

UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL



GENERAL

E/CN.12/798

10 November 1967

ENGLISH

ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA

REPORT OF THE MEETING ON THE PROBLEMS OF REGIONAL INTEGRATION
OF THE ECONOMICALLY RELATIVELY LESS DEVELOPED COUNTRIES

Guatemala City, 23-28 October 1967

TABLE OF CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. BACKGROUND AND ORGANIZATION OF WORK.....	1 - 19	1
Background.....	1 - 4	1
Participants.....	5 - 7	2
Election of officers.....	8	2
Agenda.....	9 - 10	3
Opening meeting.....	11 - 13	3
Organization of work.....	14 - 18	4
II. ACCOUNT OF PROCEEDINGS.....	20 - 77	5
General considerations.....	20 - 31	5
Trade policy.....	32 - 38	8
Sectoral agreements.....	39 - 44	10
Multinational projects and development of border areas.....	45 - 49	11
Fiscal incentives.....	50 - 54	12
Financing.....	55 - 62	13
Technical assistance.....	63 - 69	14
National and regional promotion mechanisms.....	70 - 74	16
Internal measures.....	75 - 77	17
III. DECISIONS.....	78	18
Annex I.....		31
Annex II.....		35
Annex III.....		37

I. BACKGROUND AND ORGANIZATION OF WORK

Background

1. The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, held at Guatemala City from 23 to 28 October 1967, was organized by the Economic Commission for Latin America (ECLA) in response to recommendations which the Latin American Governments had been making to the ECLA secretariat since 1965. In resolution 254 (XI) adopted at the eleventh session held at Mexico City in May 1966, the Commission requested the secretariat to prepare, on the basis of the work already done and any that might be undertaken for the purpose, a preliminary study on the problems of the relatively less developed countries and Latin American economic integration, to be submitted to the Governments of those countries. It further decided to include, "as part of its regular programme of work, continuing activities for the purpose of analysing and formulating solutions to the problems encountered by the relatively less developed countries in the process of Latin American economic integration, in order to lessen the differences in levels of development between them and the other countries of the region".
2. The secretariat accordingly prepared the document entitled The economically relatively less developed countries and Latin American integration (E/CN.12/774 and Add. 1 and 2), which was presented at ECLA's twelfth session in May of this year. It also established a continuing programme of work to study the problems of the relatively less developed countries.
3. Resolution 254 (XI) further requested the secretariat "to convene in due course a meeting of high-level government representatives of the relatively less developed countries for the purpose of evaluating the results of the study and taking decisions on the proposals made".
4. At the twelfth session of ECLA, the representatives of the economically relatively less developed countries agreed to hold such a meeting this year and accepted Guatemala's offer to act as host country. Accordingly, the secretariat convened the meeting for the week of 23 to 28 October, issued invitations and distributed reference documents.

Participants

Participants

5. Representatives of the following countries attended the Meeting: Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Trinidad and Tobago, and Uruguay. British Honduras (Belize) was also represented in its capacity as an associate member of the Commission.
6. The following international and regional organizations also sent representatives: the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) the Latin American Free Trade Association (ALALC), the Organization of American States (OAS), the Inter-American Committee on the Alliance for Progress (ICAP), the Inter-American Development Bank (IDB), the Institute for Latin American Integration (INTAL), the Food and Agriculture Organization of the United Nations (FAO), the Latin American Institute for Economic and Social Planning, the International Labour Organisation (ILO), the Inter-American Institute of Agricultural Sciences (ILIAS) of OAS, the Organization of Central American States (ODECA), the Central American Bank for Economic Integration (BCIE), the Central American Research Institute for Industry (ICAITI), the Central American Institute of Public Administration (ICAP) and the Central American Monetary Council (CMCA).
7. A complete list of participants will be found in annex I to this report.

Election of officers

8. The following officers were elected:

<u>Chairman:</u>	Mr. Roberto Barillas Izaguirre, Minister of Economic Affairs (Guatemala)
<u>First Vice-Chairman:</u>	Mr. Rolando Pereyra M., Under-Secretary for Planning (Bolivia)
<u>Second Vice-Chairman:</u>	Mr. Donald C. Brice, Deputy Director-General, Ministry of Industry and Trade (Jamaica)
<u>Rapporteur:</u>	Mr. Juan Villalaz, Ambassador to Guatemala (Panama)

Agenda

Agenda

9. The following agenda was adopted:

I. Development and regional integration problems of the economically relatively less developed countries

1. Integration of infrastructure
2. Agricultural integration
3. Industrial integration

II. Integration instruments in relation to the situation of the economically relatively less developed countries

1. Trade policy
2. Sectoral agreements
3. Multinational projects, and development programmes for border areas
4. Fiscal incentives
5. Regional and international co-operation, financing and technical assistance
 - (a) Co-operation and financing
 - (b) Technical assistance
6. National and regional promotion mechanisms
7. Decisions and measures at the national level

III. Participation of the economically relatively less developed countries in the economic integration process

1. The economically relatively less developed countries within the framework of the Latin American Free Trade Association and the Central American Common Market
2. Relationship between the Latin American Free Trade Association and the Central American Common Market
3. Other economically relatively less developed countries of the region
4. Sub-regional agreements

IV. Conclusions and programme of action

10. A list of documents on which the discussions were based will be found in annex II to this report.

Opening meeting

11. The Meeting opened on 23 October in the Crédito Hipotecario Nacional building in Guatemala City.

12. Mr. Roberto Barillas Izaguirre, Minister of Economic Affairs of Guatemala, acted as Chairman and represented the President of the Republic. Statements were also made by Mr. Carlos Quintana, Executive Secretary of the Economic Commission for Latin America, and Mr. Rolando Pereyra, Bolivian Under-Secretary for Planning, on behalf of the delegations.

13. The full text of the statements by Mr. Barillas, Mr. Pereyra and Mr. Quintana will be found in annex III to this report.

Organization of work

14. All the discussions took place at plenary meetings and were based on the ECLA document entitled The economically relatively less developed countries and Latin American integration: Approaches and proposals (ST/ECLA/Conf.29/L.2).

15. A working group was set up to examine the text of some of the draft resolutions. It consisted of representatives of Bolivia, Guatemala, Nicaragua, Trinidad and Tobago, and Uruguay, and the representatives of ALALC and SIECA. The following subjects were considered: trade policy, sectoral agreements and the establishment of a regional development centre for small-scale industry.

16. The last plenary meeting considered the text of the present report and the recommendations it includes. The representatives expressed appreciation for the efficient work done by the ECLA secretariat and gratitude to the Government of Guatemala for its generous hospitality and to the local government officials who had co-operated in various matters related to the meeting, particularly the Bank of Guatemala, which had made available its comfortable and spacious premises.

17. On behalf of their Governments, the representatives requested the Government of Guatemala to convey warmest congratulations to Mr. Miguel Angel Asturias, Guatemalan Ambassador to France, for having been awarded the Nobel Prize for Literature, a distinction which was undoubtedly a source of great satisfaction to the Government and people of Guatemala.

18. The last plenary meeting considered the date and place of the next meeting and agreed that it should be held in 1969. The ECLA secretariat was requested to sound out the Caribbean countries with a view to deciding the actual date and place. The next meeting would review the progress of the work entrusted to the secretariat of ECLA and other international agencies, and the advances achieved in economic integration.

19. The closing meeting was held on 28 October. Statements were made by Mr. Carlos Quintana, Executive Secretary of the Commission, Mr. Roberto Barillas Izaguirre, in his capacity as Chairman of the Meeting, Mr. Rafael Ruiz Mejía, Representative of the Dominican Republic, and Mr. Valentín Solórzano, Chairman of the Guatemalan delegation.

/II. ACCOUNT

II. ACCOUNT OF PROCEEDINGS

General considerations

20. The general statements which opened the debate gave the participants an opportunity to express their views regarding the significance and scope of the Meeting, its relationship with the action considered at other meetings, and its future implications.

21. Several speakers stressed that the economically relatively less developed countries of the region were meeting for the first time to exchange views and consider jointly various problems connected with their participation in the process of Latin American economic integration.

22. The economically relatively less developed countries faced common problems in their efforts to promote economic and social development and to make good their determination to take an active part in Latin American economic integration. Accordingly, the various aspects of regional integration policy should provide for special treatment for these countries, treatment designed to guarantee them a fair share in the benefits of integration and rates of development which would narrow the gap between their income levels and those of other countries of the region. It was pointed out that considerable progress had been made in this respect, inasmuch as the need for such preferential treatment, was already widely recognized, even in statements and agreements at the highest political level. It has gradually come to be understood that such preferences would benefit not only the relatively less developed countries but the whole region, to the extent that they furthered over-all Latin American integration.

23. It was felt that a united stand could be adopted on a number of important issues relating to common problems. The issues repeatedly mentioned were external financial and technical co-operation and participation in world trade flows.

24. Representatives of States members of ALALC and the Central American Common Market (CACM) described their own experience in the matter and reported on the part currently played by countries belonging to the two integration systems. The representative of Trinidad and Tobago, speaking on behalf of

/the representatives

the representatives of States belonging to neither of the existing systems, expressed keen interest in the prospects of Latin American integration and supported the establishment of a common market for the whole region, a proposal which some countries had formally endorsed by signing the Declaration of the Presidents of America. He suggested that during the discussions a distinction should be drawn between general principles that were likely to receive unanimous support, and more specific questions which had different meaning for the various groups of countries.

25. Although there were important common problems which justified and necessitated a concerted approach by the economically relatively less developed countries, the widely varying situations prevailing in those countries made it difficult to adopt a unanimous position on certain issues, in particular, the different legal and the negotiations being undertaken simultaneously on different levels.

26. The widely differing situations in the participating countries was reflected in appraisals of the nature and future implications of the Meeting, in both the general debate and the discussion of specific agenda items. Some Central American and Caribbean delegations urged that common positions should gradually be worked out on all important aspects of regional integration policy, stressed the benefits obtainable through joint action and expressed interest in continuing the contacts made at the present Meeting by establishing an appropriate institutional framework for the group of economically relatively less developed countries. Representatives of ALALC countries expressed concern at the possible consequences of discussing subjects which were currently under consideration by ALALC. Instead, the Meeting should concentrate on subjects where there were no such limitations in reaching concerted positions. In some cases more thorough and comprehensive technical studies would be required before specific proposals could be formulated.

27. The representative of the Permanent Secretariat of the General Treaty on Central American Economic Integration emphasized that, in view of the prospect of a Latin American common market, the economically relatively less developed countries should jointly review their experience and prepare to recommend effective formulas which would safeguard their legitimate interests and help to accelerate the general process of Latin American integration. A

/similar result

similar result might be obtained through closer links between ALALC and CACM, which could be more easily forged if a common policy were adopted with the economically relatively less developed ALALC countries. Other questions which merited joint consideration by the less developed countries included Central America's desire to participate in the general integration process as a single economic unit; unilateral non-reciprocal preferences that might be accorded to relatively less developed countries not members of ALALC, provided they were not detrimental to other relatively less developed countries; industrial policy; procedures for applying general principles of preferential treatment for the economically relatively less developed countries in respect of external financing and technical assistance; and the possibility that the Meeting might signify the beginning of a continuing relationship and a permanent task.

28. The representative of ALALC said that the clauses of the Montevideo Treaty included special provisions favouring the relatively less developed member countries, and that more and more machinery had been created to implement those provisions, particularly as follow-up of trade policy measures. It was clear from the experience thus gained that a pragmatic approach should be adopted to rapidly and unforeseeably changing situations. The particular position of the relatively less developed ALALC countries which were not linked by a common geographical border and belonged to an integration system together with more advanced countries, was necessarily reflected in their relations with other relatively less developed countries of the region. He could see no objection to the participation of the Central American Common Market as a single unit, and expressed interest in formulas for the gradual merging of the two integration systems, with one regard for the practical problems that were bound to arise. On the other hand, it was difficult to propose trade policy formulas - including the opening of markets by non-member countries and their participation in sectoral agreements - until ALALC had adopted a decision in the matter.

29. The Jamaican delegation reserved its position concerning all proposals specifically relating to Latin American integration, since Jamaica had not signed the Declaration of the Presidents of America and was not a member of

/either of

either of the existing integration systems. It had nevertheless been keenly interested in the discussions on the various agenda items, which reflected the efforts of the countries of the region to improve the population's levels of living.

30. Although exports to countries outside Latin America was not a specific agenda item, the representatives shared the Ecuadorian delegation's concern about a number of bills being considered by the United States Congress, which, if approved would seriously affect the export prospects of several Latin American primary commodities.

31. In connexion with several questions dealt with in the general discussions, the representatives repeatedly stressed the need to broaden the scope of the technical studies which served as a basis for adopting decisions, and what assistance was expected from the international and regional agencies in that respect.

Trade policy

32. Several delegations referred to the degree of detail in which the various points should be discussed and the nature of the decisions that the relatively less developed countries might be expected to take both at the present Meeting and in the future.

33. Representatives of CACM countries said that decisions on some questions could be adopted immediately or in the near future, for example, in connexion with financial and technical assistance, while in other areas studies would be necessary before reaching final decisions.

34. Several representatives said that immediate decisions could be taken regarding the basic principles that should guide trade policy in the economically relatively less developed countries in relation to regional integration. Most delegations approved the principles set out in document ST/ECLA/Conf.29/L.2, establishing that the broad aims of the trade policy measures should be: (i) to assure the economically relatively less developed countries of preferential and early access for their products to the regional market; (ii) to enable the economically relatively less developed countries to open their own markets to the other countries gradually and more slowly; and (iii) to grant preferential terms to the economically relatively less developed countries as part of the process of harmonizing the treatment of imports from third countries and of developing a common external tariff.

/35. The

35. The representative of Uruguay said that trade policy issues should not be dealt with on the basis of formulas and concepts requiring decisions within the specific competence of the Co-ordinating Commission established to link CACM, ALAIC and the countries belonging to neither of the existing integration systems. He suggested that the discussion of trade policy should be limited to an exchange of views and consideration of the specific studies which the advisory agencies would be requested to make. The relatively less developed countries would thus have a useful basis for working towards common objectives at the right time and in the right forum. It would be useful if the ECLA secretariat could evaluate the effect which access to the market might have on the economically relatively less developed countries, and undertake a survey of the supply of capital goods and essential industrial inputs of Latin American origin. These views were endorsed by the delegations of the ALAIC countries represented at the Meeting.

36. Several representatives of countries not members of ALAIC considered that the delegations should express their ideas regarding the machinery and procedures for implementing the general principles of trade policy, in order to provide guidelines for the studies to be carried out with a view to forming a Latin American common market. Trade policy measures should also take into account the situation of countries which belonged to neither of the regional integration systems.

37. In the course of the discussions, a number of participants emphasized that trade policy measures would be ineffective unless parallel action was taken in other areas, including financial and technical assistance. It was also considered desirable that the Inter-American Export Promotion Centre should devote special attention to the economically relatively less developed countries. Particular concern was expressed regarding the evolution of exports of manufactures by those countries, and it was repeatedly stressed that industrial projects should be promoted with an eye to external markets, while steps should be taken to solve the problem of cottage industries. To that end, it was deemed advisable to put into effect the agreement to avoid imposing additional restrictions on trade between the Latin American countries, in conformity with the Declaration of the Presidents of America, and to establish regulations for implementing the "stand-still" proposed in the Declaration, with due regard for the special situation of the economically relatively less developed countries.

/38. Representatives

38. Representatives of countries members of the Central American Common Market endorsed the suggestions contained in document ST/ECLA/Conf.29/L.2 regarding the common external tariff.

Sectoral agreements

39. Several delegations considered that sectoral agreements should cover all the countries of the region, regardless of their position with respect to the existing integration systems, as a positive step towards the formation of a Latin American common market. Thus sectoral agreements with a broader regional base would make it easier to identify and put into effect specific projects of special interest to the relatively less developed countries, in particular those designed to meet regional market needs. To achieve those aims, the relatively less developed countries should participate fully in the formulation, organization and negotiation of such agreements.

40. With regard to specific questions raised in the secretariat document, a number of delegations stressed the importance of initiating studies that would facilitate the conclusion of sectoral agreements and, in particular, clarify the arrangements for participation by all the relatively less developed countries. It was considered desirable that ECLA should undertake such studies as soon as possible as part of its programme of work.

41. One delegation suggested that ECLA, jointly with SIECA and IDB, might also consider undertaking a study on the feasibility of concluding sectoral agreements among the countries of the Caribbean Basin, which should remain open for accession by other Latin American countries.

42. The Meeting considered the possibility of promoting agricultural integration by adopting agreements on commodities or groups of commodities, which would include special concessions for the relatively less developed countries. They might also provide for increasing import quotas, free of tariff duties and other restrictions, with preferential treatment for the relatively less developed countries. ECLA, in co-operation with FAO, might examine more thoroughly the possibilities of concluding agreements on agricultural commodities and the patterns and scope of the relatively less developed countries' participation.

43. The Meeting also discussed the need for a more accurate knowledge of the natural resources potential of the relatively less developed countries, in order to establish firmer bases for their effective participation in the conclusion of sectoral agreements. It was decided to recommend the international agencies to accelerate their research to that end.

44. Some delegations expressed reservations about discussing problems relating to sectoral agreements, which should really be dealt with by the ALALC-CACM Co-ordinating Commission; in the circumstances they could not make definite pronouncements regarding either the suggestions contained in the secretariat document or those put forward in the course of the discussions. However, they were interested in an exchange of views on the subject and supported the request of the other delegations that sectoral agreements should be the subject of further study.

Multinational projects and development of border areas

45. The Meeting stressed the importance for the relatively less developed countries of multinational programmes for the expansion and improvement of infrastructure. Development programmes for border areas were likewise considered a useful means of furthering progress in areas far from the main urban centres, which were generally very backward. Such programmes would ensure the best possible joint use and the most efficient development of the natural resources found in those areas.

46. Particular attention was devoted to the general lack of communications in the region, especially in the less developed countries.

47. There was consensus regarding the need to intensify and strengthen research and studies on multinational projects and development projects for border areas, and to give priority to the development of international river basins and the improvement of transport. It was deemed advisable to recommend that the resources available to the IDB Pre-Investment Fund for Latin American Integration should be increased and that the Fund itself should pay special attention to the needs of the economically relatively less developed countries. It was decided to make the same recommendation to the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC).

48. It was also considered necessary that multinational transport projects should be designed in order to facilitate exports and that parallel action should be taken to promote agriculture and industry in the areas benefiting from those projects, with a view to increasing the export potential of the relatively less developed countries.

49. One delegation said that a multinational network of storage facilities might be required in the future in order to streamline intra-regional trade operations.

Fiscal incentives

50. The Meeting approved the general principles set forth in the basic document and agreed that in the process of regional harmonization of fiscal incentives, more advantageous conditions should be accorded to the economically relatively less developed countries.

51. One of the problems arising in the discussion was the need to reconcile the granting of preferential fiscal incentives with public financing requirements, and in that connexion reference was made to the budget difficulties confronting most of the economically relatively less developed countries.

52. Several delegations thought that the general process of harmonization of fiscal incentives should be carried out on the basis of selected sectors or branches of economic activity. One representative stressed the importance of analysing the problems of double taxation and of adopting measures to avoid it.

53. Consideration was also given to harmonization problems created by the existence of different legal systems, which would nevertheless have to be reconcile with the process of bringing the Latin American common market into full operation.

54. A number of delegations expressed the wish that the ECLA studies should include an analysis of the potential effects of fiscal incentives on the budget income of the economically relatively less developed countries, and on the rate of return of new enterprises or those already established which might be eligible for fiscal incentives. It was also stressed that those questions were bound up with questions related to the role of foreign capital in the investment opportunities offered by the regional market.

/Financing

Financing

55. This item was widely discussed on the basis of the relevant section of the secretariat document, and the statements made and reference documents presented by the representatives of IDB and OAS.

56. The discussions brought into focus the serious concern of the participating countries regarding internal and external financing problems, which continue to represent a formidable obstacle to economic development, particularly in the relatively less developed countries.

57. In discussing the question of financing from the standpoint of integration, attention was drawn to various aspects which, in the opinion of the delegations, required different treatment. On the one hand, the manifest balance-of-payments and fiscal budget difficulties prevented resources from being channelled into integration projects and curtailed the possibilities of financing other essential economic and social development activities. On the other hand, the less developed countries' active participation in regional production and trade was contingent upon the availability of more financial resources.

58. The problem was not only that external financing was insufficient; there were also serious obstacles connected with the operating procedures of credit agencies, and with repayment periods, interest, guarantees and other requirements normally included in the contracts. Their effects on the relatively less developed countries were particularly unfavourable; hence the need for preferential régimes in their favour in the programmes of international and regional financing agencies.

59. The representative of the Inter-American Bank said it was the policy of that institution to favour the relatively less developed countries, and that preferential policy applied to both the amount of the loans and terms and repayment periods. He gave some figures illustrating the part played by the relatively less developed countries in the allocation of IDB's resources, the higher proportion of foreign exchange in operations concluded with them, and the more favourable interest rates, and repayment terms and grace periods. The Bank also furnished other services such as direct technical assistance,

/personnel training

personnel training and the preparation of studies. Lastly, the operations of the Pre-Investment Fund for Latin American Integration could be used to encourage the relatively less developed countries to participate more actively in the integration process.

60. The representative of the Organization of American States and the Inter-American Committee on the Alliance for Progress reported on the financial and technical co-operation of those institutions in the process of Latin America's economic integration. He referred, in particular, to the Viña del Mar Plan of Action and the studies to be undertaken by the groups of technical experts recently set up by ICAP. The Inter-American Economic and Social Council (IA-ECOSOC) had requested ICAP and IDB to study financial assistance procedures for relatively less developed countries with insufficient markets, and the decisions and consensus of the present meeting would pave the way for the preparation of those studies.

61. Several delegations mentioned the difficulties often encountered in negotiating their requests for external credit, partly as a result of the weak bargaining power of the relatively less developed countries. Although some progress had been made, other types of restrictions had been imposed, such as the clause governing tied loans by virtue of which borrower countries were compelled to use them for purchases in specific countries and could not seek the best possible conditions in the various world markets.

62. Some representatives also expressed concern regarding the effects of the deterioration in the prices of Latin American exports of primary commodities on the region's capacity to have more recourse to external financing inasmuch as it limited the borrowing and payment capacity of the Latin American countries. It was therefore agreed that a larger volume of external funds should be mobilized to help promote exports.

Technical assistance

63. It was generally agreed that technical assistance to the relatively less developed countries must be increased as an additional requisite for ensuring their participation in integration benefits, particularly in connexion with trade and sectoral complementarity agreements.

64. In order to achieve those objectives, technical assistance resources should be concentrated in the most important fields, such as identification of productive activities, formulation of investment projects, promotion of exports, modernization or conversion of enterprises that might be affected by the integration process, training of skilled manpower and training of government officials. Several delegations emphasized the advantages of co-ordinating all those activities not only at the national and regional levels but at the international level.

65. It was further suggested that a list should be prepared of the programmes proposed or being executed by international or regional agencies, showing the amount of resources involved, the mode of operation and the obstacles hampering their efficiency. In that respect, stress was laid on the benefits that would accrue from the introduction of technical assistance patterns that were more attuned to the particular features of the relatively less developed countries, including procedures for providing advisory assistance to private manufacturing enterprises. Attention was also drawn to the need for an increase in the resources of the IDB Pre-Investment Fund and the United Nations Development Programme (UNDP), to finance projects of interest to the relatively less developed countries.

66. The representative of the Central American Institute of Public Administration gave an account of the present and future activities of that agency. He underlined the importance of technical assistance in public administration, and suggested that it should be expressly included among the fields referred to in the secretariat document.

67. The representative of the Food and Agriculture Organization of the United Nations reported on the technical assistance which that agency had been providing to the economically relatively less developed countries, with special emphasis on aid for agricultural integration in CACM and ALALC countries. FAO was ready to extend its action in this field to all the relatively less developed countries of the region.

68. The representative of the Inter-American Institute of Agricultural Sciences described its technical assistance programmes, which included training, agricultural research and development, and co-ordination of its

/work with

work with the organs of ALALC and the Central American Common Market. The Institute intended to collaborate to the fullest, possible extent with the economically relatively less developed countries.

69. A point which emerged repeatedly in the course of the discussion was the inability of the economically relatively less developed countries to keep abreast of technological progress, one of the factors impeding their growth and the implementation of integration programmes. It was also pointed out that more technical assistance was needed in the preparation of investment studies and projects.

National and regional promotion mechanisms

70. The participants agreed on the necessity for efficient promotion mechanisms for the preparation and execution of national and regional projects. The specific measures for immediate and future action proposed in document ST/ECLA/Conf.29/L.2 involved strengthening the development activities of IDB, co-ordinating the action of regional, sub-regional and national institutions and giving special importance to projects of the economically relatively less developed countries. In that connexion, it was considered desirable that IDB should give full support to the Central American Bank for Economic Integration in its promotion activities.

71. With the same objectives in view, it was considered necessary that action should be co-ordinated through the United Nations Development Programme, that UNIDO should collaborate in the establishment of pilot projects, and that regional machinery should be created to promote the development of small-scale industry.

72. Some delegations drew attention to the advantages of co-ordinating technical assistance with the financing and promotion of projects to be identified when the region's natural resources were evaluated, with the assistance of United Nations and other international agencies.

73. It was also considered a matter of importance for the economically relatively less developed countries that the region should devote special attention in its promotion activities to the situation and problems of small-scale and cottage industry. One delegation was in favour of dealing with those and other problems by setting up promotion centres in different parts of the region to take care of specific geographical areas.

/74. Furthermore,

74. Furthermore, in expressing agreement with the measures suggested in the basic document, the representatives stressed the importance of studies in depth on the subject with a view to facilitating the implementation of those measures through the competent national or international agencies.

Internal measures

75. It was generally agreed that decisive internal measures should be taken to accelerate economic and social development in all countries and thereby take full advantage of the opportunities afforded by the application of a region-wide policy. Internal efforts should be mainly concentrated on accelerating capital formation and diversifying the structure of production, removing structural and institutional obstacles, expanding and strengthening planning machinery and introducing administrative and other reforms required to implement integration policy and make better use of external financial and technical co-operation.

76. National plans should be adapted to facilitate and stimulate integration in line with the suggestion in the secretariat document that senior planning officials of the Latin American countries should meet periodically to exchange information and examine their countries development prospects in relation to the advances made in regional integration.

77. The delegations, while expressing agreement with the ideas and suggestions contained in the ECLA document, felt that due regard should be had, in considering the question of over-all economic development, to the disparities between urban and rural areas and, in connexion with the latter, to the problems affecting the indigenous population.

/III. DECISIONS

III. DECISIONS

78. The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries adopted the following decisions:

1. BASES FOR CO-ORDINATING ACTION BY THE RELATIVELY LESS DEVELOPED COUNTRIES

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That the Declaration of the Presidents of America ^{1/} established the principle that integration policy should be based on equity and preferential treatment for the relatively less developed countries of the region,

(b) That the establishment of criteria which would support the less developed countries by taking into account the special conditions in those countries is fully justified by the relative weakness of their economies and of their bargaining position in some regional and international organizations,

(c) That, in the circumstances, it is highly desirable to establish procedures to ensure that the views and economic and financial interests of the relatively less developed countries are taken into account in regional integration programmes and at meetings of international groups,

(d) That, at the national level, development programmes should give high priority to measures to promote Latin American integration, and that these programmes should be co-ordinated,

(e) That an exchange of experience among the relatively less developed countries and joint consideration of their development plans would help to attain the goal indicated in the preceding paragraph, as shown by the steps taken within the two integration movements to discuss problems common to several of their members,

^{1/} Meeting of American Chiefs of State, held at Punta del Este, Uruguay, 12-14 April 1967 (see OAS official documents, OAS/Ser.K/XIV/1.1).

/Decides:

Decides:

1. To recommend to the Governments of the economically relatively less developed countries of Latin America:

(a) That they should strive to reconcile the interests of those countries, mainly with a view to increasing their participation in the Latin American integration process and strengthening their bargaining position on all matters relating to international trade and external financing;

(b) That, to this end, they should establish permanent machinery for consultation among those countries with regard to a work programme establishing priorities in the fields considered most important, and with regard to concerted action to be taken in negotiations and meetings in which they participate;

(c) That they should encourage co-ordination of activities and exchange of information among national or regional financial institutions - especially as regards the promotion of multinational projects - and among research centres and agencies representing the private sector;

(d) That they should sponsor a technical meeting of heads of planning offices and directors of national integration agencies for the purpose of encouraging an exchange of views and information which would help to ensure that national development plans take full advantage of the opportunities afforded by regional co-operation and are co-ordinated accordingly;

2. To request the technical units of existing integration agencies to assist in the attainment of these objectives and to co-operate with those economically relatively less developed countries which decide to form free trade zones or economic integration areas; and

3. To request the secretariats of ECLA and the Latin American Institute for Economic and Social Planning to act as secretariat of the meeting referred to in operative paragraph 1 (d), to consult with Governments with a view to convening the meeting in the course of 1968 and to issue special invitations to regional economic integration agencies and centres.

2. TRADE POLICY

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That regional economic integration is a collective instrument for increasing the development possibilities of all the Latin American countries,

(b) That, both in the Declaration of the Presidents of America,^{2/} and at various inter-governmental meetings, full recognition has been given to the need for the different States to participate in the economic integration process on bases of reciprocity and equity that would lead to the harmonious and balanced growth of their economies,

(c) That the aforesaid Declaration establishes that, in the regional integration process, the relatively less developed countries "will have preferential treatment in matters of trade..." in order to compensate for their economic disadvantages,

(d) That since those decisions having been adopted at the highest political level, the principles underlying them should serve as guidelines for the technical research, activities and negotiations subsequently undertaken with a view to facilitating the active participation of the less developed countries in the integration process,

Decides:

1. To reaffirm the fundamental concept that products of the economically relatively less developed countries should have access to the Latin American market on a preferential and priority basis and that the opening of their own markets to the other countries should be carried out gradually and over a longer period. This concept shall be applied in accordance with the regulations and recommendations made by the Co-ordinating Commission of the executive organs of ALALC and the Central American Common Market, with the participation, as appropriate, of countries belonging to neither of the two integration systems, and in accordance with the principles laid down in the Declaration of the Presidents of America;

^{2/} Ibid.

2. To adopt the following principles governing the position of the less developed countries on trade policy questions:

(a) That while the Latin American Common Market is in the process of formation, the relatively less developed countries may grant each other trade advantages which do not extend to the other Latin American countries;

(b) That, in accordance with arrangements to be adopted by their respective integration organizations, the more developed Latin American countries should grant the relatively less developed countries special advantages which do not extend to the other countries;

(c) That the relatively less developed countries should conclude with each other or with more developed countries industrial integration and complementation agreements, or sub-regional agreements for accelerating economic integration, subject to the provisions of the juridical instruments to which they are parties. For this purpose, the concessions made by virtue of these agreements shall not be applicable to the relatively more developed countries which are not parties to the agreements;

(d) That preferential régimes should be established for the relatively less developed countries in the process of harmonization of external tariffs and in the treatment of imports of capital goods and essential inputs;

(e) That, in accordance with the foregoing principles, the more developed countries should recognize that their relations with the less developed countries should be based on weighted reciprocity which takes into account the structure and economic potential of the latter;

3. To request the secretariat of ECLA, in co-operation and co-ordination with regional and international agencies, to carry out studies and suggest ways and means of securing compliance with the principles set forth in paragraph 2 above. Such studies should deal, inter alia, with the following questions:

(a) The liberalization of trade with preferential treatment for the relatively less developed countries, and with due regard for such factors as the structure of production and the importance and nature of their products;

/(b) The

(b) The granting of trade advantages to the relatively less developed countries which do not extend to the other Latin American countries;

(c) Tariff equalization, with a view to its acceptance by the relatively less developed countries;

(d) The preparation and up-dating of a table of tariff, exchange and other restrictions on trade between the Latin American countries;

(e) The preparation of a report on bilateral and multilateral agreements to which the economically relatively less developed countries of the region are parties;

(f) The evaluation of the probable effects of the opening of markets for the less developed countries of the region;

(g) A survey of the supply of capital goods and industrial inputs essential to Latin America.

These studies should be prepared with due regard to the establishment of a proper relationship between the new methods, procedures and formulas and the economic integration commitments already undertaken. The proposed measures should also help to strengthen the over-all economic integration of Latin America.

3. SECTORAL AGREEMENTS

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That the conclusion of sectoral agreements is potentially one of the most important integration instruments in the formation of the Latin American Common Market,

(b) That such agreements would make it possible to improve the allocation of resources and the efficiency of basic industrial activities on the regional level,

(c) That the participation of the relatively less developed countries in the formulation of sectoral agreements would ensure their effective participation in the benefits of Latin American integration and serve as a basis for achieving the objectives of balanced and harmonious development,

/(d) That,

(d) That, as the sectoral agreements between specific countries become operative, situations might arise which would restrict the future participation of others, particularly the less developed countries, in the Latin American integration process,

Decides:

1. To establish the principle that the relatively less developed countries should participate in the formulation of regional policy governing sectoral agreements, and in the actual preparation of the relevant studies;

2. To express its concern that all the relatively less developed countries should participate in the formulation, elaboration and conclusion of sectoral agreements within the region, so that their views can be duly considered as well as their eventual participation in the activities covered by such agreements as the Latin American Common Market becomes operative;

3. To request the ECLA secretariat, in co-operation with FAO and other specialized agencies, to continue to examine the possibilities of concluding sectoral agreements in agriculture and to work out alternative ways in which the various relatively less developed countries might participate; and

4. To urge the United Nations Development Programme and other international agencies to press forward in their research on specific natural resources found in the relatively less developed countries, so they may be exploited, where appropriate, as regional projects.

4. ESTABLISHMENT AND DEVELOPMENT OF AN AIR TRANSPORT
AND SHIPPING NETWORK

The Meeting on the Problems of Regional Integration of the Economically
Relatively Less Developed Countries,

Considering:

(a) That the economically relatively less developed countries have been seeking ways of attaining their economic and social objectives,

(b) That, in order to attain these objectives, they must establish closer relationships among their respective populations,

/ (c) That

(c) That an increase in regional and international tourism would help to achieve these goals and would constitute an important source of foreign exchange and employment,

(d) That there are glaring defects in communications and transport, which hamper a greater flow of trade between the countries of the region,

Decides:

1. To promote the establishment of an air transport and shipping network for commodity trade and for the development of tourism in the economically relatively less developed countries;

2. To request the competent regional and international financing agencies to give special consideration to requests from the economically relatively less developed countries for the financing of this network and to provide the technical assistance needed to ensure the success of this project.

5. ECONOMIC CO-OPERATION BETWEEN THE COUNTRIES OF
THE CARIBBEAN BASIN

The Meeting on the Problems of Regional Integration of the Economically
Relatively Less Developed Countries,

Considering:

(a) That it was agreed, in the Declaration of the Presidents of America, to promote the formation of a Latin American Common Market, which should be substantially in operation by 1985,

(b) That the development of sub-regional economic co-operation movements in Latin America would facilitate and hasten the attainment of this objective, provided they follow the guidelines laid down at various Latin American meetings at the highest political level,

(c) That the countries of the Caribbean Basin, which comprise a large number of the relatively less developed countries of Latin America, aided by geographic, economic and other factors common to them, could strengthen and co-ordinate the development of their productive systems by joint multinational action to their mutual advantage,

(d) That such a possibility should be fully explored, identified and studied at the technical level,

/Decides:

Decides:

1. To request the ECLA secretariat, in consultation and co-operation with the Central American Common Market and the other Governments concerned, to undertake a study of the possibilities of establishing more and closer economic co-operation between the countries of the Caribbean Basin. The study should take into account sub-regional integration procedures already in existence or which might be established within the area, indicate the main fields of co-operation to be developed during the initial stage and the possible scope of multinational activities over the longer term and recommend measures for exploiting the economic complementation possibilities identified;

2. On the basis of those recommendations, to request the ECLA secretariat to convene, in due course and after consultation with the Governments concerned, a meeting of the countries of the Caribbean Basin to consider this study and reach decisions on the findings and proposals it contains;

3. To request the Inter-American Development Bank (IDB), the secretariat of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Development Programme (UNDP) to provide technical and financial assistance for this project.

6. EXTERNAL FINANCING

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That one of the prerequisites for the establishment of the Latin American Common Market is the creation of favourable conditions for the balanced development of all the participating countries and for increasing their exports,

(b) That the difficulties encountered by the economically relatively less developed countries in the formation of domestic savings and financing prevent them from participating fully in the benefits of integration, and that, in general, their financial and technical resources are insufficient,

/(c) That

(c) That consequently they require more external financing to develop their productive activities and increase their exports,

(d) That the deterioration in the prices of commodities exported by the economically relatively less developed countries, the application of fiscal incentives to promote production and the tariff reductions required by the integration process have adverse effects on fiscal revenue and the balance of payments in these countries which cannot be offset or alleviated by increasing other taxes,

(e) That the economically relatively less developed countries also need greater support in their trade and financial relations because their bargaining position is weak and they have little influence in international financing agencies and international economic negotiations,

Decides:

1. To recommend to the international and regional financing agencies:

(a) That, in defining their policies and programmes, they should allocate the major share of financial assistance to the economically relatively less developed countries of Latin America and grant them preferential treatment;

(b) That they should allocate additional resources to those countries to meet the new financial needs arising from the integration programmes in which they participate, without prejudice to the resources allocated for purposes of implementing their national development plans;

(c) That, in the allocation of those resources, priority should be given to investment projects related to integration, particularly in infrastructure, the establishment of new industries and the modernization of existing industries, the expansion of agricultural production and productivity, and the promotion of exports;

(d) That, as part of the preferential treatment, longer repayment and grace periods and lower rates of interest should be granted to the economically relatively less developed countries of Latin America as well as a larger share for financing local costs; specific funds should be allocated to national and sub-regional institutions to be administered as investment trusts; guarantee certificates or vouchers for securities issued by Governments and their development agencies should be authorized,

/in order

in order to facilitate their sale on international capital markets; and technical personnel from those countries should be given an opportunity to join the staff of these institutions;

(f) That the Pre-Investment Fund of the Inter-American Development Bank and the Integration Fund administered by the Central American Bank for Economic Integration, inter alia, should be strengthened to enable it to finance feasibility studies for industrial, agricultural and infrastructure projects in the economically relatively less developed countries;

2. To suggest that the Governments of the economically relatively less developed countries should consider the possibility of establishing a "compensation fund" to offset possible reductions in fiscal revenue, and that, for that purpose, the ALALC-CACM Co-ordinating Commission, with the participation of countries belonging to neither integration system, should be asked to prepare a first draft for this project.

7. TECHNICAL ASSISTANCE

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That the relatively less developed countries are prevented from enjoying the full benefits of integration or of the preferences granted to them by their limited capacity to absorb new technology and to prepare the necessary studies and projects,

(b) That more technical assistance to these countries would supplement the measures which are being taken or will be taken in the future to accelerate their economic growth,

(c) That, in technical assistance as in other fields, the relatively less developed countries of the region should be given preferential treatment,

/Decides:

Decides:

1. To recommend to international and regional technical assistance agencies that, in formulating and establishing their programmes, they should grant priority to the relatively less developed countries;

2. That those agencies should give special attention to the needs of these countries in relation to:

(a) The identification of specific activities of special interest to the relatively less developed countries with a view to supplying the regional market;

(b) The establishment or improvement of export promotion procedures and mechanisms;

(c) The modernization of enterprises or activities which may be affected by integration and improvement of their efficiency;

(d) Advisory assistance to entrepreneurs and training of skilled labour;

(e) The training of a group of top-level professionals to act as leaders in negotiations with other countries and the establishment of the necessary training centres;

3. To recommend to international agencies that they should establish and intensify programmes of direct technical assistance, research and training of public officials, in order to modernize and improve the efficiency of public administration in the economically relatively less developed countries, and that they should consider the possibility of inter-institutional co-operation for this purpose;

4. To emphasize the urgent need to formulate, with the co-operation of international agencies, particularly the United Nations Development Programme (Special Fund), intensive projects for evaluating hydraulic, forest, mining, fisheries, agricultural and tourism resources in the economically relatively less developed countries, in order to promote the establishment of new industries and diversify the sources of employment;

5. To recommend, for the purposes indicated in the preceding paragraphs, an increase in the resources allocated by the Pre-Investment Fund of the Inter-American Development Bank (IDB) and by the United Nations Development Programme (Special Fund), inter alia, for financing studies which are of special interest to the economically relatively less developed countries and which would further the regional integration process.

8. ESTABLISHMENT OF A REGIONAL CENTRE FOR THE DEVELOPMENT
OF SMALL-SCALE INDUSTRY

The Meeting on the Problems of Regional Integration of the Economically
Relatively Less Developed Countries,

Considering:

(a) That the Seminar on Small-Scale Industry in Latin America, organized by the United Nations and held in the city of Quito at the end of 1966, broached the need to establish an agency for the development of small-scale industry,

(b) That it is essential to raise the technological level and encourage increased investment by, inter alia, intensifying activities in the field of small-scale industry in the economically relatively less developed countries,

(c) That there are already in existence institutions such as the Central American Research Institute for Industry (ICAITI), which provide technical services for small-scale industry in Central America and which should be strengthened and expanded in order to attain the objectives referred to in the preceding paragraph,

Decides:

1. To request ECLA and the United Nations Industrial Development Organization (UNIDO) to take the necessary steps to prepare and present to the United Nations Development Programme (Special Fund) a project for the establishment of a regional centre to promote the development of small-scale industry, along the lines suggested at the Quito Seminar;

2. To request ECLA and UNIDO to enlist the co-operation of international and regional agencies and of the industrialized countries concerned in the prompt implementation of this project;

3. To recommend that the centre should have its headquarters in the city of Quito, Ecuador, and should co-operate closely with the Central American Research Institute for Industry and help it to broaden its scope so that it may be able to serve the Central American and Caribbean countries and other countries wishing to be associated with the Institute;

4. To recommend to the organizations referred to in paragraph 1 above that they prepare the relevant studies with due regard to the additional resources required to broaden ICAITI's work programme in the field of small-scale industry.

9. FOREIGN TRADE

The Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,

Considering:

(a) That Latin America's traditional exports are permanently hampered by a number of obstacles which must be removed, including fluctuations in world prices, internal taxes in the importing countries which reduce the possibility of expanding consumption and subsidies or artificial price supports and other procedures which make it increasingly difficult to find markets for the region's products,

(b) That international commodity agreements establish export quotas for the Latin American countries, including the economically relatively less developed, which are too small in relation to production capacity and therefore constitute an additional obstacle to the development of the economies of those countries,

(c) That the approval of legislation which would restrict exports to the United States of America from its traditional trading partners - now under consideration by the United States Congress - would not only conflict with the objectives of the Alliance for Progress and the principles laid down in the Declaration of the Presidents of America, but would seriously affect the production, trade and financing of the Latin American countries,

Decides:

1. To recommend to the economically relatively less developed countries of Latin America that they should join with the other countries of the region in concerted action to remove the obstacles which now restrict the possibilities of selling Latin American traditional exports on the world markets;

/2. To

2. To urge the economically relatively less developed countries of Latin America to associate themselves with the other countries of the region in efforts to ensure that the export quotas established in international commodity agreements are raised to a level that would promote the more rapid economic and social development of Latin America as a region;

3. To convey to the legislative and executive authorities of the United States of America this Meeting's concern and anxiety concerning the possibility that the aforesaid legislation might be approved, because it would cause irreparable damage to the economies of the Latin American countries.

Annex I

LIST OF DELEGATIONS

STATES MEMBERS OF THE COMMISSION

Bolivia

Representatives:

Mr. Rolando Pereyra M.,
Under-Secretary for Planning
Mr. Gustavo Fernández Saavedra
Mr. Pablo Ramos Sánchez
Mr. Willy Vargas V.

Costa Rica

Representatives:

Mr. Jorge Sánchez Méndez, Director of
Economic Integration and Foreign Trade
Mr. Rolando Ramírez P.

Dominican Republic

Representative:

Mr. Rafael E. Ruiz Mejía,
Ambassador to Guatemala

Ecuador

Representatives:

Mr. José M. Ponce Yépez, Ambassador
to Guatemala
Mr. Félix Orbe C.

El Salvador

Representatives:

Mr. Amílcar Martínez Arguera,
Under-Secretary for International Trade
Mr. Manuel Rafael Arce

Guatemala

Representatives:

Mr. Roberto Barillas Izaguirre,
Minister for Economic Affairs
Mr. Valentín Solórzano
Mr. José Antonio Palacios
Mr. Gustavo Santizo Gálvez
Mr. Víctor Salomón Pinto Juárez
Mr. Carlos Enrique Gutiérrez Luna

/Mr. Roberto López Porras

Mr. Roberto López Porras
Mr. Jorge Mario Rubio
Mr. Oscar de León Aragón
Mr. Emilio Zea González
Mr. Carlos H. Porras
Mr. Armando González Campo
Mr. Carlos E. Rivera O.
Mr. José Angel Andrade N.
Mr. Gilberto Isaias Corzo Illescas
Mr. Oscar Pontaza Batres
Mr. Martín Carranza O.
Mr. Vicente Castañeda Paz
Mr. Roberto Velásquez Oliva
Mr. Carlos Molina Woolford
Mr. Emilio de la Torre
Mr. Juan José Urruela
Mr. Carlos Enrique Rivera Ortiz
Mr. Carlos Molina Mencos
Mr. Arturo Bianchi
Mr. Jaime Baiz Sandoval
Mr. Francisco Castillo Soto
Mr. Luis Canella G.
Mr. Edumundo Nanne

Honduras

Representatives:

Mr. Valentín J. Mendoza A.,
Vice-Minister for Economic Affairs
Mr. Efraín Reconco Murillo
Mrs. Cristiana Fletes Varela
Mr. Víctor M. Rheinboldt
Mr. José Trinidad Fiallos

Jamaica

Representatives:

Mr. Donald C. Brice, Deputy
Director-General of the Ministry of
Trade and Industry
Mr. Leslie A. Wilson

/ Nicaragua

Nicaragua

Representatives:

Mr. Jorge Armijo Mejía, Vice-Minister
for Economic Integration

Mr. Orestes Romero Rojas

Mr. Raúl Castellón Duarte

Panama

Representative:

Mr. Juan Villalaz, Ambassador
to Guatemala

Paraguay

Representatives:

Mr. Juan Alberto Llanes

Mr. Arne Sapper

Trinidad and Tobago

Representative:

Mr. Salomón S. Lutchman, Counsellor
of the Embassy in Washington

Uruguay

Representative:

Mr. León Cestau, Representative,
Latin American Free-Trade Association

ASSOCIATE MEMBER OF THE COMMISSION

British Honduras (Belize)

Representatives:

Mr. Carl L. B. Rodgers, Minister
of the Interior

Mr. Donald Gill

INTERNATIONAL AGENCIES

Latin American Free-Trade Association (ALALC)

Mr. René Eduardo Ortuño

Permanent Secretariat of the General Treaty on Central American
Economic Integration (SIECA)

Mr. Carlos Manuel Castillo; Mr. Abraham Bennaton;
Mr. Raúl Sierra Franco

Organization of American States (OAS)

Mr. Ovidio Martínez

Inter-American Development Bank (IDB)

Mr. Pedro Abelardo Delgado
Mrs. Beatriz de Harretche

/Institute for

Institute for Latin American Integration (INTAL)

Mr. Pedro Abelardo Delgado

Inter-American Institute of Agricultural Sciences (IIAS)

Mr. José Alberto Torres

Mr. Rodolfo E. Quirós

Food and Agricultural Organization of the United Nations (FAO)

Mr. Jacobo Schatan; Mr. Jan B. Van As

International Labour Organisation (ILO)

Mr. I.T. Cabrera

Organization of Central American States (OCAS)

Mr. Isaac Pérez G.

Central American Bank for Economic Integration (CABEI)

Mr. Horacio Lau Martínez

Central American Research Institute for Industry (ICAITI)

Mr. Manuel Noriega Morales; Mr. Francisco Aguirre B.;

Mr. Alfonso Gutiérrez

Central American Institute of Public Administration (CAIPA)

Mr. Osvaldo Herbster de Gusmao

Central American Monetary Council (CAMC)

Mr. Antonio Nicolás Kawa K.; Mr. Juan Héctor Vidal;

Mr. Angel O. Serrano

ECONOMIC COMMISSION FOR LATIN AMERICA

Mr. Carlos Quintana, Executive Secretary

Mr. Pedro Vuskovic

Mr. David Ibarra

Mr. Max Nolf

Mr. Porfirio Morera

Mr. Juan Pedro Amestoy

Annex II

LIST OF DOCUMENTS

Working documents

- | | |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ST/ECLA/Conf.29/L.1 | Background information and provisional agenda |
| ST/ECLA/Conf.29/L.2 | The economically relatively less developed countries and Latin American integration: approaches and proposals |
| ST/ECLA/Conf.29/L.3 | <u>Los países de menor desarrollo económico relativo y el sector agropecuario</u> |
| ST/ECLA/Conf.29/L.4 | <u>Resumen de las principales disposiciones adoptadas en relación con los países de menor desarrollo económico relativo</u>
<u>(Nota complementaria al punto II 1.2 y 5 del temario)</u> |
| ST/ECLA/Conf.29/L.5 | Note on international co-operation in the development of small-scale industry in Latin America (presented by the secretariat of the Economic Commission for Latin America) |
| ST/ECLA/Conf.29/L.6 | <u>Nota sobre el financiamiento externo público de los países de menor desarrollo relativo en el período 1961-66</u>
<u>(Nota complementaria al punto II, 5, a)</u>
(Presented by the Inter-American Development Bank) |

Reference documents

- | | |
|-------------------|----------------------------------------------------------------------------------------------------------------------------|
| E/CN.12/774 | The economically relatively less developed countries and Latin American integration |
| E/CN.12/774/Add.1 | <u>La política de desarrollo regional en la Comunidad Económica Europea</u>
(Annex to document E/CN.12/774, section VI) |

E/CN.12/774/Add.2

Los países de menor desarrollo económico
relativo y la integración latino-
americana
(Nota de la secretaría)

SIECA/CEC/VII-0/DT.2

Informe del Secretario General de la
SIECA sobre el estado del Programa de
Integración Económica Centroamericana

Annex III

ADDRESS DELIVERED AT THE OPENING MEETING BY
MR. ROBERTO BARILLAS IZAGUIRRE, MINISTER
FOR ECONOMIC AFFAIRS OF GUATEMALA

It is a great pleasure and honour for me to represent the Constitutional President of the Republic, Mr. Julio César Méndez Montenegro, on this occasion, and on his behalf to extend warm greetings and a hearty welcome from the people and the Government of Venezuela to the delegations attending the present Meeting.

I consider it a unique privilege that this particular part of Central America should have been chosen as the venue for a meeting - organized under the auspices of ECLA - which I feel is of historic importance; for I am fully convinced that from its proceedings will emanate bases and guiding principles for a common line of action which the countries charitably described as "economically relatively less developed" can adopt in their daily and disadvantageous competition with others that have made varying degrees of progress towards more advanced stages of growth.

This manifest lack of regional balance, which, in the last analysis, fosters the expansion of the more affluent countries while retarding the growth of their poorer neighbours, cannot be remedied in the interests of all concerned as long as the less-developed countries continue to participate in over-all Latin American development programmes on the same terms as the rest. On the contrary, it is essential that they should play their part in conditions which will enable them to forge their own destinies, by means of co-ordinated, concerted and co-operative action, so that the pooling of their efforts, resources, aspirations and requirements may redound to the positive benefit of each and all of those sharing in this vitally important enterprise.

Since Punta del Este, the attention focused on these problems has begun to result in the reviewing of past measures and the speeding-up of present action to solve them, with the integration of Latin America as the lodestar of success. There can be no refuting the widespread assertion

/- strongly

- strongly endorsed at the latest meeting of IA-ECOSOC - that Latin American integration is an irreversible process. We recognize that none of the peoples of the world of today, and least of all any of those living side by side in one and the same region, can drift along on its own in the vain hope of dealing with its difficulties by itself, regardless of the close-knit interdependence of the problems of the whole group. But the conduct of the integration process is a matter of deep concern, above all at its start, since the efficacy of the results achieved will unquestionably be contingent upon the fairness, realism and good judgement with which programmes are formulated and the care with which instruments are selected. And it is precisely in this initial phase that a decisive factor is constituted by the active participation of the less-developed countries, which must join forces in a resolute campaign to secure the special treatment appropriate to them, as a sine qua non for balanced integration.

The other indispensable requisite is that the integration process should have a social bias strong enough for economic action to become an instrument that will really enable our peoples to make progress at the moral and material levels alike. The economic development of privileged sectors is useless unless the benefits obtained are extended to the broad masses of the population in both rural and urban areas; nothing can be gained by the expansion of powerful industries, if economic growth does not serve as a means of satisfying the justifiable demands more and more loudly urged by the sectors that are still poverty-stricken. To these demands the highly-developed countries should lend an attentive ear, seeking cures rather than mere palliatives for the ills they reflect, and tackling the problems of balanced development with all the earnestness required by present circumstances, and without further loss of time. For, as Mr. Raúl Prebisch said not long ago, serious situations are arising, which are the source of acute and increasing economic and social tensions in most of the developing countries.

It is essential, therefore, that in integration systems and machinery particular importance should be assigned to social programmes. The abuse of vertical measures and instruments should be avoided; on the contrary,

/every effort

every effort should be made to enlist the indispensable co-operation of all the popular sectors, whose right and duty it is to play an active and responsible part in the construction of programmes and the choice of paths that will lead to their all-round betterment.

For the progressive economic integration of Latin America, sub-regional integration is considered to be a necessary point of departure. But what is to be the criterion governing methods of sub-regionalization? Of course, the poorer countries have a common denominator in their poverty itself. But if these sixteen countries are analysed one by one, manifest structural differences will be noted, which militate against their uniform development. Hence it is that rather than launching out each on its separate course, they should present a common front in order to defend their interests and secure the establishment of general terms for economic, financial and even political bargaining with the more developed countries, at the level of both inter-American and inter-continental or world meetings.

In this context, some concern is felt for the situation of the less-developed countries vis-à-vis the process of convergence of the Latin American Free-Trade Association and the Central American Common Market. According to Mr. Rodrigo Botero, Secretary for Economic Affairs in the government of President Lleras of Colombia, geographical proximity, similarity of historical background, economic comparability and human relationships have all favoured the establishment of a common market in Central America. The absence of such conditions explains, in his view, why the results hitherto achieved by the Latin American Free-Trade Association have not been very encouraging, and casts some doubt on the feasibility of adopting, at the present juncture, the principle of progress towards the economic integration of Latin America in its entirety. These misgivings merit attention. But I am afraid they might be equally well-founded in the case of the sub-regional common market advocated by Mr. Botero: a Caribbean-Andean Economic Community, formed by four South American countries - Colombia, Ecuador, Peru and Venezuela - plus Panama and the Central American Republics. For their economies are not at present comparable, especially where Colombia, Peru and Venezuela are concerned. In this

/connexion, it

connexion, it should be pointed out that the Central American Common Market has shown great interest in securing the accession of Panama, which has not yet become a member for want of certain prior adjustments that are indispensable for balanced participation.

The moves that are already being made to establish closer links between the Central American Common Market and the Latin American Free-Trade Association are of undeniable significance as steps towards their ultimate convergence. But just as much or even more importance should be attached to the need for strengthening, either beforehand or concurrently, the internal structure of each of these two agencies. In the case of the Central American Common Market, its integration instruments and institutions should be perfected; tariffs awaiting equalization should be dealt with; trade in products still subject to special régimes should be liberalized; the agreement on fiscal incentives for the development of integration industries should be put into effect; accession to the Common Market should be facilitated for countries at much the same stage of development as those of Central America; and, in a word, the integration machinery should be set in full motion. The Latin American Free-Trade Association, in its turn, should step up its operational efficiency, and should seek appropriate procedures for eliminating or at least mitigating the profound disparities and the discriminatory treatment deriving from competition between countries with a high economic potential and less developed national economies.

Without minimizing the need for the co-ordinated participation of the less-developed countries in the gradual process of convergence of the Common Market and ALALC, I would urge the unavoidable necessity of their joining forces without delay, in order to obtain special treatment from other countries which will enable them to speed up their development, and thus participate on an equal footing in the balanced integration of all the Latin American countries.

Of these, the seven that have reached more advanced stages of development - Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela - must realize how essential it is that they should grant special concessions to the poorer countries in their trade and financial relations,

/not as

not as a generous gift, but as the only means of forming, for the common good, a regional grouping capable of carrying weight in negotiations at the world level. To illustrate the disproportionate differences that subsist in default of fair preferential treatment, I would point out that during the five-year period 1961-65 Guatemala's trade with the ALALC countries showed a cumulative deficit of nearly 22 million quetzales, of which 89.4 per cent corresponded to trade with Mexico.

Moreover, it is not only the seven countries mentioned that should in their own interests promote the development of the other fifteen. The United States and the other industrialized countries that maintain trade and financial relations with Latin America should also adapt their policy to a less inflexible type of treatment; and here it is appropriate to recall the words of Mr. George D. Woods, President of the International Bank for Reconstruction and Development, at the recent meeting in Rio de Janeiro: "If the less developed countries are encouraged - and permitted - to improve their export earnings, many problems will become more manageable: external debt crises will be fewer, the need for aid will diminish, the attraction for private capital will grow".

Another decisive factor consists in financial assistance, in granting which international financing institutions should give priority to the less-developed countries. It is not particularly encouraging to note that as at 31 December 1966, out of the total of approximately 1,900 million dollars loaned by IDB to Latin America, about 1,400 million dollars - i.e., 77 per cent - had been allocated to countries in the developed category. It is contended that IDB refrains from assigning larger sums to the less-developed countries because they lack projects, or because those they have are not well formulated; but this argument only goes to show the need for more technical assistance, and endorses the principle of priority.

The problems raised by integration are vast and complex, especially if justice for the weak is sought. A mere glance at the agenda items submitted for your consideration gives some idea of the depth of the subject, and plainly reveals the responsibility incumbent upon you, as the representatives of people that are desperately anxious to find ways of

/escape to

escape to a better mode of life. But I am certain that your effort, your experience, your ability and your sympathy, all of which will be generously poured out during the coming strenuous days, will provide a reassuring answer to their plea that social justice - unattainable without economic justice - may be turned from an empty catchword into a tangible reality.

Accordingly, it is with the solemn feelings evoked by an epoch-making event that on behalf of the Constitutional President of the Republic I formally declare open this Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries, and offer you my warmest good wishes for the success which I am sure will crown your work.

/ADDRESS DELIVERED

ADDRESS DELIVERED BY MR. ROLANDO PEREYRA, UNDER-SECRETARY
FOR PLANNING OF BOLIVIA, ON BEHALF OF THE GUEST
DELEGATIONS, AT THE OPENING MEETING

Once again it has fallen to the Economic Commission for Latin America (ECLA) to take the felicituous step of directing out attention towards yet another of the burning questions of the moment: the problem of the role that should be played in Latin America's economic integrations process by what are somewhat euphemistically termed the economically relatively less developed countries.

Indubitably, the more developed countries which form part of the existing integration structures are in a better position to take advantage of the benefits deriving from the establishment of large economic areas.

In order, therefore, to narrow the gap that divides us from the other Latin American countries, in particular those whose industrial development has been carried farthest, differential treatments should be applied, which will guarantee us the acceleration of our growth rates and will restore our peoples' faith in the idea of Latin America's common destiny.

Accordingly, although the expansion of intra-regional trade has been the keynote of recent years, a clear conviction has now grown up that the habilitation of our economies is an urgent need, and that co-ordinated action on the part of the international technical assistance and financing agencies must be combined with mobilization of our limited human and financial resources, so as to establish the bases for rapid and progressive industrial development. To that end, an essential requisite is a flow of financing whose volume and terms will allow this objective to be attained over the medium term, through the harnessing of natural resources that are remarkable both for their diversity and for their quality, and the consequent remodelling of the existing economic structures. Thus it will be possible to satisfy, at least in part, the Latin American peoples' growing aspirations for the better living conditions they have every right to demand.

For these reasons, the Government of Bolivia holds the view that Latin America's economic development and integration should be adopted as basic principle for every country's policy, and that a new and

/authentic mystique

authentic mystique should be created, whereby the broad masses of urban and rural workers, entrepreneurs, students and governments can all be recruited to serve in the campaign to reform the region's economy with the energy, drive and forcefulness that great ideas engender.

By now, a number of resolutions and agreements, adopted at many such meetings as this, have built up an impressive legal structure. What can no longer be deferred, at the present stage of the integration process, is the conversion of this legislation into an operative and dynamic instrument, by virtue of a genuine decision on the part of the industrialized countries of Latin America and the world. If this aim is to be fulfilled, the relatively less developed countries must take joint, co-ordinated and consistent action vis-à-vis all the agencies linked to their development.

On behalf of the delegations participating in the present Meeting, I should like to offer sincerest thanks to the people of Guatemala, and to its Government in the person of the Minister for Foreign Affairs, for their cordial and generous hospitality, so true to the spirit of a nation that has just earned a signal honour and distinction for Latin American thought.

/ADDRESS DELIVERED

ADDRESS DELIVERED BY MR. CARLOS QUINTANA, EXECUTIVE SECRETARY
OF THE ECONOMIC COMMISSION FOR LATIN AMERICA, AT THE
OPENING OF THE MEETING ON THE PROBLEMS OF REGIONAL
INTEGRATION OF THE ECONOMICALLY RELATIVELY
LESS DEVELOPED COUNTRIES

I should like to begin by expressing the gratitude of the Economic Commission for Latin America for the generous hospitality extended by Guatemala to a Meeting which the Commission regards as a very important step towards the rapid and balanced development of Latin America.

The desirability of convening such a meeting was suggested at the eleventh session of ECLA, at Mexico City, in 1965. On that occasion, the secretariat was requested to prepare and subsequently submit to member Governments, a preliminary study on the problems of the relatively less developed countries and their relation to the process of Latin American economic integration.

At the twelfth session of the Commission, held at Caracas during the current year, the secretariat presented such a preliminary study, in which valuable suggestions formulated by the Governments have gradually been incorporated. It was further decided that consultations should be arranged with other agencies, and that a larger stock of material should be brought to this Guatemala Meeting to assist government representatives in their discussions.

The subject of the position and prospects of the less developed countries in relation to the regional economic integration process has been gaining status in the definition and application of development policy in Latin America. This increase in the attention it commands is warranted by the fact that while the less developed countries share, in essentials, the same development problems as confront the other countries of the region, they display special features which have a particular bearing on their participation in a common economic integration process.

Fifteen of the relatively less developed countries show, in the aggregate, characteristics which may be summed up as follows:

(a) Their inhabitants number a little over 37 million, thus representing approximately 16 per cent of the total population of the region, but their share in income is only about 10 per cent;

/(b) The

(b) The structure of their economies is still marked by a very high proportion of primary activities. These sectors account for no less than one-third of the total product, whereas in the other countries of the region, as a whole, they contribute only 25 per cent;

(c) In contrast, manufacturing industry's share in the product in the less developed countries barely exceeds 14 per cent, as against over 24 per cent in the rest of Latin America;

(d) The smaller size of these countries' populations, combined with lower per capita income levels, seriously impedes the rapid assimilation of technical progress and the active pursuit of industrial development on a basis of economic efficiency;

(e) Their economies are much more "open" to the external sector. Whereas in the Latin American region as a whole imported goods and services represent, on an average, 10 per cent of the gross domestic product, the corresponding proportion for the less developed countries in the aggregate is over 26 per cent;

(f) During the 1960's, up to the present date, the differences between the relatively less developed countries and the other countries of the region in respect of average per capita income levels have been only very slightly lessened. Between 1960 and 1965, average annual rates of increase of the domestic product were 4.9 per cent and 4.5 per cent in the less developed and more developed countries, respectively. Both these rates are relatively low, if population growth is taken into account, and imply no significant reduction of the gap between the two groups;

(g) To sum up, the comparative narrowness of their markets, the small size and under-diversification of their industrial base, their scantier possibilities of mobilizing capital resources, the inadequacy of their external economies, and other factors generally associated with a lower degree of economic development, shape a special set of problems which are bound to be reflected in these countries' capacity to participate in the regional economic integration process.

The relation between the more and the less developed Latin American countries may be said to bear some resemblance to that existing between the highly industrialized countries of the world and Latin America as a

/whole. But

whole. But it should be noted that in the first case the problem of the shortage of employment opportunities constitutes a common denominator, while in the second marked contrasts are observable, which facilitate economic complementarity through specialization in capital-intensive or labour-intensive activities, respectively.

This Meeting has been preceded by very significant progress in the relations between the more and less developed countries of the region. The disparities between the two groups are recognized in the Montevideo Treaty, and it is proposed that the former shall extend a number of concessions to the latter, with a view to the ultimate establishment of a proper balance between them. The Central American countries too have taken steps to provide for the balanced development of the members of the Common Market. Specifically, preferential treatment has been granted to Honduras in such fields as fiscal incentives policy, technical assistance and financing.

The Declaration of the Presidents of America reaffirmed the concept of Latin America's responsibility for speeding up the smaller countries, development process, and expressed it in terms of a policy decision. Lastly, IA-ECOSOC, in the Plan of Action drawn up at Viña del Mar, recommended that ICAP and IDB should define a complete system of procedures for assistance to the relatively less developed countries, with due regard to the decision that free access to the ALALC market should be facilitated for other countries, and also to the conclusions reached at the present Guatemala Meeting.

It is worth while pointing out that at the Second Session of the ALALC Council of Ministers for Foreign Affairs, just held at Asunción, the more advanced countries showed readiness to co-operate with their less developed neighbours. For reasons which I consider purely circumstantial, the final results achieved were not as satisfactory as might have been wished, but undoubtedly a great stride forward was taken in respect of sympathy and understanding between the two groups of countries.

The notion that trade concessions and preferences are prejudicial to the more developed countries has been completely dispelled. Such concessions on the part of the larger countries are of little significance

/in relation

in relation to their own trade, whereas they may represent a considerable incentive to the smaller countries' trade and production. Over the medium- and long-terms, the development of the latter group will considerably broaden the additional market of which the former are in a position to take advantage, and will ensure that the integration process is not held up.

It is very important for the less developed countries that the growth rate of the more developed economies should be rapid, since their own markets will thus be enlarged. Somewhat similar considerations stemmed from the recent meeting of the International Monetary Fund and the International Bank for Reconstruction and Development at Rio de Janeiro. Although greater international liquidity mainly benefits certain developed countries, it is also bound to have favourable repercussions for the under-developed countries.

In short, it seems no longer necessary for this Meeting to discuss the best way to establish trade relations between less and more developed countries, or to reiterate decisions which have already been adopted at high levels, including that of our Presidents themselves. Our concern here is to decide what can be done over the short term, and which centres of discussion are most appropriate, or how negotiations should be conducted to ensure that their results can be put into effect at the earliest possible date.

However, the access to markets and the preferential treatment that may be granted by the more developed countries do not suffice in themselves to solve the smaller countries' problem of consolidating a swift and steady rate of development and making up leeway in relation to the more advanced countries. Their development calls for the mobilization of internal resources and a genuine process of integration with one another and with the rest of the region.

It is precisely in this integration process that the smaller countries can find efficacious ways and means of overcoming some of the handicaps which cramp their development efforts.

For these same reasons, it is essential that integration policy should deliberately introduce measures and instruments designed to offset the initial disadvantages of the less-developed countries, and guarantee them opportunities of securing their fair share in the benefits of integration.

/Priority must

Priority must be given to financial and technical assistance measures which will help to strengthen these countries' capacity to expand and diversify their economies. This implies action both in respect of infrastructure and with regard to industrial and agricultural development.

It must be repeated that the efficacy of an integration policy in relation to the less-developed countries, however broadly-conceived it may be, is dependent upon the simultaneous intensification of their domestic efforts to speed up economic expansion, the mobilization of their own resources and the application of a consistent national development policy. All this entails internal measures of various kinds, including those designed to remove structural obstacles to development. It also implies that efforts to perfect planning machinery must be redoubled, so that internal development programmes may prove more effective, and their compatibility with regional economic integration prospects may be ensured.

Here it should be recalled that planning must take into account the necessity of conserving and increasing natural resources, as the foundation for sound future development, unhampered by shortages of basic materials.

The document presented by the secretariat as a contribution to discussion touches upon the questions that seem to be of most importance in relation to the specific measures and instruments whereby integration policy could be implemented. It deals with points relating not only to trade policy measures but also to sectoral agreements, multinational projects and frontier-zone development programmes, fiscal incentives, external financial co-operation and technical assistance, and national and regional promotional machinery.

In several of these respects, the existing integration programmes have embodied specific decisions and adopted specific measures. Other decisions and measures are in process of negotiation, and in more than one field a choice of paths is offered, on which a consensus of opinion has not yet been reached. In any event, it is important to stress that in the aggregate the instruments and measures in question should constitute an organic whole, form an integrated policy, and make provision for its implementation. Otherwise, the activities and efforts undertaken in any given field might be rendered fruitless or prone to inefficacy.

/The importance

The importance of this last consideration is borne out by recent experience. Some of the economically relatively less developed countries have been accorded, under the integration system to which they belong, special concessions and facilities for given products in respect of access to the market, but this has not sufficed for the rapid generation of real production and trade flows.

These problems must, of course, be approached from two different angles. Care must be taken to ensure that significant undertakings of special interest for the economically relatively less developed countries can be launched over the short-term, and that over the longer-term these countries' participation in the integration process will help them to build up economic structures which will permit their rapid and steady growth.

The necessity of reconciling these two aims is particularly important where industrial integration is concerned. The greatest short-term possibilities will be afforded by relatively simple processing industries, which may make very short-term possibilities will be afforded by relatively simple processing industries, which may make very significant contributions; but, at the same time, the industrial development prospects opened up by integration for the countries in question cannot be confined to activities of this type. Thus, measures to encourage undertakings that are viable over the short-term will have to be combined with instruments which will guarantee increasing opportunities for action in more complex industrial fields.

The problems of the incorporation and equitable participation of the less-developed countries in the regional economic integration process will need to be given priority by financial co-operation and technical assistance agencies at the international and regional levels. This implies the channelling of a higher proportion of operations into the countries in question, the adaptation of terms and procedures to their special conditions and characteristics, and appropriate co-ordination to prevent duplication of effort and improve the efficiency of the co-operation given.

/Successful moves

Successful moves have already been made in this direction, which will have to be consolidated in the future. In addition to the two inter-agency meetings which preceded the present conference, a third is scheduled to take place at the beginning of next week. Any decisions and guiding principles that may emanate from our proceedings here will be very useful for its purposes.

There are a great many fields in which external financing should be increased with a view to supporting the less-developed countries' participation in the integration process. Apart from the aggregate amount allocated, an essential requisite is that external co-operation should be extended on terms that make allowance for the special situation of these countries. The secretariat paper includes a set of specific suggestions relating to the objectives to be pursued and to efficacious machinery for attaining them. At the present Meeting, the representatives of IDB and of the Central American Bank for Economic Integration will no doubt enlarge upon these considerations, and add others that will point to new avenues of progress.

Technical assistance for the less-developed countries also needs strengthening in many respects. Among them, it may perhaps be worth while to mention two fields that are comparatively neglected by traditional technical assistance programmes: firstly, the identification of activities of special importance for such countries in relation to the regional market; secondly, the establishment of export promotion procedures and machinery which will facilitate the generation and maintenance of the trade flows concerned.

The agencies realize that all this places a heavy responsibility upon them, and are prepared to increase their contribution and co-ordinate their efforts more closely. But it is essential for the countries themselves to define clearly the objectives to be served, and for each of them to make the internal arrangements necessary for efficient use of external technical and financial co-operation.

So complex is the action that must be taken by Latin America and by the technical assistance and financial co-operation agencies to expedite the progress of the relatively less-developed countries that it is conceivable only within the framework of careful long-term and short-term

planning. Such

planning. Such planning in its turn presupposes internal developments in each individual country, and regional efforts involving groups of countries, including those at more advanced stages of development.

In the course of the foregoing remarks I have tried to refer mainly to the background against which the growth of the relatively less-developed countries is taking place, and have endeavoured to underline their problems. The opening of this Meeting represents the culmination of a whole series of activities on the part of governments and regional institutions, in the course of which ECLA has been responsible for preparing the background documents and providing secretariat services. It is incumbent upon the present Meeting to use the stock of experience built up and the studies prepared as stepping-stones to further progress in the formulation and implementation of a policy which will enable the less-developed countries to join in the integration of Latin America.

Were we to ask ourselves what we hope to achieve as the outcome of the present Meeting, I would venture the opinion that part of the answer would be as follows.

Firstly, we want our countries to confer together so that specific problems can be better grasped, those common to all the peoples represented here can be identified, and the priority that should be assigned to the solution of each can be determined. From this discussion ideas should emerge as to what must be done forthwith and what can be left for longer-term programmes.

We hope that this exchange of views among the relatively less developed countries will not end with the present Meeting, and measures should therefore be suggested whereby they can keep in permanent or at least periodic and fairly frequent touch.

We have every confidence that this Meeting will lay the foundations for the co-ordination of planning, especially as regards regional objectives, and that clear ideas will materialize with respect to what should be done to strengthen or establish national and regional machinery for the promotion of economic development.

We think broad outlines or bases should be established for a common economic development policy covering at least the following issues: trade

/relations; fiscal

relations; fiscal and other incentives; and treatment of foreign investment, on lines that will ensure its being of real help, without prejudice to the political and economic autonomy of the countries concerned.

We aim at laying down guiding principles for action in respect of multinational projects - especially those relating to infrastructure - and sectoral agreements, for submission to the relatively more developed countries, with the active participation, needless to say, of those represented here.

We wish to work out the possibilities of obtaining more technical and financial assistance, and of co-ordinating such operations, both at the level of international institutions and at that of bilateral agreements.

We should like consideration to be given to priority measures in respect of agriculture, which will expedite its development and lead to reorganization of the marketing of agricultural products and to the integration of trade in these commodities.

As a corollary to all these aspirations, and a means of fulfilling them, we hope that the final outcome of this Meeting will be a plan of action which will not only provide the countries themselves with guidance for their efforts, but will help ECLA to carry out its own programme for the relatively less-developed countries, and on which the financial co-operation, technical assistance, and integration institutions represented here may base the intensification and co-ordination of all their activities.

To conclude, I would once again proffer my warmest thanks to the Government of Guatemala for its hospitality, and to the Bank of Guatemala for its efficient co-operation.

