in January and December 1956.

Present status of the programme

4. In its annual report to the Commission (E/CN.12/CCE/103), appended as an annex to the present document, the Central American Economic Co-operation Committee describes its recent activities and the results of its fourth session. In this connexion the secretariat considers it useful to present to the Commission a brief outline of the course so far

/followed by

followed by the Central American economic integration programme. <sup>1/</sup>

5. At its fourth session, held in Mexico in 1951, the Commission adopted resolution 9(IV) establishing the Committee which held its first session at Tegucigalpa, Honduras, in August 1952, after a preparatory period during which the secretariat studied the conditions, requirements and practical possibilities of the Central American economic integration programme. The Committee consists of the Ministers of Economy of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. In accordance with a Committee resolution Panama attends as an observer. The Committee subsequently met at San José, Costa Rica (1953); San Salvador (extraordinary session, 1955); Managua (1956); and Guatemala (1957). It established two sub-committees, one on Central American trade and the other on statistical co-ordination, each of which held three meetings in different Central American capitals, and various specialized commissions and working groups. It also sponsored technical conferences and seminars on different problems and aspects of the programme. On the Committee's initiative, two Central American institutions with juridical personality were set up: the Advanced School of Public Administration for Central America (1954), at San José, Costa Rica, and the Central American Research Institute for Industry (1956), in Guatemala. Both operate on apportionments from Governments and the United Nations Technical Assistance Programme.

6. The basic purposes of the Central American economic integration programme, and therefore of the Committee, are to promote the greatest possible volume of trade and to foster co-operation among the Central American republics in order to further the integrated economic development of Central America on a rational basis. For historical reasons and because of the limitations of the national market of each country, the possibility of creating a broader market area and, in time, a customs union, has been regarded for some time as an essential part of the economic development policy of the five countries. Since 1952 it has been the Committee's function to express these aspirations in practical terms and to put them gradually into effect.

1/ See also Central American economic integration: development and prospects (E/CN.12/422), United Nations Publication, Sales N° 1956-II.G.4, November 1956. (English version available in mimeographed form only.)

7. The Central American Governments decided, in the Economic Co-operation Committee at the outset of the Committee's work, to request the technical assistance of the United Nations through the Technical Assistance Administration, FAO, the ILO and UNESCO, in order to carry out the basic studies and to implement certain aspects of the programme in close co-ordination and co-operation with the secretariat of ECLA. The apportionment assigned to the programme under the head of technical assistance rose from 90,000 dollars in 1952/53 to an annual amount of 300,000 dollars in the period 1955-57. This assistance took the form of the services of experts, the supply of equipment and the granting of fellowships. Technical assistance is co-ordinated by a Regional Representative of the United Nations Technical Assistance Board who is advised by a working group consisting of representatives of the ECLA secretariat and of the above-mentioned organizations participating in the programme.

8. The development programme undertaken by the Committee may be considered to consist of two main stages: an initial stage of planning the work and initiating basic studies, lasting from 1952 to 1955; and a second stage, linked to the first, characterized by the implementation at the Government level of specific Committee recommendations and the execution of certain practical projects. At the second stage, the initial steps were taken to enlist the co-operation of private industry in Central America. In addition, the economic integration policy is taking shape as an essential and integral part of national economic development policies and programmes:

9. In this connexion the Committee's fourth regular session, held in Guatemala in February 1957, constituted a definite step towards the long-term formulation of this policy. After three years' study and discussion of the problems implicit in the establishment of a free trade zone in Central America, the Ministers of Economy constituting the Committee approved the text of a draft multilateral treaty on free trade and economic integration in Central America and recommended to their respective Governments that the agreement should be examined and promptly signed after a period during which they would be free to present observations on the list of

/commodities and,

commodities and, if necessary, to add to it.<sup>2/</sup> The treaty provides for the progressive establishment, within a ten-year period, of a free trade zone and, in time, a customs union. It will cover specific commodities listed in an annex to which additions can be made periodically through supplementary agreements. The contracting parties will undertake to equalize their customs tariffs in respect of the commodities covered by the treaty,<sup>3/</sup> and machinery is established for continuous and joint action with a view to implementing and improving the treaty. The treaty is compatible with the Central American countries' obligations towards other countries and implies no discrimination against non-signatory countries; in essence its purpose is to remove the obstacles which at present impede the optimum utilization of the productive capacity of the Central American countries and to create conditions under which it will be possible to consider the establishment, on a sounder basis, of new industrial plants in Central America as part of a process of economic development involving the more efficient utilization of Central America's resources.

10. The Committee devoted close attention to this last aspect, as a result of which a recommendation was addressed to Governments to the effect that a general agreement should be signed on the co-ordinated development of certain industries which might require a common Central American market in order to operate on a sound economic basis. This agreement, called the Agreement on Central American Integration Industries,<sup>4/</sup> does not specify

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2/ See resolution 37(CCE) and the text (Spanish only) of the Multilateral Free Trade and Economic Integration Treaty, appended to the annual report of the Central American Economic Co-operation Committee (E/CN.12/CCE/103), which is included as an annex to the present report.

3/ The Central American Trade Sub-Committee was requested to do this work and progress has been made with the necessary preparations.

4/ See resolution 38(CCE) and the text (Spanish only) of the Agreement annexed to the Committee's annual report, op. cit.

the industries to which it is to apply nor does it in any way restrict the industrial development of any of the five Central American countries. Its primary purpose is to ensure that, for the industrial branches which are to be individually approved by Governments and which must fall within the general definition of industries whose establishment, extension or specialization plans necessitate a wider market than that provided by a single country, it is possible to determine the conditions and requirements as to the number, capacity and site of the plant or plants, trade system applicable to their products, tax and customs exemptions, capital formation and general conditions of competition. The agreement is based on the fact that, in order to stimulate investment in certain branches of industry, which may become quite numerous, the greatest possible number of tax and market facilities must be provided in Central America for the capital and products of the industry in question, but with certain provisos (to be specified in each case) : for example, the Governments must accept, for a reasonable period, decisions as to the site of the plants and agree to situate them fairly from the point of view of the over-all programme and the geographical area of Central America, and the undertakings must accept certain obligations in regard to the use made of their privileges and to the maintenance of effective competition on the market.

11. The industrial activities to which the Committee has devoted its attention are very varied. Among the more outstanding ones is the project to set up a paper and pulp factory in Central America. Since 1953 the experts assigned by FAO have mapped out, in successive stages, the Central American forest area which they consider to be most suitable for the development of an industry consistent with the consumption requirements and export possibilities of Central America, and studies are under way on the type and size of industrial plant and the system of forest utilization. Recently the Committee approved the selection of the forest area of Olancho, Honduras, the initiation of the work on the factory and other related aspects. <sup>5/</sup>

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<sup>5/</sup> See resolution 39(CCE).

12. General studies were also undertaken on the textile industry, the processing and transforming of livestock products (with particular reference to Central American trade in these commodities) and the fishing industry, and a preliminary examination was made of the possibilities of developing or establishing, within the Central American integration scheme, industries in the following branches: tyres and inner tubes, paints and varnishes, insecticides, fertilizers, glass and tin containers, petroleum refining, etc. The Central American Research Institute for Industry is now collaborating in all these activities. The Central American Industrial Initiatives Commission, in which representatives of private enterprise of the five countries as well as governmental representatives participate, is also considering methods of advancing and encouraging the technical studies and governmental action necessary to promote some of these industries and others which have been proposed.

13. Besides considering the trade and industrial policy of the programme, the Committee has endeavoured to determine the problems connected with the infrastructure of Central American economic development and to find solutions through the co-operation of the five countries. In particular, the aspects of electrification and overland and maritime transport were analysed. So far as electric power is concerned, efforts are being made to ascertain the future requirements of each country and to promote the adoption of adequate electrification programmes, drawing wherever possible on Central America's own experience. In regard to maritime transport, work is now under way on the drafting of standard maritime and port legislation, port administration and the improvement of ports from the point of view of Central America's over-all transport requirements. Preliminary consideration has been given to the possibility of establishing a Central American merchant marine. In view of the progress made with the Inter-American Highway and other roads in Central America, increasing attention is being paid to the co-ordination of road plans, including specifications and intersections, and to the international regulation of traffic. In November 1956, the Governments signed an agreement on the

/temporary importation



temporary importation of road vehicles <sup>6/</sup> recommended by the Committee which also approved another multilateral agreement on the adoption of standard road signs and signals. <sup>7/</sup>

14. In addition, the Committee promoted studies on the problems of financing development, agricultural development, weights and measures, customs regulations, statistical co-ordination and public administration. The achievements in these fields are described in the documents already quoted in this report and in the report of the third session of the Statistical Co-ordination Sub-Committee. <sup>8/</sup> Perhaps the study on tax problems deserves special attention, since it is the first attempt to make a comparative study of the five tax systems as they relate to economic development. <sup>9/</sup>

#### Co-operation as the basis of the programme

15. The salient feature of the Central American economic integration programme is that it promotes full and general co-operation in all fields among the Governments of the five countries, among the sectors of private enterprise and between the Central American countries and the United Nations. The very idea of the programme is a global one, since it envisages the economic development of Central America as a whole. Use is made of resources in very different fields of activity. The function of the United Nations and of the other international agencies which give advice and assistance in connexion with the programme is to provide data and information which the Economic Co-operation Committee can use to formulate

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6/ See document E/CN.12/CCE/84.

7/ Resolution 42(CCE) and Manual of Road Signs and Signals, annex (see the annual report of the Committee (E/CN.12/CCE/103) op.cit.).

8/ Document E/CN.12/CCE/104.

9/ See La política tributaria y el desarrollo económico en Centroamérica (E/CN.12/CCE/66), September 1956.

recommendations to the Central American Governments on the policy to be followed and to request further work from the participating organizations and the secretariat. In the execution of these activities, a harmony of ideas and close technical co-operation have developed which are responsible for the continuity and results of the Committee's work.

/Annex

Annex

REPORT OF THE CENTRAL AMERICAN ECONOMIC  
CO-OPERATION COMMITTEE

(30 January 1956 to 24 February 1957)

E/CN.12/COE/103

24 . February 1957

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## FOREWORD

### SCOPE OF THE REPORT

This report covers the period between the third session of the Committee, held at Managua, Nicaragua, in January 1956, and 24 February 1957, the closing date of the fourth session. It is divided into three parts: part one outlines the activities of the Committee and of the secretariat during the period between the two sessions; part two describes the technical assistance provided in connexion with the Central American economic integration programme by the United Nations and its specialized agencies; and part three summarizes the proceedings and the conclusions of the present session, held at Guatemala City from 18 to 24 February 1957. The annex contains the nineteen resolutions adopted at the session.

The Rapporteur of the fourth session, Mr. Alfonso Rochac, Minister of Economy of El Salvador, presented this report to the Committee at its last meeting, held on 24 February 1957, at which it was adopted unanimously.



Part One

ACCOUNT OF ACTIVITIES BETWEEN THE THIRD AND  
FOURTH SESSIONS

A. Introduction

During the period between the third and fourth sessions, the activities of the economic integration programme gathered momentum as compared with previous periods. In addition to the work carried out by the secretariat and the United Nations technical assistance agencies, various meetings of Central American officials at the technical level were held to discuss specific problems, and Central American private enterprise started to participate in the industrial aspects of the programme.

B. General status of the Central American integration programme

In accordance with the instructions of the Central American Economic Co-operation Committee contained in resolution 27(CCE), the secretariat prepared a report on the general status of the Central American economic integration programme (E/CN.12/CCE/71). This report, besides bringing to the attention of the Committee the basic points of the programme that would probably be the subject of special consideration at the fourth session, suggested some new aspects of possible interest for the programme. The report emphasized particularly the basic projects prepared by working groups appointed by the Ministers of Economy: the draft Central American multilateral free trade and economic integration treaty and the draft agreement on Central American integration industries. In the same document, the secretariat reported to the Committee on the status of the studies undertaken during the past two years with a view to the establishment of a pulp and paper plant in Honduras. The secretariat laid stress on the importance of this project, which originated in the Committee's discussions when the integration programme was initiated in 1952. The report also gave an account of the status of other projects carried out in 1956 inter alia in the fields of transport, energy, industrial

/development, equalization

development, equalization of customs tariffs, financing of development and statistics.

In addition, the secretariat submitted some suggestions regarding the possibilities of integrating and co-ordinating the development of the Central American agricultural economy, in order to facilitate consideration by the Committee of new fields of activity related to Central American economic development and of interest from the point of view of integration. It also presented a preliminary outline of the economic, financial and social aspects of housing problems in Central America, with a view to a possible regional approach by the five countries to a solution of these problems.

In pursuance of resolution 27 (CCE) the secretariat issued a printed edition of document E/CN.12/422, entitled "La integración económica de Centroamérica: su evolución y perspectivas", which contains a revised and up-to-date text of document E/CN.12/CCE/33, presented to the Committee at its third session.<sup>1/</sup>

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<sup>1/</sup> A mimeographed version has been produced in English entitled "Central American economic integration: development and prospects" (E/CN.12/422).

C. Foreign trade and economic integration

1. Central American Multilateral Free Trade and Economic Integration Treaty

In resolution 23 (CCE), adopted at the third session, it was resolved to establish an Ad Hoc Committee, composed of representatives of the Central American countries, to prepare a draft multilateral treaty on free trade and economic integration and to consider the commodities which might be freely traded. The Ad Hoc Committee met from 19 to 24 March 1956, at the ECLA secretariat office in Mexico City. It prepared a draft multilateral treaty, considered the lists of commodities for possible inclusion in the treaty and presented to the Committee a detailed report on its discussions (E/CN.12/CCE/67), explaining the scope of the project and the points of view of the delegations on the most important aspects of the treaty.

2. Agreement on Central American Integration Industries

In resolution 26 (CCE) the secretariat was requested to prepare a preliminary draft of a standard act on regional integration industries and to convene a meeting of a group of experts designated by the Central American Ministers of Economy to consider the preliminary draft. The meeting took place at Managua from 18 to 23 June 1956. At the meeting the preliminary draft was fully discussed and the experts prepared a revised draft now submitted for the consideration of the Committee (E/CN.12/CCE/68).

At the first meeting of the Central American Industrial Initiatives Commission, the representatives of private enterprise had an opportunity to present some comments on the above-mentioned draft.

3. Equalization of customs tariffs

In accordance with resolution 24 (CCE), the secretariat initiated studies on customs tariffs equalization in respect of the commodities included in the lists of the draft multilateral free trade and economic integration treaty. In order to assist the Central American Trade Sub-Committee, an expert of the United Nations Technical Assistance Administration also started work on this subject. The Sub-Committee did not hold any  
/meetings during

meetings during 1956, since it was considered necessary to wait until the Committee had given its views on the draft multilateral free trade and economic integration treaty and the secretariat had made sufficient progress in its preliminary studies. Document E/CN.12/CCE/73 contains a report on the present status of these studies.

D. Industrial development

1. Central American Industrial Initiatives Commission

At its third session, the Committee considered that the time had come to secure broader participation by private enterprise in the industrial aspects of the programme. Accordingly it established, by resolution 28 (CCE), the Central American Industrial Initiatives Commission. The Commission has, inter alia, the following functions: to exchange information on industrial initiatives and projects and to examine practical measures to advance the technical and economic studies that may be required, bearing in mind the need for more effective industrial development, for greater market possibilities in Central America and for co-ordinating and correlating various industrial branches. The Commission is composed of two representatives of each country, one of whom represents private enterprise. The resolution further provides that, in addition to the work of the secretariat relating to the activities of the Commission, the latter should also benefit from the advice of the Central American Research Institute for Industry within the limits of its terms of reference and its operating procedures.

The Commission held its first session in Guatemala City from 16 to 21 July 1956, and studied a considerable number of industrial projects which might form part of the integration programme and which are of importance for the industrial development of the Central American countries. The second session, scheduled to be held at San Salvador in December 1956, was postponed since the Commission wished to wait for the Committee's guidance in regard to the draft multilateral free trade and economic integration treaty and the draft agreement on Central American integration industries.

/2. Pulp and

2. Pulp and paper industry

At the first session of the Committee, consideration was given to the need to study the possibility of establishing a Central American pulp and paper plant. In accordance with the requests of the Committee, three FAO experts made a preliminary survey to determine the suitability of forest zones in the Central American countries for the development of this industry. At the extraordinary session of the Committee, held at San Salvador in 1955, detailed consideration was given to the preliminary report. The conclusion was reached that studies should be made in the Republic of Honduras with regard to the site and execution of the project since, according to the experts, Honduras had suitable forest zones. During 1955 and 1956, a second FAO mission investigated various forest zones in Honduras and presented for the Committee's fourth session four reports which describe the Olancho zone as the most adequate and analyse various possibilities for industrial production of pulp and paper to meet present and future demand in Central America and also to supply the export market. The studies of the FAO experts appear in documents FAO/57/1/603 to 606.

3. Textile industry

On the basis of the recommendations of the first session, the first over-all study of the problems relating to the development of the Central American textile industry and its future possibilities of expansion and specialization was begun at the end of 1955. An expert of the United Nations Technical Assistance Administration, in consultation with the secretariat, prepared the corresponding preliminary report, which is submitted to the Committee at the present session.

4. Electric energy

The studies on the development of electric energy in Central America continued in 1956 in accordance with resolution 25 (CCE). To enable a fuller study to be made of certain aspects of the problem, which had been examined in a preliminary manner by a previous technical mission, an

/expert of

expert of the Technical Assistance Administration prepared a new report which, it is expected, will be discussed at a conference of Central American experts on electrification scheduled to take place during the coming months at San José, Costa Rica.

E. Agricultural and livestock development

The Committee has been considering various economic aspects of the development of the industries transforming and processing agricultural and animal products. The studies made in the past years by the FAO experts covered not only economic but also technical factors. Although the technical aspects do not, strictly speaking, fall within the Committee's terms of reference, it was considered advisable to suggest to the Governments that they should initiate co-ordinated regional programmes in connexion with certain crops and aspects which might influence the future volume of trade in agricultural commodities among the Central American countries.

During 1956 the experts made progress in various studies requested of them in resolution 20 (CCE), namely, on cotton production, the distribution and marketing of livestock and dairy products and the development of fisheries. The relevant reports are contained in documents FAO/CCE/57/2, 3 and 4 and include preliminary recommendations concerning which the Committee's guidance is sought.

An FAO expert has also examined some possible forms of regional co-ordination for the agricultural development of Central America (FAO/CCE/57/1) with a view to the initiation of joint action programmes.

F. Transport

1. Road transport

On 8 November 1956 the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, signed at the headquarters of the Organization of Central American States, San Salvador, the Regional Agreement on the Temporary Importation of Road Vehicles approved by the Committee at its third session and recommended to the Governments for signature.

/Work has

Work has progressed in the course of the year on the standardization of road traffic regulations and on the co-ordination of road plans. On the basis of studies prepared by the experts of the Technical Assistance Administration, the Meeting of Central American Road Traffic Authorities, provided for in resolution 18 (CCE), was held at Tegucigalpa, Honduras, from 11 to 16 February 1957. This Meeting recommended the adoption by the five Central American countries of a manual on road signs, signals and markings and agreed upon other matters, including the standardization of traffic regulations and of national driving permits, the establishment of international road traffic services and the planning of a regional network of international highways in Central America. The report of the Meeting is contained in document E/CN.12/CCE/78, submitted to the Committee at its fourth session.

## 2. Maritime transport

In accordance with resolution 19 (CCE), the studies on maritime and port legislation and port administration have been continued. The reports of the experts of the Technical Assistance Administration and of the International Labour Organisation on these subjects will be submitted to the Committee in the course of 1957.

## G. Financing of development

To supplement previous studies submitted by the secretariat on the possibilities of expanding capital markets in Central America, the secretariat was requested, in 1953, to prepare, in co-operation with the Fiscal Branch of the United Nations, a report analysing the Central American tax systems and their influence on economic development. The corresponding report (E/CN.12/CCE/66), which was issued to the members of the Committee in September 1956, covers important aspects of the fiscal and tax problems in Central America and presents a general survey of the legislation and regulations relating to the principal taxes.

## H. Statistical co-ordination

The Central American Statistical co-ordination Sub-Committee held its second session at San José, Costa Rica, from 14 to 19 May 1956. During the remaining part of the year work has continued on subjects covered by the resolutions approved at San José and on preparations for the third /session. The

session. The report of the Sub-Committee appears in document E/CN.12/CCE/65.

I. Customs standardization

In 1956 the Central American Governments presented their observations on the draft standard customs code prepared the previous year by an expert of the Technical Assistance Administration. For the purpose of studying the problem in greater detail another expert was appointed to prepare a new draft. This work started in the closing months of the year.

J. Weights and measures

In accordance with resolution 7 (CCE), a study was initiated on the weights and measures used in Central America and on the problems arising from the effective application of the decimal metric system. The purpose of the study is to present administrative and legislative recommendations to the Governments. The study, which was assigned to an expert of the Technical Assistance Administration, will be carried out with the advice of the Advanced School of Public Administration for Central America in regard to the administrative problems and of the Central American Research Institute for Industry in respect of the technical aspects.

K. Demographic problems

To facilitate the preparation of the study under the terms of resolution 27 (CCE), the Committee requested the Technical Assistance Administration to provide an expert in demography. During 1956 some preliminary information was gathered and it is expected that the work will be intensified in 1957.

L. Research and training institutions

1. Central American Research Institute for Industry

The Central American Research Institute for Industry (ICAITI) was inaugurated on 20 January 1956 and began to operate in accordance

/with the



with the objectives and programmes adopted by its Board of Directors, composed of the Ministers of Economy of the Central American countries. During the first year of its activities the Institute had to concentrate on organizational problems and the initiation of its activities. The Government of Guatemala granted extensive facilities for the construction of the buildings and for the installation of part of the Institute's equipment.

The ICAITI has maintained close co-operation with the secretariat in all aspects of its work relating to the Central American economic integration programme.

2. Advanced School of Public Administration for Central America

The School continued its activities during 1956 in accordance with the programmes approved by its Board of Directors and maintained contact with the secretariat with a view to co-ordinating certain aspects of its training courses with the activities of the economic integration programme. The Board of Directors agreed, at the meeting held in December 1956, to confer juridical personality upon the School by means of an international agreement signed by the Central American countries.

Part Two

TECHNICAL ASSISTANCE FOR THE INTEGRATION PROGRAMME

A. Activities during 1956

In the study and implementation of many of the aspects of the Central American economic integration programme assistance was provided by the experts requested by the Committee from the agencies participating in the United Nations Expanded Programme of Technical Assistance. The integration programme received technical assistance in the following fields: industrial technological research, public administration, transport, customs regulations, equalization of customs tariffs, electric energy, textile industry, pulp and paper industry, cotton, livestock and dairy products, fisheries, statistics, weights and measures and agricultural and industrial economics. In addition, a Central American official was granted a fellowship to study the economic integration methods used in Europe.

Owing to the financial limitations of the technical assistance programmes of the United Nations it was not possible to comply with some of the requests made by the Committee at its third session.

B. Programme for 1957

As a result of the request made by the Chairman of the Economic Co-operation Committee in August 1956, the Technical Assistance Committee of the Economic and Social Council of the United Nations approved a programme for 1957 amounting to some 308,000 dollars to comply with the requests relating to the integration programme. Special attention continues to be given in 1957 to the recruitment of experts for the Central American Research Institute for Industry and the Advanced School of Public Administration. In addition, the programme provides for experts in the following fields: electric energy, transport, weights and measures, equalization of customs tariffs, customs regulations, industrial and agricultural economics, textile industry, financing of a pulp and paper plant, population statistics, road transport statistics, road transport statistics, cotton, livestock and dairy industry, fisheries, training of forest personnel, forest administration, pulp and paper industry, and for three fellowships in economic integration techniques.

The office of the Regional Representative of the United Nations Technical Assistance Board has continued to collaborate very closely with the ECLA Secretariat.

/Part Three

## Part Three

## FOURTH SESSION OF THE COMMITTEE

A. Membership, attendance and organization of work.

The session was attended by delegations from the five countries which make up the Committee: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. The Government of Panama was represented by an observer.

(a) List of delegations

## COSTA RICA

Chairman of the delegation: Rodrigo Soley, Minister of Economy and Finance

Representatives: Renato Delcore Alvarado, Ambassador to Guatemala

Carlos Yglesias, Director of Industries in the Ministry of Agriculture and Industry

Alfredo Povedano, Director of Public Relations in the Ministry of Economy

Porfirio Morera, Director-General of Economy

Jorge Bravo, Director-General of Traffic

## EL SALVADOR

Chairman of the delegation: Alfonso Rochac, Minister of Economy

Representatives: Antonio Serrano L., Under-Secretary of Economy

Antonio Alvarez Vidaurre  
Ambassador to Guatemala

Carlos Trigueros Larraondo, Commercial Attaché, Embassy of El Salvador in Guatemala

Jaime Quesada, Adviser, Ministry of Economy

Rafael Huevo Selva, Director of the Economic Research Institute

/Rolando Duarte

Rolando Duarte, Official of the Central Reserve Bank of El Salvador

Julio Mariano Barillas, Assistant Director of Customs, Ministry of Finance

Victor Manuel Cuellar, Department of Economic Research, Ministry of Economy

Alfonso Quiñonez Meza, Member of the Foreign Trade Commission of the Ministry of Economy

Alex Dutriz, Industrialist

Ulises Flores, Instituto Salvadoreño de Fomento de la Producción

#### GUATEMALA

Chairman of the delegation: Edgar Alvarado Pinetta, Under-Secretary and Acting Secretary of Economy

Representatives: Mario Asturias, Manager of the Bank of Guatemala

Luis Melgar, Adviser, Ministry of Economy

Carlos Carrera, Manager of the Guatemalan Institute of Social Security

José Luis Mendoza, Director of International Agencies, Ministry of Foreign Affairs

Vicente Secaira, Director-General of Statistics and Census

Joaquín Colina, Adviser, Ministry of Economy

Carlos A. Orellana, Director of the Department of Prevention of Accidents, Guatemalan Institute of Social Security

Arturo Pérez, Secretary of the Planning Board

#### HONDURAS

Chairman of the delegation: Gabriel A. Mejía, Minister of Economy and Finance

Representatives: Roberto Ramírez, President of the Central Bank of Honduras

Antonio Collart Valle, Director of the Technical Department, National Development Bank.

/Rubén Mondragón

Rubén Mondragón, Official of the Secretariat of the National Economic Council

Carlos Humberto Matute, Adviser to the National Development Bank and to the Ministry of Economy and Finance.

Rafael Callejas, Director of the Promotion Department, National Development Bank

Juan Angel Moncada, Member of the Trade and Industry Chamber of Honduras

Juan Angel Paz y Paz, Director of the Construction Department, General Bureau of Roads.

#### NICARAGUA

Chairman of the delegation:

Enrique Delgado, Minister of Economy

Representatives:

Luis A. Cantarero, Secretary of the National Economic Council

Alfredo Sacasa, Manager of the National Development Institute

Gustavo A. Guerrero, Budget Director, Ministry of Finance

José María Castillo, Assistant Secretary of the National Economic Council

Rodolfo Bojorge, Adviser to the National Development Institute

(b) Observers

Diógenes de la Rosa

Executive Director of the National Economic Council of the Republic of Panamá

Bey M. Arosamena

Member of the Water and Sewage Commission of the Republic of Panama

(c) Specialized agencies of the United Nations

Paul Cassan

International Labour Organisation

Angelo de Tuddo

United Nations Food and Agriculture Organization

/Gabriel Anzola

Gabriel Anzola Gómez	United Nations Educational, Scientific and Cultural Organization
Jorge Montealegre	International Bank for Reconstruction and Development
Newton Parker	International Bank for Reconstruction and Development
Gordon Grayson	International Bank for Reconstruction and Development
Jorge Sol Castellanos	International Monetary Fund
Paul J. Brand	International Monetary Fund

(d) Other international organizations

Guillermo Trabanino	Secretary-General, Organization of Central American States
Alberto Herrarte	Assistant Secretary-General, Organization of Central American States
Alvaro Fernández	Director of Economic Affairs, Organization of Central American States
Washington P. Bermúdez	President of the Inter-American Economic and Social Council, Organization of American States
Jorge Arias	Inter-American Statistical Institute
José de J. Castro Umaña	Executive Director, Regional International Organization of Plant and Animal Health (OIRSA)
Alberto Lopez Gallegos	Director of the Central American Advanced School of Public Administration (ESAPAC)
Otto Stern	Director of the Central American Research Institute for Industry (ICAITI)
Manuel Noriega Morales	Director of Economic Research, ICAITI

/The session

The session was also attended by observers from the Coffee Federation of America who were specially invited.

The Deputy Director-General of the United Nations Technical Assistance Administration, the Regional Representative of the Technical Assistance Board and other officials of both agencies also participated.

The secretariat was represented by the Director and Deputy Director of the Mexico Office of the Economic Commission for Latin America and other personnel of ECLA.

Mr. Edgar Alvarado Pinetta, Chairman of the delegation of Guatemala, was elected Chairman, and Mr. Alfonso Rochac, Chairman of the delegation of El Salvador, was elected Rapporteur.

At the first plenary meeting, three working groups were established for the purpose of discussing in detail matters relating to trade and integration, agricultural development and industrial development, respectively. The remaining items on the agenda were discussed at the plenary meetings. The three working groups presented their reports for the consideration at the plenary meetings.

#### B. Agenda

At the first session the draft agenda presented by the secretariat was adopted with the addition of an item submitted by Costa Rica, dealing with a proposed restricted Central American postal union. The agenda, as finally approved, was as follows: <sup>1/</sup>

1. Current status of the Central American economic integration programme

Documents: (a) Report of the secretariat (E/CN.12/CCE/71)

(b) Report of the Regional Representative of the United Nations Technical Assistance Board (E/CN.12/CCE/72)

2. Foreign trade and trade policy

Documents: (a) Report of the Ad Hoc Committee on the draft Central American multilateral free trade and Economic integration treaty (E/CN.12/CCE.67)

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<sup>1/</sup> The documents cited have been issued in Spanish only. The English titles are therefore unofficial translations.

- (b) Secretariat note on the draft Central American multilateral free trade and economic integration treaty and on the current status of work relating to the equalization of customs tariffs (E/CN.12/CCE/73)

### 3. Industrial development

Documents: (a) Report of the group of experts on the agreement on Central American integration industries (E/CN.12/CCE/68)

- (b) Report of the Central American Industrial Initiatives Commission (E/CN.12/CCE/69) and secretariat note (E/CN.12/CCE/74)

- (c) Pulp and paper industry:

- (i) Secretariat note (E/CN.12/CCE/75)

- (ii) Reports of the FAO mission: technical and economic bases for the selection of the forest area and the establishment of a pulp and paper plant in Honduras (FAO/57/1/603)

- Selection of the forest area for the pulp and paper plant in Honduras.

- Technical methods used in the forest inventory in Honduras (FAO/57/1/604)

- Characteristics of forest regions under current exploitation in Honduras and wood industries which might be integrated with the pulp and paper plant (FAO/57/1/605)

- Technical structure, consumption of lumber, chemical products, energy, etc., operating costs and investments in various possible pulp and paper plants which might be established in Honduras (FAO/57/1/606)

- (d) Textile industry

- (i) Secretariat note (E/CN.12/CCE/76)

- (ii) Preliminary report on the textile industry in Central America, prepared by an expert of the Technical Assistance Administration (unnumbered)

### 4. Financing of economic development

Documents: Report on tax policy and economic development in Central America (E/CN.12/CCE/66)

### 5. Transport

Documents: (a) Secretariat note on the current status of the work relating to transport in Central America (E/CN.12/CCE/77)

/(b) Secretariat



- (b) Secretariat note on the Regional Agreement on Temporary Importation of Road Vehicles (E/CN.12/CCE/84)
- (c) Report of the Meeting of Central American Road Traffic Authorities (E/CN.12/CCE.78) and secretariat note (E/CN.12/CCE/79)
- (d) Restricted Central American postal union and overland postal service.

6. Agricultural and livestock development

Documents: (a) Secretariat note (E/CN.12/CCE/80)

(b) Reports of the FAO experts:

Some aspects of regional coordination in the agricultural development of Central America (FAO/CCE/57/1)

Progress report on the Central American market for the livestock and dairy industry (FAO/CCE/57/2)

Progress report on cotton production in Central America (FAO/CCE/57/3)

Progress report on fisheries in Central America (FAO/CCE/57/4)

7. Statistical co-ordination

Documents: (a) Report of the second session of the Statistical Co-ordination Sub-committee (E/CN.12/CCE/65)

(b) Secretariat note on the present status of the work on statistical co-ordination (E/CN.12/CCE/68)

8. Central American Research Institute for Industry

Report of the Director of the Central American Research Institute for Industry

9. Advanced School of Public Administration for Central America

Documents: Report of the Director of the Advanced School of Public Administration for Central America (E/CN.12/CCE.83) and (ESAPAC/608/DI.96)

10. Date and place of the fifth session

11. Consideration and adoption of the report of the Committee.

/C. Account of

C. Account of proceedings

1. Current status of the Central American economic integration programme.

The representative of the Executive Secretary of the Economic Commission for Latin America was invited to present a general statement on the current status of the Central American economic integration programme. The delegations expressed their appreciation of the activities reported on and thanked the secretariat for the co-operation extended to the Committee in carrying out its work.

2. Central American trade and economic integration.

A working group on Central American trade and integration was set up, composed of the Ministers of Economy and two advisers from each delegation. The group made a detailed study of the draft multilateral free trade and economic integration treaty and the draft agreement on Central American integration industries prepared by the groups of experts appointed by the Government in 1956. The existence of logical links between the two drafts was recognized, but it was deemed advisable to consider them separately.

In regard to the draft multilateral free trade treaty, after a thorough examination of the articles and the incorporation of a number of drafting changes, it was agreed to recommend to the Central American Governments that they study and consider the draft with a view to signing it within a reasonably short period. The Committee thought it advisable that the list of commodities included in annex A of the draft treaty should be considered to be of a provisional character, in order to enable the Governments, within a period not to exceed six months, to state their views concerning it. The Chairman of the Committee was requested to conduct the necessary consultations with the other members in order to co-ordinate their views. To achieve the objective of the treaty, namely, the establishment of a free trade zone in Central America and, eventually a customs union, it was recommended that the Governments should try to expand the list as far as possible.

The draft treaty contains provisions which will enable the Governments to establish special temporary regimes for the progressive reduction of tariffs, applicable to certain commodities which, for the time being,

/possibly could

possibly could not be included in the list of annex A. It also provides for possible special régimes for commodities which may be subject to quantitative export or import restrictions.

At the request of the delegation of Nicaragua it was decided to state, in the text of the agreement, the intention of the contracting parties to endeavour to improve the free trade agreement within a period of ten years.

It was decided not to include the list contained in addendum 2 of the report of the Ad Hoc Committee established to prepare the draft multilateral treaty, which refers to the commodities of the Central American integration industries, in annex A for the time being. However, the Governments may suggest the inclusion of such commodities, within the period of six months previously referred to, or propose that they be the subject of special agreements.

In the report of the working group (CCE/IV/DT/16) a detailed account is given of other changes introduced in the draft.

The Committee considered that the multilateral treaty will contribute decisively to the economic integration of Central America and that it should receive the fullest publicity in order to keep public opinion in Central America informed.

The draft agreement on Central American integration industries was also submitted to detailed study by the Ministers of Economy. As in the case of the draft multilateral free trade treaty, it was recommended that the Central American Governments should study this draft agreement, with a view to its approval within a period during which the public, and particularly private industry, would have an opportunity to examine the draft and express views on it. It was recognized that the agreement does not limit the capacity of any Central American country to develop industrially and that its objective is to stimulate and facilitate the establishment or expansion of such industrial branches that may require the entire Central American market as a basis for their development. The agreement defines general conditions which will permit, through the signing of special additional agreements, the development of industries which require a broad Central American market.

It was stressed that in the agreement no attempt is made to establish  
/monopolies harmful

monopolies harmful either to the Central American consumer or to the trade relations of Central America with the rest of the world.

Under the agreement, in the financing of Central American integration industries efforts should be made to ensure that at least 50 per cent of the social capital of the enterprises to be established is Central American, and it is provided that the capital shares should be offered for public subscription, within reasonable periods, in all the Central American countries.

The delegations expressed their confidence that the respective Governments would consider as soon as possible within the periods established the two draft agreements, the signing of which would provide a solid foundation for the economic development of Central America for a considerable period of years.

In connexion with the foregoing subject, resolutions 37 (CCE) "Central American Multilateral Free Trade and Economic Integration Treaty" and 38 (CCE) "Agreement on Central American Integration Industries" were adopted.

### 3. Industrial development.

The working group on industrial questions (CCE/IV/DT/12) drafted recommendations regarding the Central American Industrial Initiatives Commission and the textile and pulp and paper industries.

In connexion with the report of the first session of the Central American Industrial Initiatives Commission, it was decided to request the secretariat to prepare draft instructions for the standard presentation of studies and to suggest procedures for including an industry in the additional agreements provided for in the Agreement on Central American Integration Industries. The Commission's suggestion that a systematic study should be made of natural resources in Central America was duly taken into account, and it was agreed to recommend to the Governments that they should carry it out with the co-operation, if possible, of the Central American Research Institute for Industry. The Commission's recommendations concerning the development of programmes for the training of industrial personnel were also noted. The Committee considered the study of the following industries recommended by the Commission to be of special interest: a glass and glass containers, ceramics, insecticides and

/fungicides. It

fungicides. It decided to support the carrying out of this work with the technical assistance of the United Nations and the co-operation of the Central American Research Institute for Industry. The Committee congratulated the Commission on the satisfactory results of its first session.

The working group fully discussed the preliminary report on the textile industry in Central America, prepared by an expert of the Technical Assistance Administration, and decided to approve the continuation of the study and work programmes proposed in the report. The Committee also decided to recommend to the Central American Industrial Initiatives Commission that a detailed study should be made of the expert's recommendations which are addressed principally to private enterprise, for which purpose special working groups could be established. The Nicaraguan delegation's invitation to the effect that the discussions on the problems of the textile industry should be held at Managua was accepted.

The reports prepared by the experts of the United Nations Food and Agriculture Organization on the possibilities of establishing a pulp and paper plant in the Olancho zone, in the Republic of Honduras, were also studied. The Committee considered that this zone offers suitable conditions for the establishment, within the integration programme, of the pulp and paper plant for which surveys were begun in 1953 in accordance with resolution 2 (AC.17). It was agreed to request the Technical Assistance Administration for experts to proceed with the further stages of the study and to submit the more detailed reports required for the location of the pulp and paper plant and for drawing up the relevant industrial plan, taking into account inter alia the communications between the possible site of the plant and the port of export and the regional network of Central American highways. The Committee considered the various alternatives submitted by the FAO experts concerning the possible type of plant to be established and agreed that, from the point of view of the integration programme and taking into account economic and technological considerations, the plant should be one which, besides supplying the Central American market, should also export its commodities outside the region. In examining the various aspects of the project, the Committee took into account the fact that the plant in Honduras would be devoted mainly to the manufacture  
/of commodities

of commodities which, at the moment, are not being manufactured in any of the Central American countries. Even so it was deemed necessary that a complete study should be made of the co-ordination of existing plants which produce similar articles and the proposed plant in Honduras.

The following resolutions were adopted on the above subjects: 39 (CCE) "Pulp and paper industry", 40 (CCE) "Central American Industrial Initiatives Commission" and 41 (CCE) "Textile industry".

#### 4. Agricultural and livestock development.

The Working Group's discussion on agricultural questions (CCE/IV/DT/9) dealt mainly with the problems of producing and marketing staple foodstuffs, meat and dairy products, cotton and coffee, and with various general aspects of the economic development of agriculture in Central America. The delegations expressed their satisfaction with the fact that, for the first time, the problem of agricultural development had been presented in relation to economic progress and as complementary to the programmes for the industrialization of Central America. It was recommended that the secretariat should proceed, in co-operation with FAO, to make the respective studies, giving special attention to those aspects which might be of interest to the Central American economic integration programme.

The problems relating to the production and distribution of staple foodstuffs (corn, rice and beans) were examined with special reference to the supply and handling of these commodities. The advisability of determining the possibilities of joint Central American action was pointed out with a view to establishing adequate productive capacity for existing requirements and a rational distribution system for such commodities. The importance of storage and the necessity of establishing a system of quality standards to facilitate inter-Central American trade were also stressed.

The progress of the work begun in 1956 on various aspects of marketing in the livestock and dairy industry was examined. As in the case of grains, the need to establish a system of standards for the classification of livestock was recognized to serve as a guide to production and in order to achieve better competitive market conditions. Note was taken also of the preliminary work done in studying methods for the slaughter and industrial processing of livestock. It was agreed to suggest that the Ministers

/of Agriculture

of Agriculture should consider the possibility of requesting technical assistance in order to prepare a plan for Central American co-ordination in fodder and pasture research, and that the Inter-American Institute of Agricultural Sciences should consider the desirability of expanding its programme for the improvement of indigenous livestock through the establishment of additional experimental stations.

The FAO report on the present problems of cotton production in Central America was studied and discussed. Note was taken of the fact that during March and April 1957 a seminar will be held in Guatemala City on methods of cotton cultivation. It was agreed to recommend to the Governments that efforts should be made to establish a Central American cotton filament analysis laboratory, with the co-operation of the Central American Research Institute for Industry, and note was taken of the interest shown by the Government of Nicaragua in the installation of the laboratory in that country.

It was agreed to recommend that the Central American Governments should request the co-operation of FAO in developing methods of forecasting coffee production.

Stress was laid on the general interest of all the countries of the region in the development of an exchange system for statistical and economic information on the agricultural and livestock surpluses available for export which could be traded in the Central American market. These countries often make their foreign purchases in remote countries at the same time as others have cheaper surpluses available, the existence of which is unknown to their neighbours. It was agreed to recommend that the Governments should exchange the relevant information periodically, for which purpose the secretariat, in co-operation with FAO, should suggest the most suitable methods of establishing a system of information on the subject.

Resolution 48 (CCE) "Agricultural and livestock development" was adopted.

##### 5. Fishing industry.

The Working Group on agricultural questions gave full consideration to the report presented by FAO on the fishing industry studies projected

/for 1957.

for 1957. It was agreed to approve the programme for 1957 proposed by the expert. In relation to further studies, it was deemed advisable to defer until a later session the consideration of requests for technical assistance which might materialize once the results of the preliminary studies were known.

In this connexion resolution 49 (CCE) "Fishing industry" was adopted.

#### 6. Transport.

The Committee considered the report of the Meeting of Central American Road Traffic Authorities (E/CN.12/CCE/76) and congratulated it on the success of its work. Taking into account the recommendations of the Meeting, it was decided to suggest to the Central American Governments that a regional agreement should be signed at the earliest opportunity by the member countries of the Committee and Panama with a view to the adoption of the standard system of road signs and signals set forth in the Manual approved by the Meeting. In this connexion the offer of the Guatemalan delegation to undertake to submit the other Central American countries a draft of the agreement in question was accepted.

In view of the improvement of inland communications in Central America, it was deemed advisable to reexamine the problem of international road traffic services, and it was decided that a study group should be set up, consisting of representatives of each country, to draft agreements on the subject. It was also agreed to call a second meeting of the Central American Road Traffic Authorities (including Panama) in order to complete the work on the standardization of traffic legislation and regulations within the region.

The Committee adopted a resolution on the development of the Central American road network which includes various points relating to the planning of roads and decided to call a meeting of experts of the Central American countries in order to continue the planning work begun by the Meeting of Central American Road Traffic Authorities.

Note was taken of the signing of the Regional Agreement on the Temporary Importation of Road Vehicles, on 8 November 1956, and it was decided to request the Governments to take steps to have the Agreement promptly ratified in their respective countries.

On the proposal of the delegation of Costa Rica, the possibility of  
/establishing a



establishing a restricted Central American postal union and an overland postal service between the countries of the region was discussed. The necessity of studying the possibilities of decreasing the cost of postage in Central America was recognized, and it was recommended that technical assistance should be requested for the respective studies and that a meeting of the Postmaster General should be called, to acquaint them with the results of the studies carried out by the experts and that they could take whatever joint action was considered advisable.

The following resolutions were adopted: 42 (CCE) "Regional Central American agreement on Road Signs and Signals", 43 (CCE) "Traffic laws and regulations", 44 (CCE) "International road traffic services", 45 (CCE) "Development of the Central American road network" and 46 (CCE) "Establishment of a restricted Central American postal union and overland postal service".

#### 7. Financing of economic development.

The Committee considered the report prepared jointly by the secretariat and the Fiscal Branch of the United Nations Bureau of Economic Affairs on tax policy in the Central American countries and its relation to economic development.

The Committee agreed to recommend to the Ministries of Finance and to the fiscal departments of the five Governments that they should study the recommendations contained in the report. In view of the fact that several of the Central American countries are progressing in the reorganization of their fiscal systems, the Committee thought that the Governments should exchange information on their projects for fiscal revision in order to strive for greater uniformity in their tax systems. Furthermore, it was decided to request the continuation of studies on taxation with special reference to the fiscal problems and the adjustment of the tax structure which may be required by the integration of the Central American economies, to the standardization of legislation on fiscal incentives and to taxes on income, consumption and property.

In connexion with the above, resolution 50 (CCE) "Tax policy" was adopted.

#### /8. Statistical

8. Statistical co-ordination.

The Committee approved the report of the second session of the Central American Statistical Co-ordination Sub-Committee, held at San José, Costa Rica, in May 1956. Note was taken of the work carried out, and the recommendations submitted were studied. It was agreed to congratulate the directors of statistics constituting the Sub-Committee on the efficient and valuable work performed. It was decided to support the proposed requests for technical assistance in connexion with forestry statistics, road traffic and agriculture and to approve the Sub-Committee's work programme for 1956-57.

In relation to census activities, the Committee decided to ask the Governments of the Central American countries to participate, to the extent that they were called upon, in the preparation and execution of censuses on housing, population and agriculture for 1960, and to take steps to ensure that the censuses were carried out on the basis of maximum comparability.

Resolution 47 (CCE) "Statistical co-ordination" was adopted.

9. Housing.

The Committee considered a preliminary report, prepared by an expert of the United Nations Technical Assistance Administration, dealing with the housing problem in Central America. It is estimated that there is a deficit of over one million dwelling units and the investment required to remedy this over a period of 25 years ranges from 420 to 600 million dollars. This gives an idea of the magnitude of the financial requirements, which undoubtedly constitute the most important aspect of the problem. It seems advisable to seek a method of channelling an adequate proportion of private savings towards housing programmes of social interest, apart from any other action that may be taken by the State directly. The problem also presents other aspects deriving from the need to obtain building materials in adequate amounts and at relatively low cost. Central America's shortage of cement, iron and other materials and the fact that its timber resources are only beginning to be developed are well known.

In the light of the foregoing considerations, it was agreed to recommend to the Central American Governments that most careful attention should be

/given to

given to the housing problem, with a view to co-ordinating the efforts carried out by the five countries, and that they should sponsor as soon as feasible the holding of a seminar for a thorough study of the technical, social and financial aspects of the problem, with the co-operation of the Technical Assistance Administration, the United Nations Bureau of Social Affairs, the ECLA secretariat and the Housing and Planning Division of the Organization of American States.

Resolution 51 (CCE), "Seminar on housing problems", was adopted.

10. Advanced School of Public Administration for Central America.

The Committee took note of the report submitted by the Director of the Advanced School of Public Administration for Central America covering activities during 1956 and the courses at present in progress. A tribute was paid to the Director, Dr. Alberto Lopez Gallegos, for the valuable work performed by him and by the staff of the School. It was fully recognized that the School fulfils the objectives for which it was founded and that it has acquired well-deserved renown which is spreading to other Latin American countries.

The delegations agreed on the importance of local and municipal administration in the School curricula and decided to request the Board of Governors to establish a centre for municipal studies.

The following relevant resolutions were adopted: 52 (CCE) "Advanced School of Public Administration for Central America" and 53 (CCE) "Municipal administration".

Following the consideration of the foregoing points, the Chairman of the Committee invited the other Central American Ministers of Economy to sign the Regional Agreement through which the School will acquire juridical personality as an international Central American agency. He then called upon the Ministers and the Regional Representative of the United Nations Technical Assistance Board to sign the Agreement between the School and the United Nations concerning the granting of technical assistance to the School. The credentials of the signatories having been duly verified, both agreements were signed.

11. Central American Research Institute for Industry.

Mr. Manuel Noriega Morales submitted to the Committee a report on the activities of the Central American Research Institute for Industry during 1956 and on his work as Acting Director from November 1956 to February 1957. Note was taken of the fact that within a few days a meeting of the Board of Directors of the Institute was scheduled to consider its annual report and its work programme. The Committee highly commended Mr. Noriega Morales on his skillful direction of the Institute during a critical period of organization and the implementation of the Institute's initial programmes.

The facilities so generously granted by the Government of Guatemala for the construction of the buildings for the Central American Research Institute for Industry and for the installation of part of the equipment were highly appreciated by all the delegations.

The Deputy Director of the United Nations Technical Assistance Administration introduced Mr. Otto Stern, newly appointed Director of the Institute, to the members of the Committee. The Chairman of the Committee, speaking on behalf of the delegations, expressed confidence in the Director's ability to carry on the work of the Institute successfully.

12. Technical assistance.

The Regional Representative of the United Nations Technical Assistance Board submitted to the Committee a report in which the assistance granted to the Central American economic integration programme is analysed and which describes the activities carried out in 1956 and the plan to be developed in 1957. The report includes a brief account of the national technical assistance programmes in each of the Central American countries, which is of interest in view of their many points of contact with matters related to integration.

Technical assistance has increased since the beginning of the programme: in 1955-56 it amounted to 300,000 dollars, as compared with 90,000 during the initial period 1952-53. It has also been appreciably diversified owing to the expansion of the activities of the integration programme and to the need for supplementing the original general studies with more specific work, for which the services of new experts in various fields have been requested.

/After the

After the report was studied, it was agreed to authorize the Chairman of the Committee to transmit to the Chairman of the United Nations Technical Assistance Board the resolutions approved during the current session and to present to the Board in due course the preliminary draft of the programme of technical assistance for 1958, subject to its approval by the Committee at its next session.

Since numerous new requests for technical assistance were made following the resolutions approved during this session, it was deemed advisable, in view of the limited ability not only of the agencies granting such assistance but also of the Central American Governments to increase their contributions to the local costs of the programme, that the Chairman of the Committee should consult with the other members regarding the priority to be given to the respective requests.

The relevant resolution 54 (CCE) "Technical assistance" was adopted.

13. Date and place of the next session.

The Committee highly appreciated the kind invitation of the delegation of Honduras to hold the fifth session in the capital of that country during the first quarter of 1958 and recalled that the Committee had met for the first time in that city to draw up the economic integration programme (resolution 55 (CCE)).

14. Votes of thanks.

The Committee thanked the Chairman, Mr. Edgar Alvarado Pinetta, Under-Secretary and Acting Secretary of Economy of Guatemala, for the effective manner in which he had presided and requested him to transmit to the Government of Guatemala the sincere appreciation of the delegations for the generous hospitality extended to them. The delegations also thanked the secretariat for organizing the conference and preparing the reports and for its constant devotion to the Central American programme.

A vote of thanks was expressed to the Government of Panama for sending an observer to the session and for the interest shown in the proceedings of the Committee.

A vote of gratitude was also extended to the other observers for their attendance and co-operation in the work of the session.

Lastly, the representatives of the international bodies granting technical assistance were warmly thanked for their collaboration in the programme

Part Four  
RESOLUTIONS ADOPTED

CENTRAL AMERICAN MULTILATERAL FREE TRADE AND  
ECONOMIC INTEGRATION TREATY \*

Resolution 37 (CCE), adopted on 23 February 1957  
(E/CN.12/CCE/82)

The Central American Economic Co-operation Committee,

Taking into account the fact that when, during the first session of the Committee, held at Tegucigalpa in 1952, the basic outline of the Central American economic integration programme was drawn up, it was considered that the signing of a multilateral free trade treaty for the establishment of a Central American common market and, in the course of time, of a customs union, would be one of the most important means of contributing to the objectives of the programme,

Considering that under the terms of resolution 19 (AC.17), adopted at the second session held at San José, the secretariat was requested to prepare a study of the possibility of a multilateral free trade agreement; that, on the basis of the studies presented, the Committee adopted resolution 23 (CCE) at its third session, held at Managua in 1956, requesting an Ad Hoc Committee to prepare a draft treaty; and that this Ad Hoc Committee met in March 1956 and submitted a report (E/CN.12/CCE/67) to which the requested draft is attached,

Resolves:

1. To take note with satisfaction of the report of the Ad Hoc Committee and to congratulate its members sincerely on their constructive work in studying and preparing a draft Central American multilateral free trade and economic integration treaty,<sup>\*</sup> thus enabling the Central American Governments to consider carefully the feasibility of establishing a free trade zone in Central America;

2. To recommend to the Governments of the Central American republics that they study and consider, for signature within a reasonably

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\* The text of this draft treaty (in Spanish only) is reproduced as an annex to the Spanish text of this resolution.

short time, the draft treaty annexed to the present resolution, which has the unanimous support of the Central American Ministers of Economy;

3. To urge the Central American Governments to formulate, within a period of six months, their observations, if any, on the list of commodities included provisionally in annex A of the draft treaty, and to propose, if possible, additions to this list with a view to extending the scope of the treaty in accordance with its objectives and with the ultimate purpose of achieving the economic union of Central America. These observations should be transmitted to the Chairman of the Economic Co-operation Committee in order that he may consult the other members of the Committee with a view to promoting agreement before the treaty is signed;

4. To recommend to the Governments that they endeavour to ensure that public opinion in their respective countries is fully informed concerning the implications of the draft treaty;

5. To request the Central American Trade Sub-Committee to intensify its work on the equalization and standard classifications of customs tariffs, requested under resolutions 18(AC.17), 11(CCE), and 24(CCE), and to endeavour to submit its preliminary conclusions to the Committee and the Governments of the Central American republics, at the earliest opportunity so that the treaty may enter into force;

6. To request the Secretariat to continue giving its most active co-operation, together with the Technical Assistance Administration experts whom the Committee may require in the work preparatory to the signing and entry into force of the treaty, either through the Central American Trade Sub-Committee or any other Central American bodies which the Chairman of the Committee, in consultation with the other members, may consider advisable to appoint.

AGREEMENT ON CENTRAL AMERICAN INTEGRATION INDUSTRIES

Resolution 38(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/85)

The Central American Economic Co-operation Committee,

Taking into account the fact that, with a view to the better organization and development of certain industries in the Central American region, it is desirable that the Governments of the Central American republics should sign an agreement on the general conditions governing the establishment or expansion of such industries,

Considering that pursuant to resolution 26(CCE), adopted at the third session, a group of experts appointed by the Ministers of Economy prepared a draft agreement on Central American integration industries, the text of which is attached as an annex to its report (E/CN.12/CCE/68),<sup>\*</sup>

Resolves:

1. To recommend to the Central American Governments that they give careful study and consideration, with a view to its early signature, to the draft agreement on Central American integration industries, attached as an annex to this resolution, which was prepared by the Committee on the basis of an earlier draft prepared by the group of experts appointed under resolution 26(CCE);

2. To recommend further to the Governments that they endeavour to ensure that public opinion in their respective countries is informed concerning the implications of the draft agreement and, in particular, that the views of private enterprises are invited;

3. To suggest to the Governments that they study, prior to the signing of the agreement, the means of overcoming the constitutional difficulties implicit in the granting of tax exemptions by national Governments in respect of municipal and local taxes;

4. To recommend to the Governments that they study the possibility of setting up a Central American industrial development fund, taking

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\* The text of the draft agreement (in Spanish only) is also reproduced as an annex to the Spanish version of this resolution.



into account the considerations formulated by the group of experts (E/CN.12/CCE/63).

PULP AND PAPER INDUSTRY

Resolution 39(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/66)

The Central American Economic Co-operation Committee,

Considering:

(a) That, pursuant to resolution 2(CCE), paragraph 1, the secretariat submitted four reports on the pulp and paper industry, prepared by the United Nations Food and Agriculture Organization;

(b) That the reports prepared by the experts show that the Republic of Honduras has adequate forest resources to justify the establishment of a plant for the production of pulp and paper on an economic scale and with adequate efficiency,

Resolves:

1. To take note of the following reports prepared by experts of the United Nations Food and Agriculture Organization:

- (a) Technical and economic bases for the selection of the forest zone and the establishment of a pulp and paper plant in Honduras (FAO/57/1/503);
- (b) Selection of the forest zone for the pulp and paper plant in Honduras. Technical methods used in the forest inventory in Honduras (FAO/57/1/604);
- (c) Characteristics of the forest regions under current exploitation in Honduras and wood industries which might be integrated with the pulp and paper plant. (FAO/57/1/605);
- (d) Technical structure, timber consumption, chemical products, energy, etc., operating costs and investments in various paper and pulp plants which might be established in Honduras (FAO/57/1/606);

2. To recommend the Olancho zone in the territory of Honduras as having the most favourable conditions for the development of the pulp and paper industry within the Central American economic integration programme;

/3. To

3. To express its sincere appreciation to the Government of the Republic of Honduras for the excellent facilities and co-operation which it has given in carrying out the work on this project of the Central American economic integration programme;

4. To recommend that the Governments request from the United Nations Technical Assistance Board the necessary experts to prepare the final studies in order to determine the exact site of the plant within the forest zone of Olancho, to make a thorough survey of the forest resources and to prepare the plan for the management and exploitation of the forest, to investigate transport facilities and water supplies and to undertake a complete technical and economic study on the establishment of the pulp and paper plant for the Central American market and for exports, as well as an over-all study on the co-ordination of the proposed pulp and paper plant in Honduras and the factories already existing in other countries of Central America producing articles similar to those which will be produced in the new plant;

5. To request the Central American Trade Sub-Committee to study the import duties on paper imports and their equalization as well as the possible inclusion of the products of this plant in the Central American multilateral free trade and economic integration treaty.

CENTRAL AMERICAN INDUSTRIAL INITIATIVES COMMISSION

Resolution 40(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/87)

The Central American Economic Co-operation Committee,

Considering:

(a) That, since it was deemed necessary to secure the active participation of the private sector in the development of the Central American economic integration programme, the Central American Industrial Initiatives Commission was established pursuant to resolution 28(CCE), and that the Commission's activities have been very useful for that purpose;

(b) That the Central American Industrial Initiatives Commission  
/has submitted

has submitted to the Committee a report on its first session (E/CN.12/CCE/69) containing information concerning the Commission's activities during that session and presenting its recommendations,

Resolves:

1. To take note of the report of the first session of the Central American Industrial Initiatives Commission (E/CN.12/CCE/69) and to express its sincere appreciation to the Commission for its work during its first session;

2. To recommend that the Governments take the necessary action to initiate a systematic study of natural resources of Central America, with the co-operation of the Central American Research Institute for Industry so far as its facilities permit;

3. To recommend that the Governments, with the co-operation of the Central American Research Institute for Industry, prepare comprehensive plans for teaching and training programmes for industrial personnel in general and the textile industry in particular, covering all stages from the training of manual workers to that of the technicians at the highest level, and request for that purpose the assistance of the International Labour Organisation. These plans should take the problems of safety and of accident prevention into account;

4. To recommend that the Governments designate as soon as possible in their respective countries a body to maintain liaison between the Central American Industrial Initiatives Commission and national enterprise and the various development agencies and that they request the information services of the competent authorities to transmit to the private enterprise sectors the Committee's reports as well as other studies prepared in connexion with national technical assistance programmes;

5. To recommend that the Governments request from the United Nations Technical Assistance Administration technical co-operation with regard to: (a) a complete study of the possibilities of producing glass and glass containers in Central America; (b) a detailed study of all the aspects of the insecticides and fungicides industry bearing in mind the Central American market as a whole; and (c) a complete study of the /ceramics industry

ceramics industry in Central America. These studies should be made with the co-operation of the ICAITI;

6. To request the secretariat to prepare draft instructions for the uniform presentation of studies to the Central American Industrial Initiatives Commission; this draft should include suggestions on the procedures which should be followed from the time when industrial projects are presented to the Commission to the time when they are considered by the Economic Co-operation Committee and the Governments;

7. To request the Central American Industrial Initiatives Commission to make a detailed study of the recommendations contained in the preliminary report on the textile industry in Central America, prepared by an expert of the United Nations Technical Assistance Administration, which are addressed mainly to industrial private enterprise; and to request that the Commission undertake to examine any studies which might be made on specialization in the textile industry at the national and the regional level, as well as studies related to the possible establishment of national associations of textile producers and of a Central American federation of such organizations. For this purpose groups or special working commissions may be created in which textile producers of the Central American countries would be represented.

#### TEXTILE INDUSTRY

Resolution 41(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/88)

The Central American Economic Co-operation Committee,

Considering:

(a) That, in accordance with resolution 2(AC.17), the secretariat has presented to the Committee a study on the Central American textile industry, prepared by an expert of the United Nations Technical Assistance Administration;

(b) That the textile industry is of special importance for the Central American countries and that its development, improvement and specialization are highly desirable,

/Resolves:

Resolves:

1. To take note of the summary of the preliminary report on the Central American textile industry, prepared by an expert of the Technical Assistance Administration;
2. To recommend that the Governments request from the United Nations Technical Assistance Administration technical co-operation with regard to: (a) a technical and economic study of the possibilities of establishing a Central American rayon filament and short fibre plant and the preparation of a preliminary plan for such a plant; (b) the preparation of a plan for the installation of a Central American pilot spinning mill for cotton and short fibre combed yarns; (c) the preparation of a plan for a Central American textile sizing plant; and (d) continuing the studies recommended in the summary of the preliminary report on the Central American textile industry, and in particular studies related to specialization at the national and Central American levels;
3. To request the Central American Trade Sub-Committee to study, at its next session, the import duties levied on machinery, raw materials and manufactured textile imports, as well as the equalization of those duties; the possible inclusion of textiles in the free trade treaties in force in Central America; the unification, in accordance with the standard Central American Customs Nomenclature (NAUCA), of the tertiary items in customs tariffs corresponding to raw materials, semi-finished goods and textiles, and of the conditions for the reimbursement of duties levied on raw materials for textiles produced in Central America and exported to countries outside the region;
4. To recommend to the Governments that they give preference in their purchases to textiles manufactured in the factories established in Central America.

REGIONAL CENTRAL AMERICAN AGREEMENT  
ON ROAD SIGNS AND SIGNALS.

Resolution 42(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/87)

The Central American Economic Co-operation Committee,  
Considering:

(a) That the Meeting of Central American Road Traffic Authorities held at Tegucigalpa, Honduras, from 11 to 15 February 1957, examined a draft manual contained in the report on Transport in Central America: Regulation of international road traffic (TAA/LAT/3), prepared by an expert of the United Nations Technical Assistance Administration;

(b) That the Meeting of Central American Road Traffic Authorities approved the Manual of road signs and signals attached to the present resolution;<sup>\*</sup>

(c) That this Manual contains a standard and modern system of signs and signals corresponding to the needs and characteristics of the Central American countries,

Resolves:

1. To recommend to the Central American Government that they sign as soon as possible, a regional agreement covering the countries members of the Committee and Panama, for the purpose of adopting the standard system of road signs and signals defined in the Manual and securing the continuous co-operation of the competent authorities of their countries in this matter;

2. To recommend to the Central American Governments, that, pending the conclusion of the agreement mentioned in the previous paragraph, the authorities use the Manual as a model, adapting the relevant regulations in force in their countries as much as possible to the system outlined in the Manual;

3. To invite the Government of Panama to subscribe to the action

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\* The text of the Manual (in Spanish only) is reproduced as an annex to the Spanish version of this resolution.

recommended in paragraph 1 and 2 hereof.

TRAFFIC LAWS AND REGULATIONS

Resolution 43(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/90)

The Central American Economic Co-operation Committee,

Considering that at, the first Meeting of the Central American Road Traffic Authorities held at Tegucigalpa, Honduras, from 11 to 15 February 1957, it was deemed necessary to continue the useful work of the meeting with a view to bringing about greater uniformity in the traffic laws and regulations, and to maintaining close contact among the traffic and road authorities of the five Central American countries and Panama,

Resolves:

1. To request the secretariat to convene in the near future, in consultation with the Governments, a Second Meeting of the Road Traffic Authorities of the Central American countries and Panama, for the purpose of completing the work concerning the standardization of traffic laws and regulations in these countries, using as a basis the relevant recommendations contained in the Report of the Meeting (part II, C.2 and 5). In regard to the section on the standard driving permit, the permit should be considered together with the requirements for its issuance;
2. To recommend to the Governments, through the competent ministries and agencies, that they inform the secretariat concerning the studies which the Authorities have already made with regard to the revision of the relevant laws and regulations;
3. To recommend to the Governments that they initiate or intensify their traffic education programmes.

INTERNATIONAL ROAD TRAFFIC SERVICES

Resolution 44(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/91)

The Central American Economic Co-operation Committee,

Considering:

(a) That during the present year the sector of the Inter-American Highway between Guatemala and Mexico will be open to traffic;

(b) That the freight and passenger transport companies outside the Central American region are interested in extending their road services as far as Costa Rica;

(c) That the report on Transport in Central America (E/CN.12/356-ST/TAA/Ser.C.8) contains recommendation XVI, paragraph D, to the effect that the Governments are studying the possibility of either founding joint companies of their nationals interested in specific roads between any two countries, or of establishing a Central American road transport company to operate passenger and freight services throughout the region;

(d) That the third session of the Central American Economic Co-operation Committee, held at Managua in January 1956, adopted resolution 16(CCE) concerning the granting of concessions to national enterprises for the purpose of facilitating freight and passenger transport,

Resolves to recommend to the Central American Governments that they establish, with the co-operation of the secretariat, a working committee composed of representatives of each country to prepare the draft agreements referred to in resolution 16(CCE).

/DEVELOPMENT OF



DEVELOPMENT OF THE CENTRAL AMERICAN  
ROAD NETWORK

Resolution 45(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/92)

The Central American Economic Co-operation Committee,

Considering:

(a) That the Meeting of Central American Road Traffic Authorities, held at Tegucigalpa, Honduras, from 11 to 15 February 1957, made recommendations concerning the co-ordination of the plans, specifications, administrative procedures and other aspects relating to economical and efficient road building;

(b) That this Meeting formulated recommendations defining the Central American highways of international importance, their respective numbering and connecting border points,

Resolves:

1. To take note of the report of the Meeting of Central American Road Traffic Authorities (E/CN.12/CCE/78) and to thank the representatives who participated in the Meeting for their efficient work;

2. To recommend to the Governments of Central America that they adopt the recommendations formulated by the Meeting relating to:

(a) road planning;

(b) road classification; and

(c) connecting points of the Central American regional highways;

3. To recommend to the Central American Governments that they request the United Nations Technical Assistance Board to provide an expert in soil stabilization for road-base construction;

4. To recommend to the Central American Governments that they consider and promote jointly the setting up of research laboratories on soil mechanics in Central America;

5. To ask the secretariat to convene, in consultation with the Governments, a meeting of experts from each country for the purpose of continuing the work based on the relevant recommendations contained in the report of the Meeting (part II.C. 3, 4, 6 and 9), with priority assigned to the following points:

/(a) Preparation

- (a) Preparation of a manual of technical specifications and general administrative procedures applicable to road building;
- (b) Preparation of a preliminary draft agreement on the establishment of the regional network in Central America.

ESTABLISHMENT OF A RESTRICTED CENTRAL AMERICAN POSTAL  
UNION AND OVERLAND POSTAL SERVICE

Resolution 46(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/93)

The Central American Economic Co-operation Committee,

Considering:

- (a) That it is desirable to reduce air and surface postal rates for Central American mail,
- (b) That there are long delays in the surface transport of printed matter and heavy mail such as books, periodicals, etc.;
- (c) Recommendation XXVI, paragraph (b), and the additional observations contained in the report on Transport in Central America (E/CN.12/356-ST/TAA/Ser.C.8) on the conveyance of inter-Central American mail by air;
- (d) The construction and improvement of the roads in the region and the expansion of overland transport services in Central America in recent years;
- (e) That overland transport of mail between some Central American countries has been satisfactorily intensified,

Resolves:

1. To recommend to the Central American Governments that they request the United Nations Technical Assistance Administration to provide an expert in regional postal services to study the possibilities of reducing postal rates for air and surface mail in the region and the need to organize a restricted Central American postal union and the overland postal service within this area;
2. To recommend to the Central American Governments that they convene a meeting of Postmasters General to acquaint them with the results

/of the

of the study made by the experts and to enable them to take joint action in this connexion.

STATISTICAL CO-ORDINATION

Resolution 47(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/94)

The Central American Economic Co-operation Committee,

Considering that the Statistical Co-ordination Sub-Committee has submitted the report of its second session, held at San José, Costa Rica, in May 1956 (E/CN.12/CCE/65),

Taking into account the work done since that date, and

Considering the fundamental importance of general population and economic censuses for the better knowledge of Central American conditions,

Resolves:

1. To approve the report of the second session of the Central American Statistical Co-ordination Sub-Committee and to congratulate the Directors of Statistics participating in the Sub-Committee on their useful and efficient work;
2. To express its full support of the work designed to improve statistics in Central America;
3. To support the requests for technical assistance put forward by the Sub-Committee in respect of road transport and forestry statistics, and co-ordination of agricultural and livestock statistics, in accordance with resolutions 18, 23 and 24 (SC.2) of the Sub-Committee;
4. To take note with satisfaction of the plan for the joint publication of Central American statistics provided for in resolution 26(SC.2) of the Sub-Committee, and to recommend its publication to the secretariat;
5. To approve the work programme for 1956-57, set forth in resolution 28(SC.2) of the Sub-Committee, and to suggest that attention be given at the earliest opportunity to the subjects considered as having secondary priority in this programme in view of their importance for Central American economic integration;

/6. To authorize

6. To authorize the Chairman of the Committee to request technical assistance from the United Nations Technical Assistance Board and from the Inter-American Statistical Institute for the purposes mentioned above and any others which may emerge from the third session of the Sub-Committee;

7. To note with satisfaction that the third session will be held in Guatemala City in March 1957, on the invitation of the Government of Guatemala;

8. To thank the secretariat, the Statistical Office of the United Nations, the Inter-American Statistical Institute and the United Nations Food and Agriculture Organization for their effective co-operation in the work of the Sub-Committee;

9. To recommend to the Central American Governments that they take part, to the extent to which they are called upon, in the preparation and taking of the population, housing and agricultural and livestock censuses, planned by the competent international agencies for 1960, and that they co-ordinate their efforts to ensure that these censuses are carried out on the basis of maximum Central American comparability.

#### AGRICULTURAL AND LIVESTOCK DEVELOPMENT

Resolution 48(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/95)

The Central American Economic Co-operation Committee,

Considering:

(a) The studies submitted in the following documents: General status of the Central American integration programme (E/CN.12/CCE/71); Secretariat note on agricultural and livestock development (E/CN.12/CCE/80); Certain aspects of regional co-ordination of agricultural development in Central America (FAO/CCE/57/1); Progress report on the Central American market for the livestock and dairy industry (FAO/CCE/57/2); Progress report on cotton production in Central America (FAO/CCE/57/3); Progress report on the fishing industry in Central America (FAO/CCE/57/4);

(b) That, in view of the importance of agriculture in the economy of the Central American countries, it is fundamental to advance the work

/of agricultural

of agricultural and livestock development in Central America,

Resolves:

A. Exchange of information

To recommend to the Central American Governments that they consider setting up a system of periodical exchange of economic and statistical information on exportable surpluses of agricultural and animal products, and to request that the secretariat, in co-operation with FAO, suggest to the Governments the most effective methods for setting up such a system;

B. Grains

1. To request the secretariat to prepare, in co-operation with FAO, a study on the supply of corn, rice and beans in Central America and to collect experiences in the region in respect of the storage, conservation and classification of grains and the management of storage facilities;

2. To recommend to the Governments that they consider, on the basis of the above-mentioned studies, the most effective method to promote joint Central American action in these matters;

C. Livestock and dairy industry

1. To recommend to FAO that it carry out, in conjunction with the secretariat, preliminary studies for the preparation of a standard system of livestock classification for Central America. These studies should be discussed at a meeting of experts with the participation of Government officials as well as representatives of the private sectors;

2. To recommend to the Ministers of Agriculture of the Central American Governments that they consider the advisability of:

(a) Requesting technical assistance in order to formulate a plan to co-ordinate fodder and pasture research programmes in Central America;

(b) Suggesting to the Inter-American Institute of Agricultural Sciences in Turrialba the possibility of expanding its experimentation programme for the improvement of livestock in Central America, including the establishment of additional experimental stations, and of co-ordinating the studies and experiments carried out in Central America on the adaptability of imported livestock breeds;

3. To request the United Nations Technical Assistance Board to

/continue lending

continue lending technical assistance with a view to furthering the studies on the economic problems of the livestock and dairy industry in Central America;

D. Cotton

1. To note with satisfaction that, during the months of March and April 1957, a seminar on methods of cotton cultivation will be held in Guatemala City, in accordance with the programme outlined in the report on cotton production in Central America submitted by the FAO expert;

2. To recommend to the Governments that they take steps to establish, with the co-operation of the Central American Research Institute for Industry, a Central American Cotton Filament Analytical Laboratory;

3. To recommend to the Ministers of Agriculture of the Central American Governments that they consider the advisability of carrying out complete programmes on cotton production research based on the plan submitted in the Report referred to in section D, paragraph 1, hereof;

E. Coffee

To recommend to the Central American Governments that they request the co-operation of FAO for the purpose of developing suitable methods of making forecasts of coffee production;

F. Study of agricultural development

To thank FAO and the secretariat for the suggestions which they have presented in connexion with the study of agricultural development in Central America and to request that they continue to do so jointly, taking into account particularly those aspects which may be of interest for the Central American integration programme.

## FISHING INDUSTRY

Resolution 49(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/96)

The Central American Economic Co-operation Committee,

Considering:

(a) The growing interest shown in the Central American countries in the development of the fishing industry and the satisfactory results which have already been obtained in some of them;

(b) That, in accordance with resolution 2 (AC.17) of the first session of the Committee, held at Tegucigalpa in August 1952, FAO will provide an economist specialized in problems of the fishing industry,

Resolves to approve the work programme for the fisheries economist of FAO for 1957 and to request the United Nations Technical Assistance Board to continue this work until its conclusion.

## TAX POLICY

Resolution 50(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/97)

The Central American Economic Co-operation Committee,

Taking into account resolutions 5 and 22 (AC.17), in which the secretariat was requested to study the problems of financing economic development in Central America, and, in particular, the most effective methods of financing with a view to achieving the purposes of the Central American integration programme,

Considering that the Central American States require, in particular, to improve their tax and budget systems so that they may contribute more efficiently to the promotion of economic development,

Resolves:

1. To take note with satisfaction of the report prepared by the secretariat in co-operation with the Fiscal Branch of the Bureau of Economic Affairs of the United Nations (E/CN.12/CCE/66), in which the tax policy of the Central American countries is studied in relation to economic /development, the

development and the characteristics of the taxes levied on income, exports imports, property and the income of concessionary enterprises are analysed, and various methods of improving the tax systems as well as aspects which should be studied in greater detail are suggested;

2. To thank the secretariat and the Fiscal Branch for their valuable work which represents an extremely important contribution to fiscal studies in the Central American countries;

3. To recommend to the Governments of the Central American republics, and particularly to the Finance Ministers and the fiscal authorities, that they study carefully the conclusions and recommendations contained in the above-mentioned report, with a view to their implementation;

4. To request the secretariat to continue, with the co-operation of the Fiscal Branch as well as of experts who might be provided by the United Nations Technical Assistance Administration, to study Central American taxation and public finance problems and to consider especially the following:

(a) A systematic study of the fiscal problems and changes and adjustments in the fiscal structure which may result from the progressive integration of the Central American economies;

(b) Standardization of the legislation of the Central American republics relating to fiscal incentives for the encouragement of economic development, including the provisions concerning the promotion of industry and income tax and other fiscal or semi-fiscal factors affecting such incentives;

(c) Improvement and development of tax regulations in respect of income and profits;

(d) Study of taxes on consumption;

(e) Improvement of taxes on urban and rural property;

(f) Improvement of public finance statistics, in accordance with the relevant programme recommended to the Central American Statistical Co-ordination Sub-Committee;

5. To recommend to the Governments that they maintain among themselves and with the secretariat an adequate exchange of information on

/their plans



their plans for the revision of fiscal systems, with a view to achieving, whenever possible, maximum uniformity in their fiscal systems.

SEMINAR ON HOUSING PROBLEMS

Resolution 51(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/93)

The Central American Economic Co-operation Committee,

Taking into account the fact that in resolution 27(CCE), adopted during its third session, the secretariat was requested to bring to the attention of the Committee any new measures adopted for the progressive achievement of economic integration in Central America,

Considering that the report of the secretariat on the general status of the programmes, submitted at the current session (E/CN.12/CCE/71), contains some considerations concerning housing problems in Central America, formulated by an expert on the United Nations Technical Assistance Administration,

Resolves:

1. To take note with satisfaction of the preliminary studies made on housing problems in Central America;
2. To recommend to the Central American Governments that they pay the greatest attention to this problem, particularly with a view to co-ordinating the efforts of each country in order to benefit from the experiences of the Central American region;
3. To sponsor as soon as feasible the holding of a seminar on housing problems in Central America and Panama, with the co-operation of the Technical Assistance Administration and the Bureau of Social Affairs of the United Nations, the ECLA secretariat, the Housing and planning Section of the Organization of American States and the housing institutes of the Central American republics. This seminar, to which outstanding foreign experts of other countries may be invited, should consider the technical, social and financial aspects of housing and of the building industry and should take into account the relationship between the housing programmes and general economic and social development in Central America. The seat of the seminar will be determined by common agreement among the members of the Committee in consultation with its Chairman and the secretariat.

ADVANCED SCHOOL OF PUBLIC ADMINISTRATION  
FOR CENTRAL AMERICA

Resolution 52(CCE), adopted on 22 February 1957  
(E/CN.12/CCE/99)

The Central American Economic Co-operation Committee,

Considering:

(a) That the Director of the Advanced School of Public Administration for Central America has submitted to the Committee a report on the activities carried out by the School during 1956 (E/CN.12/CCE/83 and ESAPAC/608/DI.96);

(b) That the work carried out by the School during its three years of existence is praiseworthy and that its operations have been completely satisfactory and are making an effective contribution to the improvement of public administration in the Central American countries,

Resolves:

1. To take note with satisfaction of the report submitted by the Director of the Advanced School of Public Administration for Central America;

2. To commend the Director and the staff of the School on their valuable and praiseworthy work.

MUNICIPAL ADMINISTRATION

Resolution 53(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/100)

The Central American Economic Co-ordination Committee,

Considering:

(a) That the Advanced School of Public Administration for Central America has initiated studies on municipal systems in the region;

(b) That the improvement of municipal administration in Central America is extremely important for the achievement of the purposes of Central American economic integration;

/Resolves to

Resolves to recommend to the Board of Governors of the School that it establish in the School a centre for municipal studies, and that it request assistance for this purpose from the United Nations Technical Assistance Administration, always provided that the technical assistance priorities of the Central American economic integration programme so permit.

TECHNICAL ASSISTANCE

Resolution 54(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/101)

The Central American Economic Co-operation Committee,

Considering that the Regional Representative of the United Nations Technical Assistance Board has submitted a report on the technical assistance activities of the Central American economic integration programme (E/CN.12/CCE/72),

Taking into account the fact that the corresponding requests for technical assistance for 1957 submitted by the Committee were approved and are being acted upon,

Considering that the requests for technical assistance for 1958 must be submitted to the Technical Assistance Board no later than 1 July 1957,

Resolves:

1. To take note with satisfaction of the report of the Regional Representative of the Technical Assistance Board;
2. To authorize the Chairman of the Committee to transmit to the Chairman of the United Nations Technical Assistance Board the resolutions adopted at the current session;
3. To authorize the Chairman of the Committee in addition to transmit in due course, in consultation with the other members, to the United Nations Technical Assistance Board a preliminary draft of the technical assistance programme for 1958, subject to the approval of the Committee at its next session.

/PLACE AND

PLACE AND DATE OF THE NEXT SESSION

Resolution 55(CCE), adopted on 23 February 1957  
(E/CN.12/CCE/102)

The Central American Economic Co-operation Committee,

Resolves to accept the offer of the Republic of Honduras to hold the fifth regular session of this Committee in the capital of Honduras during the first quarter of 1958.

VOTE OF THANKS TO THE GOVERNMENT OF GUATEMALA

The Central American Economic Co-operation Committee,

Resolves to express to the Government and authorities of the Republic of Guatemala its sincere gratitude for the generous hospitality extended to the delegations, the secretariat, the representatives of the specialized agencies and the observers, and further to express its appreciation of the effective measures taken by them to ensure the success of the session.

VOTE OF THANKS TO THE REPRESENTATIVES OF THE REPUBLIC OF PANAMA,  
THE ORGANIZATION OF CENTRAL AMERICAN STATES, THE UNITED NATIONS  
AND ITS SPECIALIZED AGENCIES, AND OTHER ORGANIZATIONS

The Central American Economic Co-operation Committee,

Resolves to thank:

- (a) The representatives of the Republic of Panama for having honoured the Committee with their presence as observers;
- (b) The representatives of the Organization of Central American States for their attendance and the interest shown by them during the session;
- (c) The representatives of the United Nations Technical Assistance Board, Technical Assistance Administration and Food and Agriculture Organization for the reports submitted at the session, as well as the representatives of the International Labour Organisation and of the United Nations Educational, Scientific and Cultural Organization for their participation in the debates, and the representatives of the International

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Bank for Reconstruction and Development and the International Monetary Fund for their interest in the work of the Committee;

(d) The representatives of the Central American Advanced School for Public Administration and of the Central American Research Institute for Industry for their contributions to the work of the session;

(e) The observers of the Inter-American Economic and Social Council and of the Inter-American Statistical Institute for their attendance at the session and their interest in the proceedings;

(f) The observers of the International Regional Organization of Agricultural and Plant Health and of the Coffee Federation of America for their attendance and their interest in the discussions.

#### VOTE OF THANKS TO THE CHAIRMAN AND THE SECRETARIAT

##### The Central American Economic Co-operation Committee,

Resolves to express its sincere appreciation and gratitude

(a) To the Chairman of the fourth session, Mr. Edgar Alvarado Pinetta, Under-Secretary and Acting Secretary of Economy of the Republic of Guatemala, for the efficiency with which he presided over the debates and for his valuable contribution to the success of the session;

(b) To the Representative of the Executive Secretary of the Economic Commission for Latin America and the other members of the secretariat for preparing the conference and submitting the reports on which the Committee's discussions were based.

