NACIONES UNIDAS

CONSEJO
ECONOMICO
Y SOCIAL

Distr.
LIMITED

E/CEPAL/L.255
4 November 1981

ENGLISH
ORIGINAL: SPANISH

C E P A L
Economic Commission for Latin America

BRIEF SUMMARY OF THE REGIONAL PROGRAMME OF ACTION FOR LATIN AMERICA IN THE 1980s */

*/ Document prepared for the Meeting of the ACC Task Force on Long-Term Development Objectives, New York, 16-18 November 1981.

81-11-2428

CONTENTS

Page

I. INTRODUCTION 1

II. THE REGIONAL PROGRAMME OF ACTION 3

1. The present status of Latin American development ... 4
2. Objectives and goals of Latin American development 6
3. National economic and social development 8
4. Intra-Latin American co-operation 11
5. Co-operation with other developing areas 14
6. International co-operation 15

/I. INTRODUCTION

I. INTRODUCTION

In May 1981, the Latin American Governments, meeting in Montevideo at the nineteenth session of CEPAL, adopted a Regional Programme of Action for Latin America in the 1980s, aimed at implementing in Latin America the New International Development Strategy (IDS).

Since its inception, CEPAL has provided a forum where countries have discussed the development of the region, primarily with a medium- and long-term approach. At its biennial sessions, member Governments have put forth a diagnosis and proposals for action that have looked beyond the different internal and external economic short-term circumstances to which the Latin American countries have been subjected over the last 30 years. Thus, the programme of action is not a conjunctural response to the challenges facing the Latin American economy. It is in fact, an adaptation of the regional viewpoint to the profound phenomena that underlie the economic conjuncture and to the transformations that took place in the Latin American economy during the 1970s.

In drawing up the Regional Programme of Action, the countries kept in mind the fact that it is a component of the New International Development Strategy. Hence, they made an effort to define their objectives, goals and policies in the context of the Strategy. Moreover, as requested in the Strategy, they expanded and put into more specific terms the general formulations of the Strategy, taking into account the particular situations and priorities of Latin America, especially as regards regional co-operation and co-operation with other developing regions.

Parallel to the Programme of Action, the Governments set up a review and appraisal process. In so doing, they tried to fit it within the guidelines established by the International Development Strategy for the appraisal at the world level. However, the Governments have set into motion certain mechanisms, with the Committee of High-Level Government Experts (CEGAN) 1/ as the axis which give the regional appraisal a life of its own. It has been considered advisable to have CEGAN meet once a year. In addition to reviewing the overall progress of the exercise, CEGAN may also analyze specific problems chosen by the member Governments, including questions of specific interest to Latin America, such as regional co-operation. To strengthen these activities of CEGAN, the Governments also adopted resolution 425 (XIX) on institutional aspects, which *inter alia* establishes a close link between the CEPAL programme of work and the regional programme of action and its appraisal.

1/ This Committee, established by CEPAL resolution 310 (XIV), (May 1971), composed of the developing countries members of the Commission has served as a forum for analyzing the Latin American development process from a medium-and long-term viewpoint. The meetings of CEGAN normally precede the regular sessions of the Commission (CEPAL) and its report constitutes a central document of the Conference.

/It should

It should be borne in mind that this type of activity represents an expansion of the tasks which the Secretariat of CEPAL has been carrying out over the years. During the 1970s, it prepared background papers for the four regional appraisals of the International Development Strategy for the Second United Nations Development Decade, carried out by the Governments. During preparations for the current International Development Strategy and the Regional Programme of Action, CEPAL prepared several documents providing the technical information requested by Governments, including the documents prepared for the Montevideo meeting (XIX Session of CEPAL). These cover selected aspects of the development process 2/ and were summarized in the document entitled "Latin American Development in the 1980s" (E/CEPAL/G.1150, also available in Spanish in Estudios e Informes de la CEPAL, Nº 5, 1981).

In light of the abovementioned circumstances, the decision adopted by the Administrative Committee on Co-ordination's Task Force on Long-Term Development Objectives at its March 1981 session to concentrate on the implementation and appraisal of the New International Development Strategy seems to have come at a particularly appropriate time.

What is important is to have within the United Nations Secretariat a forum where the problems of development can be discussed from the medium- and long-term standpoints. It is especially gratifying to the CEPAL Secretariat to receive from the central bodies of the institution a vision that helps place regional issues in a broader context. At the same time, it would seem useful to transmit the regional viewpoints with respect to worldwide objectives and policies in order that the latter might be firmly founded on the regional situation.

Following is a brief synthesis of the Regional Programme of Action for Latin America in the 1980s. Special attention is given to those topics with regard to which the Programme of Action substantially expands, for the Latin American region, the content of the New International Development Strategy. For this reason, less attention is given to the question of international co-operation, which is so thoroughly dealt with in the International Development Strategy.

2/ See: "Projections of Latin American Development in the 1980s", E/CEPAL/G.1158/Rev.1, also available in Spanish in Serie Estudios e Informes de la CEPAL, Nº 6, 1981; "The foreign economic relations of Latin America in the 1980s", E/CEPAL/G.1160/Rev.1, Serie Estudios e Informes de la CEPAL, Nº 7, 1981; "Regional integration and co-operation in the 1980s", E/CEPAL/G.1151/Rev.1, Serie Estudios e Informes de la CEPAL, Nº 8, 1981; "Estrategias de desarrollo sectorial para los años ochenta: Industria y agricultura", E/CEPAL/G.1188, Serie Estudios e Informes de la CEPAL, Nº 9, 1981; and "Dinámica del subempleo en América Latina", E/CEPAL/G.1183, Serie Estudios e Informes de la CEPAL, Nº 10, 1981.

II. THE REGIONAL PROGRAMME OF ACTION

The Regional Programme of Action is organized according to the fundamental issues covered by the New International Development Strategy. Separate treatment is given to objectives and goals, policy measures and appraisal mechanisms. In addition, it includes a brief summary of the current status of Latin American development. Naturally, the content of the chapters stresses Latin American aspects, particularly regional co-operation and co-operation with other developing regions.

We feel it would be useful, before discussing in detail the content of the Programme, to stress certain principles which inspired its formulation and which, in general terms, represent positions held by the developing countries as a whole.

In the first place, the region clearly maintains its allegiance to the unity of the developing world. Numerous paragraphs of the Programme reiterate the regions's commitment to the Group of 77. Those policies which pursue specific objectives of the region are defined in most cases as complementing those pursued by the developing countries at the interregional level. The Governments of the region have rejected the principle of gradualism, which tends to divide the developing world.

In the second place, the document takes a joint approach to the main problems affecting international economic relations. This approach is consistent with the unified approach to internal socioeconomic problems. Support for the global negotiations as the central means for realizing the objectives and goals of the International Development Strategy clearly shows the intention of not allowing problems to be dealt with piecemeal.

In the third place, special importance is attached to the need to reduce the asymmetries which now characterize the structure of world trade and production. A central element of the policies aimed at achieving greater balance in international relations is that constituted by the proposals for reform in the international financial and monetary agencies so as to allow for increased participation of the developing countries in the decision-making processes.

Finally, the Programme reiterates that the proposal for strongly encouraging regional co-operation and co-operation with other developing regions cannot and must not be interpreted as a substitute for international co-operation.

As has been stated above, the Regional Programme of Action is broad in scope and covers numerous aspects of the development process. This paper points out some selected topics which illustrate its main orientations.

/1. The

1. The present status of Latin American development 3/

The review of the development process that was carried out at the regional level made it possible to proceed with the identification of those socioeconomic problems that are specific to Latin America and to link them with the international aspects described in the International Development Strategy.

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

(a) The asymmetry of external relations

The Regional Programme of Action expands considerably on the statements made in the International Development Strategy regarding the asymmetry of external relations. In its preamble, the International Development Strategy characterizes international economic relations as being inequitable and unbalanced and as constituting a serious obstacle to the development of the developing countries. The Programme of Action reviews the trends in these relations during the 1970s which, without altering the asymmetry, saw the development of new patterns in these relations with increasingly unfavourable results.

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

3/ This topic is included because the central problems identified have been substantially expanded with regard to the Strategy, specially the social aspects of development.

/One of

One of the central topics dealt with by the Preparatory Committee was that of the international situation and its effect on the International Development Strategy. The New International Development Strategy describes the situation and concludes that "the current difficulties should not deter the world community from the imperative to restructure international economic relations". The Latin American Governments, noting the unfavourable effect on the region of the recessive economic trends in the developed countries, anticipate that the prospects for the 1980s are unfavourable to and put most of the countries in an extremely vulnerable position. It then becomes necessary to make important changes in the institutional organization and structure and operation of the world economy and in national policies.

(b) Fall in the growth rate

As regards the decline in the growth rate of the Latin American countries, the irregularity of the process and the diversity among countries is stressed.

"Broadly speaking the region passed from a boom period /in the early 1970s/ to one of particular weakness, followed in recent years by moderate recovery in a climate of great instability and uncertainty, particularly for the countries with foreign trade deficits."

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

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

Thus, it is clearly shown in the Regional Programme of Action that, independently of the diversity among countries and the irregularity among periods, external relations have played an important role in the dynamism and vulnerability of the economies.

(c) Inequitable societies

The development of extremely inequitable societies is one of the central elements in the diagnosis made by the Latin American Governments. The Regional Programme of Action describes thoroughly and in detail the causes which gave rise to this type of society.

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

/"The

"The socioeconomic structure is characterized by a very high concentration of wealth and income in small segments of the population and a large section of the population remaining in conditions of extreme poverty and even of abject destitution, and at the same time often rapid growth of the middle social sectors, with major economic, social and political consequences. The development of a modern entrepreneurial sector oriented towards exports and high-income markets in most countries and the spread of technological progress in agricultural production are altering the structure and functioning of rural society and integrating it more fully with the rest of the system while at the same time increasing the differentiation between agroindustry and traditional or peasant agriculture. This has increased unemployment and the concentration of wealth in the former sector."

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

The foregoing demonstrates the desire to integrate national and international aspects and economic, social and political aspects in the way in which the development process is viewed. As will be seen below, this type of approach is used once again in establishing goals and policies.

2. Objectives and goals of Latin American development

The objectives and goals set clearly show the way in which the Regional Programme of Action implements the IDS and how much concern there is to expand the national and regional content of what has been adopted at the international level.

The list of goals included below shows the importance attached to structural change, particularly to development of a more balanced international order and more equitable societies. The emphasis given to social and political goals draws attention to that latter aspect.

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

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

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

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

/(iv) structure

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

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

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

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

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

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

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

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

Following the recommendation of the IDS, the region set its own goals. It should be stressed that the goals are in keeping with what is proposed in the IDS for the developing countries as a whole both from the economic and the social point of view. In general, the changes represent adaptations to take account of the region's current productive and social structures. The table below gives a picture of the relationship between the chief qualitative goals of the IDS and the Regional Programme of Action.

/Growth rates

	International Development Strategy	Regional Programme of Action
Growth rates		
(a) Global product	7.0%	Somewhat over 7% (Double during the decade)
(b) Agricultural product	4.0% (at least)	4.4%
(c) Industrial product	9.0%	8.5%
(d) Imports	8.0% (at least)	8.0%
(e) Exports	7.5%	8.0%
Investment/product ratio	28.0%	29.0%
Domestic savings/product ratio	24.0%	26.0%

3. National economic and social development

The Regional Programme of Action considerably expands the proposals of the IDS relating to economic and social issues at the national level. The Governments of the region have endorsed the concept of integral development establishing a close link between economic and social policies.

"Development should be conceived of as an integral process characterized by the achievement of economic and social goals which will ensure the real participation of the population in development and its benefits, which makes it necessary to carry out deep-seated structural changes in this context as a prerequisite for the integral development process aspired to."

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

"The success of the social development policies will be associated with the implementation of objectives and policies to increase production capacity, so that the structures of production and consumption can be transformed in order to meet the basic aspirations of the majorities for a better life."

/These general

These general definitions take a more specific form when capital-formation and sectoral development policies are considered.

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

(ii) In preparation of the agricultural policy particular importance should be accorded to problems relating to poverty, marginality and underemployment affecting rural areas. "Concentration of land should be avoided, particularly in the hands of transnational corporations, as should the spread of the minifundio, peasant settlement on marginal land and the underutilization of land in medium and large properties."

(iii) "Industrial supply will have to be significantly increased and reoriented in order to keep in line with the growth and changes in demand resulting from the changes in employment and the improved income distribution proposed."

(iv) "The distribution objectives proposed make it essential to have policies with an impact on the structure and dynamism of economic growth in the medium and long term and measures which affect present distribution in the short term."

It is clear that importance is attached both to institutional aspects and to changes in production that should result in an improved distribution of consumption. Although in the short term there is a need for reforms to give an initial impetus leading to the greater dynamism desired, in the medium and long term it will be the new focus on the production structure that will make it possible to achieve a more egalitarian patterm of consumption.

The approach to economic development is designed to achieve two goals. The first goal stems from the concept of comprehensive development already described, and the aim is to establish the physical basis for an improved distritution of consumption. The second goal is to establish more balanced external relations leading to a greater degree of autonomy in the decision-making process.

More balanced external relations call for both modernization of primary activities and for decisive progress in the industrialization process. It will be difficult to bring about a more balanced foreign-trade structure unless primary goods that are processed to a greater degree and industrial goods are included among exports, since they are the most dynamic and important branches in world trade.

In the framework of comprehensive development and of a greater balance in external relations, measures relating to the various production branches are proposed.

/In the

In the agricultural sector policies relating to agrarian reform, understood as a continuing process of change and adaptation of the agricultural structure to new national situations, are proposed as fundamental policies for many countries. Policies relating to "the social and economic organization of producers, the rational utilization of the national territory devoted to agriculture, the extension of the agricultural frontier," the extension of irrigation, training and administrative decentralization, and investment and agricultural credit programmes form part of, or are complementary to, agricultural reforms.

Industry is assigned a fundamental role in achieving the goals of autonomy and balance pursued. Major branches producing capital goods and basic intermediate inputs should be promoted and strengthened in the course of the decade. The share of world production would thus be increased, and the foundation for more symmetric and balanced trade between the developed countries and the developing countries would thus be laid. This increase should be achieved in the long term while maintaining productivity and efficiency.

A greater volume of technical and financial resources must be channeled to the energy sector with a view to creating, prospecting for, and exploiting, conventional and non-conventional sources of energy, while bearing in mind the fact that hydrocarbons will continue in the short and medium term to form the energy basis of the development of the countries of the region. The exchange of experience in fields such as that of biomass affords promising prospects for a group of countries of the region, which will thus be able to develop other new and renewable sources of energy.

The social development policies cover both global and functional aspects.

With regard to the global aspects, prominence is given to redistributive policies, including short-term fiscal policy, medium and long-term changes in production and employment structures, and the need for a number of countries to redistribute assets, such as access to land and water in rural areas.

With regard to policies aimed at specific population groups, of particular importance are policies to promote women and integrate them into the development process, policies for marginal low-productivity urban and rural sectors, and policies to prevent disabilities and fully to rehabilitate the disabled.

The functional social policies provided for concern: employment, education, housing, human settlement, health, social security, population and the environmental dimension. Among these policies, attention should be drawn to employment policies, which in the case of Latin America are of fundamental importance, since in the 1980s two factors that will exacerbate the employment problem will combine. On the one hand, the labour force will increase at a rate close to 3% and, on the other hand, technological change will produce a sharp increase in the product per employed person. In addition to the foregoing, there is the fact that at the beginning of the decade there were already substantial under-employment rates. However, the situation varies widely from country to country and from one social group to another. The dissimilarity in the

/production structure

production structure of the individual countries will therefore mean that it will be necessary to develop different employment policies, according to whether they are for modern or traditional sectors and for large, medium or small-scale enterprises.

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

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

4. Intra-Latin American co-operation

Latin America and the Caribbean have a long tradition in the field of integration and co-operation. In fact, the first systematic attempts to reach economic integration in the region go back to the 1950s. The result of these efforts has been the creation of four integration schemes which, although they have undergone serious tensions in recent years, have yielded important results by significantly increasing trade among the respective member countries and contributing to the formation of numerous and significant ties among nations. At the same time, many bilateral or multilateral co-operation activities have evolved in Latin America and the Caribbean, whether or not based on integration schemes, which have helped to resolve concrete problems and generate a growing network of interrelationships and interests.

Future trends in these processes are uncertain and somewhat contradictory: while on the one hand integration and co-operation appear to be basic elements needed to sustain a growth which is compatible with the needs and aspirations of the countries of the region, on the other hand it is becoming more difficult to conciliate national positions and policies with the premises imposed by joint action.

In this context, the governments have devoted the most extensive chapter of the programme to regional co-operation. It includes co-operation in the fields of regional and subregional integration, international trade, joint use of natural resources and compensation for regional imbalances, energy, industry, agriculture and food, science and technology, monetary and financial matters, technical co-operation, countries in special situations and negotiations with transnational corporations.

/In all

In all these fields, possibilities for co-operation have been identified. We will mention here only as an example some aspects of co-operation proposed by the governments.

In the past two decades the region has appreciable strengthened its institutional infrastructure. At both regional and national levels, along with the productive transformation, public and private bodies have been established which form an important part of the operating capacity of countries. The regional programme proposes to reinforce this capacity considerably.

In this area, requests have been made of regional institutions to develop or carry out joint programmes in fields such as the integration of women into the economic and social development of Latin America, energy, monetary and financial matters and a strategy for the Caribbean countries in the Third United Nations Development Decade. These tasks have been entrusted to bodies such as the Latin American Energy Organization (OLADE), the Latin American Economic System (SELA), the Meeting of Housing Ministers and Presidents of Central Banks, the Caribbean Development and Co-operation Committee (CDCC) and the CEPAL Secretariat.

In the productive sphere, co-operation between corporations and institutions has been recommended in many fields of activity. Given the importance of industrialization and modernization of primary activities in the development process, it has been proposed to intensify co-operation in information, training, research and technology throughout the entire programme. In this respect bodies such as the Latin American Technological Information Network (RITLA), the Andean System of Technological Information, the Technological Information Exchange System (TIES), sponsored by the United Nations Industrial Development Organization (UNIDO), and the Preinvestment Information Centre for Latin America and the Caribbean.

It has been proposed to establish multinational corporations in various activities to enable an advantageous approach to the challenge of the transnationals and the problems of production scale. This recommendation is especially significant in the industrial and energy fields.

In foreign trade, it is proposed to strengthen and broaden producers' associations and to create multinational corporations. In this respect, the region already has the experience of bodies such as the Union of Banana Exporting Countries (UPEB), the Group of Sugar-Exporting Latin American and Caribbean Countries (GEPLACEA), and the Multinational Banana Marketing Company (COMUNBANA).

Naturally, a central role has been assigned to the regional and subregional integration bodies in the increase in regional and international trade, achievement of food security, better utilization of natural and financial resources and strengthening of co-operation with the rest of the developing world.

This institutional network and the programmes and policies proposed and executed, besides strengthening the productive transformation and the balance-of-payments situation, will reinforce the bargaining capacity of the region with the industrial countries and with the transnational corporations.

/The need

The need to take advantage of the abundant supply of natural resources in the region opens another principal field of co-operation. In order to make joint use of natural resources, many measures are proposed which range from those designed to improve the production and marketing of commodities to those which aim at the establishment of a transport infrastructure.

The region already has co-operation experience in some of these areas. Some good examples are the binational projects for using water resources and joint actions in the marketing of some commodities. The Regional Programme of Action proposes to expand activities related to resources in numerous areas, such as export of commodities, collective self-sufficiency in basic foods, raw materials and energy, physical integration of the territory and especially of the interior of the continent, and environmental management.

The productive transformation is another aspect of co-operation included in the Regional Programme of Action. Co-operation is vital in order to broaden the size of markets, negotiate in a better position with the industrialized countries and expand technological and scientific capacity. Concrete actions are proposed in the fields of energy, industrial branches and agriculture.

Finally, a broad programme of co-operation is proposed in monetary and financial matters. This would allow for "a timely and adequate regional response to the world economic, financial and monetary crisis, the reduction of external vulnerability, and the strengthening of regional economic security, on the basis of a system of co-operative self-defence which rejects a passive role for Latin America vis-a-vis the consequences of the international economic crisis and permits the mobilization of the region's own potential and resources as the underpinning for concerted regional development on the basis of solidarity."

Concrete measures are recommended on:

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

To make this set of measures more coherent, the formulation of a regional programme of action is recommended in the monetary and financial field for Latin America and the Caribbean to be considered and put into practice in the 1980s. In this respect, many concrete measures are proposed, which include the following three: measures relating to the expansion of the financial resources of the region, measures concerning the real transfer of resources in the region and those relating to balance-of-payments support.

/5. Co-operation

5. Co-operation with other developing areas

The importance attributed by governments to the subject is shown by the special chapter devoted to it. The role of this co-operation is defined in the first paragraphs:

"During the present decade increasing emphasis must be placed upon co-operation with other developing areas. This co-operation is not only essential in itself but will help to strengthen the unity, cohesion and solidarity of the developing countries and their negotiating power with the developed countries. Co-operation among developing countries is not and cannot be considered to be an alternative to co-operation between developed and developing countries, without which it will be impossible to attain the targets and objectives for the economic and social development of Latin America."

Eight fields of co-operation are defined: trade, technical co-operation among developing countries, technology, food, energy raw materials, financing and industrialization. In these fields, numerous possibilities for co-operation are described, some in progress and others being studied. Two of these areas will be singled out for special attention here, since they recur regardless of the subject being discussed.

Firstly, an attempt will be made to strengthen the institutional structure of the relations through agreements, operation of multinational marketing corporations, binational or multinational exploration and exploitation of natural resources. Special importance is given to the current relationship between the regional commissions of Africa and Latin America, and the formulation of a programme of action to serve as an appropriate framework for numerous multilateral and bilateral initiatives is proposed. In addition, and for the same reason, it is suggested that relations with Asia be explored, co-ordinating the activities of the respective regional commissions.

Secondly, and in the framework of the co-operation agreements reached by the developing countries, especially at the Meeting of the Ad-hoc Intergovernmental Group of the Group of 77 on Economic Co-operation among Developing Countries, held in Vienna in June 1980, the suggestion is made to expand and intensify what has already been agreed. In most cases, there needs to be a guarantee by the developing countries to give priority to supplying food, energy and raw materials to the rest of the developing countries without detriment to their national interests or their existing commitments. In a similar sense, it is proposed that systems of preferences for developing countries should be established. These systems of preferences cover the fields of foreign trade, technology transfer, technical co-operation and preferential treatment in open bidding for the carrying out of industrial projects.

/6. International

6. International co-operation

The chapter on international co-operation is a specification, at the Latin American level, of the policies contained in the International Development Strategy. We will thus comment only briefly on some themes which for their special significance for the region have been given special treatment in the Regional Programme of Action.

The expansion of exports in Latin America requires a special effort in the field of industrial products. In the past decade, particularly in the second half, the region significantly increased its exports of manufactured goods. The result might have been notable if institutional restrictions of all kinds on Latin American exports had not intervened. Tariff and non-tariff barriers often affected Latin American opportunities to eliminate the external deficit. The Regional Programme of Action, for these reasons, proposes a modification of the structure and functioning of the Generalized System of Preferences. The following are proposed: (i) the inclusion in the preferences of many products subject to customs duties, such as processed agricultural products; (ii) the elimination of the quota system; (iii) the regulation of recourse to safeguard clauses; (iv) the harmonization of the systems of preferences of different countries; (v) the inclusion of non-tariff restrictions in the system and the establishment of the practice of prior consultation whenever it is necessary to limit the system's application; (vi) the completion as soon as possible of negotiations to establish a code of conduct on non-discriminatory safeguards. Besides these areas, the governments feel that it will be necessary to fight for the modification or elimination of the principles of order of preference, selectivity and competitive need, which are contrary to the very basis of generalized and non-discriminatory preferences.

In the area of external financing the region has become basically dependent on the international private bank, which today provides more than 80% of external financing. The region thus needs to recover the balance, at least to some degree, through a large increase in the official transfer of resources. In addition, private resources must be made accessible at better terms and conditions. This latter aspect has acquired increasing importance as the external debt has begun to earn variable interests and the rates of interest are reaching high levels.

The degree of industrial development reached by the region and the dynamism proposed for productive transformation make it especially important to restructure world industry and re-evaluate the role of transnational corporations. For this restructuring, the Programme proposes to carry out consultations, by industrial branch, under the auspices of UNIDO and with the collaboration of SELA and other competent bodies, for the purpose of guaranteeing a negotiating participation by the region in a new international divison of labour. For the participation of the transnational corporations in the productive transformation to adapt to national objectives, an extensive list is given of the principles which should govern its actions in the region.

/Finally, the

Finally, the Regional Programme of Action examines in detail relations with different developed areas. It considers co-operation with the United States, the European Economic Community, Japan and the Council for Mutual Economic Assistance (CMEA). In each case it points out the principal obstacles and the most important potentialities of external relations. In order to co-ordinate the Latin American position and proposals, it favours the carrying out of meetings, consultations and co-ordination within the SELA framework.