

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Twenty-Fifth Session

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LATIN AMERICAN FREE-TRADE ASSOCIATION

Information Furnished by Contracting Parties Belonging to the Association

I.

CONFERENCE OF THE CONTRACTING PARTIES

1. Seventh regular session of the Conference

- (a) The seventh regular session of the Conference took place at the Association's headquarters from 23 October to 18 December 1967.
- (b) In the course of the Conference the seventh series of annual negotiations took place under Article 4 of the Montevideo Treaty. The results of the negotiations are set forth in detail in Section III of this report.
- (c) The Contracting Parties continued the process of re-establishing preferential margins that had been affected by changes made in their respective tariff systems. It was decided to set 1 March 1968 as a new time-limit for the re-establishment by the Contracting Parties of the preferential margins already granted, and that consideration should continue on cases that were still pending.

2. Seventh special session and eighth regular session of the Conference

The seventh special session of the Conference opened on 16 July last; it was convened by the Committee to consider rules to regulate trade in agricultural products after the end of the transitional period, and to carry out the negotiations on the common schedule that are required in the second three-year period under Article 7 of the Treaty.

In accordance with Resolution 227 (VII) the eighth regular session of the Conference opened on 21 October.

Both sessions of the Conference are still in progress and are examining the matters included in their respective agendas.

II.

STANDING EXECUTIVE COMMITTEE

1. Establishment of priorities in connexion with the progressive co-ordination of economic policies and instruments, and the approximation of national legislation as and when required by the integration process (Resolution 193 (CM-II/VI-E))

The Committee commenced consideration of this matter with a general review of the Association's activities in connexion with the co-ordination of policies and instruments and the approximation of national legislation in the various sectors covered by the integration process. The following fields of action were identified:

- (a) Trade policy and customs legislation. Substantial progress has been made in this field with the approval by the Contracting Parties of common instruments and mechanisms. It was decided to convene groups of experts and specialized meetings; the results of these are reported more fully in the trade policy section of this report.
- (b) Financial and monetary matters. Work in this sector is proceeding in three directions: first of all, with a view to perfecting and extending the system of clearing arrangements and reciprocal credits; secondly, in co-operation with the IDB, studies have been made on investments matters, in order to give the Contracting Parties a general picture of the problem and to furnish indications that will help identify the steps that could be taken towards the co-ordination of policies in this sector.

Lastly, contacts are being maintained with the specialized departments of the OAS on the fiscal aspects, because that organization has detailed studies on this subject that might be very useful for the Association.

- (c) Industrial matters. A study has been made on trade marks and patents in the field of industrial property, with a view to furnishing up-to-date information to Contracting Parties on the various national systems, and also to providing the bases for accession to an international convention and for the adoption within the Area of a centralized registration and information system.
- (d) Agricultural matters. With the advice of technical bodies in the Association, the Committee has drawn up draft rules to govern trade in agricultural products after the end of the transitional period. The draft calls for studies to be undertaken with a view to co-ordinating the policies of Contracting Parties from the general aspect as well as with respect to individual products or groups of products.

- (e) Transport. In this sector the work has been mainly directed towards the adoption of measures to facilitate international road transport, and a preliminary draft agreement has been drawn up and submitted to the governments for study.
- (f) Other sectors. Work has continued on the activities already mentioned in earlier reports, including labour questions, insurance and commercial banks; it is hoped that by next year new elements will have been assembled that will make it possible to convene meetings of experts to proceed further with consideration of these topics.

2. Activities of the LAFTA-CACM Co-ordinating Committee
(Resolution 190 (CM-II/VI-E))

The LAFTA-CACM Co-ordinating Committee, composed of the executive bodies of the two economic integration systems, met from 14 to 18 October at Port-of-Spain (Trinidad and Tobago).

The purpose of the first meeting of the Co-ordinating Committee was to commence joint consideration of the undertakings deriving from the Declaration of American Presidents (Punta del Este, April 1967) concerning the alignment process between LAFTA and CACM and with a view to the creation of the Latin American common market.

3. Common policy of the LAFTA countries towards third countries and international organizations (Resolutions 167 (CM-I/III-E) and 191 (CM-II/VI-E) and ALALC/C.VII/Memorandum 3)

In accordance with the procedure recommended by the Conference for consideration of this item, the Committee established a working party to examine problems connected with the international marketing of meat and with possibilities for common policies of the Contracting Parties towards third countries and international organizations.

The Working Party is carrying out this task on the basis of information requested from the Contracting Parties concerning the direction of each country's export trade in meat, together with statistics on the value of exports and imports of bovine meat and meat on the hoof, plans for livestock development and export régimes at present existing in the Area.

In addition, it will study aspects connected with the situation in European markets and regulations on meat marketing, and will have before it a study on bovine meat that is now being prepared within the context of the programme for collaboration between ECLA/FAO and LAFTA.

4. Considerations and decisions on recommendations made by the Advisory Committee on Commercial Policy at its third meeting (Resolution 215 (VII))

The Conference empowered the Committee to approve four draft resolutions drawn up at the third meeting of the Advisory Committee on Commercial Policy, and which it had not been possible to examine in detail before the seventh regular session. The draft resolutions relate to the following aspects:

- (a) Administrative rules for administrative supervision of the valuation of goods for customs purposes. The Committee approved Resolution 148, recommending that, in applying the Brussels Definition of Value for Customs Purposes and the notes thereto, in accordance with Resolution 133 (V) of the Conference and Resolution 87 of the Committee, Contracting Parties should observe the basic rules set forth in the text thereof.
- (b) List of essential data to be included in customs documents used in foreign trade transactions. On the basis of drafts referred to it for examination by the Conference, the Committee adopted two Resolutions on this subject. The first one provides that the Contracting Parties should adopt, not later than 1 January 1969, a list of essential data to be included in customs documents used for the import of goods. The Committee will also draw up any explanatory notes that may be necessary to facilitate application of the list by national customs administrations.

The second Resolution provides that countries in the Area should adopt, also not later than 1 January next year, a list of essential data to be included in the customs documents used for the export of goods. The Committee is also empowered to take any measures that may be necessary to facilitate application of the system by the customs service.

5. Recommendations made by the Conference at its seventh regular session on the improvement and extension of clearing arrangements and reciprocal credits (LALC/C.VII/Memorandum 3)

Work on financial and monetary matters has been mainly in two directions: on the one hand, with a view to perfecting the system of multilateral clearing and reciprocal credits at present in operation within LAFTA and, on the other hand, with a view to linking up the payments mechanisms already in application in the Area and in the CACM.

- (a) Improvement and extension of the LAFTA payments system. The meetings convened by the Committee in this connexion led to the approval of important amendments to the general agreement and to the regulations for the multilateral clearing system, together with the adoption of various provisions designed to standardize banking procedures so as to facilitate the operations of each central bank.

A model agreement on reciprocal credits was approved; it incorporates the amendments introduced in the system by the Council on Financial and Monetary Policy at its third meeting. These amendments came into force on 1 July this year and are as follows:

- (i) Introduction of an additional mechanism for utilizing availability margins under the reciprocal agreements. This additional mechanism will permit the multilateral utilization of balances available to the central banks on a bilateral basis, to enable them to meet any shortage of credits that might result from the agreements between the central banks.
- (ii) Extension of the time-limit for clearing from sixty to ninety days; central banks in the relatively less-developed countries, which may prefer clearing every sixty days, have the option of continuing to do so every two months and making settlement for the entire quarter on the debits for the last month only.
- (iii) Establishment of interest on debts in the accounts of reciprocal agreements. The rate of interest will be uniform and fixed for each period and will be equivalent to the re-discount rate applied by the Federal Reserve Bank of New York, reduced by 1 1/2 points.

As regards the operational mechanisms of the system, model banking procedures have been approved in accordance with the recommendations made by the meeting of experts on exchange transactions, with a view to eliminating certain difficulties relating to accounting and formalities which had arisen in the conduct of such transactions.

A procedure has also been drawn up for calculating interest and for the formalities for transfers occurring in the multilateral use of availability margins.

It should be noted also that Bolivia and Venezuela have come into the payments system, thus increasing the number of contracting parties participating in the agreement between the central banks. There has also been an increase in the amount of credits granted to each other by certain central banks as a result of the extension of the period for clearing and the growing requirements of intra-area trade.

- (b) Linking up of existing payment systems in LAFTA and CACM. Taking into account a recommendation by the sixth meeting of Governors of Latin American central banks and as a step towards the merging of LAFTA and CACM, the Committee is studying the possibility of linking up of the payments systems of the two integration organizations. Following preliminary meetings by the advisory bodies of the Association, and in agreement with the CACM authorities, the Committee convened a meeting of experts from the central banks of the two regional groupings.

The outcome of the meeting was a draft based on the existing LAFTA mechanism, that is to say on the basis of agreements for bilateral reciprocal credits between the countries in the Area and the CACM central banks as a whole. The draft also provides that the Central Reserve Bank of Peru, which already acts as paying agent within the Association, should do so within the new system.

The draft was considered by the Council on Financial and Monetary Policy at its fourth meeting, after having been approved by the authorities of the central banks of the LAFTA countries, and has been referred for consideration to the seventh meeting of the Governors of Latin American central banks.

6. Meetings by sectors

Under a new arrangement for the programme of sector meetings this year, various regional entrepreneurial organizations, acting with advisory assistance from the secretariat, have been responsible for organizing and co-ordinating meetings in individual sectors. This procedure has lightened the Association's work programme and has helped to disseminate more widely the objectives of the Montevideo Treaty throughout the various entrepreneurial organizations in the Contracting Parties.

The Committee examined the reports of the sector meetings and adopted decisions on the recommendations made by them. In connexion with the liberalization of intra-Area trade, it was suggested that the governments should include 858 new concessions in national schedules and fifty-two new items in the special schedules for relatively less-developed countries. In addition, two preliminary drafts of complementarity agreements were drawn up.

The Committee is presenting a separate report to the Conference on the sector meetings held in 1968, setting forth the results of the meetings and the recommendations submitted to the organs of the Association.

7. Entrepreneurial matters

The Advisory Committee on Entrepreneurial Matters held its third meeting at the beginning of this year when it examined, among other topics, mechanisms to facilitate the participation of entrepreneurs in the integration process, the financing of industrial re-conversion and re-orientation of labour, international commercial arbitration and the harmonization of wages, wage policies and social benefits for workers. Simultaneously, and also in Mexico City, the first Latin American Industrialists' Congress took place. The conclusions adopted by the Congress were incorporated in the Advisory Committee's report because of the fact that the participating entrepreneurs considered that those conclusions reflected the views of the entrepreneurial sector with respect to the major problems connected with the regional integration movement.

As regards sector meetings, the Committee stressed the need for governments to inform participants, through the respective professional grouping, of their policies and views with respect to LAFTA in order to ensure better co-ordination between the public and private sectors. It was also suggested that as many meetings as possible should be held away from the Association's headquarters in order to encourage the widest possible participation by entrepreneurs from all countries in the Area.

The Committee suggested that the Standing Committee should request the secretariat to prepare a report on the implementation of complementarity agreements and related problems; it also requested the governments of the contracting parties to take action wherever possible on the recommendations made by sector meetings with respect to tariff reductions.

The studies to be carried out by the secretariat at the request of the Advisory Committee for consideration at the next meeting of entrepreneurs include an enquiry on overland transport tariffs, electricity services and wages for certain labour categories.

The Committee's final report was examined in detail by the Standing Committee; the latter took note of the recommendations made, transmitted them to the governments of contracting parties where appropriate, and instructed the secretariat to carry out certain studies for submission to the Advisory Committee.

III.

LIBERALIZATION PROGRAMME

1. Trend of intra-Area trade

At 31 December 1967 - the sixth year of operation of the liberalization programme - trade between the countries belonging to the Association amounted to \$1,414 million, an increase of \$756 million over the figure for 1961, the year before the machinery of the Montevideo Treaty began to function.

In spite of some decline recorded during the last year, the indices for the period 1962/1967 show that intra-Area trade developed very significantly as compared with the year 1961 - in 1962 +18 per cent, in 1963 +44 per cent, in 1964 +83 per cent, in 1965 +113 per cent, in 1966 +122 per cent and in 1967 +114 per cent. (See Table I.)

TABLE I

Year	Area exports (\$ million)	Area imports	Total Area trade	Index 1961=100	Percentage share of total trade by Member countries
1961	299	360	659	100	6.0
1962	354	420	774	118	7.0
1963	425	525	950	144	8.4
1964	557	645	1,203	183	10.1
1965	635	768	1,403	213	11.3
1966	675	784	1,459	222	10.5
1967	651	763	1,414	214	10.2

The 1967 decline in both exports and imports confirms to some extent the trend which began in 1966 towards a decrease in intra-area trade which had recorded a progressive and very significant increase until then. Although the greatest volume of intra-area trade was recorded in 1966 (\$1,459 million representing an increase of \$800 million over the 1961 trade), that same year showed some decrease in the expansion process which, in general, did not keep up with the growth rhythm recorded up to that time.

Trade between the nine LAFTA countries which at the end of 1967 had national schedules and the rest of the world increased since 1962 by \$2,111 million, the years 1966 and 1967 showing the greatest increase recorded in this period (\$1,400 million).

In 1967 there was a negative balance in trade between these countries and the rest of the world - a situation which had not existed since 1964.

(It must be noted that the increase in trade with third countries during 1967, which amounted to more than \$50 million, corresponds on the whole to more purchases made by the LAFTA countries in the rest of the world.)

The trend of the trade on the regional market during the last year was different according to the various Contracting Parties.

TABLE II
(millions of dollars)

	Argentina	Brazil	Colombia	Chile	Ecuador	Mexico	Paraguay	Peru	Uruguay
Exp.FOB	242.7	181.5	29.1	53.7	12.5	56.7	20.0	52.3	26.8
Imp.CIF	226.7	167.0	56.0	140.9	8.3	33.7	14.3	31.5	46.0
Balance	+16.0	+14.5	-26.9	-87.2	+4.2	+23.0	+5.7	-39.2	-19.2
Total	469.1	348.5	85.1	194.6	20.8	90.4	34.3	143.8	72.8
Exp.FOB	271.4	154.2	18.8	77.4	14.8	47.7	15.6	34.2	17.0
Imp.CIF	212.0	171.6	31.9	143.1	12.4	38.2	16.5	33.4	44.1
Balance	+59.4	-17.4	-13.1	-65.7	+2.4	+9.5	-0.9	-59.2	-27.1
Total	483.4	325.8	50.7	220.5	27.2	85.9	32.1	127.6	61.1
Variation (above or below) of the overall 1967 trade from that of 1966	+14.0	-22.7	-34.4	+25.9	+6.4	-4.5	-2.2	-19.2	-11.7

From Table II above, it will be seen that:

- (a) The trade of Argentina and Brazil accounts for more than 50 per cent of the intra-Area trade (57 per cent) and that its trend is the opposite for the two countries. Whereas Argentina, in 1967, maintained the continued increase of its exports while diminishing its purchases in the Area, Brazil appreciably reduced its sales, hardly exceeding the Area imports recorded in 1966;
- (b) Colombia and Uruguay decreased their trade with the Area during 1967, Colombia by more than 30 million dollars and Uruguay by about 12 million. (Colombia's imports from the Area were reduced during 1967 by about 25 million; the Uruguayan decrease was mainly due to the reduction of its exports, although its purchases in the Area were also reduced);
- (c) Chile, in an opposite position from that of Colombia and Uruguay, increased its intra-Area trade in 1967, basically through its exports, which increased by more than 23 million dollars over those of the previous year;
- (d) The trade of the countries with relatively less economic development showed a different pattern from that of the overall intra-Area trade recorded in 1967. Whereas Ecuador increased its participation in this trade, chiefly by larger purchases of Area origin, Paraguay decreased its trade with the Area, but on account of smaller sales on this market. In both cases the result was the same: both countries had a decreased positive trade balance with the Area and, in the case of Paraguay, it became a negative balance;
- (e) Mexico also decreased its trade with the Area during last year. Although it increased its purchases, Mexico reduced its exports to the Area, which gave rise to an appreciable decrease in the positive balance that it had had since 1966;
- (f) Peru also decreased its trade with the Area during 1967, a continuation of the process of depreciation of its sales on the Area market which began in 1965.

2. Analysis of the 1967 negotiations

The result of the negotiations held during the seventh regular session of the Conference took the form of granting a considerable number of concessions (451) on various products. Seventy-five per cent of these corresponded to new entries in the liberalization programme and 25 per cent of them to further rebates on products already negotiated.

Most of the concessions resulted from negotiations by Argentina, Brazil and Mexico, which together accounted for more than 70 per cent of the concessions.

In addition to these concessions, Bolivia and Venezuela also granted a number of customs rebates: 184 and 214 respectively, in accordance with the provisions of Articles 58 and 59 of the Treaty, thus complying with Resolutions 194 (IV-E) (Bolivia) and 188 (IV-E) (Venezuela).

To the concessions granted by Venezuela should be added the 275 already included in its national schedule for the fourth period of extraordinary sessions and which came into force from 1 September 1967 for the contracting parties which had concluded their negotiations with this country.

TABLE III

Country	Conference	Concessions
Bolivia	VII	184 ^{1/}
Venezuela	IV-E) VII)	275) 214) 489
Total		673

^{1/} The calculations include the concessions that have been effectively granted, although it must be pointed out that the itemization of these concessions in accordance with the NABALALC code is the determining factor in the variation of these figures (concessions for different products entered under the same NABALALC item with equal rights).

All in all, the tariff concessions granted by the contracting parties at the end of the seventh regular session amount to 10,382.

The following table shows the trend of the concessions granted by the countries belonging to the Association, indicating for each year the concessions granted during the negotiations completed at the end of the preceding year:

TABLE IV

Country	1962	%	1963	%	1964	%	1965	%	1966	%	1967	%	1968	%
Argentina	414	12.7	1,072	14.1	1,280	15.5	1,363	16.1	1,537	17.0	1,621	17.3	1,717	16.5
Bolivia	-	-	-	-	-	-	-	-	-	-	-	-	178	1.7
Brazil	619	19.0	1,250	16.5	1,312	15.9	1,352	16.0	1,511	16.7	1,603	17.1	1,710	16.5
Colombia	268	8.3	619	8.1	704	8.5	714	8.4	745	8.2	751	8.0	766	7.4
Chile	343	10.6	833	11.0	864	10.5	872	10.3	894	9.9	917	9.7	959	9.2
Ecuador	-	-	1,714	22.6	1,677	20.3	1,680	19.8	1,685	18.6	1,689	18.0	1,697	16.4
Mexico	288	8.9	607	8.0	727	8.8	802	9.5	937	10.4	1,030	11.0	1,090	10.5
Paraguay	520	16.0	589	7.8	665	8.1	663	7.8	677	7.5	691	7.3	691	6.7
Peru	227	7.0	299	3.9	355	4.3	364	4.3	392	4.3	402	4.3	424	4.1
Uruguay	567	17.5	610	8.0	664	8.1	664	7.8	676	7.4	689	7.3	716	6.9
Venezuela	-	-	-	-	-	-	-	-	-	-	<u>1</u> /	-	434	4.2
Total	3,246		7,593		8,248		8,474		9,054		9,393		10,382	

The concessions in the national schedules of Argentina, Brazil and Ecuador, which between them register identical percentages of participation, comprise almost 50 per cent of the total of concessions included in the liberalization programme.

1/ Bolivia and Venezuela are not taken into account because the national schedule of the former came into force during the present year and that of Venezuela was partially effective in 1967 (from 1 September 1967) and only in favour of Colombia, Chile, Mexico, Paraguay, Peru and Uruguay.

Nature of the concessions granted

Analysis of the customs concessions made in connexion with the nature of the product affected will show that the concessions granted during the seventh period have kept up the trend already apparent in the liberalization programme, more than 50 per cent going to "products of the chemical industries" and "machinery and mechanical appliances; electrical equipment" together with "base metals and manufactures thereof".

As can be seen from Table V, more than 60 per cent of the concessions granted in the national schedules of the contracting parties - except Ecuador - fall under these three items.

TABLE V

Concessions Granted in National Schedules

(Bolivia and Venezuela in accordance with Article 59 of the Treaty)

BTN sections	Product	N.S.	Bolivia	Venezuela	Total	% of total
VI	Products of the chemical and allied industries	145	11	152	308	27.4
XVI	Machinery and mechanical appliances; electrical equipment	112	31	130	273	24.3
XV	Base metals and articles of base metal	41	27	58	126	11.2
IV	Prepared foodstuffs; beverages, spirits and vinegar; tobacco	27	12	22	61	5.4
II	Vegetable products	14	4	39	57	5.1

TABLE V (cont'd)

BTN sections	Product	N.S.	Bolivia	Venezuela	Total	% of total
XVIII	Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers, magnetic	17	10	21	48	4.3
IX	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware wicker-work	6	38	2	46	4.1
X	Paper-making material; paper and paperboard and articles thereof	10	23	9	42	3.7
XX	Miscellaneous manufactured articles	22	0	7	29	2.6
VII	Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubber, factice, and articles thereof	16	1	12	29	2.6
I	Live animals; animal products	5	13	7	25	2.2
XI	Textiles and textile articles	11	0	9	20	1.8
III	Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes	11	1	6	18	1.6

TABLE V (cont'd)

BTN sections	Product	N.S.	Bolivia	Venezuela	Total	% of total
XIII	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials; ceramic products; glass and glassware	6	6	2	14	1.2
XVII	Vehicles, aircraft and parts thereof; vessels and certain associated transport equipment	3	7	4	14	1.2
V	Mineral products	1	0	7	8	0.7
XIV	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin	2	0	1	3	0.3
VIII	Raw hides and skins, leather, fur skins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	2	0	0	2	0.2
XII	Footwear, headgear, umbrellas, sunshades, whips, riding crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans	0	0	1	1	0.1
	Total	451	184	489	1,124	100.0

Bolivia and Venezuela also maintained this tendency, recording in their national schedules 38 and 60 per cent respectively of the concessions granted by this Conference under the items referred to.

Apart from the concessions mentioned, it should be pointed out that some sizeable concessions have been granted under other headings, e.g. prepared foodstuffs; beverages; spirits and vinegar; tobacco; measuring, checking, precision, medical and surgical instruments and apparatus; watches and clocks; musical instruments; artificial plastic materials; cellulose ethers and esters; artificial resins and articles thereof; rubber, natural or synthetic, factice, and articles thereof.

Thirty-six per cent of the concessions included in the liberalization programme at this time were part of the recommendations resulting from the entrepreneurial meeting during the previous year¹ officially recognized by some of the contracting parties (Argentina, Brazil and Mexico) at the Seventh Conference.

Concessions granted on the basis of recommendations by the entrepreneurial meetings

During 1967 various meetings of entrepreneurs took place which issued recommendations to the respective governments of contracting parties for the inclusion in the national schedules of new products in the various sectors of industry or for broadening the margins of preference of those already in existence. These recommendations were considered during the discussions of this Conference and, out of 631 recommendations drawn up by the entrepreneurs at their meetings, 162 were taken into account, which means that 25.6 per cent of the suggestions were complied with.

IV.

INSTITUTIONAL AND JURIDICAL MATTERS

1. Special Panel of Jurists (Resolutions 165 (CM-I/III-E) and 126 of the Committee)

Resolution 165 (CM-I/III-E) of the Council of Ministers provided for the setting up of a provisional system for settling disputes between the contracting parties which will remain in force until the establishment of the definitive régime under the Protocol signed at the last meeting of Chancellors. The Committee then issued Resolution 126 regulating the operation of the Panel and during the present year the list of jurists designated by the contracting parties to belong to the panel has been completed.

2. Protocol institutionalizing the Council of Ministers of Foreign Affairs
Protocol for the settlement of disputes
Protocol on movement of persons
Agreement on privileges and immunities (Resolutions 6 (I) and 7 (I))

Developments in connexion with the above legal instruments in this period are as follows:

- (a) On 13 March of the present year, the Delegation of Mexico in the Committee informed the CONTRACTING PARTIES that the Government of its country had ratified the protocol institutionalizing the Council of Ministers and the protocol on the settlement of disputes.

¹See the item "Concessions granted on the basis of recommendations of the entrepreneurial meetings" on page of this report.

- (b) The Permanent Delegation of Brazil informed the Committee that on 5 August last the President of the Federal Senate of his country promulgated Legislative Decree No. 28 approving the text of the protocol institutionalizing the Council of Ministers of LAFTA. On the second of the present month, this Delegation deposited the corresponding instrument of accession.

3. Complementarity agreements

I - New developments during the period covered by this report

A. Agreements brought into force and amendments to existing agreements

(a) Electronic tubes

On 18 December 1967, the Plenipotentiaries of Argentina, Brazil, Chile, Mexico and Uruguay signed an additional protocol concerning the second revision of the list of exceptions contained in the complementarity agreement on electronic tubes signed at Montevideo on 18 February 1964. The text of the additional protocol is reproduced in an annex to the final act of the seventh regular session of the Conference.

Reference documents: complementarity agreement on electronic tubes, additional protocol on the second revision of the list of exceptions and the final act of the seventh regular session of the Conference.

(b) The chemical industry

The Plenipotentiaries of Argentina, Brazil, Colombia, Chile, Mexico, Peru, Uruguay and Venezuela on 19 December 1967 signed the complementarity agreement on the chemical industry.

On 5 April of the current year, the Committee, in Resolution 142, declared that the complementarity agreement was compatible with the general principles and aims of the Montevideo Treaty.

The Governments of Brazil, Colombia, Chile and Peru have already put this complementarity agreement into force in their own countries.

As provided for in the protocol for the complementarity agreement, the Committee administering the agreement was set up and began its work with a view to drawing up its rules of procedure, on 10 September of the present year.

(c) Products of the petroleum-chemical industry

On 25 July of this year, the Plenipotentiaries of Bolivia, Colombia, Chile and Peru signed the protocol of the complementarity agreement on products of the petroleum-chemical industry.

On 29 August 1968, the Standing Executive Committee declared that the agreement was compatible with the general principles and aims of the Montevideo Treaty, and drew up Resolution 154.

The Council for the administration of the Agreement, as set forth in Article 28 of the protocol of the complementarity agreement should be set up within sixty days from the date of declaration of compatibility of the Agreement; the deadline falls on 28 October of the present year.

Reference documents: protocol of the complementarity agreement on products of the petroleum-chemical industry and CEP/Resolution 154.

(d) Household goods

On 27 August 1968, the Plenipotentiaries of Argentina and Uruguay signed the protocol of the complementarity agreement on products of the household goods industry.

In Resolution 157, of 24 September 1968, the Committee declared the agreement to be compatible with the general principles and aims of the Montevideo Treaty.

Reference documents: protocol of the complementarity agreement on products of the household goods industry and CEP/Resolution 157.

B. Draft complementarity agreements being negotiated or which one or more delegations have declared their intention of signing

(a) Glass industry

On 22 April 1968 began the negotiation of the complementarity agreement for the glass industry; the delegations of Argentina, Brazil, Colombia, Mexico and Uruguay took part in these negotiations.

(b) Household electronic equipment

The negotiation group of the complementarity agreement, composed of the delegations of Argentina, Brazil, Colombia, Chile, Mexico, Peru, Uruguay and Venezuela met from 27 November to 14 December last year and agreed to resume negotiations on 1 April of the present year.

The negotiations began again on 1 July last year and lasted until 10 September, when once again they were temporarily suspended.

(c) Some products of the refrigeration and household equipment industry

On 28 May 1968, the delegation of Brazil informed the Committee that it intended to sign an agreement on products of the refrigeration and household equipment industry. The delegation of Argentina made a similar communication to the Committee on 27 August last.

Referring to Article 12 of Resolution 99 (IV), the delegations of Chile and Mexico asked the Committee for the negotiations on this complementarity agreement to be postponed for a further period of sixty days.

However, the delegation of Argentina, in a letter dated 11 instant, stated that the Government of his country did not wish to start such a negotiation before 1969 and in any case after the forthcoming meeting of ALAINEE. This request was based on the intention of the Argentine Government to negotiate the inclusion in the liberalization programme of some of the products comprised in the draft agreement during the eighth ordinary session of the conference; and with the further object of responding to the suggestions made by the entrepreneurs with respect to the project in question.

(d) Equipment for the generation, carriage and distribution of electric power

On 28 May and 17 September 1968 respectively, the delegations of Brazil and Mexico informed the Standing Executive Committee that they intended to sign a complementarity agreement on equipment for generating, carrying and distributing electric power. At least two countries having declared their intention of taking part in negotiations, the time-limit of forty-five days provided for in Article 11 of Resolution 99 (IV) expires on 1 November 1968.

(e) The chemical industry

On 20 August 1968, the delegation of Mexico informed the Standing Executive Committee of its intention to sign a complementarity agreement on some products of the chemical industry. The Standing Executive Committee, on 10 September 1968, took note of the recommendation made by the entrepreneurs taking part in the fifth entrepreneurial meeting of the chemical industry, asking for the products shown in Annex I to this final report to be incorporated in the complementarity agreement on the chemical industry in force.

C. New draft complementarity agreement proposed

(a) Valves for industrial use

On 4 June 1968, the Committee took note of the final report of the second entrepreneurial meeting on valves for industrial use which contains the Act signed by the entrepreneurs on 18 May 1968.

(b) Articles of the plastic industries

On 10 September 1968 the Committee took note of the final report of the third entrepreneurial meeting of the plastic industries which contained the Act signed by the entrepreneurs on 30 August 1968..

II - List of complementarity agreements in force up to the present

Taking into account the development concerning complementarity agreements during this period, the list of protocols in force up to date is as follows:

COMPLEMENTARITY AGREEMENTS IN FORCE

Agreement No.	Sector	Date of Signature	Participants	Declaration of compatibility	Entry into force
1	Adding machines and punched card machines	20.7.1962	Argentina, Brazil, Chile and Uruguay	CEP Resolution 21, 10 August 1962	Argentina - 27 November 1962 Brazil - 11 October 1962 Chile - 24 August 1962 Uruguay - 31 October 1962
2	Electronic tubes	18.2.1964	Argentina, Brazil, Chile, Mexico and Uruguay	CEP Resolution 42, 19 March 1964	Argentina - 27 May 1964 Brazil - 7 May 1964 Chile - 18 November 1964 Mexico - Agreement of 27 August 1964 Decree of 23 June 1965 Uruguay - 17 June 1965 First withdrawal of tubes from the list of exceptions; Argentina - 18 May 1967 Brazil - there is no list of exceptions Chile - 22 March 1967 Mexico - 27 June 1968 Second withdrawal of tubes from the list of exceptions: Brazil - there is no list of exceptions Mexico - 27 June 1968 Brazil - Decree of 27 July 1966 Official Decree 12 October 1966 Uruguay - Decree of 14 July 1966 Official Decree 9 September 1966
3	Products of the industry, of household electrical, mechanical and heating equipment	2.6.1966	Brazil and Uruguay	CEP Resolution 94, 1 July 1966	Brazil - Decree of 27 July 1966 Official Decree 12 October 1966 Uruguay - Decree of 14 July 1966 Official Decree 9 September 1966
4	Products of the electronic industry and electrical communications	2.6.1966	Brazil and Uruguay	CEP Resolution 94, 1 July 1966	Brazil - Decree of 27 July 1966 Official Decree of 12 October 1966 Uruguay - Decree of 14 July 1966 Official Decree of 9 September 1966

COMPLEMENTARITY AGREEMENTS IN FORCE (cont'd)

Agreement No.	Sector	Date of Signature	Participants	Declaration of compatibility	Entry into force
5	Chemical industry	19.12.1967	Argentina, Brazil, Colombia, Chile, Mexico, Peru, Uruguay and Venezuela	CEP Resolution 142, 5 April 1968	Argentina - Decree 63.098 of 6 August 1968 Brazil - Official Decree of 21 August 1968 Colombia - Decree 2.034 of 19 July 1968 Chile - Decree 1.065 of 15 June 1968 Mexico - Official Decree of 7 August 1968 Peru - Supreme Decree 259-68MC, of 26 July 1968 Uruguay - Venezuela -
6	Products of the petroleum-chemical industry	25.7.1968	Bolivia, Colombia, Chile and Peru	CEP Resolution 154, 29 August 1968	Bolivia - Colombia - Chile - Peru -
7	Products of the household goods industry	27.8.1968	Argentina and Uruguay	CEP Resolution 157, 24 September 1968	Argentina - Uruguay -