

GENERAL AGREEMENT ON TARIFFS AND TRADE

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LATIN AMERICAN FREE TRADE ASSOCIATION

Report on the Work of the Association during 1969

STANDING EXECUTIVE COMMITTEE

I - PROGRAMME OF WORK

1. Assessment of progress in the integration of LAFTA

In accordance with Resolution 239 (VIII) of the Conference, the Committee was obliged during 1969 to make an assessment of the progress of integration in LAFTA and to decide what future action should be taken to promote this.

The extraordinary sessions which were held for this purpose lasted from 23 June to 15 July and from 1 to 30 September. The results achieved in accordance with the mandate given to the Committee and with the various draft texts which were submitted have been reproduced in the special report on the progress of integration which the Committee submitted to the Conference at its ninth regular session.

2. Agreement on sub-regional integration

On 26 May 1969, Plenipotentiaries from Bolivia, Colombia, Chile, Ecuador and Peru signed an agreement on sub-regional integration, after the second sitting of the sixth meeting of the Joint Commission on the Declaration of Bogota had approved the text at a meeting held in Cartagena from 5 to 24 May this year.

In accordance with Article 2 of Resolution 202 (CM-II/VI-E), the Conference delegated to the Committee power to approve any sub-regional agreements which might be drawn up between any of the contracting parties. In the case of this particular sub-regional agreement, Article 2 of Resolution 203 (CM-II/VI-E) expressly delegated to the Committee power to check whether the agreement was compatible with the bases laid down in that Resolution.

On 10 June, representatives of Bolivia, Colombia, Chile, Ecuador and Peru handed to the Committee a note together with the text of the agreement and requested the Committee to consider whether it was in conformity with the standards laid down by the Association.

On 4 July, the Committee held an extraordinary meeting to consider the text of the agreement and this was attended by the co-ordinator and members of the Joint Commission on the Declaration of Bogota who explained the features of the proposed agreement.

The representatives of the other contracting parties put a number of questions to the Joint Commission in order to have explanations as to the scope of certain provisions of the agreement. Finally they approved it by Resolution 179 in which it was stated that the agreement for sub-regional integration was compatible with the Treaty of Montevideo and was in accordance with the principles laid down in Resolution 203 (CM-II/VI-E) and the standards contained in Resolution 222 (VII).

In this declaration concerning compatibility special mention was made of the fact that any countries with a relatively less-developed economy which wished to adhere to the agreement would be entitled to treatment similar to that provided in the case of Bolivia and Ecuador.

Chile, Colombia and Peru ratified the agreement and deposited their instruments of ratification on 8 and 9 September and 16 October respectively; in consequence the agreement came fully into force.

3. Commercial policy

The Committee continued its work of developing a programme for the harmonization of the instruments governing the foreign trade of the contracting parties. This work was begun at the technical level in meetings held by the Advisory Committee on Commercial Policy and its groups of experts on customs technique and evaluation, by the national directors of customs and the heads of schools for the training of customs officials, by the Advisory Committee on Nomenclature and by a study group concerning external tariffs. The work achieved by those bodies is summarized below.

(a) Uniform definitions of customs terms. Studies on the preliminary drafts of common definitions for customs terms continued on the basis of being mere working hypothesis which could be used in future customs legislation by the contracting parties. On this understanding more than fifty preliminary draft definitions have so far been drawn up and the Secretariat has been asked to undertake the necessary supplementary technical studies to clarify the exact sense of certain definitions which it has proved difficult to draft. It is hoped that during the coming year it will be possible to complete the various preliminary drafts of common definitions to be included in the Latin American glossary of customs terms.

(b) Standardization and unification of customs documents and other documents used in foreign trade operations. In accordance with Resolutions 149 and 150 concerning the adoption by the contracting parties of lists of essential

data to be included in the customs documents at present in use for import and export operations, the Committee approved the explanatory notes on the data contained in these lists. Those notes were transmitted to the appropriate national authorities through their respective representatives in the form of memorandum 143 of 12 December 1968. The adoption of Resolutions 149 and 150 and the approval of the explanatory notes concluded the first phase of the programme of standardization and unification of customs documents used in import and export operations as required by Resolutions 100 (IV) and 98 of the Committee.

Consequently, the Advisory Committee on Commercial Policy devoted its fifth meeting to an examination in depth of the draft standard documents for imports and exports of commodities prepared by the group of experts on customs technique, and this represented the second stage in the programme. At its meeting the Committee made several changes in the draft proposals submitted by the group of experts and laid down guidelines to be followed for further technical improvements in close co-operation with the national customs administrations.

(c) Preliminary draft of a uniform customs code. During the current year work began on the preparation of this preliminary draft on the basis of a text drawn up by a technical expert supplied by the Economic Commission for Latin America. This text will be one of the elements to be taken into consideration by the Committee and its group of experts on customs technique in working out a basis for the future code. At its fifth meeting the Advisory Committee on Commercial Policy defined the method of work to be followed in revising the preliminary draft in consultation with the national customs administrations during the following year. In the course of this examination the Committee pointed out that it was essential to have additional staff and material resources in order to continue and conclude, within the prescribed time-limits, this work which had been entrusted to it by Resolution 98 of the Committee.

(d) During the period covered by this report work also continued and new studies were begun in other fields of customs technique, such as the adjustment of the system of customs transit for vehicles for the transport of persons and goods within LAFTA, the standards to be applied to prevent dumping and other unfair business practices, the system of free ports or areas and other similar questions. A study was also made of the basis for facilitating the application of Resolution 79 (III) concerning the admission of moulds and matrices for industrial use and other aspects of the programme of action for the harmonization

of customs legislation between the contracting parties. On each of these subjects the Committee laid down criteria to be followed in future with a view to attaining the objectives in view and to guide the Secretariat in carrying out the studies entrusted to it.

(e) Valuation for customs purposes. Work continued on giving effect to Resolutions 122 (V) and 133 (V) of the Conference and Resolutions 87 and 148 of the Committee concerning the adoption of ad valorem charges in national customs tariffs and the valuation system adopted at Brussels. At its fifth meeting the Committee emphasized the problems and difficulties which had prevented some of the member countries from carrying out these Resolutions as regards the application of systems of official prices and the incompatibility of the Resolutions with the Brussels definition of value and the administrative organization necessary to apply it in the contracting parties. As a result of this examination a number of recommendations were adopted to be given effect by the national customs organizations, and the Secretariat was entrusted with certain tasks intended to facilitate uniformization in this important field of customs technique. Provision was also made for a further meeting of the group of experts on evaluation for customs purposes so that it could continue the work already begun. In fact in this year the Secretariat published a collection of standards concerning the valuation of commodities for customs purposes in the countries of LAFTA. This publication will be brought up to date every six months and will contain all the texts issued on the subject both within LAFTA and by the States members of the Brussels Customs Co-operation Council.

Finally it should be noted that the Conference at its eighth regular session adopted Resolution 233 (VIII) which provides for a study at each forthcoming regular session of the steps taken by each contracting party to give effect to the provisions of Resolution 122 (V). The Negotiating Committee of the Conference at the same session adopted a recommendation to the effect that future negotiations with a view to including products in national schedules or granting certain non-extendable advantages should be expressed solely in terms of ad valorem charges.

(f) Incentives to exports. At its last meeting the Committee examined the work being done in this field and particularly the establishment of a collection of records, to be kept permanently up to date, of the provisions in force on this subject in each of the contracting parties and the results achieved by the enquiry into the efficiency of the mechanisms at present used for stimulating exports. In this connexion it made a number of recommendations with a view to

obtaining information for the above-mentioned records and completing the enquiry which is at present being undertaken. It also gave certain suggestions to the Secretariat for continuing the work which has already been done with a view to providing a basis for the work of the next meeting of the group of experts on export incentives which it recommended should be convened in 1970. The Secretariat published a compilation of standards on export incentives in force in the countries of LAFTA. This is in seven volumes and will be brought up to date periodically.

(g) Meetings of national directors of customs and directors of customs training establishments. During the month of August a second meeting was held of national directors of customs, preceded by a meeting of directors of customs training centres. The latter meeting studied in depth the progress made in carrying out the programme of action for the uniformization of customs documents and the development of training in customs work. In this connexion it adopted a number of suggestions for action to be taken by the various national customs services. At the meeting of national directors of customs approval was given to draft standards to be adopted uniformly for the prevention, investigation and suppression of customs offences by more intensive mutual co-operation between national customs services, and this is being referred to the ninth regular session of the Conference for consideration. The holding of the second meeting of national directors of customs provided an opportunity for assessing what those authorities had done to solve the problems submitted to them for consideration from an administrative point of view. It was considered that the attitude adopted had been very constructive and was very favourable for the future development of the work required to ensure greater uniformity in the customs documents of the LAFTA countries.

(h) Nomenclature. In this field work continued with a view to achieving uniformity in national customs nomenclature with a view to arriving ultimately at a common nomenclature, the draft of which is at present under revision and adjustment.

Among the other tasks connected with this document there were the following:

1. A revision of the translation of the French text of the BTN made by the Spanish Government in accordance with the provisions of Article 3 of Resolution 23 (I).
2. Revision of the Spanish text of the statistical sub-divisions of the BTN-SITC and an examination of the suggestions which it seemed necessary to make to the competent bodies in order to ensure the necessary correlation between those two nomenclatures and arrive eventually at a homogeneous text so that the said sub-divisions could be used for customs purposes.

3. Decisions were taken on the complementary notes which were necessary to clarify certain items which had been proposed for the suggested uniform customs nomenclature and its subsequent adoption as a common text.

The Secretariat has also been studying, in co-operation with the Pan-American Commission on Technical Standards, the suggestions which should be made to the Customs Co-operation Council to indicate the points of view of the LAFTA countries as regards the changes which the Council is considering with a view to adapting the present descriptions of base metals in the BTN (Section XV) and bring them into line with present day technological changes, with a view to this being considered by the competent bodies of the Association.

(i) Commercial policy. The fifth meeting of the Advisory Committee on Commercial Policy took note of the work accomplished by the study group on the common external tariff list and the work done by the Secretariat with regard to the definition of consular fees, statistical fees and other similar charges which might be included in the exception contained in the last paragraph of Article 3 of the Montevideo Treaty. As regards the first point, the Committee agreed to express the view that the work of the study group should continue in future and should cover all the experimental material which it was agreed to draw up at the third meeting in 1968, so that information on customs charges and on other charges applied by countries in connexion with the present economic situation and the short-term prospects of expansion for the selected products in question should be analyzed. It also recommended that the States members should be asked to send to the Secretariat information on this latter part of the subject within such time-limit and in such form as the Committee might see fit to determine.

As regards the second point, the Committee recommended that the States members should be urged to supplement the information requested by the Secretariat as regards taxes and other similar charges at present levied on imports of commodities with a view to making progress in determining which of these charges could be included in the exception covered by the last paragraph of Article 3 already referred to.

4. Industrial development

During 1969 the Secretariat completed the following studies on different sectors:

1. Bases for complementary agreements in the iron and steel sector of LAFTA;
2. The automobile industry in LAFTA;

3. The petroleum-chemical industry in LAFTA;
4. The paper and cellulose industry in LAFTA;
5. A study on fertilizers in LAFTA countries.

The study concerning the paper and cellulose industry will constitute an important document for the meeting of the sector of pulp, paper and paperboard industries which was requested by the representative of Argentina and included in the draft programme of sector meetings for 1970.

5. Agricultural subjects

(a) Work continued on the tasks recommended by Resolution 215 (VII) on the basis of a recommendation by the fourth meeting of the Advisory Committee on Agricultural Matters concerning the preparation of an agreement between the contracting parties on seeds certified for sowing. The draft originally submitted by the Advisory Committee on Agricultural Matters was improved as regards its legal basis, with some changes of form as regards giving effect to the agreement and the inclusion of a chapter on definitions, which is essential in agreements of this nature. It was also decided to include a list of agreements and contracts concluded under this system and a collection of standards concerning the importation and exportation to and from the territories of the contracting parties of seeds certified for sowing. This matter was still under consideration by the Committee at the time the present report was drafted.

(b) The Committee convened the first meeting of the study group on animal health with a view to determining the fields in which action should be taken to approximate and co-ordinate the policies of the countries in this field. This would supplement the work already done by the study group on vegetable health.

The main fields in which progress was made were:

- (i) The study group recommended the adoption of a body of transitional standards concerning animal health requirements in intra-Area trade. It is proposed that those standards should remain in force until agreement has been reached on the application of a regional convention for the protection of animal health which, in the view of the study group, should be drawn up by the Committee.

In the draft standards which have been prepared it is recommended that joint decisions should be taken to permit an improvement in the health situation in each country and in the Area as a whole. One of the means to this end is to improve the national animal health control services and to spread a knowledge of the health situation in any one territory to all the others.

One of the outstanding proposals in this draft is for co-ordination between the regional organizations for the protection of animal health. These institutions have a wide experience in their particular field, and it would increase the effectiveness of their work if their activities were co-ordinated so as to obtain a fuller exchange of information and a better organization of the available resources.

- (ii) The study group recommended the establishment of a scheme for the interchange of information on animal health between the member States so that each one would be kept aware of the health situation in the other countries in good time.
- (iii) In view of the fact that there are certain epizootic diseases which have not so far appeared in Latin America, the study group expressed its concern about this matter and recommended that preliminary steps should be taken in view of meeting possible health problems in the future.

In considering the report of the working group the Committee agreed to bring before the Ninth Session of the Conference the draft standards on animal health for examination and decision.

(c) The directors of national organizations concerned with the marketing and supply of agricultural products held their second meeting during the period under review, and on this occasion stressed the following subjects:

- (i) An examination was made of the main factors determining the present volume of imports of agricultural products from third countries, and a recommendation was made that this question should be studied and that other factors not already considered should be brought to light.
- (ii) The meeting drew attention to the need to co-ordinate the action of national marketing and supply organizations for agricultural products with a view to promoting the growth of intra-Area trade through these bodies, to establish regular relationships between them and to promote mutual technical co-operation.
- (iii) The meeting drew attention to the benefits which would accrue from setting up a register of the agreements signed by the contracting parties concerning supplies of agricultural products in accordance with the provisions of Article 29 of the Treaty. It proposed that the Committee should take steps to submit draft regulations to the Conference on this subject.
- (iv) The meeting analyzed the reasons why the system of market information, the establishment of which had been recommended at its first meeting, had not so far been put into effect. It repeated its recommendation, and the subject was discussed by the Committee during its assessment meeting, with the result that a draft was submitted to the Conference for consideration.

The meeting also made recommendations concerning calls for tenders from national public marketing and supply organizations for agricultural products; seasonal concessions; the priority to be granted to purchases from relatively less-developed countries - all matters to which the Committee devoted attention as opportunity occurred.

(d) During this period a first meeting was held of the meat sector, the most significant result of which was to enable agreement to be reached between those present to convene a joint group on the subject containing representatives of official and private bodies concerned with the problems of meat products. This group held its first meeting in Buenos Aires.

(e) The first meeting and seminar of representatives of national agricultural and cattle-rearing associations and confederations of agricultural co-operatives provided the first opportunity for the Association to meet producers from the agricultural sector. The purpose of the meeting was to bring to the notice of the participants the studies and other work already carried out by the Association in this sector.

6. Financial and monetary questions

The activities of the Association as regards financial and monetary questions took the form of a number of separate meetings convened by the Committee at which important progress was made, particularly as regards closer relationships with the Commercial Bank and the creation of a mechanism calculated to relieve temporary shortages of liquid assets which the central banks of the area could not meet from their own resources. The necessary studies were also launched with a view to the possible establishment of a market for bankers' acceptances which could be used for the short-term financing of intra-Area exports.

(a) Commercial Bank

The third meeting of the Commercial Bank resulted in a number of recommendations aimed at greater uniformity in operational procedures with a view to facilitating the operation of the system of payments and reciprocal credits adopted by the central banks of LAFTA.

As regards closer connexions and complementarity arrangements between those institutions, it was thought in general that the relations at present maintained by means of agreements for correspondents, by the establishment of agencies and branches and by affiliation with the banks of other countries in the Area and the establishment of agreement on channels for credit were the most important. It was agreed that it would be desirable for all banks in the Area to be kept more fully informed, and it was suggested that it would be desirable to publish a regional bank guide on which work has already been started by the Secretariat of LAFTA in co-operation with the Federation of Latin American Banks. It was also thought necessary to collect information on the exchange systems and standards existing in the different countries.

Another matter considered by the commercial banks was the participation of the Commercial Bank in the financing of intra-Area trade. Consideration was given to the possible establishment of a market for acceptances, and agreement was reached on the characteristics which should be fulfilled by these acceptances and the requirements which could be laid down for negotiating them.

Other recommendations concerned the action to be taken by the Commercial Bank in promoting export and import operations; the issue of intra-Area travellers' cheques; the extension of the network of reciprocal agreements and the representation of the Commercial Bank as an observer at meetings of the Advisory Committee on Monetary Matters.

(b) Advisory Committee on Monetary Subjects

The work of the eighth meeting of the Advisory Committee on Monetary Subjects dealt with the following points:

(a) Formal establishment of a market for bankers' acceptances in the Area, as recommended by the commercial bankers with a view to the short-term financing of intra-Area trade. There was complete agreement on this point, and it was suggested that the Standing Executive Committee should convene a working party to analyze the mechanism and the conditions which would have to be established for the working of such a scheme. The IDB was invited to attend this meeting so as to analyze, in consultation with that body, the possibility of its taking an active part in the market which was proposed to be set up, and suggesting that part of its funds should be used for the acquisition of acceptances from the Area and that it should be the mechanism for co-ordinating supply and demand in this field.

(b) The establishment of a mechanism to support the balances of payments of the Latin American countries, in accordance with the report on this subject drawn up by the Special Technical Committee (II) convened by the Centre for Latin American Monetary Studies. The Advisory Committee fully accepted the terms of that report and agreed that it would be desirable, quite apart from what might be discussed by the meeting of governors of banks, which was to be held in San Domingo, that the report should be submitted to the Council on Financial and Monetary Policy for study.

(c) Council on Financial and Monetary Policy

The Council on Financial and Monetary Policy, when considering the draft agreement prepared by the Advisory Committee on Monetary Questions, agreed that the central banks of LAFTA countries should help each other mutually in meeting temporary shortages of liquid resources, by signing the Agreement of San Domingo with the Central Bank of the Dominican Republic. This would provide a mechanism whereby the central banks would provide reciprocal credit up to a total amount of US\$30 million to meet temporary shortages of liquid resources arising out of the process of integration. This mechanism, which would be administered by the Council of Financial and Monetary Policy and which would use as its paying agent the Central Reserve Bank of Peru, will begin to operate as soon as the latter institution has received acceptances from six central banks and will be open for participation by the central banks of other Latin American countries which are not members of LAFTA.

7. Transport

(a) The Transport and Communications Council held its second meeting from 15 to 19 September 1969 and dealt mainly with two items:

- (i) the simplification of shipping documents; and
- (ii) consular action in connexion with transport.

The Council, which was preceded by a preparatory meeting at the level of government experts, unanimously adopted in connexion with point (i) of its agenda, Agreement No. 1 in which it recommends the adoption of uniform basic documentation for the arrival and despatch of merchant vessels in ports under its jurisdiction and that these documents should comply in content, form and size with the model forms LAFTA/OEA 1 to 6, originally prepared by the Study Group on the simplification of shipping documents of LAFTA (May 1968) and adopted with slight amendments by the Third Inter-American Port Conference (Viña del Mar, Chile, November 1968), which were revised by the Council to bring them into line as far as possible with the forms approved by the Intergovernmental Maritime Consultative Organization.

In connexion with point (ii), the Council adopted Agreement No. 2, recommending the elimination of consular action in connexion with the documents required for ships and aircraft travelling between LAFTA countries, and that the collection of fees should take place at the customs office of destination and not at the point of departure; until such time as this arrangement could be put into effect, the contracting parties should agree:

- (a) To abolish the consular manifest and replace it by a commercial manifest;
- (b) To take steps to arrange that consular fees in respect of documents concerning intra-Area trade should be paid at the customs office of destination.
- (c) Not to require commercial documents to be submitted for visa or legalization before goods could be put on board a vessel; to eliminate discrimination which might exist for any reason in the application of charges for consular fees in respect of transport or trade documents between countries in the Area.

Also in connexion with point (ii), the Committee recommended that the studies which are at present being carried out by the Advisory Committee on Commercial Policy, with regard to the nature of consular fees and other charges, should be speeded up and, if the Committee considered it desirable, that a study group of experts in different forms of transport, in trade policy and in consular affairs should be set up to undertake more particularly an analysis of the measures which should be taken to secure the elimination of consular fees in respect of transport and commercial documents within the Area.

By Agreement No. 4, the Council recommended that the Committee should request the Secretariat to undertake an enquiry among the contracting parties, to see whether the same principles contemplated for sea and air transport as regards the elimination of consular action could also be applied to land transport.

8. Statistics

The Standing Executive Committee approved the recommendations made by the Advisory Committee on Statistics at its sixth meeting and approved Resolution 160 concerning the bringing up to date of the centralized statistical system of the Association, introduced by Resolution 26 (I) of the conference. In this resolution, which took effect on 1 January 1969, full and up-to-date instructions were given concerning the supply of foreign trade data by means of punched cards and magnetic bands, and concerning the uniform system for registration of foreign trade data by the various member States.

The Advisory Committee on Statistics met again from 22 to 26 September 1969 for its seventh meeting, at which it studied, among other things, the question of the revision and bringing up to date of the centralized statistical system of the Association by using the electronic data-processing system, which is to be installed in the Secretariat as from next year.

For this purpose the Committee made a number of recommendations on the following points:

- (a) The revision and bringing up to date of the uniform system for the registration of data concerning foreign trade;
- (b) Improved arrangements for the supply of statistical information;
- (c) Means to enable the national statistical offices of the member States to have the necessary resources to comply adequately as a general rule with their commitments at the national and international levels and to enable those countries which are somewhat backward in the supply of statistical information to comply with the obligations they have assumed;
- (d) Standards for the timely dispatch of statistical information;
- (e) Revision and bringing up to date of the list of data referred to in Resolutions 149 and 150 of the Committee;
- (f) Bringing up to date the alphabetical codes for countries of origin and destination.

The Advisory Committee on Statistics also approved the programme for fuller utilization of the electronic data-processing system of LAFTA. The following guidelines were suggested in this connexion:

1. Fuller utilization of the information submitted by countries;
2. Utilization of the most appropriate publications for giving publicity to the figures collected;

3. Correlation with other information necessary for guiding the social and economic development of the region;
4. To enable all countries to benefit more fully from the system of mutual assistance in order to enable them to improve the technical level of the collection, publication and analysis of information;
5. To enable other international organizations to make use of the system, together with the other information which they possess, for common use and the benefit of the world in general.

Among the activities which the Committee approved for implementation in the near future, the following points were included:

1. Continuation of action to obtain the most adequate information from member States;
 2. Desirability of transferring to magnetic bands the existing data concerning the foreign trade of LAFTA and preparation of a programme for the immediate processing of these data through the data-processing centre;
 3. Preparation of a tentative time-table of publications and other forms of publicity in respect of such statistics as may be thought desirable;
 4. Preparation of a plan of basic systems of tabulation in co-operation with the working group OLS/IASI-SIECA-ECIA-LAFTA;
 5. Member States should be informed in good time of the subjects being dealt with and the recommendations made by the working group referred to in the preceding paragraph;
 6. Studies should be carried out with a view to extending statistical investigations into fields other than foreign trade;
 7. Member States should be informed of the experiences or the methods used by some of them to improve the collection and processing of their foreign trade statistics;
 8. A centre should be set up for the training of staff in the collection and analysis of data.
9. Taxation and fiscal questions

(a) Working agreement between the Executive Secretariat of LAFTA and the Inter-American School of Public Administration.

The Inter-American School of Public Administration and the Secretariat undertook, as from the time when this agreement was signed, a programme of co-operation in the study of the fiscal aspects of the process of integration of LAFTA. In this connexion it drew up a number of analytical and statistical tables which, together with the material already available and the work done by the Secretariat, with the co-operation of IDB, served as a basis for the preparation of the documents which were used at the first meeting of the directors of taxation policy.

(b) First meeting of the directors of taxation policy

This meeting was held in Montevideo from 14 to 18 April 1969. The final report contained recommendations on the general lines of the tasks to be undertaken by the Secretariat with regard to taxation. The following are the detailed points on which it is suggested that studies should be made and reports prepared:

1. Preparation of a general model for the classification of taxes and for a preliminary attempt to undertake technological comparisons.
2. Means which the parties are adopting or are proposing to adopt to adapt their taxation system more fully to the process of integration.
3. Similarities and differences in the legislation concerning income tax and the treatment of foreign capital.
4. Programme of training for officials of taxation authorities.

As part of this programme of work a tentative inventory has been made of the taxes in force in the member countries of LAFTA on the basis of the information already available in the Secretariat and that which will be received from the various contracting parties.

10. Activities of the LAFTA/CACM Co-ordinating Committee

The first meeting of the LAFTA/CACM Co-ordinating Committee was held in Port of Spain in October 1968. The representatives of the Standing Executive Committee of LAFTA and the Executive Council of the CACM agreed on a programme of work to further the basic studies which would make it possible to initiate a process of assimilation between the two systems of integration in accordance with the terms of the Declaration of American Presidents signed at Punta del Este.

Work on the above programme of activities has been begun by the Secretariats of the two organizations, which will be responsible for the preparation of the basic documents for future meetings of the Committee.

11. Industrial property

The Committee convened the directors of national trade-marks and patents offices in the contracting parties to meet at the headquarters of the Association from 5-8 May 1969.

On the basis of the recommendations of that meeting the Committee adopted Resolution 189 to set up a study group to consider the problems arising for national organizations for industrial property in effectively applying the programme of liberalization and other measures leading towards economic integration.

12. Meetings of sectors

During the year the programme of meetings of entrepreneurs was carried out and covered twenty-four sectors of industry. Of those meetings four were organized for the electrical and electronic industries by ALAINEE and were held in Mexico City. Five meetings of sectors concerning foodstuffs were organized by ALICA and held in San Pablo, also with the co-operation of the Secretariat. Finally ALIPLAST organized a meeting of the sector for the plastics industry, which was also held in San Pablo. The other meetings were organized and co-ordinated by the Secretariat.

The reports coming from those meetings of sectors were studied by the Committee, which adopted agreements reflecting the recommendations made by the entrepreneurs.

In their recommendations the entrepreneurs suggested, among other things, that the Governments should include 345 new concessions in the national schedules and twenty-one in the special schedules for the benefit of countries with a relatively less-developed economy. Eight preliminary drafts for complementarity agreements were also drawn up.

13. Entrepreneurial matters

The Advisory Committee on Entrepreneurial Matters held its fourth meeting in April 1969 in Asunción (Paraguay); this was attended by eighty-six representatives of private industry. Immediately preceding that meeting the Annual Assembly of the Association of Latin American Industrialists (AILA) was held in the same city.

The work of the fourth meeting of the Committee was based on draft recommendations submitted by the participants, resolutions from the Assembly of the Association of Latin American Industrialists and the following documents prepared by the Secretariat: "Recommendations of meetings of sectors", "Progress in the process of integration in LAFTA and contribution of entrepreneurs to stimulate it", "Analysis of meetings of sectors", "International trade arbitration", "Bringing up to date complementarity agreements", "Consideration of the proceedings of the Eighth Regular Session of the Conference".

The meeting approved seventeen recommendations on the following subjects: elimination of obstacles to intra-Area trade in LAFTA; immediate action to bring into harmony internal taxation systems and other measures to eliminate obstacles to trade and competition; consideration of sub-regional agreements as a means of speeding up the process of integration; establishment of common legislation for the formation of multi-national undertakings; the rôle of the private sector in the process of integration of LAFTA; measures and machinery for spreading information about LAFTA; need for trade unions, chambers of commerce and associations of entrepreneurs to organize or improve statistical services so as to provide information concerning the various sectors; participation in Area trade of branches and subsidiaries of foreign firms; establishment of businesses or undertakings

specialized in export trade to make use of the concessions negotiated within LAFTA; improvements in the programmes of meetings of sectors, in the preparation of draft agreements and complementarity agreements, and in programmes for reduction of duties and for annual negotiations; supplementing the instruments in force in LAFTA by the introduction of new mechanisms; meetings of the sectors for agricultural produce; international trade arbitration; establishment at the area level of minimum uniform or similar legal bases for investments outside the Area (on this point the meeting agreed to set up a working party at the level of undertakings in which all contracting parties would be entitled to take part); conclusion of agreements for greater uniformity in economic, social and financial policies; industrial planning, development of new industries, financing of industrial re-conversion and reorganization of the labour supply; finally, problems of payments and finance.

The Committee analyzed the final report of the fourth meeting of the Advisory Committee on Entrepreneurial Matters and transmitted its recommendations, in so far as was appropriate, to the Governments of the contracting parties and other interested parties.

14. Working of the Operating Agency in support of countries with a relatively less-developed economy

In collaboration with the Inter-American Development Bank the Operating Agency for granting assistance to countries with a relatively less-developed economy continued to organize its future work on the basis of the studies and information collected during the earlier period. These tasks will include making systematic use of the experience of the specialized departments in national administrations with a view to promoting the productive sectors in industry and in exports, either of a given country or of a number of countries collectively, so as to enable those countries to benefit more fully from the extended market by introducing concrete measures and special solutions to meet adequately the special problems which face those countries in the process of integration.

II - STUDY OF THE PROCEEDINGS OF THE NINTH REGULAR SESSION
OF THE CONFERENCE

1. Quantitative analysis. Considered as a whole, there have been 244 concessions granted in national schedules; of these, 152 referred to products not so far covered in the liberalization programme (entirely new concessions) and ninety-two to products which had already been included in national schedules (renegotiated concessions).

Those 244 concessions cover a considerably larger number of products because of the fact that some of them refer to sub-headings or items of NABALALC (the tariff nomenclature of LAFTA) which cover more than one product.

III - COMPLEMENTARITY AGREEMENTS

I. New agreements registered during the period covered by the report

A. Agreements brought into force and amendments made in existing agreements

(a) Electronic valves

On 16 December 1968 the plenipotentiaries of Argentina, Brazil, Chile, Mexico and Uruguay signed an additional protocol concerning the third revision of the list of exceptions contained in the complementarity agreement on electronic valves signed in Montevideo on 18 February 1964. The text of this additional protocol is given as an annex to the final act of the Eighth Regular Session of the Conference of the Contracting Parties.

Reference documents: complementarity agreement concerning electronic valves, additional protocol on the third revision of the list of exceptions and final act of the Eighth Regular Session of the Conference of the Contracting Parties.

(b). Certain products of the electronics and electrical communications industries

On 23 September of this year the Standing Executive Committee took note of a communication from the representatives of Brazil and Uruguay informing it that, in accordance with the provisions of Article 9 of the complementarity agreement concerning certain products of the electronics and electrical communications industries signed by those Governments on 2 June 1966 it had been decided to extend the agreement for a further period of one year from 30 July 1969.

Reference documents: complementarity agreement concerning certain products of the electronics and electrical communications industries and CEP/1196.

(c) Chemical industry

The Committee on 23 September took note of the changes suggested by entrepreneurs during the sixth meeting of the chemical industry sector and the sixth meeting of the chemical and pharmaceutical industry sector. These changes included an extension of the schedule of products on which negotiations should be carried out and an extension of concessions on products on which negotiations had taken place earlier.

The signatories to the agreement decided to discuss its extension on 10 November of this year in Caracas, Venezuela. In so doing they took account of the suggestions made by the entrepreneurs during the fourth and fifth meetings of the chemical industries sector.

(d) Petroleum-chemical industry

The signatories to the complementarity agreement approved and brought into effect the internal regulations concerning the administrative board of the agreement on 10 December 1968.

All the participating governments have brought the agreement into force in their respective countries.

(e) Glass industry

On 7 March 1969 the plenipotentiaries of Argentina and Mexico signed a complementarity agreement concerning products of the glass industry.

The Standing Executive Committee in Resolution 173 declared this agreement to be compatible with the principles and general objectives of the Treaty of Montevideo on 8 April this year.

(f) Equipment for the generation, carriage and distribution of electrical power

This complementarity agreement was signed on 6 October 1969 after negotiations had been carried on with the participation of Brazil and Mexico.

During the course of the fifth meeting for this sector the entrepreneurs agreed to suggest to their respective governments to extend the schedule of products to be included in the draft complementarity agreement. This request was brought to the attention of governments on 3 June this year by the Standing Executive Committee.

B. Draft complementarity agreements in course of negotiation and new drafts submitted to the Standing Executive Committee

(a) Refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries

The entrepreneurs of Argentina, Brazil and Mexico signed a draft agreement for this sector on 19 May 1967. The Governments of Argentina and Brazil declared their intention of negotiating this agreement. However, on 15 October last year the representative of Argentina informed the Committee that he did not intend to start negotiations until after the meeting of the ALAINEE in May 1969.

During the fifth meeting of the refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries the entrepreneurs of the sector signed three draft complementarity agreements based on the original text on 30 May 1969.

The Standing Executive Committee took note of those three drafts on 3 June 1969. They are as follows:

- Draft No. 1. Signed by the delegations of entrepreneurs of Argentina, Brazil, Mexico and Uruguay.
- Draft No. 2. Signed by the delegations of entrepreneurs of Brazil, Mexico and Uruguay.
- Draft No. 3. Signed by the delegations of entrepreneurs of Argentina and Brazil.

(b) Chemical industry

The representative of Mexico was the first to state that his Government was in a position to negotiate this draft complementarity agreement on 20 August 1968. At the same time he stated that it would be prepared to agree to a possible extension of Agreement No. 5 concerning the chemical industry. Identical communications were subsequently received from the representatives of Argentina and Brazil.

On 7 October of this year the Committee took note of the fact that the signatories to the complementarity agreement concerning the chemical industry were anxious to extend the negotiations to include certain products suggested by the entrepreneurs at the fourth and fifth meetings of the chemical industry sector. The negotiations began in Caracas, Venezuela, on 10 November of this year.

(c) Plastics industry

On 18 February of this year, the representative of Argentina indicated his intention of negotiating the draft agreement submitted in the preceding year by the entrepreneurs of Argentina, Brazil, Colombia, Chile, Mexico, Peru and Uruguay.

During the fourth meeting of the plastics industry sector, the entrepreneurs' delegate of Bolivia decided to accept the draft agreement prepared by the sector. On this occasion the entrepreneurs decided to recommend to their respective governments to extend the schedule of products contemplated in the original draft. The Committee took note of the final report of this meeting on 7 October of this year.

(d) Preserved fruits and vegetables

The entrepreneurs of Argentina, Brazil, Colombia, Chile, Mexico, Paraguay and Uruguay communicated to the Committee on 28 October 1966 a document containing a draft complementarity agreement signed by them. On 16 October of last year the representative of Argentina indicated his intention of signing it.

Subsequently the representatives of Chile and Colombia stated that they were prepared to negotiate the draft complementarity agreement on the basis of the text submitted by the entrepreneurs in 1966.

Negotiations are at present going on with the participation of Argentina, Peru, Mexico and Uruguay, together with observers from Brazil, Colombia, Chile and Ecuador.

(e) Electronics and electrical communications industries

On 27 November 1968 the representative of Argentina stated that he was prepared to sign the draft complementarity agreement suggested by the entrepreneurs' delegates from Argentina, Brazil and Mexico in 1967.

During the last meeting of the electronics and electrical communications industries sector, held in Mexico in May of this year, the entrepreneurs decided to inform their respective governments that they considered it desirable to modify the original draft, and they proposed two other drafts which were brought to the notice of the Standing Executive Committee on 3 June of this year.

The first draft was drawn up by the entrepreneurs of Argentina, Brazil, Mexico and Uruguay, whereas the second was prepared by the delegates of Brazil and Mexico.

(f) Products of the chemical industries derived from petroleum

On 25 November 1968, the entrepreneurs of Argentina, Mexico, Uruguay and Venezuela signed a draft complementarity agreement for the sector. The Committee took note of the documents signed by those entrepreneurs on 26 November of last year. On 27 August of this year the representative of Argentina indicated his intention of negotiating this draft.

(g) Office machines industry

The Standing Executive Committee on 13 May of this year took note of a document containing a draft complementarity agreement for the office machines industry signed by the entrepreneurs of Argentina, Brazil and Mexico.

The representatives of Argentina, Brazil and Mexico announced their intention of negotiating this draft complementarity agreement. However, the representative of Chile asked for an extension of the time-limit for negotiating this agreement on the basis of Article XII of Resolution 99 (IV), as a result of which the date for commencing these negotiations could be fixed as from 13 October of the present year.

(h) Manufacturers of instruments, equipment and appliances for the medical, veterinary, dental and allied professions

The entrepreneurs signed two draft complementarity agreements in the final act of the meeting of manufacturers of instruments, equipment and appliances for the medical, veterinary, dental and allied professions. This document was signed on 26 July of this year. Three days later, on 29 July, the Standing Executive Committee took note of the two drafts.

The first draft agreement is supported by the entrepreneurs of Argentina, Brazil, Mexico and Uruguay, whereas the second is supported by the entrepreneurs of Argentina and Brazil.

(i) Chemical-pharmaceutical industry

On 23 September of this year the Committee received a draft complementarity agreement concerning products of the chemical-pharmaceutical industry signed by entrepreneurs from Argentina, Brazil, Mexico, Uruguay and Venezuela on 29 August 1969.

II. Schedule of complementarity agreements at present in force

COMPLEMENTARITY AGREEMENTS IN FORCE

AGREEMENT NO.	SECTOR	DATE OF SIGNATURE	PARTIES	DECLARED COMPATIBLE	CAME INTO FORCE
1	Statistical and similar punched cards machines	20.7.1962	Argentina, Brazil, Chile, Uruguay	Resolution 21 of SEC, 10 August 1962	<p>Argentina - 27 November 1962</p> <p>Brazil - 11 October 1962</p> <p>Chile - 24 August 1962</p> <p>Uruguay - 31 October 1962</p>
2	Electronic valves	18.2.1964	Argentina, Brazil, Chile, Mexico, Uruguay	Resolution 42 of SEC, 19 March 1964	<p>Argentina - 27 May 1964</p> <p>Brazil - 7 May 1964</p> <p>Chile - 18 November 1964</p> <p>Mexico - Agreement of 27 August 1964</p> <p>Uruguay - Decree of 23 June 1965</p> <p>Uruguay - 17 June 1965</p> <p><u>First withdrawal of valves from the schedule of exceptions</u></p> <p>Argentina - 18 May 1967</p> <p>Brazil - Has no schedule of exceptions</p> <p>Chile - 22 March 1967</p> <p>Mexico - 27 June 1968</p> <p>Uruguay - Decree of 5 November 1968 (Official Gazette, 11 November 1968)</p> <p><u>Second withdrawal of valves from the schedule of exceptions</u></p> <p>Argentina - 31 January 1969</p> <p>Brazil - Has no schedule of exceptions</p> <p>Chile - Decree of 10 March 1968 (Official Gazette, 5 June 1968)</p> <p>Mexico - 27 June 1968</p> <p>Uruguay - Decree of 5 November 1958 (Official Gazette, 11 November 1968)</p> <p><u>Third withdrawal of valves from the schedule of exceptions</u></p> <p>Brazil - Has no schedule of exceptions</p>

AGREEMENT NO.	SECTOR	DATE OF SIGNATURE	PARTIES	DECLARED COMPATIBLE	CAME INTO FORCE
3	Household electrical, mechanical and heating equipment industry	2.6.1966	Brazil and Uruguay	Resolution 94 of SEC, 1 July 1966	Chile - Decree of 14 February 1969 (Official Gazette, 11 March 1969)
					Mexico - Decree of 20 May 1969 (Official Gazette, 26 May 1969)
					Brazil - Decree of 27 July 1966 (Official Gazette, 12 October 1966)
4	Electronics and electrical communications industries	2.6.1966	Brazil and Uruguay	Resolution 94 of SEC, 1 July 1966	Uruguay - Decree of 14 July 1966 (Official Gazette, 9 September 1966)
					Brazil - Decree of 27 July 1966 (Official Gazette, 12 October 1966)
					Uruguay - Decree of 14 July 1966 (Official Gazette, 9 September 1966)
5	Chemical industry	19.12.1967	Argentina, Brazil, Colombia, Chile, Mexico, Peru, Uruguay and Venezuela	Resolution 142 of SEC, 5 April 1968	Argentina - Decree No. 1,036 of 14 March 1969
					Brazil - Decree 63,098 of 6 August 1968 (Official Gazette, 21 August 1968)
					Colombia - Decree 2,034 of 19 July 1968
					Chile - Decree 1,065 of 15 June 1968 (Official Gazette, 7 August 1968)
					Mexico - Decree of 10 February 1969 (Official Gazette, 25 March 1969)
					Peru - Supreme Decree 259-68MC of 26 July 1968
					Uruguay -
					Venezuela -

AGREEMENT NO.	SECTOR	DATE OF SIGNATURE	PARTIES	DECLARED COMPATIBLE	CAME INTO FORCE
6	Petroleum-chemical industry	25.7.1968	Bolivia, Colombia, Chile and Peru	Resolution 154 of SEC, 29 August 1968	<p>Bolivia - Decree of 20 November 1968; in force from 25 August 1968</p> <p>Colombia - Decree of 4 February 1969 (Official Gazette, 5 May 1969)</p> <p>Chile - Decree of 5 November 1968; in force 26 November 1968 (Official Gazette, 18 February 1969)</p> <p>Peru - Decree of 29 January 1969; in force 29 November 1968 (Official Gazette, 1 February 1969)</p>
7	Household appliances industry	27.8.1968	Argentina and Uruguay	Resolution 157 of SEC, 24 September 1968	<p>Argentina - Decree of 20 November 1968</p> <p>Uruguay - Decree of 22 October 1968 (Official Gazette, 31 October 1968)</p>
8	Glass industry	7.3.1969	Argentina and Mexico	Resolution 173 of SEC, 8 April 1969	<p>Argentina -</p> <p>Uruguay -</p>

Note: The complementarity agreement concerning products of the sector for the generation, carriage and distribution of electricity was signed by the plenipotentiaries of Brazil and Mexico on 6 October 1969. The formality of declaring it compatible with the Treaty has still got to be carried out by the Standing Executive Committee (Article 18 of Resolution 99 (IV)).