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UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

**ECONOMIC COMMISSION FOR LATIN AMERICA**

**REPORT OF THE CENTRAL AMERICAN  
ECONOMIC CO-OPERATION COMMITTEE**

11 JUNE 1958 TO 2 SEPTEMBER 1959

MEXICO

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UNITED NATIONS

# ECONOMIC AND SOCIAL COUNCIL

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## ECONOMIC COMMISSION FOR LATIN AMERICA

*Report of the Central American Economic Co-operation Committee*

(11 June 1958 to 2 September 1959 inclusive)

### Foreword

#### SCOPE OF THE REPORT

The subject-matter of this report, which covers the period from 10 June 1958, when the fifth session held at Tegucigalpa, Honduras, was concluded, to 2 September 1959, the end of the sixth session at San José, Costa Rica, is divided as follows: Part I describes the activities of the Committee and secretariat between the two sessions; Part II summarizes the technical assistance provided to the Committee under the United Nations Expanded Pro-

gramme; Part III gives an account of the proceedings and conclusions of the sixth session; and Part IV contains the resolutions adopted at that session.

The annexes to the report comprise the texts of the Central American Agreement on the Equalization of Import Duties and Charges and of the Protocol to the Agreement, which were approved by the Committee and signed by the Governments on 2 September 1959.

### Part I

#### ACCOUNT OF ACTIVITIES BETWEEN THE FIFTH AND SIXTH SESSIONS

##### A. INTRODUCTION

Between the fifth and sixth sessions, work in connexion with the Programme was considerably expedited. During the period, the Multilateral Treaty on Free Trade and Central American Economic Integration entered into force upon its ratification by three countries. The same countries also ratified the Agreement on the Régime for Central American Integration Industries, which will become effective as soon as the fifth instrument of ratification has been deposited. At the same time, two sessions of the Central American Trade Sub-Committee and one consultative meeting were held in order to complete the equalization of customs tariffs for the commodities listed in the Multilateral Treaty and to prepare a draft Central American agreement on the equalization of import duties and charges. A constitutive session of the transport Sub-Committee was also held, together with the first session of the Housing, Building and Planning Sub-Committee and a meeting of experts on grain classification systems and supply problems in Central America.

##### B. GENERAL STATUS OF THE PROGRAMME

At the fifth session of the Committee, the first stage of the Integration Programme was completed with the signature by five Governments of the Multilateral Treaty and of the Agreement on the Régime for Central American Integration Industries. The period from June 1958 to

September 1959 witnessed the initiation of the second stage in which specific action was taken, the above-mentioned instruments were applied and the Committee's efforts since its inception produced their results. The secretariat report on the progress and prospects of the Economic Integration Programme (E/CN.12/CCE/160) explains in detail the reasons for assuming that a more dynamic second stage of economic integration has begun. A clear indication of this trend was the entry into force of the Multilateral Treaty in June 1959 and the ratification by three countries of the Agreement on the Régime for Central American Integration Industries.

Much of the work done in the period covered by this report consisted in the formulation of the draft Central American agreement on the equalization of import duties and charges and in the establishment of standard tariffs for most of the commodities listed in the Multilateral Treaty. In order to do this work, two sessions of the Trade Sub-Committee and one consultative meeting were held. The secretariat collaborated in this work, prepared the studies which were requested of it on procedures for tariff equalization, the methodology of progressive tariff equalization and, in accordance with the lines of action suggested at the fifth session of the Trade Sub-Committee and at the consultative meeting, drew up a draft agreement on equalization which was considered by the Sub-Committee at its sixth session. In short, the necessary steps were

taken to lay the foundation of a Central American tariff policy and to formulate the third basic instrument of the Central American Common Market.

In the general report submitted by the secretariat (E/CN.12/CCE/161), the significance of the foregoing aspects of the Programme is brought out and achievements in each specific sector of the Committee's work are outlined. All the new sub-committees set up at the Committee's fifth session, which constitute additional means of co-operation and complement those Committees already in existence, prepared their work programmes. Their respective duties include important aspects related to the anticipated trade expansion and the requirements of a more rapid industrialization process. Outstanding among the industrial projects is the completion of the studies on the establishment and financing of a pulp mill in Honduras and on the creation of a regional insecticides industry. Regional self-sufficiency in staple agricultural commodities was given special attention and it appears from studies carried out up to date that the time has come to put their recommendations into practice. For this purpose, the co-operation of agencies for the development of production and stabilization of prices is considered to be of great importance. In addition, the study of salient aspects of integration in the crop and livestock sector is continuing.

The Central American Research Institute for Industry (ICAITI), set up three years ago as part of the Programme, is making full use of its possibilities in the service of Central American industrialization. Its activities are expected to expand even further with the assistance of the Special United Nations Fund for Economic Development and the unequivocal backing of Governments.

In connexion with its teaching activities, the Advanced School of Public Administration for Central America (ESAPAC) has adopted a new method consisting in the organization of specialized seminars on subjects of interest for the area. The School intends to begin giving direct assistance to Governments.

The first project sponsored jointly by the Organization of American States and the Central American Economic Co-operation Committee belongs to the period under review. This project relates to a proposed meeting of Central American investors at San Salvador in the coming months, which is being organized by the secretariats of both institutions in conjunction. The meeting will be held at an opportune moment, when the support and sympathy of private enterprise are required to strengthen the basic structures established by the Programme.

Consideration of the social aspects of economic development, which began some years ago, was intensified during the period under review. In this respect, stress should be laid on a study of human resources and another on the middle class which were submitted to the Committee at its sixth session, as well as on the participation of the secretariat in the study on social aspects of agricultural development, particularly land tenure, which will be carried out under the auspices of the Higher Council of Central American Universities (*Consejo Superior de Universidades Centroamericanas*), the regional Universities and the Latin American Centre for Research in the Social Sciences (*Centro Latinoamericano de Investigaciones en Ciencias Sociales*) at

Rio de Janeiro, with the co-operation of the United Nations, the ILO and FAO.

Special attention continues to be paid to the area's need of satisfactory economic development prospects. In this connexion, the study on El Salvador was completed and that on Honduras is well-advanced.

There follows a brief account of developments during the past year in each sector of the Committee's activities.

### C. ESTABLISHMENT OF THE CENTRAL AMERICAN COMMON MARKET

#### 1. *Free trade*

The Governments of the Central American republics took the requisite measures to put the Multilateral Treaty on Free Trade and Central American Economic Integration into effect. This instrument was ratified by Guatemala, El Salvador and Nicaragua and entered into force in June 1959. The secretariat has been studying various problems arising out of the expansion of free trade in order to accelerate the process. For this purpose, it put before the Sub-Committee at its fifth session several ideas on the implementation of article XXVI of the Treaty, which specifies some of the ways in which trade may be progressively liberalized. A more complete study was submitted to the Committee at its sixth session, indicating the interrelationships between the Treaty and the Agreement on Equalization, particularly in so far as immediate and progressive liberalization and equalization procedures are concerned (E/CN.12/CCE/165).

#### 2. *Equalization of import duties and charges*

During the period covered by this report studies were carried out on the equalization of import duties and charges, in accordance with article IV of the Multilateral Treaty, on commodities listed in that Treaty. The draft Central American agreement on the equalization of import duties and charges was drawn up and will enable a rapid programme of tariff equalization to be carried out with a view to the preparation of a standard tariff in the near future and to the promotion of free trade in the Central American area.

These studies arose out of the fifth session of the Central American Trade Sub-Committee, at which it became obvious that a method of tariff equalization should be adopted which would enable the ground for a standard tariff policy to be prepared in line with the requirements of Central American economic development. Hence, maximum and minimum duties and charges were fixed by groups of commodities classified according to their economic features, in order to serve as a guide for negotiations and as a frame of reference for the tariff equalization of specific items. Subsequently, these floor and ceiling limits were revised in the light of experience at a consultative meeting of ministerial representatives.

At the fifth session of the Sub-Committee a draft was also prepared of the first Central American agreement on the equalization of import duties and charges in compliance with article IV of the Multilateral Treaty which deals with tariff equalization for commodities listed in the Treaty. Because of the advisability of hastening the process of tariff equalization as one of the surest methods of promoting free trade and facilitating import substitution, it was recommended to the Governments that equali-

zation should be accelerated even when it was progressing more rapidly than free trade. Subsequently, at the consultative meeting, it was thought advisable to impart greater flexibility to the equalization process while enabling immediate and progressive equalization measures to be taken. It was also decided to draw up an agreement which, apart from being applicable to the Multilateral Treaty commodities, would constitute the general instrument for equalization just as the Multilateral Treaty constitutes the free-trade instrument. The draft Central American agreement was discussed at the sixth session of the Sub-Committee and commended for the consideration and signature of the Governments in resolution 23 (SC.1).

In resolution 24 (SC.1), the Governments and the secretariat were requested to support the convening of the Trade Sub-Committee, so long as it continues to act as the Central American Trade Commission—or of the latter once it begins its work—as often as may be necessary for the purpose of concluding a draft Central American import tariff for submission to the Central American Economic Co-operation Committee for consideration at its seventh session.

### 3. *Customs nomenclature*

With the adoption of the Standard Central American Customs Nomenclature (NAUCA) by two more countries for their import tariffs, the whole of Central America now has a standard nomenclature.

The secretariat has continued to act as a centre for Government consultations on classification problems in connexion with the NAUCA, with a view to achieving a consensus of views.

Agreement was also reached on standardization of the tariff sub-sub-items (*incisos*), further divisions of the sub-items (*subpartidas*) embracing the commodities covered by the Multilateral Treaty on Free Trade. This classification will become effective when the agreement on tariff equalization negotiated by the Sub-Committee enters into force.

## D. INDUSTRIAL DEVELOPMENT

### 1. *Régime for Central American Integration Industries*

In accordance with article XII, the Régime will enter into force as soon as the fifth instrument of ratification has been deposited. The ratification by Guatemala, El Salvador and Nicaragua during the period under review represents a considerable step forward in this respect. In order to forge ahead with studies on the application of the Régime and negotiation of the first five plants—one for each country—the secretariat has made some suggestions at the sixth session as regards the best procedure to adopt (E/CN.12/CCE/166).

### 2. *Equalization of fiscal incentives*

At the opening of the sixth session all the Central American countries had enacted legislation designed to promote industrial development. The equalization of fiscal incentives has warranted special attention during the period covered by this report and has been the subject of a preliminary report by an expert of the United Nations Technical Assistance Programme which will later be submitted to the Committee (E/CN.12/CCE/181).

### 3. *Central American Industrial Initiatives Commission*

Work was begun on the studies recommended by the Textile Industry Working Group. The collaboration was obtained of an expert provided by the United Nations Technical Assistance Programme with a view to bringing private industry into closer association with the Integration Programme.

The secretariat has co-operated with the Organization of Central American States (OCAS) in organizing a meeting of Central American investors to be held in October under the joint auspices of OCAS and the Committee.

### 4. *Pulp and paper industry*

The FAO mission and the financing expert of the United Nations Technical Assistance Programme finished their final report during the past year as well as the preliminary draft project for the manufacture of pulp and paper in Honduras, thereby bringing to an end all the studies undertaken on this subject. The conclusions are given in the report submitted to the Committee (FAO/CAIS/59/1, TAO/LAT/23). The project is confined for the time being to the production of unbleached pulp, mainly for extra-regional export, and to the establishment of a saw-mill, the manufacture of bleached pulp and kraft paper being left as a future possibility.

### 5. *Insecticides industry*

A report (TAO/LAT/24) on the market possibilities in Central America for the insecticides industry was presented to the Committee at its sixth session. The study was prepared by an expert of the United Nations Technical Assistance Programme in co-operation with the Central American Research Institute for Industry (ICAITI) and the secretariat.

## E. DEVELOPMENT OF THE ECONOMIC INFRASTRUCTURE

### 1. *Road transport*

The Central American Agreements on Road Traffic and on Uniform Road Signs and Signals have both been ratified by Guatemala, El Salvador and Nicaragua, and Panama is also likely to accede. Studies on road traffic control have been undertaken in Costa Rica, El Salvador and Honduras on the basis of the first of these agreements. Once the competent authorities took steps to implement the second, noteworthy progress was made in introducing a uniform system of road signs and signals.

The first session of the Transport Sub-Committee was held at Managua from 22 to 29 September 1958. The general specifications for road and bridge construction in Central America and Panama (E/CN.12/CCE/158/Add.1 and 2) were adopted and several recommendations were made on general traffic questions and on the planning of highways (E/CN.12/CCE/158/Add.3). Thus the work of nearly two years carried out by an expert of the United Nations Technical Assistance Programme in collaboration with the authorities and road engineers of the different countries was brought to its conclusion. The report of the first session (E/CN.12/CCE/158) was submitted for the consideration of the Committee at its sixth session.

The secretariat has continued to keep information on transport facilities in Central America up to date.

## 2. *Maritime transport*

Work was completed on the preparation of the draft maritime code which has been under study by an expert mission of the United Nations Technical Assistance Programme. Because of the code's technical nature, it has been thought best not to submit it to the Committee for consideration until it has been discussed by the Transport Sub-Committee. Direct consultations in this connexion have already begun between technical assistance experts and Government authorities. The secretariat will help in assembling observations and suggestions on the provisions of the draft code.

## 3. *Electric power*

The Electric Power Sub-Committee, established at the fifth session of the Committee, began its work. The services of an expert of the Technical Assistance Programme have been provided and he has begun to work in the area in collaboration with the Governments, electrification institutes and electric power enterprises of the different countries. At the forthcoming first session of the Sub-Committee, the future work programme will be discussed and adopted in order to systematize and guide studies in this field.

## F. AGRICULTURAL, LIVESTOCK AND FISHERIES DEVELOPMENT

In accordance with resolution 62 (CCE) and earlier resolutions of the Committee, studies were continued on grain supplies and trade in Central America, livestock production, cotton policy and fisheries development. Various FAO missions, in co-operation with the FAO economist assigned to the Integration Programme and in consultation with the secretariat, have undertaken studies on the markets for grain, livestock and livestock products, as well as on cotton marketing and the development of the fishing industry.

### 1. *Collaboration with development and price stabilization institutes*

The idea of creating an association of organizations for the development of production and price stabilization in Central America was discussed during the meeting of representatives of the organizations concerned—at which the secretariat was also represented—held from 12 to 14 February 1959 at San José, Costa Rica. The meeting decided to put the matter before the Committee with respect to the formulation of a project for association.

### 2. *Grain supplies and inter-Central American trade*

In compliance with resolutions 48 and 62 (CCE), a meeting of experts on grain classification and the exchange of market information was held at Tegucigalpa, Honduras, from 25 to 30 June 1959. The group considered the documents prepared by the FAO expert and evolved systems for the standard classification of maize, rice, beans and for the exchange of market information on

these commodities. The report of the meeting was submitted to the Committee at its sixth session (E/CN.12/CCE/171).

## 3. *Livestock and livestock products*

Work has continued on the study of the principal problems to be solved if livestock products are to be better distributed and marketed in Central America. The final report on these questions (FAO/CAIS/59/4), which was put before the Committee for its consideration, supplements the economic study presented at the previous session and contains a more detailed analysis of aspects relating to the establishment of a standard classification for meat and livestock and to the improved organization of inter-Central American trade in these items.

## 4. *Cotton*

The report on the cotton trade (FAO/CAIS/59/6) examines the relevant problems and suggests practical measures for standardizing cotton production in the Central American countries as a preliminary step to the joint action which might be taken as regards trade policy. It is planned to submit this document to a consultative meeting which will be held in due course to discuss such problems, with the participation—it is hoped—of representatives of the private sector interested in developing the Central American cotton economy.

## 5. *Fisheries development*

The FAO expert on the fishing industry presented a final report on his work to the sixth session (FAO/CAIS/59/5), thereby completing the preliminary analysis which he submitted to the previous session.

## 6. *Forestry instruction and training*

On the basis of resolution 1 (CCE) adopted by the Committee in May 1955, an FAO expert continued to work at the Inter-American Institute of Agricultural Sciences (*Instituto Interamericano de Ciencias Agrícolas*) at Turrialba, Costa Rica. Another course was held on forestry instruction and training, special emphasis being placed on forest engineering techniques, the utilization of resources, forest management and timber technology. After the end of the course, the project ceased to be financed from the funds assigned to the Economic Integration Programme, as laid down in resolution 62 (CCE).

## G. RESEARCH AND TRAINING

### 1. *Industrial research and technology*

The work of the Central American Research Institute for Industry (ICAITI) has continued to produce satisfactory results. During 1959, 16 industrial projects for private investors and development institutions were concluded, 13 more are under study and 29 requests for advice on technical matters were answered. At the beginning of June, the Special United Nations Fund (SUN-FED) approved an application for financial assistance

in 1960-64 amounting to 900,000 dollars. The report by the Director of the Institute was placed before the Committee at its sixth session (E/CN.12/CCE/178).

## 2. *Public administration*

The Board of Directors of the Advanced School of Public Administration for Central America (ESAPAC) agreed in September 1958 to modify the curricula so that the general administration course should be supplemented by seminars on specialized questions. The first of these consisted of a seminar on census administration and a preliminary meeting was also held on organization and methodology. A seminar on the administration of social programmes is planned for 1960. The Transport Sub-Committee has recommended that a seminar should be held on the administration of road works. The Director of the School has submitted a report to the Committee (E/CN.12/CCE/180).

## 3. *ILO programme*

Pursuant to resolution 60 (CEE), the training programme for industrial personnel has considered the problem of more intensive training for textile workers. The productivity and training programme undertaken with the help of the International Labour Organisation continues to serve Central American industry.

## 4. *Housing, building and construction materials industries, and town planning*

In conformity with resolution 61 (CCE), the secretariat convened the first session of the Central American Housing, Building and Planning Sub-Committee at San José, Costa Rica, from 28 to 31 October 1958. This constitutive meeting concentrated on estimating the means, resources and technical assistance which will be needed to implement the work programme for 1958-59.

The secretariat transmitted to the Committee the report of the above-mentioned session (E/CN.12/CCE/159). A programme has already been initiated for the exchange of technical information and research papers so that full use can be made of experience acquired in this field. An expert on standardization of construction materials has been nominated, in accordance with the Committee's request. Arrangements are also under way for the appointment of a United Nations housing expert to collaborate with the Sub-Committee in the development of its work programme, and for the co-operation of the Technical Assistance Programme of the Organization of American States in the preparation of studies and norms recommended by the Sub-Committee.

## H. SOCIAL ASPECTS OF DEVELOPMENT

### 1. *Human resources*

The first study on this subject by an expert of the United Nations Technical Assistance Programme, which was undertaken pursuant to resolution 73 (CCE), was submitted for the consideration of the Committee at its sixth session (TAO/LAT/22). It analyses Central America's principal demographic problems and evaluates future population trends. Research will be continued during the present year, with particular reference to the labour force, its adaptation to development requirements, its

mobility in respect of rural and urban employment and other related aspects.

### 2. *Study on the middle class*

Also in compliance with resolution 73 (CCE) an initial study was made on the development of the middle class in Central America and its influence on demand, savings and private enterprise. The document was submitted for discussion by the Committee at the sixth session (E/CN.12/CCE/176).

### 3. *Land tenure*

On the basis of resolution 73 (CCE) and in conjunction with the Latin American Centre for Research in the Social Sciences (Rio de Janeiro, Brazil), the secretariat has begun to study the social aspects of agricultural development, with special emphasis on the reform of the land tenure system and agricultural working conditions. The project has aroused the interest of the Higher Council of Central American Universities and of the regional universities which have also offered to co-operate in preparing the studies. Their offer was recorded in the resolutions adopted at the last meeting of the Council.

On 21 August, a meeting of the organizations interested in this project was held in the University of Costa Rica. It was recommended at the meeting that the study should be undertaken as a project of the Department of Economic and Social Research (*Departamento de Investigaciones Económicas y Sociales*) of the University of Costa Rica which would act on behalf of the Higher Council of Central American Universities, with the co-operation of the organizations represented at the meeting. The secretariat gives a full account of this matter in documents E/CN.12/CCE/177 and 177/Add.1.

## I. OTHER ACTIVITIES

### 1. *Statistics*

Activities were carried on in keeping with the 1958-59 work programme adopted at the fourth session of the Sub-Committee. FAO experts worked on the 1960 agricultural and livestock census and forest statistics. A session of the Working Group on Industrial Statistics will be held in the third quarter of 1959 in order to consider the findings of the industrial censuses held recently in Costa Rica, El Salvador and Guatemala. The Working Group on Agricultural and Livestock Statistics will hold its third session concurrently with the other group. A supplement is being prepared to the Central American Statistical Compendium which will be published shortly.

### 2. *Weights and measures*

Consideration was given to the best way of carrying out the recommendations contained in the study by an expert of the Technical Assistance Programme. The work will be completed in co-operation with another expert provided by the United Nations.

### 3. *Customs regulations*

The revised draft customs code, which was finished in 1958, will be reviewed at a future session of the Central American Trade Sub-Committee.

## Part II

### TECHNICAL ASSISTANCE FOR THE INTEGRATION PROGRAMME IN 1958-61

During the period covered by this report, the services of experts continued to be provided under the United Nations Expanded Programme of Technical Assistance. New applications were attended to, and progress was made on projects originating in previous applications.

As in the previous period, the financial limits to the United Nations regional technical assistance programmes which, as the Committee is well aware, cannot exceed 10 to 12 per cent of the entire funds assigned for this purpose annually, have made it impossible to comply with all the applications connected with the Integration Programme and priorities have had to be established on the basis of various considerations, in consultation with the Chairman of the Committee.

The sectors in which technical assistance was rendered in 1958 and in which activities were initiated or programmed in 1959 were: industrial technological research, public administration, electrification, productivity, transport, pulp and paper, livestock and meat distribution, fisheries, insecticides, grain distribution, forestry training, cotton and unification of fiscal incentives.

The report submitted to the Committee by the Regional Representative of the Technical Assistance Board (E/CN.12/CCE/162) mentions the possibility of a slight reduction in 1960 of the funds available to the Technical Assistance Programme. It adds that the funds are unlikely to increase to any substantial extent in the coming years.

In 1958, the Central American Economic Integration Programme had at its disposal 310,000 dollars provided by the United Nations and the specialized agencies that participate in the Programme. The total contribution for 1959 is estimated at 330,000 dollars and will be about

320,000 in 1960. In view of the financial limits to the apportionments for regional programmes and the growing number of regional projects that merit attention in other parts of the world, particularly Africa, it may not be possible to secure any appreciable increment in the funds available in future for the Integration Programme under the Expanded Programme of Technical Assistance. The secretariat has therefore suggested to the five Governments that they should study the advisability of gradually including in their respective national technical assistance programmes special aspects of interest for the Integration Programme. This is being done, and national and regional programmes are now linked up in so far as cotton and agricultural statistics are concerned. The idea of formulating projects which would interest groups of countries might be given special attention in the next few years. In order to facilitate a decision in this respect, the above-mentioned report will cite some national development programmes that are being put into practice and that might be of interest for the Integration Programme.

Apart from the concise account of developments between the fifth and sixth sessions of the Committee, the report points out that since the fifth session two new technical assistance programmes have been put into operation and specifies the conditions in which they function. The Special United Nations Fund (SUNFED) and the International Administrative Service began their activities officially on 1 January 1959. SUNFED approved at the beginning of June a request for financial assistance for the Central American Research Institute for Industry (ICAII) in 1960-64 to the amount of 900,000 dollars.

## Part III

### SIXTH SESSION OF THE COMMITTEE

#### A. MEMBERSHIP, ATTENDANCE AND ORGANIZATION OF WORK

Delegations from Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama attended the session. Representatives of various United Nations bodies, the Organization of American States, the Organization of Central American States and other Central American international agencies were also present.

The delegations were composed as follows:

#### a) Delegations of member countries

##### Costa Rica

Chairman of the delegation: *Alfredo Hernández Volio*, Minister of Economy and Finance.

Members: *Porfirio Morera; Max Esquivel; Manuel Guevara Fallas; Carlos Villalobos; Lino Vicarioli C.; Carlos Yglesias; Fernando Rojas B.; José Antonio Vargas; Félix Echeverría P.; Alvaro Sancho C.; Rigoberto Navarro; Elías Soley C.; Carlos Luis Solera;*

*Rudy Venegas; Eduardo Zúñiga; Cristóbal Vega; Rodrigo Soley C.; Juan Manuel Revilla; José Rafael Echeverría; Mariano Cortés; Rafael Angel Arguedas; Luis F. Jiménez; Rodrigo Madrigal N.; Enrique Romero A.; Fernando Ortuño; Roberto Fernández Z.; Raúl Hess E.*

##### El Salvador

Chairman of the delegation: *Alfonso Rochac*, Minister of Economy.

Members: *Pedro Abelardo Delgado; Enrique Cuellar; Benjamín Wilfredo Navarrete; Jaime Quesada; Alvaro Magaña; Miguel Alvarado Zamora; Angel R. Vaquero; Jorge Sol Castellanos; Francisco de Sola; Mario Delgado Gamboa; Ulises Flores; Rolando Duarte F.; Manuel Antonio Zamora.*

##### Guatemala

Chairman of the delegation: *Eduardo Rodríguez Genis*, Minister of Economic Affairs.

Members: *Alberto Fuentes Mohr; Luis Melgar Larrieu; J. Antonio Pérez Calderón; Amado Vides; Alfredo Pinillos R.; Rolando Quintana; René Chiu Fuentes; Gilberto Secaira; Manuel Rubio Sánchez.*

#### *Honduras*

Chairman of the delegation: *Jorge Bueso Arias*, Minister of Economy and Finance.

Members: *Juan Milla Bermúdez; Héctor Alfonso Pineda; Roberto Ramírez; Rafael Callejas; Francisco Safont-Tria; Abraham Ramos Bennaton; Guillermo Bueso; Salomón Ordóñez; Miguel Angel Rivera; Angel Casanova; Filander Diaz Chaves; Mauricio Castañeda; Guatemo Fonseca.*

#### *Nicaragua*

Chairman of the delegation: *Enrique Delgado*, Minister of Economy.

Members: *José María Castillo; Gustavo Guerrero; Juan Bautista Lacayo; Manuel Sequeira; Héctor Wilkinson; Sofonías Cisneros Leiva; Ramón Morales; Alfonso Llanes.*

#### *b) Delegation of Panama*

Chairman of the delegation: *Fernando Eleta*, Minister of Finance and the Treasury.

Members: *Mario de Diego; Rubén Darío Carlos; Manuel Varela Jr.; Hernán Rodríguez; Manuel Pino R.; Henry Kourany; José Luis Fernández.*

#### *c) Specialized agencies of the United Nations*

*Alberto Lagnado, Jean Jacques Blosseville*, International Labour Organisation (ILO); *Angelo De Tuddo, John Kassebaum and Cecil Miles*, Food and Agriculture Organization (FAO); *K. MacAleavey*, International Civil Aviation Organization (ICAO); *Jorge del Canto and Eduardo Laso*, International Monetary Fund (IMF); *Jorge Alberto Montealegre*, International Bank for Reconstruction and Development (IBRD).

#### *d) Other international agencies*

*Jorge Hazera and Oscar Ayala*, Organization of American States (OAS); *Alberto Martén*, Organization of Central American States (OCAS); *Omar Dengo*, Inter-American Statistical Institute (IASI); *Oscar Pacheco Ortíz*, American Coffee Federation (FEDECAME); *Otto J. Stern, Manuel Noriega Morales, Alfonso Gutiérrez* and *Raúl Hess*, Central American Research Institute for Industry (ICAITI); *Edward P. Laberge*, Advanced School of Public Administration for Central America (ESAPAC).

The session was also attended by Mr. *Roberto Huertematte*, the United Nations Commissioner for Technical Assistance; Mr. *Arthur Goldschmidt*, Director of the Bureau of Technical Assistance Operations, Department of Economic and Social Affairs of the United Nations, and Mr. *Alfred Mackenzie*, the Regional Representative for Central America of the Technical Assistance Board (TAB).

The secretariat was represented by Mr. *Alfonso Santa Cruz*, Director of the ECLA Mexico Office; Mr. *Cristóbal Lara Beautell*, Deputy Director; Mr. *Carlos Manuel Castillo*, Secretary of the Central American Economic Co-operation Committee, and other officials.

Mr. *Alfredo Hernández Volio*, Chairman of the delegation of Costa Rica, was elected Chairman of the session and Mr. *Fernando Eleta*, Chairman of the delegation of Panama, was elected Rapporteur.

At the first plenary meeting it was decided to set up a working group consisting of the chairmen of delegations in order to discuss the items on the agenda relating to the Central American Agreement on the Equalization of Import Duties and Charges, the expansion of free trade, integrated industrial development and fiscal incentives for economic development; another group to deal with agricultural and livestock development, a third to consider industry and a fourth to discuss transport and housing questions. The remaining items as well as the working groups' reports were dealt with at plenary meetings.

#### B. ACENDA

At the first plenary meeting the draft agenda submitted by the secretariat was considered. An item on weights and measures was added upon a proposal by the delegation of Costa Rica. The agenda, as adopted, was as follows:

#### 1. Present status of the Central American Economic Integration Programme

##### Documents:

- a) Evaluación y perspectivas del Programa de Integración Económica Centroamericana (E/CN.12/CCE/160);*
- b) Informe de la Secretaría (E/CN.12/CCE/161);*
- c) Informe del Representante Regional de la Junta de Asistencia Técnica de las Naciones Unidas (E/CN.12/CCE/162).*

#### 2. Foreign trade

#### A) Central American Agreement on the Equalization of Import Duties and Charges

##### Documents:

- a) Informe de la Quinta Reunión del Subcomité de Comercio (E/CN.12/CCE/156);*
- b) Informe de la Reunión de Consulta. Proyecto de Primer Convenio Centroamericano sobre Equiparación de Gravámenes a la Importación, 24 April 1959;*
- c) Informe de la Sexta Reunión del Subcomité de Comercio (E/CN.12/CCE/163);*
- d) Proyecto de Convenio Centroamericano sobre Equiparación de Gravámenes a la Importación (E/CN.12/CCE/163/Add.1);*
- e) Nota de la Secretaría (E/CN.12/CCE/164).*

#### B) Relationship between the Multilateral Treaty and the Agreement on the Equalization of Customs Duties and Charges

##### Documents:

*Evolución del libre comercio y de la equiparación arancelaria. Nota de la Secretaría (E/CN.12/CCE/165).*

##### Information documents:

- a) Procedimiento para la equiparación de los gravámenes a la importación en Centroamérica (E/CN.12/CCE/SC.1/41/Rev.1);*

- b) Proyecto de Convenio Centroamericano sobre Equiparación de Gravámenes a la Importación (E/CN.12/CCE/SC.1/48/Rev.1);
- c) Repercusiones fiscales de la equiparación de los impuestos a la importación y del libre comercio en Centroamérica (E/CN.12/CCE/110);
- d) Equiparación de gravámenes aduaneros y política comercial común en Centroamérica (TAA/LAT/21);
- e) Código Aduanero Uniforme Centroamericano (TAA/LAT/14).
3. Industrial development
- A) Implementation of the Agreement on the Régime for Central American Integration Industries  
Documents:  
Análisis de las medidas y alternativas para poner en vigor el Régimen de Industrias Centroamericanas de Integración. Nota de la Secretaría (E/CN.12/CCE/166).
- B) Fiscal incentives for industrial development  
Documents:  
Informe sobre el estado de los trabajos (E/CN.12/CCE/181).
- C) Pulp and paper industry  
Documents:  
a) Proyecto para la fabricación de celulosa y papel en Centroamérica (FAO/CAIS/59/1; TAO/LAT/23);  
b) Nota de la Secretaría (E/CN.12/CCE/167).
- D) Insecticides industry  
Documents:  
a) Informe sobre el uso y la posible fabricación de pesticidas en Centroamérica (TAO/LAT/24);  
b) Nota de la Secretaría (E/CN.12/CCE/168).
- E) Standard Central American legislation on weights and measures
4. Other matters related to economic integration
5. Agricultural and livestock development
- A) Present status of the work  
Documents:  
Nota de la Secretaría (E/CN.12/CCE/169).  
Reference documents:  
a) Posibilidades de organización del mercado centroamericano de ganado y carne, y clasificación de ganado (FAO/CAIS/59/4);  
b) Recomendaciones sobre coordinación de la política algodonera centroamericana (FAO/CAIS/59/6).
- B) Collaboration with the institutes for the development of production and price stabilization  
Documents:  
Informe de la Reunión de Institutos de Fomento de la Producción y Estabilización de Precios del Istmo Centroamericano (San José, Costa Rica, 12-14 February 1959) and Nota de Secretaría (E/CN.12/CCE/170).  
Information document:  
Memoria de la Primera Conferencia de Organismos de Fomento de la Producción y Estabilización de Precios del Istmo Centroamericano (Guatemala, 23-30 April 1958).
- C) Grain supplies and trade in Central America  
Documents:  
Informe de la Reunión de Expertos sobre Clasificación de Granos e Intercambio de Información de Mercados (E/CN.12/CCE/171).  
Information documents:  
a) Implantación de un sistema común de clasificación de granos de Centroamérica y Panamá (FAO/CAIS/59/2);  
b) Establecimiento de un sistema de intercambio de información de mercados en Centroamérica y Panamá (FAO/CAIS/59/3).
- D) Fisheries development  
Documents:  
Situación actual y líneas de posible desarrollo de la industria pesquera en Centroamérica. Informe final del experto (FAO/CAIS/59/5).
6. Transport  
A) Present status of the work  
Documents:  
Nota de la Secretaría (E/CN.12/CCE/172).  
B) Uniform standards for road construction  
Documents:  
Informe de la Primera Reunión del Subcomité de Transporte (E/CN.12/CCE/173).  
Information documents:  
Situación del Transporte en Centroamérica. Nota de la Secretaría (E/CN.12/CCE/173).  
Especificaciones generales para la construcción de carreteras y puentes en Centroamérica y Panamá (E/CN.12/CCE/158/Add.1).  
Recomendaciones del Subcomité de Transporte sobre asuntos viales de carácter general y planeación de carreteras (E/CN.12/CCE/158/Add.3).
7. Housing, building and planning  
Documents:  
a) Nota de la Secretaría (E/CN.12/CCE/174);  
b) Informe del Subcomité de Vivienda, Edificación y Planeamiento (E/CN.12/CCE/159).
8. Social aspects of development  
A) Human resources  
Documents:  
a) Nota de la Secretaría (E/CN.12/CCE/175);  
b) Los recursos humanos de Centroamérica, Panamá y México en 1950-1980 y sus relaciones con algunos aspectos del desarrollo económico (TAA/LAT/22);  
c) Estudio sobre las clases medias en Centroamérica. Informe preliminar (E/CN.12/CCE/176).
- B) Land tenure system and agricultural working conditions in Central America  
Documents:  
Nota de la Secretaría (E/CN.12/CCE/177).
9. Industrial research, development and productivity  
Documents:  
a) Informe del Director del Instituto de Investigación y Tecnología Industrial (E/CN.12/CCE/178);  
b) Informe de la OIT sobre las actividades de la Misión de Productividad y Formación Profesional, correspondiente a 1959 (E/CN.12/CCE/179).
10. Vocational training  
Documents:  
Informe del Director de la Escuela Superior de Administración Pública en América Central (E/CN.12/CCE/180).

11. Date and place of the seventh session
12. Consideration and adoption of the Committee's report

### C. ACCOUNT OF PROCEEDINGS

#### 1. *General status of the Central American Economic Integration Programme*

The sixth session marks the beginning of a new stage for the Central American Economic Integration Programme. In keeping with the spirit of the Tegucigalpa agreements and the Committee's previous decisions, the Committee consolidated, in two new juridical instruments, systems to regulate future tariff equalization and free trade.

The Committee made a careful study of the equalization Agreement prepared by the Trade Sub-Committee in 1958-59. As a result of the Committee's activities as well as of the decisions reached, the Agreement was signed on 1 September 1959 at San José, Costa Rica. The Committee also drew up a Protocol to the Agreement in which the five countries pledged themselves to grant a Central American preferential tariff that would give a strong impetus to trade expansion and demonstrate that the Integration Programme had fully embarked upon the stage of practical achievements after a beneficial and entirely necessary period of study and evaluation of the different alternatives. The Protocol was also signed by the Governments of the five Central American countries on 1 September 1959 on the occasion of the sixth session.

The growing interest displayed by the Government of Panama in the Integration Programme culminated in a much closer association between that country and the Economic Co-operation Committee as well as in the Government's decision to take part in all future activities as if it were already a full member of the Committee. The new relationship immediately enlarges the scope of the Programme and will tend to widen the basis of specialization and economic complementarity among the participating countries.

With respect to industrial development, it was decided at the sixth session that proper financing mechanisms should be set up within the framework of the Programme without delay, so that Central American savings and foreign capital could be utilized to further the objectives of the Programme and the development of the less advanced areas and countries in the region.

On the same occasion, a more specific definition was given of the need to carry out integrated industrial projects in order to secure the extensive participation of private enterprise through frequent contacts with the sector and through its association with Central American economic integration mechanisms.

The Committee widened its field activities with respect to transport and other sectors of the economic infrastructure. The work begun in earlier years will be intensified in accordance with the decisions taken at the sixth session, since the expansion of inter-Central American trade, which can be foreseen already, will call for substantial progress in this and other aspects.

Since 1957, increasing importance has been attached to the study of the social aspects of economic development within the Committee's over-all activities. The first results obtained by the work proved that further consideration should be given to these aspects and to the way in which

social factors can facilitate or hamper the whole process of economic integration.

In order to enable all these decisions to be implemented quickly and efficiently, the Committee took pains to see that the institutions set up under the Programme, as well as national and regional technical assistance activities, were so organized and guided as to serve the purpose of economic integration in the best possible way.

At the close of the sixth session, it was patent that, in the phase just initiated some of the Programme's salient features have already begun to emerge and will, as they define themselves, constitute a policy and eventually a joint economic development programme for the Central American countries.

The results of the debates and the decisions adopted by the Committee between 26 August and 2 September 1959 are outlined in the following pages.

#### 2. *Incorporation of Panama into the activities of the Central American Economic Integration Programme*

Panama was represented at the sixth session by its Minister of Finance and the Treasury and by a large delegation. At the beginning of the session, this delegation stated that Panama felt it could no longer remain aloof from the new forms of international *rapprochement* and was anxious to take part in the Integration Programme. They formally requested the inclusion of Panama in the Committee's activities as a step towards full participation in the Programme, adding that before their Government became part of the Committee with the same rights and obligations as those devolving on the other five members, it would be necessary to clarify and decide how to deal with the diverse problems that would arise from its accession, as well as to find a practical solution for those connected with Central American organizations and agreements, such as the Multilateral Treaty on Free Trade and the Régime for Central American Integration Industries.

The Committee considered that Panama's participation would be of great importance for the future of the Programme, since it would lead not only to an expansion of the market but also to a widening of the Programme's field of activity.

The other delegations expressed their satisfaction with the decision of the Panamanian Government and recalled that since the Committee's first session resolutions had been adopted expressing their sincere wish for Panama to become a member of the Committee. They realized, however, that their desire to see Panama fully incorporated into the activities of the Committee and the Programme should be preceded by studies on the best way for its participation in the five members' commitments to be adapted to actual circumstances. In the resolution on this matter (80 CCE), the Committee decided to accept Panama in the Integration Programme and invited it to take part in the Committee's activities on the same standing as the other members while the above-mentioned studies were being carried out by the secretariat. Panama was also invited to become an immediate member of the Central American Research Institute for Industry and of the Advanced School for Public Administration in Central America.

#### 3. *Establishment of the Central American common market*

The draft Central American agreement on the equaliz-

ation of import duties and charges and the expansion of free trade were discussed by a working group consisting of the Central American Ministers of Economic Affairs and their advisers, who drew up the Central American Agreement on the Equalization of Import Duties and Charges and an appended Protocol which were both signed on 1 September 1959.

a) *Central American tariff equalization and preference*

The Committee assessed the importance of tariff equalization for Central American economic development as an incentive for import substitution and the expansion of free trade.

The parties to the Agreement undertake to create a standard Central American import tariff in not more than five years for the purpose of recasting national tariff policies so as to bring them into line with economic integration requirements. This was considered to be even more necessary since Central America would have to look to its own internal market for the factors that would lead to the attainment of higher *per capita* income levels. This would call for the replacement of imports by regional production on a large scale.

A lengthy discussion was held on the possibility of freeing trade, through the Agreement, for all commodities as they were equalized. It was decided to sign a Protocol to the Agreement which would establish a Central American tariff preference of 20 per cent on the total sum of import duties for Central American goods.

The close bond between tariff equalization and free trade motivated the decision to include a new provision in the Agreement by virtue of which the Contracting States, once tariff equalization had been instituted for all commodities, would accord multilateral free trade within no more than five years from the date on which standard import duties and charges entered into force. In view of the undertaking to bring the Central American free-trade area into full operation within ten years, it was specified that the five-year period in which free trade was to be established was in no case to exceed the time-limit laid down in article I of the Multilateral Treaty.

Apart from the decisions on political economy referred to above, the Committee discussed in detail the draft agreement and schedules of equalized commodities. The conclusions reached in each case are briefly indicated in the following pages.

In considering the priorities to be followed for tariff equalization and their allocation in accordance with the terms of article III, it was recognized that such groups of commodities should be given preference but no rigid order of priority applied, so that their treatment could be varied as the exigencies of the moment dictated.

b) *Procedures for tariff equalization*

The procedures laid down in the Agreement for equalizing the customs tariff have imparted to such equalization the degree of flexibility found from experience to be desirable. The immediate application of tariffs is the general and most convenient system, but, as an exception, an interim system is also permitted which introduces progressive equalization when, for economic, fiscal or other reasons, standard tariffs cannot be immediately

established. Special stress was laid on the fact that, when Central American production was insufficient to meet regional demand, the level of tariffs should be compatible with an increase in production, and an attempt should be made to avoid a sudden leap in prices in favour of a gradual adjustment to the rise in tariffs.

The methodological problems of progressive equalization were discussed at length, and decisions were adopted to the effect that the minimum annual change should be the aliquot of the difference between the initial tariff and the standard duty and charge to be attained, this being calculated on the basis of each of the specific components and *ad valorem*. It was also decided that the first change in the initial tariffs should be effected one year from the date of entry into force of the Agreement and subsequent modifications at intervals of exactly twelve months. The delegations of Guatemala and El Salvador were of the opinion that the first change ought to be introduced at the time when the Agreement entered into force.

c) *Central American preferential tariff*

In the course of the discussion of tariff equalization where trade in the goods in question had not been liberalized, it became evident that the measure might result in higher tariffs in inter-Central American trade, which would be prejudicial to productive activities already established. It was therefore agreed that all countries for which the tariff in force was lower than the duty agreed upon should adopt the existing lower tariff in respect of inter-Central American trade. In adopting that decision, the Committee's chief purpose was to ensure that inter-Central American preferential treatment should be as favourable as possible. It was settled, however, that in very special cases the Central American Trade Commission should be empowered to agree upon exceptions to the general rule.

d) *Renegotiation of consolidated duties*

The existence of agreements signed by Central American countries with others outside the area, under the terms of which tariffs were consolidated, created the need—if equalization were to be effective—for the renegotiation of the said agreements or for the countries concerned to be released from the consolidation commitment in respect of the items equalized. It was agreed that a term of one year from the date of entry into force of the Agreement would allow countries in the position described sufficient time to free themselves from the commitments they had assumed.

e) *Consideration of the schedules appended to the Agreement*

At the sixth session the Committee discussed the products submitted by the Central American Trade Sub-Committee for its final consideration. The negotiations conducted enabled new items not appearing in the draft to be included in the Agreement. The preferential tariffs applicable in inter-Central American trade in certain goods were also fixed, and the tariffs agreed upon for others were revised.

#### f) *Other aspects*

In conformity with article 14, the delegations established the progressive system of tariff equalization in respect of the goods included in Schedule B and its annexes 1 to 5.

It was decided that those Contracting Parties which had not ratified the Agreement at the date of its entry into force should have the right to attend the sessions of the Central American Trade Commission as observers, entitled to speak but not to vote.

#### g) *Draft standard import tariff*

The formulation of the draft standard tariff at an early date was considered to be of the greatest importance, and the Central American Trade Sub-Committee was therefore requested to prepare it for presentation at the next session of the Committee to be held in 1960. The Committee decided to recommend to Governments that they should set up, within a period of 30 days, national working groups composed of not fewer than two full-time members. The secretariat was requested to give the Sub-Committee its full support and co-operation in the latter's assignments for the forthcoming year and to formulate work programmes for the national groups.

In view of the need to expand free trade as much as possible, it was agreed to recommend to the Central American Trade Sub-Committee that, in carrying out equalization negotiations, it should at the same time study the possibilities of liberalizing trade in respect of the equalized items, either immediately or progressively.

In connexion with the above matters resolutions 81 (CCE), 82 (CCE) and 83 (CCE) were adopted.

### 4. *Industrial development*

#### a) *Régime for Central American Integration Industries*

The Agreement on the Régime for Central American Integration Industries, signed by the five Central American Governments on 10 June 1958, at the Committee's fifth session, has now been ratified by Guatemala, El Salvador and Nicaragua. Under the terms of article XII of the Agreement, however, it must be ratified by Honduras and Costa Rica before it can enter into force.

Nevertheless, in the course of the discussion stress was laid on the desirability of undertaking the requisite preparatory work so that the Agreement could be implemented immediately it had entered into force. This idea is similar to that guiding the preparatory work for the application of the Multilateral Free-Trade Treaty that the Central American Trade Sub-Committee has been carrying out during the past year. In contrast, however, the groundwork for the application of the industries régime has not yet been started, and when the Agreement enters into force, its implementation may therefore be delayed because the pertinent studies are not to hand.

In this context, the secretariat document *Análisis de las medidas y alternativas para poner en vigor el Régimen de Industrias Centroamericanas de Integración* (E/CN.12/CCE/166) was used as a basis for discussion. This document suggests some of the guiding principles that might be adopted in the presentation and consideration of industrial projects, in the selection of those which

might constitute integration projects and in determining the direction to be given to the negotiations concerned. It also recommends that an *ad hoc* working group should be created to do this.

Similarly, with respect to the financing and promotion of economic development, it is suggested in the document that studies should be prepared to pave the way for the establishment of a Central American institution of this nature. Consideration had been given to this idea by the Committee on various occasions, but—in view of the relative degree of progress then achieved by the Integration Programme—no decision to put it into practice has hitherto been reached.

After full discussion, it was agreed that an *Ad Hoc* Working Group should be created to study problems relating to the application of the industries régime and, furthermore, to consider and encourage the preparation of industrial projects, with special reference to those countries where the least progress had been made in that field. The Working Group might likewise gradually form an opinion on those branches of the industrial sector which would seem to be qualified, by the scope and nature of their activities, for incorporation into the régime. Stress was laid on the fact that its members would be drawn from Government circles but that at the same time the participation of selected representatives of the private sector would be desirable.

It was agreed that the Group should begin work at an early date and that, if possible, its constitution should coincide with the Meeting of Consultants which was to be held for discussion of the problem of equalization of fiscal incentives to industrial development, and which is referred to elsewhere in the present report.

The Committee agreed unanimously on the desirability of creating a Central American agency for the financing and promotion of integrated regional development, which would assume the normal functions of an institute of that type, and would in the course of its activities devote special attention to the less developed areas and countries of the Isthmus. It was decided that the secretariat should be requested to carry out the studies required, in co-operation with United Nations technical assistance experts and in consultation with financing agencies at both the international and national level. On completion, these studies would be submitted to the Governments for their consideration and presented at the Committee's seventh session.

On this point, resolution 84 (CCE) on the institution of the Régime for Central American Integration Industries was adopted.

#### b) *Equalization of fiscal incentives*

Pursuant to resolution 50 (CCE), an expert from the Bureau of Technical Assistance Operations visited the Central American countries during the first half of 1959, and prepared a preliminary study on fiscal incentives to industrial development. The main aspects covered by this report are summed up in document E/CN.12/CCE/181, presented by the secretariat. The expert's report includes a comparative study of Central American legislation for industrial development, from the standpoint of the activities favoured, the type and nature of the incentives granted, the procedures for applying the relevant legislation and the significance which would attach to their

equalization as regards the future development of the Integration Programme.

A point which emerged clearly in the discussion was the interest existing in each of the Central American countries in the equalization of fiscal incentives, so that the stimulus afforded to industrial development should be the same in all of them. It was emphasized that such equalization had become particularly necessary, since the Integration Programme now had the basic set of instruments for the formation of the Central American Common Market and progress had been made in tariff equalization and the expansion of free trade within the area.

It was therefore decided to request the secretariat to convene at an early date an *ad hoc* working group which would, if possible, proceed to draft standard Central American legislation on fiscal incentives to industrial development.

In this connexion, resolution 85 (CCE) on fiscal incentives was adopted.

### c) Industrial projects

Through a working group, the Committee considered the progress of the Programme in respect of industrial projects.

i) *Pulp and paper industry.* This topic was discussed on the basis of a document on the projected manufacture of pulp and paper in Central America (FAO/CAIS/59/1; TAO/LAT/23), prepared by experts from the Food and Agriculture Organization and Bureau of Technical Assistance Operations of the United Nations. The project, which was the first of an industrial character embarked upon under the Integration Programme, has now been completed. Thus the basic studies required for a decision upon its implementation are available. It would take the form of a draft pulp mill and a sawmill with an initial capacity of 82,000 tons of pulp and 80,000 cubic metres of timber, which, according to estimates, would be in a position to compete on the world market. Production on this scale would enable total Central American demand for pulp to be satisfied; exports to the rest of the world would absorb almost the whole of the output. Special importance was attributed to the possibilities for integration with plants in other countries supplying or processing raw materials, as well as with production of paper for the Central American market.

It was also shown that for an industrial complex such as that under study—which would call for investment totalling 46 million dollars and would have to be based mainly on the export market—the technical and financial co-operation of an enterprise with long experience in this industrial activity would be needed. This conclusion is reached in a preliminary study on the financing aspects of the project.

In the light of the documents presented, it was considered desirable, with a view to the possible future development of the project, that the interest felt in it by the Economic Co-operation Committee should be reaffirmed, especially as regards the production of pulp to satisfy Central American demand and the future manufacture of various types of paper, under a programme based on co-ordination with existing mills or with those that might be established in other Central American countries and in Panama.

The opinion was expressed that, with the documents presented at the sixth session, the Economic Co-operation Committee's study phase had been brought to a close, and it was agreed to congratulate the experts who had taken part in the work and to thank the United Nations and the Food and Agriculture Organization for the accomplishments in this field since 1953.

The foregoing decisions appear in resolution 86 (CCE) on the pulp and paper industry.

ii) *Insecticides industry.* For the study of this point the Committee had at its disposal the report on the use and possible manufacture of insecticides in Central America (TAO/LAT/24). This report was prepared by a United Nations technical assistance expert, with the co-operation of the Central American Research Institute for Industry (ICAITI), and pursuant to earlier resolutions of the Committee. It contains an evaluation of the current and potential market for insecticides in Central America and shows that, from the market standpoint, there would seem to be possibilities for the production of various types.

It was noted that no analysis had as yet been made of other elements of which knowledge was needed in order to determine whether it would or would not be technically and economically feasible to establish insecticide factories. Consequently, it was agreed that the studies should be continued until a complete and feasible project had been prepared, covering determination of the capacity of the plant or plants that might be established, estimated production costs, goods to be manufactured and other aspects. It was decided to request that the project concerned should be drawn up by a United Nations expert in close collaboration with ICAITI.

Emphasis was laid on the basic assumption that the plant would operate on competitive terms, and on the advisability of exploring the possibilities for obtaining raw material supplies from Central American sources.

It was agreed that the findings of the studies requested should be submitted to the Agricultural Development Sub-Committee (*Sub-Comité de Desarrollo Económico Agropecuario*), set up during the sixth session, so that it might investigate the possible incidence of the manufacture of insecticides in Central America on agricultural production costs.

Resolution 87 (CCE) on the insecticide industry was adopted.

### 5. Agricultural development

Through a Working Group, the Committee discussed the items on the agenda relating to the development of crop and stock farming and fisheries. Cognizance was taken of the report of the Meeting of Experts on Grain Classification and the Exchange of Market Information held at Tegucigalpa, Honduras, from 25 to 30 June 1959. It was agreed to recommend to the Governments the proposals put forward at that meeting relating to the adoption in Central America and Panama of a standard classification system for maize, rice and beans, and to the establishment of a market information exchange service among the six countries.

With respect to stock farming, work has been proceeding since the fourth session of the Committee on studies to improve the organization of the Central American meat and livestock market and to co-ordinate extra-Central American export policy. The Committee took note

of the FAO report on organization possibilities for the Central American livestock market, completed during 1959.

With reference to the project for a Central American association of institutes for the development of production and the stabilization of prices, which was submitted to the Committee for consideration at the sixth session, there was a consensus of opinion to the effect that such an association would constitute an important instrument for the purposes of Central American economic integration, and that its establishment would therefore be desirable. To that end, it was recommended that a working group should prepare the relevant draft international agreement, to be submitted to the Governments for their consideration within six months.

Note was taken of the FAO studies on the fishing industry (FAO/CAIS/59/5) and on the marketing of cotton (FAO/CAIS/59/6).

Another subject discussed was the direction in which future activities under the agricultural programme should be channelled. The general feeling was that in order to maintain the unity and continuity of the programme, it would be highly desirable to create, as a subsidiary body to assist the Committee in an advisory capacity, an agricultural development sub-committee to study those economic problems of the sector concerned which were susceptible of solution at the regional level. In connexion with that recommendation, attention was drawn to some of the aspects deserving of special attention in the immediate future, among them the organization of inter-Central American trade in agricultural, forest and fisheries products and area specialization in the corresponding productive activities. The Sub-Committee was to be composed of high-ranking Government officials responsible for the pertinent aspects of each country's economic policy. On the foregoing topics the following resolutions were adopted: 89 (CCE) (development of crop and stock farming and fisheries); 90 (CCE) (association of institutes for the development of production and the stabilization of prices); and 91 (CCE) (Agricultural Development Sub-Committee).

## 6. Transport

This topic was discussed by a Working Group on the basis of the report of the first session of the Transport Sub-Committee (E/CN.12/CCE/158) and of a note by the secretariat (E/CN.12/CCE/162). It was clear from these documents and from the review of the numerous studies on transport questions carried out under the Integration Programme that considerable impetus had successfully been given to this important sector in recent years. A character of durability and continuity had thus been imparted to activities relating to co-operation in the fields of transport and road-building.

A regional agreement on the temporary importation of road vehicles, another on road traffic and a third on uniform signs and signals have also been ratified by several of the Central American States and are open to accession by Panama. It was considered important, with a view to the entry into force of the foregoing agreements, to recommend their ratification by Governments which had not yet taken that step.

The work carried out by the Sub-Committee, with the co-operation of the United Nations, has resulted in the

establishment of general specifications for the construction of roads and bridges in Central America and Panama; standards for bridge design; and other recommendations on general questions of road traffic and highway planning. The secretariat was requested to include in its budgets and work programmes the publication of such guiding principles and recommendations at an early date, since that would facilitate their application on an experimental basis in the Central American countries and Panama, as recommended by the Sub-Committee.

It was considered that one of the most important of the Sub-Committee's proposed activities was a meeting of high-ranking Central American officials to make a detailed examination of studies relating to the Central American road communications programme, with a view to revision of this latter and to the establishment of priorities for the projects corresponding to the various countries. For this plan to materialize, the active participation of national public works institutions would be needed, as well as technical assistance from the United Nations and the secretariat.

As regards maritime legislation, the draft Central American maritime code requested by the Committee and prepared by experts from the United Nations and the International Labour Office has now been completed. The general opinion was that consideration of the code in question at area level had become a matter of urgent necessity, and the secretariat was asked to convene a meeting of experts on the subject.

The Committee, realizing that with the implementation of the instruments of the Integration Programme and the expansion of free trade to be expected in the near future, transport problems would acquire increasing importance, resolved to recommend to the Sub-Committee a series of assignments that would be of significance for the Integration Programme. Among the items to which the Sub-Committee's attention was drawn were the Central American road communications programme, highway transport services, the draft Central American maritime code and problems of regional co-operation in connexion with ports.

The Committee adopted the report of the Transport Sub-Committee, recommending to the authorities or institutions concerned that they should consider the resolutions appearing in the report of the session, with a view to their implementation.

Resolution 92 (CCE) on the development of transport was adopted.

## 7. Housing, building and planning

In 1958, the Committee's housing activities led to the setting-up of the Housing, Building and Planning Sub-Committee, which held its first session in October of that year. At that session a work programme was formulated, comprising the study of the construction materials industry, the standardization of such materials with the aim of facilitating inter-Central American trade therein, and other aspects of interest for the Integration Programme.

Housing institutions in the individual countries have undertaken the implementation of the programme and a United Nations expert was recently appointed to collaborate in the work. The Committee noted that steps should be taken to obtain as quickly as possible the technical assistance requested in conformity with its earlier

recommendation, since the work programme as a whole was still at its initial stage.

It was agreed to adopt the report of the first session of the Sub-Committee and its work programme, and to recommend that its future activities should include the study of various socio-economic aspects of the housing problem in Central America and Panama.

Resolution 93 (CCE) on housing, building and planning was adopted.

#### 8. *Weights and measures*

The Committee took note of the draft standard legislation on units of measurement in the Central American republics (E/CN.12/CCE/183), prepared by the Industrial Standardization and Technical Assistance Committee (*Comité de Normas y Asistencia Técnica Industrial*) of Costa Rica.

Since under Committee resolution 70 (CCE) further standard legislation on weights and measures had already been drafted and was under consideration by the Governments of the Central American countries, it was agreed to recommend to the Governments that they should study the new draft legislation together with that previously formulated with a view to the universal adoption of the decimal metric system. It was decided that the Central American Research Institute for Industry should be requested to examine and co-ordinate the comments formulated by the Governments, prepare draft legislation based on those comments and promote a technical meeting of Central American experts and officials to formulate the final draft.

In this connexion, resolution 88 (CCE) on weights and measures was adopted.

#### 9. *Industrial research, development and productivity*

##### a) *Central American Research Institute for Industry (ICAITI)*

The working year covered by the report of the Director of ICAITI (E/CN.12/CCE/178) may be considered the busiest since the Institute came into being, for the projects, consultations and undertakings carried out were far more numerous and generated a much higher income.

It was remarked that the private sectors of Central American industry were beginning to understand the value of a regional research institute for industry, organized to serve their interests.

After consideration of the above-mentioned report, it was decided to express the Committee's satisfaction with the work carried out by ICAITI, and to recommend the expansion and intensification of its activities, especially in countries where it had not yet been utilized to the extent desired.

##### b) *ILO productivity and vocational training mission*

The work of the mission during 1958-59, which is reviewed in document E/CN.12/CCE/171, took the form of direct action with special attention to the textile industry in the area, pursuant to the recommendations adopted by the Committee in resolution 77 (CCE).

During the discussion of the report, the satisfaction of the Governments at the way in which the ILO mission had been discharging its functions became apparent, and the decision was taken to recommend that its activities should be more fully extended to those countries where less effort had been made.

The ILO presented a provisional project for the training of executives, technical staff and supervisors, for the financing of which an application might be submitted to the Special United Nations Fund for Economic Development.

The Committee established that, while the project might be of interest to the Central American countries, the background data available were not sufficient to determine the priority that should be assigned to it in relation to other aspects of the Integration Programme.

Resolutions 95 (CCE) on the Central American Research Institute for Industry and 97 (CCE) on productivity and vocational training were adopted.

#### 10. *Training*

The Director of the Advanced School of Public Administration for Central America presented a progress report (E/CN.12/CCE/180).

Interest was expressed on behalf of the Governments in the increasingly close adaptation of the School to the needs of the Integration Programme. The suggestion was made that training programmes should be drawn up on new lines so that requirements in respect of specialists in various fields of administration might be more fully satisfied. It was decided to recommend that the Board of Directors should make a complete appraisal of the organization and operation of the School at the earliest possible date, with a view to its more efficient adaptation to the necessities of economic integration.

As regards the Technical Assistance Agreement with the United Nations, it was decided to recommend to Governments that they approve the draft presented.

Resolution 98 (CCE) on the Advanced School of Public Administration for Central America was adopted.

#### 11. *Social aspects of development*

The Committee took cognizance of the study on human resources in Central America, Panama and Mexico (TAA/LAT/22), prepared by a United Nations expert, as well as a preliminary study on the middle classes in Central America (E/CN.12/CCE/176), which represented the initiation of work on the social aspects of development.

Note was taken of the fact that work had begun on the study of land tenure and agricultural working conditions, pursuant to resolution 73 (CCE), and the report of the pertinent meeting held at San Jose was taken into account.

The Committee adopted the report of that meeting (E/CN.12/CCE/177/Add.1) and requested the Higher Council of Central American Universities to put the project into effect, in consultation with the secretariat and in co-operation with the Latin American Centre for Research in the Social Sciences, as well as with the ILO, FAO, and the United Nations Bureau of Technical Assistance Operations. The secretariat was also requested to co-ordinate the preliminary studies.

Similarly, with reference to future work on the social aspects of development, it was recommended to the secretariat and to the specialized agencies of the United Nations that they should devote special attention to basic conditions as regards industrial costs, wage policies, social legislation and income distribution, with a view to their equalization from the standpoint of improving the standard of living in Central America.

#### 12. *Instruction Centre on Natural Resources*

The Committee thanked the University of New Mexico for the project to establish an introduction centre which would promote full utilization of the natural resources of Central America, and decided to transmit to the Higher Council of Central American Universities the relevant proposals presented by the University in question.

Resolution 99 (CCE) on the instruction centre on natural resources was adopted.

#### 13. *Technical Assistance*

The Regional Representative of the United Nations Technical Assistance Board presented his report for 1958-59 to the Committee for its consideration.

On the basis of a suggestion contained in that report, attention was called to the need for closer co-ordination of national programmes with the Regional Programme of Technical Assistance, so that resources might be utilized to the maximum advantage.

It was decided to request the Regional Representative to convene, in consultation with the secretariat and during the period when technical assistance was being programmed, a meeting of representatives of the bodies responsible for co-ordinating these programmes within each country, with a view to achieving the co-ordination

referred to above, evaluating all the technical assistance activities currently under way, and recommending to the Committee a scale of priorities which would reflect the needs of the Economic Integration Programme.

Resolution 96 (CCE) on technical assistance was adopted.

#### 14. *Date and place of the next session*

The Committee warmly thanked the Republic of El Salvador for its invitation to hold the seventh session of the Committee in that country during the third quarter of 1960. In this connexion, resolution 100 (CCE) was adopted.

#### 15. *Votes of thanks*

The Committee expressed its deep appreciation to the Government of Costa Rica for the hospitality and the facilities extended to it during the sixth session, and its gratitude to the Chairman, Mr. Alfredo Hernández Volio, Minister of Economy of Costa Rica, for the efficiency with which he had directed the proceedings and for his valuable contribution to the success of the work.

Allusion was made to Mr. Victor L. Urquidí's invaluable contribution to the Integration Programme during his directorship of the Mexico Office of the Economic Commission for Latin America.

Lastly, it was decided to thank the secretariat for its valuable assistance to the Committee, especially in connexion with tariff equalization studies and the preparations for the conference, as well as for the part it had played in the session itself, and also to express gratitude to the United Nations and its specialized agencies for the studies and reports presented.

**Part IV**

**RESOLUTIONS ADOPTED BY THE COMMITTEE AT THE SIXTH SESSION**

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**INCORPORATION OF PANAMA INTO THE CENTRAL AMERICAN ECONOMIC INTEGRATION PROGRAMME**

80 (CCE) *Resolution adopted on 1 September 1959 (E/CN.12/CCE/185)*

*The Central American Economic Co-operation Committee,*

*Considering* that, since its first session, the Committee has expressed the satisfaction with which it would view the participation of Panama in the Economic Integration Programme,

*Considering* that the Minister of Finance and the Treasury of Panama, acting on behalf of his Government, has submitted a formal request to the Committee for Panama to be included in the Economic Integration Programme with a view to its full participation therein,

*Considering* that it is necessary to clarify and define possible methods of solving the various problems that would arise in connexion with the incorporation of Panama, especially those relating to the Multilateral Treaty on Free Trade, the Régime for Integration Industries, the equalization of import duties and charges and other agreements concluded under the Economic Integration Programme,

*Declares* that the decision of Panama constitutes a development of vital importance for the economic progress of the Central American countries,

*Decides:*

1. To incorporate the Republic of Panama into the Central American Economic Integration Programme and to invite the Panamanian Government to participate, while the studies required for reaching a final decision on its full incorporation into the Committee are being carried out, in all the Committee's activities as if it were a member, and to become forthwith a member of the Central American Research Institute for Industry and the Advanced School of Public Administration for Central America;

2. To request the secretariat to prepare studies on the effects of Panama's full participation in the Economic Integration Programme and of its possible accession to the treaties and agreements signed by the five Governments, and to present a report at the seventh session of the Committee.

**CENTRAL AMERICAN AGREEMENT ON THE EQUALIZATION OF IMPORT DUTIES AND CHARGES**

81 (CCE) *Resolution adopted on 1 September 1959 (E/CN.12/CCE/186)*

*The Central American Economic Co-operation Committee,*

*Considering* that, by virtue of article IV of the Multilateral Treaty on Free Trade and Central American Eco-

conomic Integration, the Governments have agreed to equalize import duties on the goods listed in annex A of the instrument cited,

*Considering* that, in resolution 23 (SC.1) of the Central American Trade Sub-Committee, in its capacity as Central American Trade Commission, it has been recommended to Governments that they consider for signature the draft Central American agreement on the equalization of import duties and charges prepared by the said Sub-Committee,

*Considering* that negotiations have been conducted with a view to tariff equalization in respect of the goods covered by the Multilateral Treaty, and that agreement has been reached on a large number of items and that the schedules for the agreement on equalization have been drawn up,

*Declares* that success has attended the amicable efforts of the Governments, through this Committee, to formulate an instrument designed to facilitate the establishment of a standard tariff policy compatible with the requirements of economic development, to create a common market for the goods included in the Multilateral Treaty, to promote the expansion of inter-Central American free trade and to establish conditions conducive to more rapid import substitution as a means of broadening and diversifying the structure of production in each country and in Central America as a whole,

*Decides* to recommend to the Governments of the Central American States that, on the occasion of the current sixth session of the Central American Economic Co-operation Committee, their representatives, being invested with the corresponding full powers, proceed to sign, at the city of San José, Costa Rica, the Central American Agreement on the Equalization of Import Duties and Charges.

#### PROTOCOL CONCERNING A CENTRAL AMERICAN PREFERENTIAL TARIFF

82 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/187)

*The Central American Economic Co-operation Committee,*

*Considering* that it has recommended to the Governments for their signature the Central American Agreement on the Equalization of Import Duties and Charges, under the terms of which a Central American standard tariff will be established within not more than five years,

*Considering* that, in order to establish the free-trade area in its final form, in accordance with article I of the Multilateral Treaty on Free Trade, the expansion of their reciprocal free trade must be initiated as soon as possible and that the establishment of a Central American preferential tariff would be one of the most efficacious measures for carrying out the project indicated above.

*Decides* to recommend to the Governments of the Central American States that, on the occasion of the current sixth session of the Central American Economic Co-operation Committee, their representatives, being invested with the corresponding full powers, proceed to sign, at the city of San José, Costa Rica, the Protocol to the Central American Agreement on the Equalization of Import Duties and Charges, concerning a Central American preferential tariff.

#### IMPLEMENTATION OF THE MULTILATERAL TREATY ON FREE TRADE AND OF THE CENTRAL AMERICAN AGREEMENT ON THE EQUALIZATION OF IMPORT DUTIES AND CHARGES, AND ACTIVITIES OF THE TRADE SUB-COM- MITTEE

83 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/188)

*The Central American Economic Co-operation Committee,*

*Considering* that, in resolutions 80 and 81 (CCE), the signing of the Central American Agreement on the Equalization of Import Duties and Charges and of the Protocol concerning a Central American Preferential Tariff has been recommended,

*Considering* that the Multilateral Treaty on Free Trade entered into force in June 1959, with the depositing of the instruments of ratification by three of the countries concerned,

*Considering* that, under the terms of article I of the Agreement on the Equalization of Import Duties and Charges, the Governments will establish a standard import tariff within a maximum period of five years, and that, in resolution 24 (SC.1) of the Central American Trade Sub-Committee, it is recommended that the pertinent draft be presented to the Committee in 1960,

*Decides:*

1. To take note of the work carried out by the Central American Trade Sub-Committee, to approve the reports of its fifth and sixth sessions and to congratulate it heartily upon its contribution to the Economic Integration Programme;

2. To request the Central American Trade Sub-Committee to formulate a draft standard import tariff for presentation to the Committee during 1960;

3. To urge the Sub-Committee to conduct, simultaneously with the negotiations on tariff equalization, negotiations with a view to the establishment of the multilateral free-trade system for the items equalized. To this end, the Central American Trade Sub-Committee shall remain in session until the completion of the assignments specified in paragraphs 2 and 3 hereof. The Sub-Committee shall adopt its own programme for carrying out these assignments;

4. To request the secretariat to give its full support and assistance to the Central American Trade Sub-Committee in matters relating to the formulation of the Central American standard tariff and the expansion of free trade, and to reiterate its request for a United Nations Technical Assistance expert to collaborate in this work;

5. To recommend to Governments that, within one month from the date of the present session, they set up national working groups composed of at least two Government officials in each case, to carry out the preparatory work for the negotiations to be conducted by the Central American Trade Sub-Committee. The working groups shall function permanently until their assignments are completed, and the continuity of membership necessary for the success of their work shall be maintained;

6. To request the secretariat to present to the Governments, in due course, a working programme for the national groups, and subsequently to assist them in an advisory capacity and co-ordinate their activities.

INSTITUTION OF THE RÉGIME FOR CENTRAL AMERICAN  
INTEGRATION INDUSTRIES

84 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/189)

*The Central American Economic Co-operation Committee,*

*Considering* that, on 10 June 1958, the Governments of the Central American countries signed the Agreement on the Régime for Central American Integration Industries and that it has already been ratified by three of them,

*Considering* that it is necessary to undertake preparatory work to facilitate the implementation of the Agreement once it has entered into force,

*Considering* that since its second session the Committee has discussed the need to establish a Central American agency for the financing and furthering of economic development, the existence of which is felt to be essential for promoting the economic development of the Central American countries within the framework of the Economic Integration Programme,

*Decides:*

1. To set up an *Ad Hoc* Working Group to study problems arising in connexion with the institution of the Régime and to formulate measures conducive to that end, to consider the various industrial projects that may have integration possibilities with a view to determining progressively the sectors of industrial activity that seem suitable for incorporation into the Régime, and to encourage and collaborate in the formulation of projects, especially in those countries where less progress may have been made in this direction;

2. To recommend that the Group be composed of representatives appointed by the five Governments for that purpose, and that these Governments secure the participation of private enterprise;

3. To request the secretariat to convene, in due course and in consultation with the Governments, the first session of the Working Group;

4. To recommend to the secretariat that, in collaboration with United Nations Technical Assistance experts and in consultation with the International Bank for Reconstruction and Development, the Inter-American Development Bank (when it is established) and other financing agencies, as well as with the central banks and financing institutions of the Central American countries, it prepare a project for founding a Central American agency for the financing and promotion of integrated economic development, with due regard to the necessity of assigning special priority to the less developed parts of the area. The findings of this study shall be submitted, as soon as they are ready, to the Governments for their information and shall be presented to the Committee at its next session.

FISCAL INCENTIVES TO INDUSTRIAL DEVELOPMENT

85 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/190)

*The Central American Economic Co-operation Committee,*

*Considering* that at its fourth session the Committee

requested the secretariat, in resolution 50 (CCE), to continue studying, with the co-operation of experts who might be provided by the Bureau of Technical Assistance Operations and the Fiscal and Financial Branch of the United Nations, tax and public finance problems in Central America, and to devote special attention, *inter alia*, to the uniformity of the Central American republics' legislation relating to fiscal incentives designed to promote economic development,

*Considering* that the secretariat has submitted at the present session a note on the progress of the work in this connexion (E/CN.12/CCE/181), in which it states that the expert from the United Nations Bureau of Technical Assistance Operations has completed a preliminary version of the report on legislation concerning fiscal incentives to industrial development in Central America.

*Considering* that the standardization of fiscal incentives to industrial development is necessary in order to create the same sort of favourable conditions for such development in all the countries concerned,

*Decides:*

1. To express its satisfaction at the progress of the work;

2. To recommend to the secretariat that it shortly convene a meeting of Central American specialists and officials to study the report prepared by the United Nations expert, to examine aspects bearing on the equalization of fiscal incentives to industrial development and, if possible, to draft standard Central American legislation on this subject;

3. To recommend to the secretariat that it arrange for the meeting in question to coincide with the first session of the *ad hoc* Working Group referred to in resolution 84 (CCE).

PULP AND PAPER INDUSTRY

86 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/191)

*The Central American Economic Co-operation Committee,*

*Considering* that, in compliance with resolution 75 (CCE), the secretariat has presented a report on the Honduras pulp and paper project, prepared by experts from the United Nations Food and Agriculture Organization, which includes a study on the financing of the project prepared by an expert attached to the United Nations Technical Assistance Programme,

*Considering* that the said report covers all aspects of basic importance for deciding, at the opportune moment, upon the execution of the project, and shows the technical and economic feasibility of establishing in the Olancho area (Honduras) a kraft pulp mill to produce mainly for export to countries outside Central America, but which at the same time would be capable of meeting the entire demand for kraft pulp deriving from the plants already installed or projected in Central America and of gradually beginning to produce certain types of paper, as warranted by conditions on the Central American market,

*Decides:*

1. To take note with satisfaction of the project for the manufacture of pulp and paper in Central America

(FAO/CAIS/59/1; TAO/LAT/23) and to express its appreciation of the facilities afforded by the Government of Honduras for the execution of the work, and of the activities carried out in this field by the United Nations and the United Nations Food and Agriculture Organization since 1953;

2. To reaffirm its interest in the project, especially as regards the production of raw materials to satisfy Central American demand and the manufacture, during a second stage and under a programme based on co-ordination with plants existing in other countries, of various types of paper for the Central American market.

#### INSECTICIDES INDUSTRY

87 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/192)

*The Central American Economic Co-operation Committee,*

*Considering* that, pursuant to resolution 40 (CCE), the secretariat has presented a report on the Central American market for insecticides, prepared by an expert from the Bureau of Technical Assistance Operations (TAO),

*Considering* that the said report shows that in Central America there is a potential market broad enough to warrant the production of several types of insecticides, but does not contain sufficient background data to enable the technical and economic feasibility of a Central American insecticides industry to be determined.

#### *Decides:*

1. To take note of the report on the use and possible manufacture of insecticides in Central America (TAO/LAT/24) and of the relevant note by the secretariat (E/CN.12/CCE/168);

2. To request the United Nations Technical Assistance Board to furnish the services of an expert to carry out, in collaboration with the Central American Research Institute for Industry (ICAITI), the studies necessary for determining the possible capacity of one or more insecticide factories in Central America and the items to be manufactured, completing the market study for this purpose; to estimate production costs in the said factories; and to analyse the other factors of basic importance for establishing the economic and technical feasibility of one or more insecticide factories in which operational conditions would be such that they could compete in the markets of Central America and Panama;

3. To request the secretariat to transmit the findings of the said research and the corresponding studies to the Agricultural Development Sub-Committee, so that it may consider the implications of the possible establishment of a Central American insecticides industry as regards agricultural production costs and conditions.

#### WEIGHTS AND MEASURES

88 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/193)

*The Central American Economic Co-operation Committee,*

*Considering* that, in compliance with resolution 7

(CCE), a study on weights and measures in the Central American countries (TAA/LAT/20) has been prepared,

*Considering* that, in resolution 70 (CCE), it was recommended to the Governments of the Central American Republics that on the basis of the said study they should undertake the revision of the laws and regulations on weights and measures in force in their respective countries, and that the necessary groundwork for the universal adoption of the decimal metric system should be carried out,

*Considering* that the secretariat has presented draft standard legislation on units of measurement in the Central American republics (E/CN.12/CCE/183), formulated by the Industrial Standards and Technical Assistance Committee of Costa Rica,

#### *Decides:*

1. To take note of the draft standard legislation on units of measurement in the Central American republics and express gratitude for its presentation;

2. To reaffirm to the Governments of Central America the terms of resolution 70 (CCE), so that, on the basis of the study on weights and measures in the Central American countries (TAA/LAT/20) and of the draft standard legislation on units of measurement in the Central American republics presented by the delegation of Costa Rica, they may proceed to revise existing laws and regulations on the subject with a view to the establishment of uniform provisions for the application of the decimal metric system;

3. To request the Central American Research Institute for Industry (ICAITI) to collect from the respective Governments the comments they may wish to formulate on the drafts presented, to study and co-ordinate them and to prepare a single draft which will serve as a basis for discussion at a meeting of experts to be sponsored by ICAITI using the facilities of the secretariat.

#### DEVELOPMENT OF CROP AND STOCK FARMING AND FISHERIES

89 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/194)

*The Central American Economic Co-operation Committee,*

*Considering* that documents have been presented containing a note by the secretariat on the development of crop and stock farming and fisheries (E/CN.12/CCE/169); the report of the meeting of experts on grain classification and exchange of market information (E/CN.12/CCE/171); a study on possibilities for the organization of the Central American livestock and meat market and classification of livestock (FAO/CAIS/59/4); recommendations on the co-ordination of Central American cotton policies (FAO/CAIS/59/6); and a study on the present situation and possible lines of development of the fishing industry in Central America (FAO/CAIS/59/5).

#### *Decides:*

1. To express its gratitude to the secretariat and FAO for the preparation of the above-mentioned studies;

2. *Grain supplies and inter-Central American grain agreement*

a) To recommend to Governments the establishment of the market information exchange service and the adoption of the set of standards for grain classification details of which are given in document E/CN.12/CCE/171 annexed to the present resolution;

b) To recommend to Governments that only the institutions responsible for the administration of grain classification standards be empowered to certify officially the quality of such commodities;

c) To recommend to Governments that they request Project 39 of the Technical Co-operation Programme of the Organization of American States to contribute technical resources for a training course in grain classification, storage and preservation to be held in 1960, and also to request the secretariat to co-ordinate the arrangements concerned and approach other interested bodies with a view to securing any additional resources that may be needed;

d) To request the secretariat and FAO to continue to afford their valuable co-operation in the execution and evaluation phases of the activities mentioned in subparagraph a);

### 3. Livestock industry

To recommend to the secretariat that it convene, at the earliest possible date, the meetings of Central American experts referred to in resolution 62 (CCE), section C, paragraph 2, in order that work may proceed on classification, organization of the Central American market and co-ordination of policies concerning exports of meat and livestock to countries outside Central America;

### 4. Cotton

To authorize the secretariat to convene in due course a meeting of Central American experts for the purpose of formulating the practical measures that might be adopted in order to secure increased uniformity in cotton classification methods and create cotton production conditions which would enable joint and co-ordinated action to be taken by Central American countries in trade policy.

#### ASSOCIATION OF ORGANIZATIONS FOR THE DEVELOPMENT OF PRODUCTION AND PRICE STABILIZATION IN CENTRAL AMERICA AND PANAMA

90 (CCE) Resolution adopted on 1 September 1959  
(E/CN.12/CCE/195)

*The Central American Economic Co-operation Committee,*

*Considering* that, in resolution 63 (CCE), it expressed its interest in the creation of an association of organizations for the development of production and price stabilization in Central America and Panama, because it considered that the objectives of such an association would be fully consistent with the interests of Central American economic integration,

*Considering* that at the meeting of Institutes for the Development of Production and Price Stabilization in Central America and Panama, held at San José, Costa

Rica, from 12 to 14 February 1959, it was decided to submit to this Committee for its consideration the possibility of formally organizing the association,

#### *Decides:*

1. To reaffirm its interest in the establishment of the association of organizations for the development of production and price stabilization in Central America and Panama;

2. To request the secretariat to convene a working group to prepare a draft Central American agreement for the creation of the association, which shall be submitted to the Governments for their consideration, through the Chairman of the Committee, within six months.

#### AGRICULTURAL DEVELOPMENT SUB-COMMITTEE

91 (CCE) Resolution adopted on 1 September 1959  
(E/CN.12/CCE/196)

*The Central American Economic Co-operation Committee,*

*Considering* that the co-ordinated development of activities relating to crop and stock farming, the fishing industry and forestry constitutes an important objective of the Economic Integration Programme,

*Considering* that it is desirable for the agricultural projects in course of execution under the Integration Programme to be organized on a basis of co-ordination with the other activities covered by the Programme,

*Considering* that the formulation and implementation of the measures necessary to secure a satisfactory degree of agricultural integration at the Central American level entails, in addition to the studies carried out by the secretariat and the specialized agencies of the United Nations, a permanent advisory service provided by representatives of the countries themselves in order to ensure unity and continuity of effort, as well as the reciprocal adaptation of national policies, in line with the requirements of the region as a whole,

#### *Decides:*

1. To set up, under the Central American Economic Integration Programme, an Agricultural Development Sub-Committee to deal with economic activities relating to crop and stock farming, the fishing industry and forestry, and to be composed of high-ranking officials responsible for the relevant aspects of the economic policy, appointed *ad hoc* by the Governments concerned;

The Sub-Committee shall meet at last once a year, in different Central American capitals—although meetings may, of course, be held more frequently should its activities so require—and shall present the results of its work to the Central American Economic Co-operation Committee;

In the study of highly specialized problems, the Sub-Committee shall be assisted in an advisory capacity by *ad hoc* working groups, in accordance with the needs of the Programme;

The following shall be the terms of reference of the Agricultural Development Sub-Committee:

a) To study those economic problems of agricultur-

al development in Central America and Panama which may be solved through joint action by the six countries;

b) To put before the Committee those measures and recommendations which it may be necessary to adopt in order to achieve the gradual and progressive integration of the agricultural economy of the area;

c) To make recommendations on the application of the measures mentioned in the foregoing sub-paragraph, with a view to bringing them into line with the programmes in force in each country and ensuring the reciprocal adaptation of national policies to the objectives and requirements of the Economic Integration Programme;

d) To evaluate periodically the activities covered by the Programme in the fields indicated in the first sub-paragraph of paragraph 1, with a view to the maintenance of their unity and of their compatibility with the rest of the Economic Integration Programme;

In discharging its functions the Agricultural Development Sub-Committee shall devote special attention to the following problems:

i) Organization of inter-Central American trade in agricultural, forest and fisheries products, and co-ordination of the relevant aspects of export policy as regards sales to countries outside Central America.

ii) Regional specialization in production on bases of reciprocity and mutual benefit. To this end, the Sub-Committee shall draw up a programme for the carrying out of comparative studies on production costs, differing levels of productivity, basic development incentives and potentialities in crop and stock farming, the fishing industry and forestry and price stabilization policy with respect to the commodities concerned;

iii) Development of production of raw materials for the industrial development of Central America and Panama;

iv) Substitution of domestic production for imports of processed and unprocessed foodstuffs and development of the manufacture of intermediate goods and inputs for agriculture;

v) Diversification of export activities;

vi) Creation of the external economies indispensable for the development of activities relating to crop and stock farming, forestry and the fishing industry;

The secretariat of the Sub-Committee shall be the secretariat of the Central American Economic Co-operation Committee; furthermore, the Sub-Committee shall apply to FAO for technical assistance;

The rules of procedure of the Central American Economic Co-operation Committee shall apply to the Sub-Committee;

2. To recommend to the secretariat that it takes steps to constitute this Sub-Committee at an early date.

#### TRANSPORT DEVELOPMENT

92 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/197)

*The Central American Economic Co-operation Committee,*

*Considering* that, in compliance with resolutions 64 (CCE) and 66 (CCE), the first session of the Transport Sub-Committee was held at Managua, Nicaragua, in September 1958, and made a detailed examination of the

parts still pending and the complete text of the draft manual of technical specifications for the building of roads, bridges and various works,

*Considering* that the said Sub-Committee has presented a report on its activities (E/CN.12/CCE/158) and adopted resolutions 1 (SC.3) and 2 (SC.3) which recommended to Governments the experimental application of the specifications and standards mentioned in the foregoing paragraph for a period of two years,

*Considering* that the report of the Sub-Committee includes recommendations of a general nature relating to its future work,

*Taking into account* the note by the secretariat on the progress of the work in connexion with overland and maritime transport (E/CN.12/172).

#### *Decides:*

1. To approve the report of the first session of the Transport Sub-Committee and to recommend that the authorities and institutions to which the resolutions appearing in the said report are addressed give them careful consideration with a view to putting them into effect;

2. To recommend to the Sub-Committee that it include the following topics in its programme of work for 1959-60: final formulation and discussion of the Central American Road Traffic Programme; study and formulation of the measures that might be adopted to promote the development of road transport services; study and approval, should this be deemed expedient, of the Central American Maritime Code; over-all studies on a port system adequate to meet the needs of the area and on the port administration measures that should be adopted on a basis of regional co-operation; continuance of the work relating to the implementation and enforcement of the Central American Agreements on the temporary importation of the motor vehicles and on road traffic and standard road signs and signals, and to the specifications and standards for the road planning and road building;

3. To request the United Nations to continue providing the services of experts and awarding fellowships with a view to the promotion of activities under the Central American overland and maritime transport programme.

#### HOUSING, BUILDING AND PLANNING

93 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/198)

*The Central American Economic Co-operation Committee,*

*Considering* that, pursuant to resolution 61 (CCE), the first session of the Housing, Building and Planning Sub-Committee was held in October 1958, at which it drew up its programme of work,

*Considering* that experts to co-operate in this programme will be provided by the Pan American Union so far as its facilities permit,

#### *Decides:*

1. To take note with satisfaction of the work carried out by the Housing, Building and Planning Sub-Committee and to approve the report of its first session (E/CN.12/CCE/159);

2. To approve the programme of work established by the Sub-Committee and recommend to the secretariat that it co-ordinate the implementation of the programme in 1960;

3. To recommend that, in addition to the studies and research already included in the programme adopted by the Sub-Committee, a study of the economic and social aspects of the housing problem in Central America and Panama be carried out as soon as possible, and that the necessary technical assistance be applied for with that end in view.

#### SOCIAL ASPECTS OF ECONOMIC DEVELOPMENT

94 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/199)

*The Central American Economic Co-operation Committee,*

*Considering* that, pursuant to resolution 73 (CCE), the secretariat has presented a study on human resources in Central America, Panama and Mexico, in 1950-80, and their relation to certain aspects of economic development (TAA/LAT/22); a preliminary report on the study of the middle classes in Central America (E/CN.12/CCE/176); a note by the secretariat on the study of human resources in Central America (E/CN.12/CCE/175); a note by the secretariat on the study of land tenure and agricultural working conditions in Central America (E/CN.12/CCE/177); and a report of the meeting held at the University of Costa Rica from 21 to 22 August 1959, to determine the scope and possible organization of this last study,

*Considering* that, with a view to the more efficient fulfilment of the aims of the next stage in the Economic Integration Programme, the study of the social aspects of development should be planned with due regard to the effects of integration on each country's socio-economic system and on the ultimate objective of economic growth, i.e., the improvement of the standard of living of the population,

#### *Decides:*

1. To thank the secretariat and the Bureau of Technical Assistance Operations for the reports and studies mentioned above, and in particular to express its satisfaction at the preparation of the study on human resources, which is of the greatest value for the programming of the economic development of the area;

2. To approve the report of the meeting held at the University of Costa Rica to discuss the scope and possible organization of the study on land tenure and agricultural working conditions in Central America;

3. To request the Higher Council of Central American Universities to undertake the execution of the project, in consultation with the secretariat, and with the co-operation of the Latin American Centre for Research in the Social Sciences, as well as of the International Labour Organisation, the Food and Agriculture Organization and the Bureau of Technical Assistance Operations of the United Nations,

4. To request the secretariat to co-ordinate the preparatory work indicated in the report of the meeting cited above;

5. To recommend to the secretariat and to those specialized agencies of the United Nations which give technical assistance in the Economic Integration Programme that in the future they devote special attention to undertaking comparative studies of basic cost conditions in the industrial sector, with a view to a reasonable degree of uniformity in the said conditions, high priority being accorded to the implications of wage policies and social legislation, from the standpoint of the improvement of the standard of living of the population, as well as to the obstacles and incentives that may be encountered in the structure of income distribution.

CENTRAL AMERICAN RESEARCH INSTITUTE FOR INDUSTRY

95 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/200)

*The Central American Economic Co-operation Committee,*

*Considering* that the Director of the Central American Research Institute for Industry has presented a report reviewing the Institute's activities in 1958-59 (E/CN.12/CCE/178),

*Considering* that the Institute constitutes the main instrument of the Economic Integration Programme in the field of industrial research, technology and productivity, and that the services it renders are of the greatest value for the development of the Central American countries,

#### *Decides:*

1. To thank the Director of the Institute for the report he has presented and to express its satisfaction at the way in which the Institute has been developing its activities;

2. To recommend to Governments that they encourage in their respective countries increasing utilization of the facilities and services offered by the Institute; and to the Institute that it develop its activities in those countries where effective advantage has not yet been taken of the facilities and services that it offers.

#### TECHNICAL ASSISTANCE

96 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/201)

*The Central American Economic Co-operation Committee,*

*Considering* that a report has been submitted by the Regional Representative of the United Nations Technical Assistance Board on the co-operation of the said body in the Central American Economic Integration Programme during 1958-59 (E/CN.12/CCE/162), and that requests relating to the present year were duly sent to the Board by the Chairman of the Committee, in conformity with resolution 74 (CCE),

*Considering* that it is desirable for the programmes of individual countries to be co-ordinated and the technical assistance programme for the area to be planned on lines increasingly more closely adjusted to the requirements of the Economic Integration Programme,

*Decides:*

1. To thank the Regional Representative of the Technical Assistance Board for the report presented by him, and the Technical Assistance Board, the Bureau of Technical Assistance Operations and the specialized agencies of the United Nations for their response to the requests submitted by the Chairman of the Committee for 1959, which are ratified by the present resolution;

2. To authorize the Chairman of the Committee to transmit to the Technical Assistance Board the resolutions adopted at the present session and the application, arising out of the session, for technical assistance for the Economic Integration Programme in 1960;

3. To indicate to Governments the desirability of co-ordinating national programmes more closely with the regional technical assistance programme, and of evaluating such programmes with a view to utilizing available resources more efficiently and to organizing the work in accordance with an order of priority that reflects the requirements of the Central American Economic Integration Programme;

4. To request the Regional Representative of the Technical Assistance Board to convene, subject to the approval of the Governments and in consultation with the secretariat, a meeting of representatives of those national bodies which are responsible for the co-ordination of technical assistance programmes in the five Central American countries and Panama during their preparatory phase, with a view to attainment of the objectives mentioned in paragraph 3.

PRODUCTIVITY AND VOCATIONAL TRAINING

97 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/202)

*The Central American Economic Co-operation Committee,*

*Bearing in mind* that in resolution 77 (CCE), adopted at its fifth session, the Committee recommended to Governments that they request the International Labour Organisation (ILO) to furnish the technical assistance of three experts during 1959 to carry out a programme for the improvement of productivity and vocational training in the industrial sector giving priority to the textile industry,

*Taking into account* the report presented by the ILO on the activities of the productivity and vocational training mission for 1958-59 (E/CN.12/CCE/179) and the memorandum on a project for the practical training of executives, technicians, supervisors and instructors in Central America (E/CN.12/CCE/129, Annex 12),

*Decides:*

1. To thank the ILO for the progress report presented, to express its satisfaction at the work carried out by the productivity and vocational training mission and to recommend the extension of such activities to all the Central American countries;

2. To recommend to Governments that they request the International Labour Organisation to furnish the requisite technical assistance to enable the productivity and vocational training mission to continue its work in 1960;

*Declares* that, although the project for the practical training of executives, technicians, supervisors and instructors in Central America is of interest to the Central American countries, insufficient background data are available to warrant giving priority to its establishment over other projects that might be carried out under the Central American Economic Integration Programme.

ADVANCED SCHOOL OF PUBLIC ADMINISTRATION  
FOR CENTRAL AMERICA

98 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/203)

*The Central American Economic Co-operation Committee,*

*Taking into account* the report presented by the Director of the Advanced School of Public Administration for Central America (ESAPAC) on the School's activities during 1958-59, and the draft agreement on technical assistance between the United Nations and the Central American Governments members of ESAPAC, which is appended as an annex to the said report (E/CN.12/CCE/180),

*Considering* that the activities of ESAPAC should increasingly further the objectives of the Central American Economic Integration Programme,

*Decides:*

1. To thank the Director of ESAPAC for the progress report presented by him;

2. To recommend to Governments that they adopt the new agreement with the United Nations so that the Advanced School of Public Administration for Central America may continue to enjoy the benefit of the technical assistance provided by the United Nations;

3. To recommend to the Board of Directors of the School that an evaluation of its organization and curricula be carried out at an early date, so that the School may more closely adapt its activities to the requirements and needs of Central American economic integration.

INSTRUCTION CENTRE ON NATURAL RESOURCES

99 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/204)

*The Central American Economic Co-operation Committee,*

*Considering* that, in the Central American countries, there is an evident need for training a sufficient number of national experts to explore and evaluate the natural resources of Central America and to advise Governments and public enterprises on the best way of utilizing and preserving them,

*Considering* that it is very difficult for each of the Central American countries in isolation to organize, endow and maintain centres of advanced instruction in those fields of science and technology which have a bearing on the study of natural resources, and that it would therefore be desirable for the countries in question to combine their efforts so that this need may be met by a joint project,

*Considering* that the University of New Mexico, in the United States of America, has interested itself in studying and promoting the establishment of a centre of higher studies to train experts in the exploration, utilization and exploitation of the natural resources of Central America, and that the appropriate consultations having been effected, the project has met with an enthusiastic reception,

*Considering* that the said centre might be sponsored by the Governments and universities of the Central American countries and Panama, and might also serve as a means of channelling the assistance that may be obtained from foreign universities, foundations or other institutions concerned with the promotion of scientific and technological instruction.

*Decides:*

1. To thank the University of New Mexico and, in particular, Professor Julian Duncan, for the preliminary studies and negotiations carried out on behalf of the establishment of a centre of higher instruction for the study of the natural resources of Central America;

2. To request the said University to continue studying the project in question with a view to formulating, in

consultation with the Governments and bearing in mind the priorities of the countries concerned, a programme including specific proposals as to the best way of establishing, financing and administering the study centre referred to, of selecting students and of providing, in one locality or in several, the scientific and technological courses required for the training of experts, with special attention to the study of the water, geological, forest and maritime resources of the area;

3. Likewise to request the said University that the above-mentioned programme be submitted in due course to the Governments and universities of the Central American countries and Panama, so that they may decide upon the joint action which they may deem it advisable to adopt in this respect.

PLACE AND DATE OF THE NEXT SESSION

100 (CCE) *Resolution adopted on 1 September 1959*  
(E/CN.12/CCE/205)

*The Central American Economic Co-operation Committee,*

*Decides* to accept the invitation of the Republic of El Salvador to hold the seventh session of the Committee in that country during the third quarter of 1960.

## Annex I

### CENTRAL AMERICAN AGREEMENT ON THE EQUALIZATION OF IMPORT DUTIES AND CHARGES

The Governments of the Republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

*Bearing in mind* the commitments contracted under the terms of the Multilateral Treaty on Free Trade and Central American Economic Integration, signed at Tegucigalpa on 10 June 1958, and being convinced that, if the Central American free-trade area is to be established in its final form within ten years, pursuant to the provisions of the said Treaty, their respective customs tariffs must be equalized,

*Have decided* to conclude the present Agreement, and for that purpose have appointed as their respective plenipotentiaries:

H.E. The President of the Republic of Guatemala: *Eduardo Rodríguez Genís*, Minister of Economy;

H.E. The President of the Republic of El Salvador: *Alfonso Rochac*, Minister of Economy;

H.E. The President of the Republic of Honduras: *Jorge Bueso Arias*, Minister of Economy and Finance;

H.E. The President of the Republic of Nicaragua: *Enrique Delgado*, Minister of Economy;

H.E. The President of the Republic of Costa Rica: *Alfredo Hernández Volio*, Minister of Economy and Finance;

who having exchanged their full powers, found to be in good and due form, have agreed as follows:

#### Chapter I

#### SYSTEM OF EQUALIZATION OF IMPORT DUTIES AND CHARGES

##### Article I

The Contracting States agree to establish a common tariff policy and decide to set up a Central American import tariff consistent with the integration and economic development requirements of Central America. To this end, they agree to equalize import duties and charges within not more than five years from the date on which the present Agreement enters into force.

The Signatory States shall maintain the Standard Central American Tariff Nomenclature as the basis of the customs tariff for imports.

##### Article II

For the purposes of article I hereof and of article IV of the Multilateral Treaty on Free Trade and Central American Economic Integration, the Contracting States agree to adopt forthwith the tariffs and tariff denominations specified in Schedule A. They likewise agree to establish an interim system of exemptions, with a view to progressive equalization, in respect of the items included on Schedule B. The two schedules form an integral part of the present Agreement.

##### Article III

The Contracting Parties, besides aiming at tariff equalization in conformity with article IV of the Multilateral Treaty on Free Trade and Central American Economic Integration and with a view to expediting the establishment of the Central American

import tariff, pledge themselves, with respect to additions to Schedules A and B, to observe, by preference, the following order of priorities:

- a) Commodities in respect of which the immediate or progressive liberalization of trade is provided for under the terms of bilateral free-trade treaties concluded between the Contracting Parties to this Agreement;
- b) Goods manufactured in Central America;
- c) Imported goods for which goods produced in Central America may be substituted over the short term;
- d) Raw materials, intermediate products and containers, priority being given to those required for the production and sale of the items included in the foregoing subparagraphs; and
- e) Other goods.

##### Article IV

Once tariff equalization has been achieved in respect of the items comprised in the groups of products referred to in the foregoing article, the Contracting States pledge themselves to apply to these same items multilateral free-trade treatment within not more than five years, without exceeding the ten-year time limit stipulated in article I of the Multilateral Treaty for the establishment of the free-trade area in its final form.

##### Article V

The Parties engage not to impose or levy any tax other than those provided for in this Agreement on imports of goods included in Schedules A and B. The bases for valuation adopted are the c.i.f. import value in the case of the *ad valorem* part, and, for the specific component, the standard physical units set forth in Schedules A and B.

If any of the Signatory States is not in a position to abolish consular fees immediately in respect of the goods included in Schedules A and B, it shall be entitled to maintain the fees as such, discounting the value they represent from the *ad valorem* part of the duty and/or charge agreed upon. The term "duty and/or charge agreed upon" shall be understood to mean the duty and/or charge immediately applicable by all Parties to the goods included in Schedule A; that which all Parties pledge themselves to reach by the end of the interim period, in the case of goods included in Schedule B; and the tariffs established by any of the Parties with a view to progressive equalization in respect of the goods included in Schedule B and to attainment of the stipulated standard duty by the end of the interim period.

In the case of items which are equalized at levels below the consular fees—either immediately (Schedule A) or by the end of the interim period (Schedule B)—the Signatory States shall not charge consular fees.

##### Article VI

The Contracting States agree to the establishment of fixed equivalences, solely for equalization purposes, between the currency units in which each country's tariff duties are expressed and a common currency unit equivalent to the United States dollar. These equivalences, which are those existing at the date of signature of the present Agreement, are established as follows:

Guatemala, 1 quetzal; El Salvador, a currency unit equivalent to the United States dollar; Honduras, 2 lempiras; Nicaragua, a currency unit equivalent to the United States dollar; and Costa Rica, 5.67 or 6.65 colons, according to the exchange provisions applicable to the item in question. If a country makes any change in the equivalence of its currency unit *vis-à-vis* the United States dollar in respect of goods included in Schedules A and B, it shall be under the obligation to alter its tariffs immediately in the proportion necessary to maintain equalization.

#### Article VII

In order to make the equalization of import duties and charges effective, the Contracting Parties shall renegotiate any multilateral or bilateral pacts that remain in force with non-signatories of the present Agreement whereby tariffs lower than those established herein are consolidated, and shall release themselves from the consolidation commitment assumed within not more than one year from the date of deposit of the corresponding instrument of ratification of this agreement. Likewise, the Contracting Parties undertake to refrain from signing new agreements or tariff concessions with other countries which are contrary to the spirit and objectives of the present Agreement and, in particular, to the provisions of this article.

#### Article VIII

Wheresoever the duty agreed upon for a specific product is higher than the tariff in force in one or more of the Contracting Parties, the countries concerned shall apply, in all inter-Central American trade not covered by the free-trade régime, the lower tariff in force, unless the Central American Trade Commission decides otherwise.

The preferential tariffs which the Parties pledge themselves to establish are set forth in Schedule A and in Annex 6 of Schedule B (this annex forms an integral part of the schedule in question).

"Tariff in force" shall be understood to mean the sum of the tariff duties, consular fees and other duties, charges and surcharges levied on imports of the goods listed in Schedules A and B at the time the present Agreement is signed. Legal rates and charges for services rendered are not included.

As this Agreement is specifically Central American in character and constitutes one of the bases for the customs union of the Contracting Parties, the Signatory States agree to maintain the "Central American exemption clause" with respect to third countries, to the extent that the application of the preferential tariff system established by the present article is concerned.

#### Article IX

The Schedules appended to this Agreement shall be expanded, by agreement among the Contracting States, through the signing of successive protocols and in accordance with respective constitutional procedures.

### Chapter II

#### CENTRAL AMERICAN TRADE COMMISSION

##### Article X

The Signatory States agree to set up a Central American Trade Commission, made up of representatives of each of the Contracting Parties, which shall meet as often as its work requires or when any of the Contracting States so requests.

The Commission (or any of its members) shall be entitled to travel freely in the territory of the Contracting Parties in order that matters within its purview may be studied on the spot, and the authorities of the Signatory States shall provide such information and facilities as it/they may need for the discharge of its/their functions.

The Commission shall have a permanent Secretariat, which shall be responsible to the Secretariat of the Organization of Central American States.

The Commission shall adopt its own rules of procedure unanimously.

#### Article XI

The following shall be the terms of reference of the Central American Trade Commission:

a) To recommend to the Contracting Parties measures conducive to the establishment of the Central American customs tariff referred to in this Agreement;

b) To study, at the request of one or more Governments, topics or matters relating to the development of tariff equalization and in particular to the implementation of the present Agreement, and to propose the measures that should be adopted in order to solve such problems as may arise;

c) To study production and trade activities in the signatory States and recommend additions to Schedules A and B;

d) To act as the agency responsible for co-ordinating tariff equalization, taking into special consideration the progress made in this field by virtue of bilateral treaties signed between Central American countries, with a view to submitting early proposals for standard duties and charges and endeavouring to promote their adoption by all the Contracting Parties. In this connexion, the Parties undertake to notify the Commission of bilateral tariff equalization agreements as soon as these are negotiated;

e) To study the various aspects of the maintenance of uniformity in the application of the Standard Central American Tariff Nomenclature and to recommend to the Contracting Parties such amendments as may seem advisable in the light of experience and from the standpoint of increased diversification of production in Central America;

f) To take steps calculated to establish and maintain uniformity in customs regulations.

In the discharge of its functions, the Commission shall utilize the studies carried out by other Central American and international bodies.

### Chapter III

#### GENERAL PROVISIONS

##### Article XII

The Contracting Parties agree to renegotiate at the request of any one of their number, and through the Central American Trade Commission, the standard duties and charges agreed upon and the standardized tariff classification. The renegotiation shall affect only those goods in respect of which it is applied for.

Decisions in this connexion shall be adopted by the unanimous vote of the States for which the Agreement is in force. In any event, every change shall be introduced at uniform levels.

##### Article XIII

The Signatory States agree that differences arising in connexion with the interpretation or application of any of the provisions of this Agreement shall be settled amicably, in accordance with the spirit of the Agreement, through the Central American Trade Commission. In the event of failure to reach agreement, controversies shall be decided by arbitration. To form the tribunal of arbiters, each of the Contracting Parties shall submit to the Secretariat of the Organization of Central American States the names of three magistrates from its respective Supreme Court of Justice. From the complete list of candidates, the Secretary-General of the Organization of Central American States and Government representatives to this Organization shall choose by lot five arbiters to form the tribunal, each of whom must be of a different nationality. The ruling of the tribunal of arbiters shall be awarded on the affirmative vote of at least three of the mem-

bers present, and shall have the effect of *res judicata* for all the Contracting Parties in respect of any point settled in connexion with the interpretation or application of the provisions of this Agreement.

#### Chapter IV

#### INTERIM SYSTEM

##### Article XIV

To facilitate the equalization of import duties and charges in the case of products with respect to which, for economic, fiscal or other motives, it is impossible to establish a standard tariff to be applied immediately by all Parties, the Contracting States establish an interim system of progressive equalization.

The Contracting States agree to adopt progressively, for the goods included in Schedule B, the standard duties given in column I of the said Schedule, each Party conforming to the time limit (column II), to the initial tariffs (column III) and to the tariff denomination established therein.

The first change in the initial tariffs shall be introduced twelve months after the date on which the present Agreement enters into force, and succeeding modifications shall be affected for periods of 12 months exactly, until the duty agreed upon is reached.

In annexes 1 to 5 of Schedule B, the tariffs applicable by the Contracting Parties during each year of the interim period are set forth. These annexes form an integral part of Schedule B.

When progressive equalization is being put into effect, the annual decrease or increase in tariffs which must be introduced by each Contracting Party shall not be less than the quotient resulting from division of the total amount of the decrease or increase to be effected by the number of years in the interim period. This commitment shall be binding on the Contracting States except in so far as, during the interim period, they may have introduced annual changes exceeding those agreed upon.

This interim system does not preclude the immediate adoption of the standard duty by a group of countries smaller than the total number of the Contracting Parties, or release the remaining country or countries from the commitment to attain the said standard duty by means of progressive equalization.

When the interim period ends for each of the goods or articles included in Schedule B, these shall be automatically transferred to Schedule A.

#### Chapter V

#### FINAL PROVISIONS

##### Article XV

This Agreement shall be submitted by each State for ratification in conformity with its pertinent constitutional and legal procedure and shall enter into force, for the first three countries to deposit the instrument of ratification, on the date of deposit of the third such instrument, and, for countries acceding thereafter, on the date of deposit of their respective instruments of ratification. Its duration shall be twenty years from the date of its entry into force, and it shall be tacitly renewed for successive ten-year periods.

The Contracting States agree that the tariff equalization of goods included in Schedule B shall be completed by the end of the interim period which shall begin upon the entry into force

of the Agreement. Consequently, they agree to effect progressive tariff equalization within the time limit established at the end of the interim period, without changing the year-by-year tariffs established in the relevant annex of Schedule B, each State taking as a base the level which it would have reached if it had deposited its instrument of ratification upon the entry into force of the Agreement.

The present Agreement may be denounced by any of the Signatory States at least two years before the date of expiry of the initial period or of the succeeding periods during which it is in force. Denunciation shall become effective for the denouncing State at the date on which the corresponding period of validity of the Agreement ends, and the Agreement shall remain in force for the other Parties so long as at least two of them continue to uphold it.

##### Article XVI

The present Agreement shall be deposited with the Secretariat of the Organization of Central American States, which shall send certified copies to the Chancelleries of each of the Contracting States and shall also notify them of the deposit of the pertinent instruments of ratification, as well as of any denunciation which may take place within the time limits established in that connexion. Upon the entry into force of the Agreement, it shall also transmit a certified copy to the Secretariat of the United Nations for registration in conformity with Article 102 of the United Nations Charter.

##### Provisional article

With respect to the implementation of article X of this Agreement, the Contracting Parties agree that preferential duties shall not be applicable to the items or sub-items of the Standard Central American Tariff Nomenclature which are included both in annex A of the Multilateral Treaty and in Schedules A and B of the present Agreement.

##### Provisional article

The Signatory States agree that representatives of the Parties for which the Agreement has not entered into force shall be entitled to attend meetings of the Central American Trade Commission as observers with the right to speak but not to vote.

*In witness whereof*, the respective plenipotentiaries sign the present Agreement at the city of San José, capital of the Republic of Costa Rica, this first day of September one thousand nine hundred and fifty-nine.

For the Government of Guatemala:

*Eduardo Rodríguez Genis*  
Minister of Economy

For the Government of El Salvador:

*Alfonso Rochac*  
Minister of Economy

For the Government of Honduras:

*Jorge Bueso Arias*  
Minister of Economy and Finance

For the Government of Nicaragua:

*Enrique Delgado*  
Minister of Economy

For the Government of Costa Rica:

*Alfredo Hernández Volio*  
Minister of Economy and Finance



031-01-02	Edible roes.....	G. K.	1.00	10
031-01-03	Aquarium fish.....	G. K.	0.25	50
031-02	Fish, including edible flesh and roes, dried, salted, smoked or pickled, but not otherwise prepared.			
031-02-01	Cod.....	G. K.	0.15	10
031-02-02	All others.....	G. K.	0.40	10
031-03-01	Shellfish, fresh (dead or alive), chilled or frozen.....	G. K.	0.50	10
031-03-02	Shellfish, dried, salted, smoked, pickled, or simply cooked	G. K.	0.50	10
044-01-00	Maize, unmilled.....	G. K.	0.08	10
047-09-00	Meal and flour, made from grain, n.e.s.			
047-09-00-01	Rice meal and flour.....	G. K.	0.20	10
047-09-00-09	Others.....	G. K.	0.20	10
051-01-00	Fresh fruit.....	G. K.	0.30	25
051-07-01	Edible nuts (including fresh coconuts), other than nuts chiefly used for the extraction of oil, unshelled.....	G. K.	0.30	10
051-07-02	Edible nuts (including fresh coconuts), other than nuts chiefly used for the extraction of oil, shelled.....	G. K.	0.60	10
051-07-03	Grated coconut, edible.....	G. K.	0.40	10
052-01-00	Dried fruits, including those artificially dehydrated, in airtight containers or not.....	G. K.	0.60	10
053-01-01	Olives, in wooden containers.....	G. K.	0.40	10
053-01-02	Olives, in containers, n.e.s.....	G. K.	0.40	15
053-01-03	Fruit, preserved in alcohol, wine or spirits.....	G. K.	1.00	25
053-01-04	Fruit, frozen, pickled or otherwise preserved, n.e.s.....	G. K.	0.60	10
053-02-00	Fruit, fruit peel, parts of plants, dried, <i>glacé</i> or crystallized, with or without artificial flavouring.....	G. K.	0.60	10
053-03-01	Peanut paste and butter.....	G. K.	0.60	10
053-03-03	Fruit pulps and pastes.			
053-03-03-01	Strained and homogenized food preparations, in containers with a net content not exceeding 150 grammes.	G. K.	0.15	10
053-03-03-09	Others.....	G. K.	0.70	10
053-04-01	Fruit syrups.....	G. K.	0.55	10
053-04-04	Fruit extracts.....	G. K.	0.50	10
054-02-01	Beans.....	G. K.	0.10	8
055-02-01	Vegetable soups.			



099-09-03	Yeasts and leavens of all kinds, in any form, except those for pharmaceutical use and enzymes.			
099-09-03-01	Natural yeasts and leavens, fresh or dehydrated (progressively equalized: see Schedule B).			
099-09-03-09	Others (including artificial yeasts and baking powder)..	G. K.	0.40	10
099-09-04	Sauces of all kinds and similar condiments.....	G. K.	0.50	25
<b>Section 2 Crude materials, inedible, except fuels</b>				
242-01-00	Pulpwood.....	G. K.	Free	15
242-09-00	Poles, piling, posts and wood in the round, including pit-props.....	Piece	Free	25
243-01-00	Railway sleepers (ties), whether sawn or not.....	Piece	Free	25
251-01-00	Paper waste and old paper.....	G. K.	Free	10
262-05-00	Horsehair and other coarse hair (except pig bristles, which are classified under sub-item 291-09-11).....	G. K.	Free	15
263-03-00	Cotton mill waste, devilled cotton waste, cotton shoddy, not further processed and cotton linters.....	G. K.	0.20	10
272-01-00	Natural asphalt.....	G. K.	Free	7
272-02-00	Sand, gravel and crushed stone (including ground quartz and tarred macadam).....	G. K.	Free	10
272-04-01	Refractory earths and rock.....	G. K.	Free	7
272-04-02	Kaolin and clays, n.e.s.....	G. K.	0.02	10
272-06-00	Sulphur, unrefined, in any form.....	G. K.	0.03	10
272-07-03	Pumice stone, emery, corundum and similar abrasives, in the natural state.....	G. K.	0.04	10
272-08-01	Marble, in blocks or slabs, sawn or unsawn, unpolished, including marble powder.....	G. K.	0.03	10
272-08-02	Alabaster, in blocks or slabs, sawn or unsawn, unpolished.	G. K.	0.05	10
272-08-03	Slate, in blocks or slabs, sawn or unsawn, unhewn.....	G. K.	0.02	10
272-08-04	Other building and dimension stone, (calcareous stone, n.e.s., granite, porphyry, basalt, sandstone, etc.).....	G. K.	0.05	10
272-11-01	Plaster in the natural state.....	G. K.	0.02	10
272-11-02	Calcined gypsum, powdered.....	G. K.	0.03	10
272-11-03	Lithographic stone, unprepared.....	G. K.	Free	10
272-11-04	Other stone for industrial uses, n.e.s., (dolomite, limestone and similar kinds of stone used for manufacture of cement and lime and for industrial purposes).....	G. K.	0.01	10
272-12-00	Asbestos and amianthus, crude, washed or ground.....	G. K.	Free	Free



292-09-04	Vegetable extracts for the manufacture of insecticides, fungicides and similar products.....	G. K.	Free						
292-09-05	Vegetable saps, juices and extracts, n.e.s.; pectin, agar-agar, and other natural mucilages and thickeners.....	G. K.	0.15	10					
292-09-06	Seaweed, kapok, vegetable fibres and other vegetable materials mainly used for stuffing or padding.....	G. K.	0.10	10					
292-09-07	Other vegetable materials, n.e.s.....	G. K.	0.15	10					
<b>Section 4 Animal and vegetable oils and fats</b>									
412-01-00	Linseed oil.....	G. K.	0.03	10					
412-02-00	Soya bean oil.....	G. K.	0.20	10					
412-03-00	Cottonseed oil.....	G. K.	0.20	10					
412-04-00	Peanut oil.....	G. K.	0.20	10					
412-05-00	Olive oil.....	G. K.	0.35	10					
412-06-00	Palm oil.....	G. K.	0.20	10	0.15	4	0.15	4	0.15
412-08-00	Copra oil.....	G. K.	0.20	10	0.35	4	0.15	4	0.15
412-11-00	Castor oil.....	G. K.	0.10	10					
412-12-00	Tung oil.....	G. K.	0.03	10					
412-19-01	Sesame oil.....	G. K.	0.25	10					
412-19-02	Maize oil.....	G. K.	0.20	10					
412-19-03	Other vegetable oils, n.e.s.....	G. K.	0.20	10					
419-01-00	Oils, oxidized or boiled.....	G. K.	0.03	10					
413-03-01	Stearic acid (commercial stearine).....	G. K.	0.03	10					
413-04-01	Spermaceti (white or whale sperm).....	G. K.	0.10	10					
413-04-02	Beeswax.....	G. K.	0.75	10					
413-04-03	Other animal or vegetable waxes, n.e.s.....	G. K.	0.15	10					
<b>Section 5 Chemicals</b>									
511-01-08	Other inorganic acids and anhydrides, n.e.s.								
511-01-08-01	Silica.....	G. K.	0.01	10					
511-01-08-09	Others.....	G. K.	0.01	10					
511-09-01	Elements, including compressed or liquid gases (except industrial metals, classified in chapters 67 and 68).								
511-09-01-01	Oxygen.....	G. K.	0.05	15					
511-09-01-02	Hydrogen.....	G. K.	0.01	15					
511-09-01-03	Lamp black.....	G. K.	Free	7					
511-09-01-09	Others.....	G. K.	Free	10					



599-09-04	Wood tar.....	G. K.	0.05	10
<b>Section 6 Manufactured goods, classified chiefly by material</b>				
612-01-00	Leather bands and belts and other leather articles for machinery.....	G. K.	0.05	10
621-01-01	Rubber thread, textile-covered.....	G. K.	0.15	10
621-01-02	Rubber solutions (except varnishes or those containing vulcanizing agents); adhesives with a rubber base or containing rubber; textile fibres or threads impregnated with rubber.....	G. K.	0.10	12
621-01-03	Material for preparing tyres and inner tubes.			
621-01-03-01	Rubber treads, whether or not reinforced, for recovering tyres (e.g. camel back).....	G. K.	0.05	10
621-01-03-09	Others (progressively equalized: see Schedule B).			
621-01-04	Natural rubber and vulcanized or hardened rubber, ebonite, in plates, sheets, tubes of all kinds, discs, thread, cord, strips, etc.			
621-01-04-01	Piping and tubing, with or without accessories.....	G. K.	0.25	10
621-01-04-02	Waste (parings, scrap, powder, and other hardened rubber waste).....	G. K.	0.30	10
621-01-04-03	Threads (not textile-covered).....	G. K.	0.25	10
*621-01-04-04	Plates and sheets (not spongy).			
*621-01-04-09	Others.			
652-01-02	Cotton cloth (unbleached), weighing 80 grammes or more p/sq. metre.			
652-01-02-09	<i>Idem</i> , weighing more than 350 grammes p/sq. metre (canvas).....	G. K.	0.80	10
661-01-01	Quicklime and slaked lime.....	G. K.	0.01	10
661-01-02	Hydraulic lime.....	G. K.	0.01	10
661-03-00	Building, dimension and monumental stone, hewn (polished slabs, flagstones, tiles; bricks, columns, balustrades, lintels and other types for construction).			
661-03-00-01	Slate and marble slabs.....	G. K.	0.05	10
661-03-00-09	Others.....	G. K.	0.10	15
661-09-00	Construction materials, n.e.s., of asbestos, cement, plaster, asphalt, vegetable fibres (including shavings and sawdust) agglomerated with cement, plaster, asphalt, and other mineral binding agents; granulated marble agglomerated with cement, and other non-metallic minerals, crude, including their mixtures, such as fibre-cement in the form of bricks, flagstones, tiles, columns, tubes and other similar types for construction.			



699-21-03-09	Others.....	G. K.	0.05	10
699-21-05	Tubes of lead, tin, aluminium, etc., for pomades, ointments and creams.....	G. K.	0.04	10
699-22-01	Ranges (stoves), ovens, heaters and boilers for heating water, and their parts.....	G. K.	0.05	10

**Section 7 Machinery and transport equipment**

721-08-01	Instruments for measuring electric current, such as voltmeters, ampèremeters, consumption meters, etc.....	G. K.	0.05	10
721-19-02	Electric accumulators, including plates and cases.			
*721-19-02-01	Accumulators.			
*721-19-02-02	Plates and grids.			
721-19-02-09	Others.....	G. K.	Free	10
735-09-02	Rowing boats, sailing boats and other small craft, without engines.			
735-09-02-01	Fishing and transport boats (not exceeding 250 gross tonnage).....	G. K.	Free	8
735-09-02-09	Others.....	G. K.	Free	30
735-09-03	Other ships and boats, n.e.s., including dredgers.			
735-09-03-01	Sporting craft.....	G. K.	Free	30
735-09-03-09	Others.....	G. K.	Free	8

**Section 8 Miscellaneous manufactured articles**

821-01-02	Wooden furniture, upholstered with any material.....	G. K.	0.90	30
821-09-03	Furniture of bamboo, willow, rattan, plastic and other materials, n.e.s.....	G. K.	0.90	30
841-03-04	Outer garments, knitted, crocheted or made of knitted or crocheted fabrics, of wool or other fine animal hair, pure or blended.....	G. K.	8.00	10
841-07-01	Garments of rubberized or similar waterproof materials..	G. K.	2.00	15
851-03	Footwear of all kinds, of textile materials, not including house footwear.			
851-03-02	Other footwear, n.e.s., of textile materials.			
851-03-02-01	Sandals and similar footwear, with soles of coarse fibres	G. K.	3.00	10
851-03-02-09	Others.....	G. K.	8.00	10
861-01-07	Optically worked glass, quartz or plastic, unmounted, for spectacles.....	G. K.	1.00	10
861-09-05	Apparatus, n.e.s., for measuring, counting or regulating taximeters, gas and liquid computers and meters, revolu-			



899-05-02-02	Fasteners, press-studs and hooks and eyes.....	G. K.	1.00	10
899-05-02-09	Others.....	G. K.	2.00	20
899-06-00	Articles, n.e.s., carved of natural animal, vegetable or mineral materials (coral, jet, mother-of-pearl, pearl shell, colophony, meerschaum, amber, ivory, bone, horn, vegetable ivory, corozo, tortoise-shell, etc.).....	G. K.	3.00	25
899-13-05	Brushes, n.e.s., of all materials except wire.			
899-13-05-01	Knots and tufts for brushmaking, unmounted.....	G. K.	Free	10
899-13-05-02	Brushes for industrial machinery.....	G. K.	Free	10
899-13-05-09	Others.....	G. K.	1.00	20
899-13-06	Brooms, mops and brushes of all materials except wire...	G. K.	1.00	10
899-14-01	Articles for tennis, except footwear.....	G. K.	1.00	10
899-14-02	Articles for fishing, except boots, nets and lines or casting-lines.....	G. K.	0.35	10
899-14-03	Articles for golf, except footwear.....	G. K.	1.00	10
899-14-06	Articles for basketball, except footwear.....	G. K.	Free	10
899-14-07	Apparatus of all kinds for gymnastics.....	G. K.	Free	10
899-14-08	Articles for bowling or skittles, except footwear.....	G. K.	Free	15
899-14-09	Sports equipment, n.e.s. (for boxing, badminton, polo, fencing, hockey, etc., including skates, sabres, rapiers and foils for fencing), not including footwear, weapons and ammunition.....	G. K.	0.10	25
899-15-02	Billiard sets, their parts and accessories.			
899-15-02-01	Billiard balls.....	G. K.	3.00	15
899-15-02-09	Others.....	G. K.	1.00	25
899-99-08	Dressing combs and ornamental combs of all types of material.....	G. K.	2.00	10
899-99-12	Tailors' dummies and other lay figures; automata and other moving displays for shop windows.....	G. K.	0.25	10
<b>Section 9 Live animals, N.E.S.</b>				
921-01-01	Horses, pure-bred.....	Head	Free	Free
921-09-01	Bees.....	G. K.	Free	Free
921-09-02	Birds, not for food.....	Head	1.00	10
921-09-03	Live animals, n.e.s., not for food.....	Head	Free	15



099-09-03-09	Natural yeasts and ferments, fresh or dehydrated.....	G. K.	0.35	10	5	0.35	10	0.10	6	0.03	7	0.25	21	0.39	8
099-09-03-09	Others (including artificial yeasts and baking powder) (immediately equalized: see Schedule A).														
<b>Section 1 Beverages and tobacco</b>															
112-03-00	Beers and other grain beverages, fermented.....	G. K.	0.70	10	5	1.00	10	0.25	10	1.15	7	0.30	41	0.26	20
<b>Section 2 Crude materials, inedible, except fuels</b>															
290-02-01	Chicle, crude or simply prepared.....	G. K.	0.50	10	5	0.75	10	0.10	10	0.50	7	0.30	16	0.15	4
<b>Section 4 Animal and vegetable oils and fats</b>															
413-03-02	Oleic acid (commercial olein), palmitic acid (commercial palmitine), and other fatty acids.....	G. K.	0.10	10	5	0.10	10	0.09	6	0.05	7	0.02	16	0.16	4
413-03-03	Acid oils and solid residues from the processing of oils and fats.....	G. K.	0.10	10	5	0.10	10	0.025	4	0.05	7	0.10	16	0.16	4
<b>Section 5 Chemicals</b>															
511-01-02	Sulphuric acid.....	G. K.	0.03	10	3	0.03	10	0.02	6	0.08	7	0.01	16	0.03	4
541-09-08	Dressings, medicaments and pharmaceutical products, n.e.s.														
541-09-08-01	Sterilized absorbent cotton wool and gauze....	G. K.	0.70	10	5	0.70	10	0.20	6	0.70	7	0.10	16	0.18	4
541-09-08-02	Sterilized sticking-plaster (immediately equalized: see Schedule A).														
541-09-08-03	Opacifying preparations for X-ray examinations, n.e.s. (immediately equalized: see Schedule A).														
541-09-08-09	Others (immediately equalized: see Schedule A)														
599-04-03	Gelatines for industrial use, except those chemically hardened.....	G. K.	0.10	10	5	Free	10	0.10	6	0.12	7	0.30	16	0.38	20
599-09-05	Colophony.....	G. K.	0.15	15	3	0.02	12	0.05	10	0.10	7	0.01	16	0.02	4
<b>Section 6 Manufactured articles classified chiefly by material</b>															
621-01-03	Materials for repairing tires and inner-tubes.														
621-01-03-01	Rubber treads, whether or not reinforced, for recovering tires (e.g. camel-back) (immediately equalized: see Schedule A).														
621-01-03-09	Others.....	G. K.	0.28	10	2	0.20	10	0.20	10	Free	7	0.10	16	0.11	4
631-02-01	Triply wood, including veneered wood.														
631-02-02-01	Plywood.....	G. K.	0.15	20	5	0.15	20	0.003	10	Free	97	0.10	31	0.15	20
631-02-00-09	Others.....	G. K.	0.15	20	5	0.15	20	0.025	10	Free	97	0.10	31	0.15	20
655-09-01	Wadding, including cotton for stuffing and unsterilized absorbent cotton wool.....	G. K.													

NAUCA group, item or sub-item and standardized tariff sub-item	Denomination	Unit	(I) Standard import duty		(II) Transition period (years)		(III) Initial percentages for Contracting States								
			Speci- fic (Dol- lars per unit)	Ad va- lorem (per- cent- age per cif.)	Transi- tion period (years)	Guatemala		El Salvador		Honduras		Nicaragua		Costa Rica	
						Speci- fic (Dol- lars per unit)	Ad va- lorem (per- cent- age per cif.)	Speci- fic (Dol- lars per unit)	Ad va- lorem (per- cent- age per cif.)	Speci- fic (Dol- lars per unit)	Ad va- lorem (per- cent- age per cif.)	Speci- fic (Dol- lars per unit)	Ad va- lorem (per- cent- age per cif.)		
655-09-01-01	Unsterilized absorbent cotton wool	G. K.	0.60	10	5	0.60	10	0.15	6	0.20	10	0.20	16	0.18	4
655-09-01-09	Others	G. K.	0.60	10	5	0.60	10	0.20	10	Free	29	0.20	16	0.15	4
661-09-00	Building materials, n.e.s., of asbestos, cement, plaster, asphalt, vegetable fibre (including shavings and sawdust) agglomerated with cement, plaster, asphalt and other mineral binding agents; granulated marble agglomerated with cement, and other non-metallic minerals, crude, including their compounds, such as fibre-cement in the form of bricks, tiles, flagstones, columns, tubes and other similar forms for construction.														
661-09-00-01	Fibre-cement (asbestos-cement)	G. K.	0.05	10	3	0.10	20	0.05	10	Free	22	0.01	31	0.02	4
661-09-00-02	Asphalt flagstones (immediately equalized: see Schedule A).														
661-09-00-09	Others (immediately equalized: see Schedule A)														
699-21-06	Boxes, cans and similar containers, n.e.s., of metal or metal alloys (tinplate, etc.)														
699-21-06-01	Unassembled containers	G. K.	0.10	10	5	0.10	10	0.06	10	0.05	7	0.10	16	Free	10
699-21-06-09	Others	G. K.	0.20	10	5	0.20	10	0.06	10	0.05	7	0.10	16	0.23	4
<b>Section 8 Miscellaneous manufactured articles</b>															
851-04-00	Footwear of all types, of rubber, including overshoes or galoshes and slippers of rubber.														
851-04-00-01	High boots	G. K.	5.00	10	5	5.00	10	0.50	10	1.75	7	0.80	31	0.75	10
851-04-00-09	Others	G. K.	5.00	10	5	5.00	10	3.50	10	1.75	7	0.80	31	5.00	10
892-09-02	Photographs and photostats, n.e.s., lithographs, three-colour prints, oleographs, chromolithographs and engravings, prints and drawings of any kind, excluding works of art.														
892-09-02-01	Photostats (immediately equalized: see Schedule A).														
892-09-02-09	Others	G. K.	1.20	30	5	0.60	20	0.80	6	1.00	7	1.40	16	2.25	15
899-05-01	Buttons of all kind except of precious metal and precious stones, button blanks	G. K.	0.80	20	5	0.50	10	0.60	10	0.50	7	0.70	31	1.50	10
899-14-04	Articles for baseball and softball, except footwear.	G. K.	0.20	10	2	0.20	10	0.05	10	0.50	7	0.20	16	0.09	4
899-14-05	Articles for football, including American football (except footwear and helmets)	G. K.	Free	25	5	Free	25	0.025	6	0.50	7	0.20	16	1.50	4

Annex I of Schedule B

General note

The Republic of Guatemala, in order to modify the initial tariffs appearing in column III of Schedule B and to reach the standard duty agreed upon (column I of Schedule B) during the established transition period (column II of Schedule B), agrees to apply the tariffs indicated in the present annex during each year of the transition period.

NAUCA group, item or sub-item and stand- ardized tariff sub- sub-items	Denomination	Unit	Percentages applicable during the transition period									
			First year		Second year		Third year		Fourth year		Fifth year	
			Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)
<b>Section 0 Food</b>												
013-09-02	Edible extracts, essences, soups, broths and juices derived from marrow, bones or meat of any kind, in liquid, solid, paste or powder form, in any kind of container, and other meat preparations, n.e.s.	G. K.	0.55	20	0.62	15	0.70	10	0.72	10	0.74	10
013-09-02-01	Liquid soups and broths.....	G. K.	0.55	20	0.62	15	0.70	10	0.72	10	0.74	10
013-09-02-09	Others.....	G. K.	0.55	20	0.65	20	0.75	20	0.85	15	0.90	10
024-01-00	Cheeses and curds of any kind.....	G. K.	0.50	10	0.70	15	0.70	15	0.70	15	0.70	15
032-01-07	Soups and broths of fish and shellfish.....	G. K.	0.55	20	0.62	15	0.70	10	0.72	10	0.74	10
053-03-02	Fruit jellies, jams and marmalades.....	G. K.	0.75	10	0.75	10	0.75	10	0.75	10	0.75	10
053-04-02	Fruit juices, unfermented.....	G. K.	0.50	10	0.50	10	0.50	10	0.50	10	0.50	10
055-02-01	Vegetable soups.											
055-02-01-01	Strained and homogenized baby foods, in containers with a net content not exceeding 150 grammes (immediately equalized: see Schedule A).....	G. K.	0.55	20	0.62	15	0.70	10	0.72	10	0.74	10
055-02-01-09	Others.....	G. K.										
091-02-02	Lard substitutes and other similar edible fats, of animal or vegetable origin, n.e.s.....	G. K.	0.25	10	0.30	10	0.35	10	0.40	10	0.45	10
099-09-02	Gelatines, edible, whether flavoured or coloured or not, in any form.....	G. K.	0.50	10	0.60	10	0.70	10	0.80	10	0.90	10
099-09-03	Yeasts and ferments of all kinds, in any form, except those for pharmaceutical use and enzymes.											
099-09-03-01	Natural yeasts and ferments, fresh or dehydrated.....	G. K.	0.35	10	0.35	10	0.35	10	0.35	10	0.35	10
099-09-03-09	Others (including artificial yeasts and baking powder) (immediately equalized: see Schedule A).											
<b>Section 1 Beverages and tobacco</b>												
112-03-00	Beers and other grain beverages, fermented.....	G. K.	1.00	10	0.94	10	0.88	10	0.82	10	0.76	10

NAUCA group, item or sub-item and stand- ardized tariff sub- sub-items	Denomination	Unit	Percentages applicable during the transition period									
			First year		Second year		Third year		Fourth year		Fifth year	
			Spect- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spect- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spect- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spect- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spect- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)
<b>Section 2 Crude materials, inedible, except fuels</b>												
	Chicle, crude or simply prepared.....	G. K.	0.75	10	0.70	10	0.65	10	0.60	10	0.55	10
<b>Section 4 Animal and vegetable oils and fats</b>												
413-03-02	Oleic acid (commercial olein), palmitic acid (commercial palm- itine) and other fatty acids.....	G. K.	0.10	10	0.10	10	0.10	10	0.10	10	0.10	10
413-03-03	Acid oils and solid residues from the processing of oils and fats.	G. K.	0.10	10	0.10	10	0.10	10	0.10	10	0.10	10
<b>Section 5 Chemicals</b>												
511-01-02	Sulphuric acid.....	G. K.	0.03	10	0.03	10	0.03	10	0.03	10	0.03	10
541-09-08	Dressings, medicaments and pharmaceutical products, n.e.s.											
541-09-08-01	Sterilized absorbent cotton wool and gauze.....	G. K.	0.70	10	0.70	10	0.70	10	0.70	10	0.70	10
541-09-08-02	Sterilized sticking-plaster (immediately equalized: See Sched- ule A).											
541-09-08-03	Opacifying preparations for X-ray examinations, n.e.s., (im- mediately equalized: see Schedule A).											
541-09-08-09	Others (immediately equalized: see Schedule A).											
599-04-03	Gelatines for industrial use, except those chemically hardened	G. K.	Free	10	0.02	10	0.04	10	0.06	10	0.08	10
599-09-05	Colophony.....	G. K.	0.02	12	0.03	13	0.05	15	0.05	15	0.05	15
<b>Section 6 Manufactured articles classified chiefly by material</b>												
621-01-03	Material for repairing tires and inner tubes.											
621-01-03-01	Rubber treads, whether or not reinforced, for re-covering tires (e.g. camel-back), (immediately equalized: see Schedule A).											
621-01-03-09	Others.....	G. K.	0.20	10	0.20	10	0.20	10	0.20	10	0.20	10
631-02-00	Triply wood, including veneered wood.											
631-02-00-01	Plywood.....	G. K.	0.15	10	0.15	10	0.15	10	0.15	10	0.15	10
631-02-00-09	Others.....	G. K.	0.15	10	0.15	10	0.15	10	0.15	10	0.15	10
655-09-01	Wadding, including cotton for stuffing and unsterilized ab- sorbent cotton wool.											
655-09-01-01	Unsterilized absorbent cotton wool.....	G. K.	0.60	10	0.60	10	0.60	10	0.60	10	0.60	10
655-09-01-09	Others.....	G. K.	0.60	10	0.60	10	0.60	10	0.60	10	0.60	10



## Annex 2 of Schedule B

The Republic of El Salvador, in order to modify the initial tariffs appearing in column III of Schedule B and to reach the standard duty agreed upon (column I of Schedule B) during the established transition period (column II of Schedule B), agrees to apply the tariffs indicated in the present annex during each year of the transition period.

NAUCA group, item or sub-item and stand- ardized tariff sub- sub-items	Denomination	Unit	Percentages applicable during the transition period									
			First year	Second year	Third year	Fourth year	Fifth year					
			Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)		
<b>Section 0 Food</b>												
013-09-02	Edible extracts, essences, soups, broths and juices derived from marrow, bones or meat of any kind, in liquid, solid, paste or powder form, in any kind of container, and other meat preparations, n.e.s.	G. K.	0.40	10	0.47	10	0.54	10	0.61	10	0.68	10
013-09-02-01	Liquid soups and broths	G. K.	0.40	10	0.47	10	0.54	10	0.61	10	0.68	10
013-09-02-09	Others	G. K.	0.45	7.5	0.56	8	0.67	8.5	0.78	9	0.89	9.5
024-01-00	Cheeses and curds of any kind	G. K.	0.36	6.0	0.47	7	0.58	8	0.69	9	0.80	10
032-01-07	Soups and broths of fish and shellfish	G. K.	0.35	10	0.45	10	0.50	10	0.60	10	0.70	10
053-03-02	Fruit jellies, jams and marmalades	G. K.	0.40	8	0.50	8	0.55	9	0.60	9.5	0.70	9.6
053-04-02	Fruit juices, unfermented	G. K.	0.25	8	0.30	8.4	0.35	8.8	0.40	9.2	0.45	9.6
055-02-01	Vegetable soups.											
055-02-01-01	Strained and homogenized baby foods, in containers with a net content not exceeding 150 grammes (immediately equalized: see Schedule A).											
055-02-01-09	Others	G. K.	0.35	10	0.43	10	0.51	10	0.59	10	0.67	10
091-02-02	Lard substitutes and other similar edible fats, of animal or vegetable origin, n.e.s.	G. K.	0.60	10	0.58	10	0.56	10	0.54	10	0.52	10
099-09-02	Gelatines, edible, whether flavoured or coloured or not, in any form.	G. K.	0.30	10	0.44	10	0.58	10	0.72	10	0.86	10
099-09-03	Yeasts and ferments of all kinds, in any form, except those for pharmaceutical use and enzymes.											
099-09-03-01	Natural yeasts and ferments, fresh or dehydrated	G. K.	0.10	6	0.15	6.8	0.20	7.6	0.25	8.4	0.30	9.2
099-05-03-09	Others (including artificial yeasts and baking powder), (immediately equalized: see Schedule A).											
<b>Section 1 Beverages and tobacco</b>												
112-03-00	Beers and other grain beverages, fermented	G. K.	0.25	10	0.34	10	0.43	10	0.52	10	0.61	10

**Section 2 Crude materials, inedible, except fuels**

292-02-01 Chiclc, crude or simply prepared..... G. K. 0.10 10 0.18 10 0.26 10 0.34 10 0.42 10

**Section 4 Animal and vegetable oils and fats**

413-03-02 Oleic acid (commercial olein), palmitic acid (commercial palm-  
itine) and other fatty acids..... G. K. 0.09 6 0.08 7.8 0.07 9.6 0.06 11.4 0.05 13.2

413-03-03 Acid oils and solid residues from the processing of oils and fats. G. K. 0.025 4 0.03 6 0.035 8.5 0.04 10.5 0.045 13

**Section 5 Chemicals**

511-01-02 Sulphuric acid..... G. K. 0.02 6 0.025 6.8 0.025 7.6 0.025 8.4 0.03 9.2

541-09-08 Dressings, medicaments and pharmaceutical products, n.e.s....

541-09-08-01 Sterilized absorbent cotton wool and gauze..... G. K. 0.20 6 0.30 6.8 0.40 7.6 0.50 8.4 0.60 9.2

541-09-08-02 Sterilized sticking-plaster (immediately equalized: See  
Schedule A).

541-09-08-03 Opacifying preparations for X-ray examinations, n.e.s., (im-  
mediately equalized: see Schedule A).

541-09-08-09 Others (immediately equalized: see Schedule A).

599-04-03 Gelatines for industrial use, except those chemically hardened G. K. 0.10 6 0.10 6.8 0.10 7.6 0.10 8.4 0.10 9.2

599-09-05 Colophony..... G. K. 0.05 10 0.05 11 0.05 12 0.05 13 0.05 14

**Section 6 Manufactured articles classified chiefly by material**

621-01-03 Material for repairing tyres and inner tubes.

621-01-03-01 Rubber treads, whether or not reinforced, for re-covering tyres  
(e.g. camel-back), (immediately equalized: see Schedule A).

621-01-03-09 Others..... G. K. 0.20 10 0.20 10 0.20 10 0.20 10 0.20 10

631-02-00 Triply wood, including veneered wood.

631-02-00-01 Plywood..... G. K. 0.003 10 0.03 12 0.06 14 0.09 16 0.12 18

631-02-00-09 Others..... G. K. 0.025 10 0.05 12 0.08 14 0.11 16 0.13 18

655-09-01 Wadding, including cotton for stuffing and unsterilized ab-  
sorbent cotton wool.

655-09-01-01 Unsterilized absorbent cotton wool..... G. K. 0.15 6 0.24 6.8 0.33 7.6 0.42 8.4 0.51 9.2

655-09-01-09 Others..... G. K. 0.20 10 0.28 10 0.36 10 0.44 10 0.52 10

661-09-00 Building materials, n.e.s., of asbestos, cement, plaster, asphalt,  
vegetable fibre (including shavings and sawdust) agglomerated  
with cement, plaster, asphalt and other mineral binding agents;  
granulated marble agglomerated with cement, and other non-  
metallic minerals, crude, including their compounds, such as  
fibre-cement in the form of bricks, tiles, flagstones, columns,  
tubes and other similar forms for construction.

661-09-00-01 Fibre-cement (asbestos-cement)..... G. K. 0.05 10 0.05 10 0.05 10 0.05 10 0.05 10



**Annex 3 of Schedule B**

The Republic of Honduras, in order to modify the initial tariffs appearing in column III of Schedule B and to reach the standard duty agreed upon (column I of Schedule B) during the established transition period (column II of Schedule B), agrees to apply the tariffs indicated in the present annex during each year of the transition period.

NAUCA group, item or sub-item and standardized tariff sub-items	Denomination	Unit	Percentages applicable during the transition period							
			First year	Second year	Third year	Fourth year	Fifth year			
			Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage ct.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage ct.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage ct.)	Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage ct.)
<b>Section 0 Food</b>										
013-09-02	Edible extracts, essences, soups, broths and juices derived from marrow, bones or meat of any kind, in liquid, solid, paste or powder form, in any kind of container, and other meat preparations, n.e.s.									
013-09-02-01	Liquid soups and broths	G. K.	0.75	7	0.75	10	0.75	10	0.75	10
013-09-02-09	Others	G. K.	0.75	7	0.80	10	0.85	10	0.90	10
024-01-00	Cheeses and curds of any kind	G. K.	0.75	7	0.90	15	0.90	15	0.90	15
032-01-07	Soups and broths of fish and shellfish	G. K.	0.75	7	0.75	10	0.75	10	0.75	10
053-03-02	Fruit jellies, jams and marmalades	G. K.	1.00	7	0.90	10	0.80	10	0.75	10
053-04-02	Fruit juices, unfermented	G. K.	0.37	7	0.40	8	0.42	9	0.45	10
055-02-01	Vegetable soups.									
055-02-01-01	Strained and homogenized baby foods, in containers with a net content not exceeding 150 grammes (immediately equalized: see Schedule A).									
055-02-01-09	Others	G. K.	0.75	7	0.75	10	0.75	10	0.75	10
091-02-02	Lard substitutes and other similar edible fats, of animal or vegetable origin, n.e.s.	G. K.	0.75	7	0.70	8	0.65	9	0.60	10
099-09-02	Gelatines, edible, whether flavoured or coloured or not, in any form	G. K.	0.37	7	0.50	8	0.65	10	0.80	10
099-09-03	Yeasts and ferments of all kinds, in any form, except those for pharmaceutical use and enzymes.									
099-09-03-01	Natural yeasts and ferments, fresh or dehydrated	G. K.	0.03	7	0.10	8	0.15	10	0.22	10
099-09-03-09	Others (including artificial yeasts and baking powder), (immediately equalized: see Schedule A).									
<b>Section 1 Beverages and tobacco</b>										
112-03-00	Beers and other grain beverages, fermented	G. K.	1.15	7	1.05	8	0.95	8	0.85	9





## Annex 4 of Schedule B

## General note

The Republic of Nicaragua, in order to modify the initial tariffs appearing in column III of Schedule B and to reach the standard duty agreed upon (column I of Schedule B) during the established transition period (column II of Schedule B), agrees to apply the tariffs indicated in the present annex during each year of the transition period.

NAUCA group, item or sub-item and standardized tariff sub-items	Denomination	Unit	Percentages applicable during the transition period									
			First year		Second year		Third year		Fourth year		Fifth year	
			Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)	Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)
<b>Section 0 Food</b>												
013-09-02	Edible extracts, essences, soups, broths and juices derived from marrow, bones or meat of any kind, in liquid, solid, paste or powder form, in any kind of container, and other meat preparations, n.e.s.	G. K.	0.50	36	0.55	30	0.60	25	0.65	20	0.70	15
013-09-02-01	Liquid soups and broths.....	G. K.	0.50	36	0.60	30	0.70	25	0.80	20	0.90	15
013-09-02-09	Others.....	G. K.	0.75	46	0.83	31	0.90	15	0.90	15	0.90	15
024-01-00	Cheeses and curds of any kind.....	G. K.	0.32	46	0.40	38	0.49	31	0.59	24	0.66	17
032-01-07	Soups and broths of fish and shellfish.....	G. K.	1.00	26	0.92	20	0.84	15	0.75	10	0.75	10
053-03-02	Fruit jellies, jams and marmalades.....	G. K.	0.40	26	0.42	22	0.44	19	0.46	16	0.48	13
053-04-02	Fruit juices, unfermented.....	G. K.	0.50	26	0.55	22	0.60	19	0.65	16	0.70	13
055-02-01	Vegetable soups.	G. K.	0.25	36	0.30	30	0.35	25	0.40	20	0.45	15
055-02-01-01	Strained and homogenized baby foods, in containers with a net content not exceeding 150 grammes (immediately equalized: see Schedule A).	G. K.	0.75	41	0.80	34	0.85	28	0.90	22	0.95	16
055-02-01-09	Others.....	G. K.	0.25	36	0.30	30	0.35	25	0.40	20	0.45	15
091-02-02	Lard substitutes and other similar edible fats, of animal or vegetable origin, n.e.s.....	G. K.	0.25	36	0.30	30	0.35	25	0.40	20	0.45	15
099-09-02	Gelatines, edible, whether flavoured or coloured or not, in any form.....	G. K.	0.25	21	0.27	18	0.29	16	0.31	14	0.33	12
099-09-03	Yeasts and ferments of all kinds, in any form, except those for pharmaceutical use and enzymes.	G. K.	0.25	21	0.27	18	0.29	16	0.31	14	0.33	12
099-09-03-01	Natural yeasts and ferments, fresh or dehydrated.....	G. K.	0.25	21	0.27	18	0.29	16	0.31	14	0.33	12
099-09-03-09	Others (including artificial yeasts and baking powder), (immediately equalized: see Schedule A).	G. K.	0.30	41	0.38	34	0.46	28	0.54	22	0.62	16
<b>Section 1 Beverages and tobacco</b>												
112-03-00	Beers and other grain beverages, fermented.....	G. K.	0.30	41	0.38	34	0.46	28	0.54	22	0.62	16

**Section 2 Crude materials, inedible, except fuels**

292-02-01 Chicle, crude or simply prepared..... G. K. 0.30 16 0.34 14 0.38 13 0.42 12 0.46 11

**Section 4 Animal and vegetable oils and fats**

413-03-02 Oleic acid (commercial olein), palmitic acid (commercial palm-  
itine) and other fatty acids..... G. K. 0.02 16 0.03 15 0.03 15 0.04 15 0.04 15

413-03-03 Acid oils and solid residues from the processing of oils and fats. G. K. 0.10 16 0.09 15 0.08 15 0.07 15 0.06 15

**Section 5 Chemicals**

511-01-02 Sulphuric acid..... G. K. 0.01 16 0.02 14 0.03 12 0.03 10 0.03 10

541-09-08 Dressings, medicaments and pharmaceutical products, n.e.s.

541-09-08-01 Sterilized absorbent cotton wool and gauze..... G. K. 0.10 16 0.22 14 0.34 13 0.46 12 0.58 11

541-09-08-02 Sterilized sticking-plaster (immediately equalized: See the  
Schedule A).

541-09-08-03 Opacifying preparations for X-ray examinations, n.e.s., (im-  
mediately equalized: see Schedule A)

541-09-08-09 Others (immediately equalized: see Schedule A).

599-04-03 Gelatines for industrial use, except those chemically hardened G. K. 0.30 16 0.26 14 0.22 13 0.18 12 0.14 11

599-09-05 Colophony..... G. K. 0.01 16 0.02 15 0.03 15 0.05 15 0.05 15

**Section 6 Manufactured articles classified chiefly by material**

621-01-03 Material for repairing tires and inner tubes

621-01-03-01 Rubber treads, whether or not reinforced for re-covering tires  
(e.g. camel-back), (immediately equalized: see Schedule A).

621-01-03-09 Others..... G. K. 0.10 16 0.15 12 0.20 10 0.20 10 0.20 10

631-02-00 Triply wood, including veneered wood.

631-02-00-01 Plywood..... G. K. 0.10 31 0.11 29 0.12 27 0.13 25 0.14 22

631-02-00-09 Others..... G. K. 0.10 31 0.11 29 0.12 27 0.13 25 0.14 22

655-09-01 Wadding, including cotton for stuffing and unsterilized ab-  
sorbent cotton wool.

655-09-01-01 Unsterilized absorbent cotton wool..... G. K. 0.20 16 0.28 14 0.36 13 0.44 12 0.52 11

655-09-01-09 Others..... G. K. 0.20 16 0.28 14 0.36 13 0.44 12 0.52 11

661-09-00 Building materials, n.e.s., of asbestos, cement, plaster, asphalt,  
vegetable fibre (including shavings and sawdust), agglomerated  
with cement, plaster, asphalt and other mineral binding agents;  
granulated marble agglomerated with cement, and other non-  
metallic minerals, crude, including their compounds, such as  
fibre-cement in the form of bricks, tiles, flagstones, columns,  
tubes and other similar forms for construction.

661-09-00-01 Fibre-cement (asbestos-cement)..... G. K. 0.01 31 0.02 24 0.03 17 0.05 10 0.05 10

NAUCA group, item or sub-item and stand- ardized tariff sub- sub-items	Percentages applicable during the transition period											
	Denomination	Unit	First year		Second year		Third year		Fourth year		Fifth year	
			Speci- fic (Dol- lars p/unit)	Ad valorem (per- centage ctf.)								
661-09-00-02	Asphalt flagstones (immediately equalized: see Schedule A).											
661-09-00-09	Others (immediately equalized: see Schedule A).											
699-21-06	Boxes, cans and similar containers, n.e.s., of metal or metal alloys (tinplate, etc.).											
699-21-06-01	Unassembled containers.....	G. K.	0.10	16	0.10	15	0.10	14	0.10	12	0.10	11
699-21-06-09	Others.....	G. K.	0.10	16	0.12	14	0.14	13	0.16	12	0.18	19
<b>Section 8 Miscellaneous manufactured articles</b>												
851-04-00	Footwear of all types, of rubber, including overshoes or galoshes and slippers of rubber.											
851-04-00-01	High boots.....	G. K.	0.80	31	1.64	26	2.48	22	3.32	18	4.16	14
851-04-00-09	Others.....	G. K.	0.80	31	1.64	26	2.48	22	3.32	18	4.16	14
892-09-02	Photographs and photostats, n.e.s., lithographs, three-colour prints, oleographs, chromolithographs and engravings, prints and drawings of any kind, excluding works of art.											
892-09-02-01	Photostats (immediately equalized: see Schedule A).											
892-09-02-09	Others.....	G. K.	1.40	16	1.36	18	1.32	21	1.28	24	1.24	27
899-05-01	Buttons of all kinds except of precious metal and precious stones, button blanks.....	G. K.	0.70	31	0.72	28	0.74	26	0.76	24	0.78	22
899-14-04	Articles for baseball and softball, except footwear.....	G. K.	0.20	16	0.20	13	0.20	10	0.20	10	0.20	10
899-14-05	Articles for football, including American football (except football wear and helmets).....	G. K.	0.20	16	0.16	17	0.12	19	0.08	21	0.04	23

Annex 5 of Schedule B

General note

The Republic of Costa Rica, in order to modify the initial tariffs appearing in column III of Schedule B and to reach the standard duty agreed upon (column I of Schedule B) during the established transition period (column II of Schedule B), agrees to apply the tariffs indicated in the present annex during each year of the transition period.

NAUCA group, item or sub-item and standardized tariff sub-items	Denomination	Unit	Percentages applicable during the transition period									
			First year		Second year		Third year		Fourth year		Fifth year	
			Speci- fic (Dol- lars p/unit)	Ad- valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad- valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad- valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad- valorem (per- centage cif.)	Speci- fic (Dol- lars p/unit)	Ad- valorem (per- centage cif.)
<b>Section 0 Food</b>												
013-09-02	Edible extracts, essences, soups, broths and juices derived from marrow, bones or meat of any kind, in liquid, solid, paste or powder form, in any kind of container, and other meat preparations, n.e.s.	G. K.	1.50	8	1.35	9	1.20	10	1.05	10	0.90	10
013-09-02-01	Liquid soups and broths.....	G. K.	1.50	8	1.40	9	1.30	10	1.20	10	1.10	10
013-09-02-09	Others.....	G. K.	1.50	8	1.20	12	0.90	15	0.90	15	0.90	15
024-01-00	Cheeses and curds of any kind.....	G. K.	0.90	4	0.87	6	0.84	7	0.81	8	0.78	9
032-01-07	Soups and broths of fish and shellfish.....	G. K.	0.75	25	0.75	20	0.75	15	0.75	10	0.75	10
053-03-02	Fruit jellies, jams and marmalades.....	G. K.	0.60	25	0.58	22	0.56	19	0.54	16	0.52	13
053-04-02	Fruit juices, unfermented.....	G. K.	0.60	25	0.58	22	0.56	19	0.54	16	0.52	13
055-02-01	Vegetable soups.....	G. K.	0.60	25	0.58	22	0.56	19	0.54	16	0.52	13
055-02-01-01	Strained and homogenized baby foods, in containers with a net content not exceeding 150 grammes (immediately equalized: see Schedule A).	G. K.	1.50	8	1.35	9	1.20	10	1.05	10	0.90	10
055-02-01-09	Others.....	G. K.	1.50	8	1.35	9	1.20	10	1.05	10	0.90	10
091-02-02	Lard substitutes and other similar edible fats, of animal or vegetable origin, n.e.s.....	G. K.	0.20	10	0.26	10	0.32	10	0.38	10	0.44	10
099-02-02	Gelatines, edible, whether flavoured or coloured or not, in any form.....	G. K.	1.50	4	1.40	6	1.30	7	1.20	8	1.10	9
099-09-03	Yeasts and ferments of all kinds, in any form, except those for pharmaceutical use and enzymes.....	G. K.	0.39	8	0.37	10	0.36	10	0.35	10	0.35	10
099-09-03-01	Natural yeasts and ferments, fresh or dehydrated.....	G. K.	0.39	8	0.37	10	0.36	10	0.35	10	0.35	10
099-09-03-09	Others (including artificial yeasts and baking powder), (immediately equalized: see Schedule A).	G. K.	0.39	8	0.37	10	0.36	10	0.35	10	0.35	10
<b>Section 1 Beverages and tobacco</b>												
112-03-00	Beers and other grain beverages, fermented.....	G. K.	0.26	20	0.35	18	0.44	16	0.53	14	0.62	12

Percentages applicable during the transition period

NAUCA group, item or sub-item and stand- ardized tariff sub- sub-items	Denomination	Unit	First year		Second year		Third year		Fourth year		Fifth year	
			Spec- fic (Dol- lars p/unit)	Ad valorem (per- centage cif.)								
<b>Section 2 Crude materials, inedible, except fuels</b>												
292-02-01	Chicle, crude or simply prepared.....	G. K.	0.15	4	0.22	6	0.29	7	0.36	8	0.43	9
<b>Section 4 Animal and vegetable oils and fats</b>												
413-03-02	Oleic acid (commercial olein), palmitic acid (commercial palm- itine) and other fatty acids.....	G. K.	0.16	4	0.14	6	0.13	7	0.12	8	0.11	9
413-03-03	Acid oils and solid residues from the processing of oils and fats.	G. K.	0.16	4	0.14	6	0.13	7	0.12	8	0.11	9
<b>Section 5 Chemicals</b>												
511-01-02	Sulphuric acid.....	G. K.	0.03	4	0.03	6	0.03	8	0.03	10	0.03	10
541-09-08	Dressings, medicaments and pharmaceutical products, n.e.s....											
541-09-08-01	Sterilized absorbent cotton wool and gauze.....	G. K.	0.18	4	0.29	6	0.40	7	0.50	8	0.60	9
541-09-08-02	Sterilized sticking-plaster (immediately equalized: See Schedule A).											
541-09-08-03	Opacifying preparations for X-ray examinations, n.e.s., (im- mediately equalized: see Schedule A).											
541-09-08-09	Others (immediately equalized: see Schedule A).											
599-04-03	Gelatin for industrial use, except those chemically hardened	G. K.	0.38	20	0.37	18	0.26	16	0.20	14	0.15	12
599-09-05	Colophony.....	G. K.	0.02	4	0.03	8	0.04	12	0.05	15	0.05	15
<b>Section 6 Manufactured articles classified chiefly by material</b>												
621-01-03	Material for repairing tyres and inner tubes.											
621-01-03-01	Rubber treads, whether or not reinforced for recovering tyres (e.g. camel-back), (immediately equalized: see Schedule A).											
621-01-03-09	Others.....	G. K.	0.11	4	0.14	6	0.17	8	0.20	10	0.20	10
631-02-00	Triply wood, including veneered wood.											
631-02-00-01	Plywood.											
631-02-00-09	Others.											
655-09-01	Wadding, including cotton for stuffing and unsterilized ab- sorbent cotton wool.											
655-09-01-01	Unsterilized absorbent cotton wool.....	G. K.	0.18	4	0.27	6	0.36	7	0.44	8	0.52	9
655-09-01-09	Others.....	G. K.	0.15	4	0.24	6	0.33	7	0.42	8	0.51	9





## Annex II

### PROTOCOL TO THE CENTRAL AMERICAN AGREEMENT ON THE EQUALIZATION OF IMPORT DUTIES AND CHARGES

#### *Central American Preferential Tariff*

The Governments of the Republics of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica,

Whereas the Contracting States have signed the Central American Agreement on the Equalization of Import Duties and Charges, the purpose whereof is to promote free trade in Central America,

Being convinced that the establishment of a Central American preferential tariff will be conducive to the expansion of their reciprocal trade and will further the creation of new productive activities,

Have decided to conclude the present Protocol, and for that purpose have appointed as their respective plenipotentiaries:

H.E. The President of the Republic of Guatemala: *Eduardo Rodríguez Genís*, Minister of Economy;

H.E. The President of the Republic of El Salvador: *Alfonso Rochac*, Minister of Economy;

H.E. The President of the Republic of Honduras: *Jorge Bueso Arias*, Minister of Economy and Finance;

H.E. The President of the Republic of Nicaragua: *Enrique Delgado*, Minister of Economy;

H.E. The President of the Republic of Costa Rica: *Alfredo Hernández Volio*, Minister of Economy and Finance;

Who, having exchanged their full powers, found in good and due form, have agreed as follows:

#### *Article I*

The Contracting States agree to grant one another, as from the date on which this Protocol enters into force, a preferential tariff of 20 per cent on imports of the natural products of their territories and goods manufactured therein. The reduction shall be applicable to the sum total of import duties and charges including tariff duties, consular fees and other surcharges and taxes.

#### *Article II*

The Signatory States agree to maintain the "Central American exemption clause" with respect to the application of the preferential tariff established in the preceding article.

#### *Article III*

This Protocol shall be subject to ratification by each State, in conformity with its pertinent constitutional and legal regulations, and shall enter into force for the first three countries to deposit the instrument of ratification on the date of deposit of the third such instrument, and for countries subsequently acceding on the date of deposit of their respective instruments of ratification. Its duration shall be twenty years from the date of its entry into

force, and it shall be tacitly renewed for successive ten-year periods.

The present Protocol may be denounced by any of the Signatory States at least two years before the date of expiry of the initial period or of the succeeding periods during which it is in force. Denunciation shall become effective for the denouncing State at the date on which the corresponding period of validity of the Agreement ends, and the Agreement shall remain in force for the other Parties so long as at least two of them continue to uphold it.

#### *Article IV*

Ratification of this Protocol is independent of the ratification of the Central American Agreement on the Equalization of Import Duties and Charges signed on the same date by the Contracting Parties, and denunciation of this instrument is likewise independent of denunciation of the aforesaid Agreement.

#### *Article V*

The Secretariat of the Organization of Central American States shall be the depositary of the present Protocol, of which it shall send certified copies to the Chancelleries of each of the Contracting States, notifying them likewise of the deposit of the pertinent instruments of ratification, as well as of any denunciation which may take place within time limits established in that connexion. Upon the entry into force of the Protocol, it shall also transmit a certified copy to the United Nations Secretariat for registration purposes, in conformity with Article 102 of the United Nations Charter.

*In witness whereof* the respective plenipotentiaries sign the present Agreement at the city of San José, capital of the Republic of Costa Rica, this first day of September one thousand nine hundred and fifty-nine.

For the Government of Guatemala:

*Eduardo Rodríguez Genís*  
Minister of Economy

For the Government of El Salvador:

*Alfonso Rochac*  
Minister of Economy

For the Government of Honduras:

*Jorge Bueso Arias*  
Minister of Economy and Finance

For the Government of Nicaragua:

*Enrique Delgado*  
Minister of Economy

For the Government of Costa Rica:

*Alfredo Hernández Volio*  
Minister of Economy and Finance

### Annex III

Addresses delivered at the inaugural meeting of the sixth session of the Central American Economic Co-operation Committee by Mr. Jorge Bueso Arias, Minister of Economy and Finance of Honduras; Mr. Fernando Eleta A., Minister of Finance and the Treasury of

Panama; and Mr. Alfonso Santa Cruz, Director of the Mexico Office of the Economic Commission for Latin America; and, at the closing meeting, by Mr. Alfredo Hernández Volio, Minister of Economy and Finance of Costa Rica.

#### *Address delivered by Mr. Jorge Bueso Arias, Minister of Economy and Finance of Honduras*

As Chairman of the Central American Economic Co-operation Committee, I have the honour to offer, on behalf of the delegations attending this session, our cordial greetings to His Excellency the President of the Republic, and, through him, to the people and the Government of Costa Rica, together with our deep and sincere thanks for the warm welcome we have received.

Seven years ago, in the city of Tegucigalpa, the Governments of the five Central American countries, represented by their Ministers of Economy, created the Central American Economic Co-operation Committee. The Governments in question, spurred on by the hard fact that economic development on the scale to which our people have a right was impossible so long as their economies followed separate paths, decided to take the initial step towards economic union of the five fragments of a potential whole Central America.

Since then, events have fully justified their initiative. At that time the prevalent high prices for Central America's traditional exports generated a considerable amount of income for each country's economy. Demand for exportable raw materials and agricultural commodities was very substantial, and the problem of surpluses did not exist on the same scale as today. Furthermore, competition from new areas producing similar goods was not as keen as nowadays. However, the situation was understood to be temporary; the impetus given to economic development by these high income levels might be weakened by a fall in prices or a loss of markets. The Governments realized that, if the rate of economic development were to be accelerated sufficiently to guarantee a steady rise in the standard of living of their peoples, it was essential that the five economies should unite and achieve an expansion of production through free inter-Central American trade and the free movement of goods, capital and persons. Only thus would the efficient development of our industry, and specialization both in that field and in agriculture, become a reality.

Since that date, the same desire to strengthen their economies has prompted six European countries to establish the so-called European Common Market. Latin America has undertaken to organize a Latin American customs union. In other parts of the world, too, efforts are being directed towards the same ends—the establishment of customs unions or free-trade areas by countries of which each one is larger and more developed than the whole of Central America together.

Central America had taken the lead in this continent, as the forerunner of the movements aimed at strengthening economies through the merger of markets hitherto cut off from one another by natural and artificial barriers. We Central Americans are proud to recognize the imagination and foresight of those who took the first step towards the constitution of the body that has been striving to bring about the economic union of our five countries. They were Mr. Alfredo Hernández Volio, Mr. Enrique Delgado, Mr. Jorge Sol y Castellanos, Mr. Manuel Noriega Morales and Mr. Marco A. Batres. We take this opportunity of placing on record our gratitude to these eminent gentlemen.

We have enjoyed the benefit of the valuable and energetic co-operation of the United Nations, especially the Economic Commission for Latin America, which has acted as the Committee's

secretariat and has prepared the technical and economic studies that have served as a basis for the formulation of the instruments and mechanisms whereby such economic union will be rendered possible.

The Standard Central American Tariff Nomenclature, the Multilateral Treaty on Free Trade and Central American Economic Integration and the Agreement on Central American Integration Industries are the main instruments which have sprung from the combined efforts of the Central American Governments. The Central American Research Institute for Industry and the Advanced School of Public Administration for Central America are also important products of the joint endeavours of the five countries concerned.

Many studies and a great deal of research have been needed to pave the way for economic union, and still more will have to be undertaken before the final goal of complete Central American integration can be attained.

At this sixth session of the Committee, we shall take up the draft agreement on the equalization of Central American import duties and charges, the instrument needed for the gradual standardization of the customs tariffs of the five Central American countries *vis-à-vis* the rest of the world. This will constitute a further step towards our integration.

Continuing the work begun at earlier sessions, we shall deal here with the problems bearing on agricultural and industrial development, trade, and so forth. We are certain that, in all these fields, definite and substantial progress will be made. All the various sub-committees responsible for studying the diverse obstacles that must be surmounted on the road to integration have worked hard to complete their assignments.

At previous sessions our fellow Republic of Panama has accompanied us as an observer; but at this sixth session we are honoured by the presence of our distinguished friend and colleague Mr. Fernando Eleta, Minister of Economy. It is a hopeful and encouraging sign that he is here to co-operate with us, and we should like to assure him that, as we have always said, all our efforts, studies and agreements aiming at economic integration have been carried out in the conviction that Panama represents another important element in the economic integration of the whole Isthmus.

We have great pleasure in welcoming Mr. Alfonso Santa Cruz, Director of the Mexico Office of ECLA, who is replacing Mr. Victor Urquidi. We cannot but recall with affection one who did so much to promote the economic integration of Central America, even while at the same time we greet the new Director and sincerely trust that his work in our interests may be crowned with the success that his spirit of co-operation merits. Nor would we wish to conclude without reiterating our heartfelt thanks to the Government and people of Costa Rica for a hospitality that has become traditional, and to the United Nations—especially the Economic Commission for Latin America—for its constant help and valuable co-operation.

May the Supreme Mentor of all human action enlighten us in mind and spirit, that the success of these meetings may fulfil the hopes of the peoples of the five Central American countries.

I should like to begin by offering you the hearty and cordial greetings I bring you from the people and Government of the Republic of Panama, on the occasion of the sixth session of the Central American Economic Co-operation Committee in this beautiful and hospitable city of San José. As Latin Americans, we wish to voice the special pleasure we feel in attending this gathering of eminent personalities, who are devoting their best efforts to furthering the cause of American solidarity and who have given evidence of their firm conviction that the co-operation and goodwill of our peoples constitute a force capable of generating welfare and progress. As Panamanians, who share the aspirations, needs and ideals of our fellow republics in Central America, we wish to place on record our admiration for your fine work in paving the way for economic integration, by means of a steady effort to secure regional collaboration so that the difficulties which beset our countries' economic development may be surmounted.

I have the signal honour of being the first Minister of State of my country to head a large delegation at a session of this Committee. I wish to call attention to this fact, because it bears clear witness to our interest in the economic co-operation movement and to our recognition of its importance. In all sincerity, we have to state that Panama, after careful consideration, has reached the conclusion that it cannot continue to hold aloof from the new modes of international co-existence. We believe that we can no longer be mere spectators, playing no part in the co-operation programmes which have been taking shape in Central America so successfully, on such sound bases and with such promising objectives.

Panama has been invited to participate in the Economic Integration Programme since 1952. Thanks to your kindness and courtesy, the representatives of Panama have attended earlier sessions of the Economic Co-operation Committee as circumspect but interested observers. We have also taken part in some of the proceedings of the Statistical Co-ordination Sub-Committee, in the technical discussions which have preceded the formulation of important transport projects, in the Central American Housing Programme, in the session of the Central American Association of Organizations for the Development of Production and Stabilization of Prices, held in Guatemala in 1958, and in the recent session, convened at Tegucigalpa under the auspices of the Committee, to discuss problems of the regulation of grain supplies.

We are gratefully appreciative of the opportunity which has always been given us to participate in this way, owing, without doubt, to the strong ties of friendship which history and proximity, together with common interests and aspirations, have created between Panama and the Central American peoples.

Nevertheless, we feel that we cannot maintain the attitude which we have hitherto adopted. The progress of our peoples and the need to intensify their economic development call for new standards of conduct and induce us to recognize co-operation as an effective instrument for the attainment of higher standards of living.

If co-operation affords opportunities of overcoming the obstacles arising out of our geographical and demographic limitations, what we must do is to seek, through participation in the Central American Economic Integration Programme, new motive forces which will accelerate the rate of growth of our economy. We therefore realize that joint action, reciprocity and goodwill can offer us the opportunities from which isolation cuts us off.

Consequently, the Government of the Republic of Panama considers that it must adopt a positive attitude to the economic co-operation movement of the Central American countries.

The existence of the Multilateral Treaty on Free Trade, the Agreement on Central American Integration Industries and the draft agreement on the equalization of customs duties and charges and trade policy, *inter alia*, bear witness to the progress achieved, and give scope for acknowledgment that you have left the programming stage behind and are ready to embark upon practical achievements and effective forms of action.

We look forward to collaborating with you, but we realize that we have not yet sufficient data at our disposal on which to base final conclusions. We see that it is desirable for us to co-operate with our fellow republics in Central America and are clearly aware that we must move resolutely towards a programme of international co-operation with the integration of our economies as its objective or target.

We understand, however, that, if this intention is to be pursued to the extent of Panama's full incorporation into the Economic Co-operation Committee, it is necessary to clarify and define means of solving various problems which such a step would raise, and, specifically, those relating to the existence of Central American institutions, the Multilateral Treaty on Free Trade, the Agreement on Central American Integration Industries and others. Just as it is our firm intention to co-operate with the five Central American countries, so also do we nurse the firm conviction that an essential pre-requisite is a complete study of the possible effects that might be produced by the participation of the Republic of Panama in the Economic Integration Programme in its own economy and on those of the other countries of the Isthmus.

Obviously, this will entail a projection of Panama's participation in those sectors which have already been subjected to analysis by the Committee, and it would be to the advantage of all concerned for the Republic of Panama to be included in all the studies planned and carried out by the Committee as part of its activities.

We therefore take the liberty of submitting a formal application to the Central American Economic Co-operation Committee, to the effect that, with a view to the full participation of Panama in the Economic Integration Programme, our country be included in the Committee's activities, since only through the analysis and study of the situation can we, the Central American republics and Panama, reach a final agreement.

We have not the slightest doubt that both the Central American Economic Co-operation Committee and the Economic Commission for Latin America—which has invariably displayed a generous willingness to collaborate with our countries—will consider our application fully warranted, and we trust that, on the basis of the studies carried out in connexion with our plans for integration, we shall soon be able to take up a final and definite position.

We hope that our presence here and the foregoing declaration of our intentions will be interpreted as reflecting the desire of the Government and people of Panama to tighten still further the bonds of friendship which have always linked us, and to lay the foundations for an association which cannot but redound to the benefit of all concerned. We should like to conclude by repeating our heartfelt wishes that success and the spirit of understanding may continue to attend the activities of the Committee, and that the greater economic co-operation between our peoples to which we aspire may shortly become a tangible reality.

*Address delivered by Mr. Alfonso Santa Cruz, Director of the Mexico Office of the Economic Commission for Latin America*

At this opening meeting of yet another session of the Central American Economic Co-operation Committee, I have the honour of transmitting to you greetings from Mr. Hammarskjöld, Secretary-General of the United Nations, and from Mr. Raúl Prebisch, Executive Secretary of ECLA, and assuring you at the same time of the United Nations great interest in the results of the pro-

ceedings we are inaugurating today and in the progress of the Economic Integration Programme which you are putting into effect. The economic integration of Central America began in 1952. The date on which the pertinent decision was adopted shows that the Governments of the five countries had glimpsed, with accurate foresight, a new epoch in international economic relations, and

had indicated the way to tackle as efficaciously as possible the economic growth and development problems deriving from the relative smallness of their markets.

This governmental decision, and the formulation of what is known today as the Central American Economic Integration Programme, aroused the strongest interest on the part of the United Nations from the very outset, with the result that the Organization has given the movement its steady support and technical co-operation.

The interest referred to has developed until it has become a conviction that the objectives of the Programme are being fulfilled, and that the machinery and instruments you have established constitute an exemplary instance of international economic co-operation and a source of object lessons for other under-developed parts of the world.

Obviously, such a programme necessarily had to begin with a phase of highly important studies, and a long time was needed to enable practical and realistic knowledge of the requirements of Central America's integrated development to be attained by successive stages. This period has now come to an end, and a comprehensive set of institutional instruments is now available, which has been gradually prepared since 1952.

In order to grasp the extent of the progress made, it is sufficient to recall the session of this same Committee which was held at San José in 1953. While the essential lines to be followed by the prospective large-scale economic co-operation among the Central American countries had by that time been mapped out, it was not then conceivable that in six years' time the achievements on record would include a Multilateral Treaty on Free Trade, an industrial integration régime, three treaties on matters relating to transport and institutions devoted to research on industrial technology and training in public administration, or that the technical, methodological and conceptual aspects of so complex a problem as tariff equalization and the establishment of a standard Central American tariff would have been solved by the formulation of a relevant draft agreement which, on the occasion of this session, has been recommended for signature by the Governments of Central America. It seems to me that a backward glance over the Programme gives ample reason for satisfaction with what has so far been achieved and encouragement with respect to what can be done in the future.

Nevertheless, the time has now come to consider whether the Integration Programme will, on the basis of the machinery and instruments already created, make as rapid progress as is necessary in order to attain, through a co-ordinated internal effort, the rate of development needed to meet the requirements of a population growth which is one of the highest in the world, and to raise the standard of living of the Central American peoples. This objective, broken down into a series of partial targets, is, in effect, the goal of the integration programme.

There are also other reasons for regarding the intensification of the whole economic integration process as a necessity too imperative to be deferred. The Central American countries are now faced with the need to compensate the fall in prices for their staple exportable commodities. As is common knowledge, this phenomenon has already affected the rate of growth of the real income of the Central American peoples, and there seems no reason to suppose that it will cease to constitute a burden on each country's economy in the immediate future.

Indeed, the feature which distinguished the current economic situation from that prevailing between the post-war period and 1957 is the weakening of external demand. This constitutes the main dynamic factor in the economic development of five countries of the area, and permitted a substantial expansion of exports and over-all economic progress.

All the Latin American countries are worried at present by the fact that this phase of relative prosperity seems to have come to an end, or at any rate to have lost a great deal of its impetus. Studies carried out by Central American institutions in collaboration with the ECLA secretariat have shown that in the case of coffee, even on assumptions which might be considered optimistic, world demand is likely to increase only from 37 million bags in 1958 to 47 million in 1966, whereas supply, even if limited by a

regulating policy, will probably be such that by 1966 a surplus of almost 100 million bags will have accumulated, as against the stocks of 25 million bags existing in 1958.

I have dwelt on these statistics because coffee export prospects serve to illustrate how the weakening of external demand will necessarily call for a bold change in the economic policies of the various countries, at both the national and the Central American levels. In the light of these figures, and of the data on bananas and cotton which it has been possible to prepare, it seems clear that we are on the verge of a period of economic transition, from a situation in which the internal market played a relatively secondary role to an entirely different state of affairs, in which economic growth will have to be based to a steadily increasing extent on the domestic market, on import substitution and on the development of new exports to the world market. It is here that the chief handicap of the Central American economies, namely, the smallness of their markets, enters the picture. On the basis of economic isolation, the possibilities for industrial diversification and for the strengthening of the economic systems of Central America would unquestionably be much less than if the creation of the common market were to permit satisfactory investment of the modest resources available and co-ordination of the economic programmes and policies of the various countries. Obviously, then, there is a pressing need for economic integration machinery to be brought into operation in the immediate future, in order to achieve the results at which the Committee has been aiming ever since its inception and to place the Central American economy on a more stable footing.

Despite the bilateral treaties concluded by the Governments of the five countries and their highly positive contribution to the expansion of inter-Central American trade, this latter in fact increased less between 1952 and 1958 than Central America's total imports, representing a value of 18 million dollars in 1958 as against total imports amounting to 530 million. Hence it is clear that, if trade is to become a real factor in development, free trade in the goods already manufactured in Central America must be combined with a whole series of measures designed to derive the maximum benefit from the advantages afforded by the common market for the creation of new and the expansion of existing productive activities. It is thus that import substitution might be effected intensively enough for national income in Central America to increase, if not at the exceptional rate registered in the post-war years, at least to an extent compatible with a higher standard of living for each and all the Central American countries. The possibilities for energetic import substitution on a regional basis are ample and well known. Imports of consumer goods alone account for about 200 million dollars, or almost 40 per cent of total imports. To judge from the experience of other countries which have reached a more advanced stage of development, it is in respect of goods of this type that domestic production can be most easily organized. What is needed apart from the indispensable broadening of the market and the equalization of tariffs *vis-à-vis* the rest of the world—is co-ordination of the investment policies of the various Governments, the creation of common industrial development institutions and the active and constant participation of private enterprise.

But such participation must necessarily be based on a thorough grasp of the objectives of economic integration and the means already available for its achievements. To this end, the Organization of Central American States, in conjunction with the Economic Co-operation Committee and the chambers of industry and commerce, is proposing to hold a meeting of Central American investors in the near future, to be attended by leading entrepreneurs and economists from the five countries.

It is of interest to note that some years after Central America had set out on the road towards economic integration, all the countries of Latin America—with the co-operation of the United Nations—began to study the possibilities of establishing a Latin American common market. After a phase of preliminary research and studies, and as result of the decision adopted in the course of the current year at the eighth session of ECLA at Panama City, the Governments unanimously decided to prepare, at the latest by February 1960, a draft agreement on the Latin American common market. This implies that a preliminary inter-

governmental commitment to form this larger market already exists.

Herein can be discerned yet another manifestation of something that might be termed a sign of the times—the integration of national economies in larger units, as can be observed in the countries of Europe and in other parts of the world.

The recognition of such signs of the times by the statesmen at the helm of national destiny is one of the phenomena that most vitally affect the historical development of the countries concerned. The fact that the Central American Economic Integration Programme was initiated in 1952 and has now entered upon the stage of specific practical achievements shows that the countries of this area recognized the sign of their times in all

*Address delivered by Mr. Alfredo Hernández Volio, Minister of Economy and Finance of Costa Rica*

When at the suggestion of the Economic Commission for Latin America, the Ministers of Economy of the five Central American countries met for the first time at Tegucigalpa, I had the impression that economic integration could not be effected as quickly as is now proving the case. At the early sessions the feeling prevailed that it was merely a question of a lofty aspiration, the fulfilment of which was desired by us all but was hindered by insurmountable obstacles and that the progress of the work would therefore necessarily be very slow. For several years despite the faith and zeal of those who were working to attain the final objective, all the activities undertaken were of a purely preparatory nature; and only at the fifth, and now at this present sixth session, have we really adopted decisions which represent an effective move towards the goal of our endeavours.

The signing of the Agreement on the Equalization of Import Duties and Charges and the firm intention of all the Central American Ministers of Economy to do everything that lies within their power to ensure its ratification in the shortest possible space of time is one of these effective steps leading directly to the economic integration of Central America and to the realization of its chief aim, namely, the establishment of a customs union and a common market.

The supplementary Protocol, which establishes a reduction of 20 per cent of the sum total of import duties on the natural products of the Central American countries or goods manufactured therein, is a signpost, showing the quickest way to the final goal, and it is to be hoped that the next session will see the establishment of a further reduction, as well as of the automatic device whereby new reductions will be introduced until the complete liberalization of inter-Central American trade is achieved, together with the total equalization of customs tariffs.

It would take too long to refer to each and all of the resolutions adopted at this session, but there can be no question that most of them are of great importance and will also play a fundamental part in the development of the programme which we are implementing.

An outstanding feature of this present sixth session has been the incorporation of the Republic of Panama in the Central American Economic Co-operation Committee, and we have had an opportunity of appreciating the Panamanian Governments interest in our work, as manifested in the valuable co-operation we have received from the Minister of Finance and the Treasury and from his colleagues, who have taken an active part in our proceedings during the whole of the session.

its complex significance and, moreover, constitutes a guarantee that Central America, if it so decides, will be in a position to participate as a single unit in other economic co-operation projects of broader regional scope.

The Secretariat of the United Nations and the specialized agencies have taken part in the Economic Integration Programme from the outset, working in close co-operation with the Governments of the Central American countries. On the occasion of the opening of the sixth session of the Economic Co-operation Committee in the hospitable and cultural atmosphere of the city of San José, it is my pleasant duty to assure you once more that your joint effort can count upon the firm and resolute support of the United Nations Organization.

We are fully confident that the secretariat of the Committee, with its usual ability, will carry out the studies needed to demonstrate the feasibility of the Republic of Panama's participation, in the very near future, in the Central American Economic Integration Programme.

The present session has been characterized by the frankness with which all matters have been discussed, and this has been a highly important factor in the achievement of substantial progress. To the technical agencies whose valuable co-operation we have enjoyed, we have given straightforward explanations of what we need and what we think of the work they are carrying out. We have noted with great satisfaction the co-operation given us by all the chiefs of various programmes, and we have no doubt that as a result of our exchange of impressions, steadily increasing benefits will be obtained from the technical agencies of the United Nations, especially with respect to the promotion of the Central American Economic Integration Programme. It has been duly established that all this work must aim the same objective, and that it is the desire of all the countries of this area to see every activity essentially directed towards the common good of the whole of the Central American Isthmus.

It is with the deepest satisfaction that I have witnessed the zeal and enthusiasm of all the delegations, and have realized that we all share one and the same ideal and aspiration—the improvement of the standard of living of the inhabitants of this part of America, and especially of those belonging to the lower income groups.

I also have pleasure in recognizing the extremely important contribution of the ECLA staff, who, as on other occasions, have given proof of their great capacity for hard work and especially of their public spirit. Nor can I fail to mention all that has been done by the rest of the personnel who have collaborated with us, and who have never worked with an eye on the clock, but whose one idea has been to do as effectively as possible a job that we are all aware will be of the greatest benefit to the Central American community. In conclusion, and in extending a most cordial farewell to all those who have given us such valuable co-operation on this occasion, I only wish to add that so long as I hold the Chairmanship of the Committee—an undeserved honour which has been bestowed upon me by my Central American colleagues—I shall do everything in my power to ensure that the work continues uninterruptedly and with the rapidity we all desire.



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