

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1861

15 October 1962

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CONTRACTING PARTIES

Twentieth Session

23 October-16 November 1962

Original: Spanish

## LATIN AMERICAN FREE TRADE ASSOCIATION

### Information Furnished by the Member States

The Executive Secretary to the Standing Executive Committee of the Latin American Free Trade Association has transmitted, on behalf of the member States and referring to paragraph 7(a) of Article XXIV, the attached report of the Executive Committee on the activities of the Association during the period 1 August 1961 to 15 August 1962:

### REPORT OF THE STANDING EXECUTIVE COMMITTEE ON THE ACTIVITIES OF THE LATIN AMERICAN FREE TRADE ASSOCIATION DURING THE PERIOD 1 AUGUST 1961 TO 15 AUGUST 1962

#### I. ACTIVITIES OF THE COMMITTEE

1. In accordance with Article 45 of the Treaty, the Standing Executive Committee was constituted on 1 August 1961, sixty days after the entry into force of the Montevideo Treaty. On 31 July the Conference of the Contracting Parties appointed as Executive Secretary Dr. Romulo Almeida and on 11 October by its resolution 19(I) it approved the Committee's rules of procedure.

2. On 7 November the Committee elected its officers, appointing as Chairman the representative of Chile, H.E. Mr. Abelardo Silva Davidson and as Vice-Chairmen Mr. Hermes Troche, representative of Paraguay, and Mr. Alejandro Deustua, Peruvian representative.

3. Up to 15 August 1962, the Committee had since its constitution held sixty one meetings and adopted the following twenty one resolutions:

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| Resolution 1 | Supplementary budget estimates for the months of October, November and December 1961. |
| Resolution 2 | Convening a special session of the Conference.  |
| Resolution 3 | Draft programme of work for 1962.   |

- Resolution 4            Committee's budget estimates for 1962 and scale of contributions.
- Resolution 5            Remuneration of the Executive Secretary and the Deputy Executive Secretary.
- Resolution 6            Breakdown of the budget of the Standing Executive Committee for 1962.
- Resolution 7            Secretariat regulations.
- Resolution 8            Agenda for the first special session of the Conference.
- Resolution 9            Draft rules of procedure for the first special session of the Conference of the Contracting Parties.
- Resolution 10           Convening the meeting of the Working Party of experts on the origin of goods.
- Resolution 11           Criteria for determination of origin of goods.
- Resolution 12           Convening the meeting of experts on matters of foreign trade statistics.
- Resolution 13           Method of work for determination of requirements of origin.
- Resolution 14           Mechanized central statistical system.
- Resolution 15           Creation of Advisory Committee on Statistics.
- Resolution 16           Meeting of experts on maritime and river transport.
- Resolution 17           Preparatory measures for negotiations during the second regular session of the Conference.
- Resolution 18           Commercial and industrial fairs and exhibitions.
- Resolution 19           Amending resolution 16(I) on complementarity agreements.
- Resolution 20           Convocation and provisional agenda for the second session of the Conference.
- Resolution 21           Compatibility and duration of complementarity agreement on statistical machines and the like, with perforated cards.

## II. IMPLEMENTATION OF LIBERALIZATION PROGRAMME

4. The first of the series of annual negotiations provided for in Article 5 of the Treaty took place between 18 September and 11 December 1961, during the first session of the Conference. Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay took part in these negotiations and they together included in their national schedules 2,454 concessions which became effective on 1 January this year.

5. Subsequently, during the first special session of the Conference from 29 January to 3 March this year, the negotiations provided for in Article 58 of the Treaty were held in connexion with the accession of Colombia. As a result the national schedule of Colombia, containing 268 concessions came into force as from 1 April 1962 and from that date the regional treatment granted by the other contracting parties during the first series of negotiations was extended to Colombia.

6. The reductions granted during the first series of negotiations were well above the minimum obligation of 8 per cent of the weighted average of duties and charges for imports from other countries in the area, as compared with the average existing for third countries.

7. Adequate statistical data are not available, however, for establishing comparative figures of trade movements recorded since the beginning of the liberalization programme. Nevertheless, from preliminary information in regard to some countries, it is clear that there has been an increase in trade within the area which can be attributed to the effects on trade of the concessions.

### III. IMPLEMENTATION OF CHAPTER VII

8. The Conference, by its resolution 12(I), authorized the contracting parties to grant to Paraguay the advantages provided for in Article 32, paragraph (a) of the Treaty. In accordance with this authorization Argentina, Brazil, Colombia, Chile, Mexico, Peru and Uruguay granted to Paraguay, with respect to various goods exported by that country, liberalization measures or reductions in duty which were not extended pursuant to Article 18 of the Treaty to the other contracting parties. These concessions are valid for a period of nine years as from 1 January 1962, on which date they came into force.

9. By its resolution 32(I-E) the Conference authorized Colombia to apply the measures provided for in Article 32, paragraph (a), with respect to Ecuador by liberalizing imports into Colombian territory of certain Ecuadorian products listed in that resolution. In this case the authorization is valid until 31 December 1962.

### IV. COMPLEMENTARITY AGREEMENTS

10. During the period covered by this report a Protocol was signed confirming the first complementarity agreement drawn up in pursuance of Articles 16 and 17 of the Treaty. On 20 July 1962 the plenipotentiaries of Argentina, Brazil, Chile and Uruguay, signed an agreement providing for the liberalization of imports into the territory of these contracting parties of statistical machines and the like, and electronic equipment for the processing of data; their components, parts, accessories and other materials, and cards for such machines.

11. In addition to this agreement preliminary studies are going on with regard to other industrial sectors such as electronic receiving valves, motor-car engines, iron and steel goods, glass and copper.

V. IMPLEMENTATION OF THE PROVISIONS OF CHAPTERS VI AND VII

12. During the period covered by this report the contracting parties did not invoke the escape clauses contained in Chapter VI. On the contrary, and in strict conformity with the principle contained in the second sentence of Article 24, on each occasion when any of the contracting parties found itself obliged to impose restrictions on account of its balance-of-payments situation, such restrictions did not affect intra-area trade in the products included in the liberalization programme.

13. The special provisions relating to agriculture contained in Chapter VII of the Treaty were invoked on two occasions. Peru announced its intention of applying import restrictions to imports of barley for brewing, to the extent necessary to cover the short-fall in domestic production; Chile adopted a similar measure with regard to linseed oil. In both cases the procedures laid down in Article 28 were followed and the provision in the last paragraph of that Article, which requires the other contracting parties to be notified of the intention to take such measures before their adoption, was complied with. With reference to the requirements of Article 29, Argentina and Brazil announced the conclusion of an agreement intended to cover the short-fall in Brazil's wheat production.

VI. IMPLEMENTATION OF PROGRAMME OF WORK

14. Resolution 19(I) of the Conference established the programme of work to be carried out or undertaken in 1962. During the months so far lapsed this year the tasks referred to in the present report have been carried out. In addition it should be mentioned that the recruitment of technical officers for the secretariat recently commenced, after the first two months of the current year.

15. During the period under review a number of working parties met, having been convened by the Committee in accordance with provisions adopted by the Conference.

16. The Working Party on Origin of Goods met beginning on 12 March in accordance with the provisions of resolution 22(I) and resolution 10 of the Standing Executive Committee. The Group studied possible requirements of a general nature and also specific requirements to be met by products in order to be considered as originating in the exporting country. On the basis of the proposals of the Working Party, taking into account existing precedents, the Committee adopted resolution 13 which lays down the method of work for establishing requirements of origin and for promoting increasing use of goods produced within the area. In addition it proposed to the Conference the establishment during its second session of a working party to consider these problems.

17. The second meeting of the Working Party of Experts on Foreign Trade Statistics took place from 23 to 28 April; it was convened under resolution 12 of the Committee with a view to the proper implementation of resolution 26(I) and to co-ordinating the submission of statistics by countries which had not taken part in the first meeting of the Working Party, namely Colombia and Ecuador. The Working Party recommended the adoption of specific date limits for the submission of statistical data, uniform statistical standards and classification amendments, and also recommended procedures for breakdowns for statistical purposes. It also proposed the creation of a Statistical Council within LAFTA.

18. The Meeting of Experts on Maritime and River Transport, convened under resolution 16 of the Committee pursuant to resolution 29(I), was held between 16 and 21 July. The Working Party approved a series of resolutions recommending to the Committee the adoption of certain provisions or measures relating to the documents and formalities required in transport within the area and to port and shipping operations. In addition it proposed that a declaration of principles should be drawn up to serve as a basis for the participation of member States in the maritime and river transport of products traded within the area, and recommended the creation of an advisory committee on transport, as a subsidiary body of the Standing Executive Committee.

19. In addition to the working parties mentioned in the preceding paragraphs, others were established within the Committee in order to study and examine specific items in its programme of work. These working parties dealt with complementarity agreements; origin of goods; negotiations; measures provided for in Chapter VIII; agricultural products; financial matters and investment; trade policy and organization, budget and programme of work. The conclusions of each of these working parties were duly taken into consideration by the Committee.

#### VII. PREPARATION OF THE SECOND SESSION OF THE CONFERENCE

20. Within the Committee's programme of work, a series of activities connected with the second session of the Conference were carried out. In accordance with the provisions of Protocol No. 1 relating to rules and procedures for negotiations, on 30 July 1962 the contracting parties exchanged through the Committee lists of products in respect of which they requested concessions. In addition, requests were considered as having been made in respect of all the products included in the national schedules during the first series of negotiations. Subsequently, on 18 August, lists of products on which contracting parties were prepared to offer concessions were exchanged in the Committee. As further laid down in Protocol No. 1 and the supplementary provisions adopted by the Committee, the contracting parties exchanged up-to-date information on their trade statistics and on customs, exchange, monetary fiscal and administrative legislation, regulations and practices bearing on foreign trade.

21. In accordance with Article 49(c) of the Treaty and with the third paragraph of resolution 23(I) the Secretariat prepared and submitted to the Conference, through the Committee, the draft tariff nomenclature. The draft nomenclature is a subdivision of the Brussels Tariff Nomenclature at the level of sub-items, in order to serve as a basis for designating concessions, for the presentation of statistics and to assist in the work being done in various countries of the Association with a view to adopting the Brussels Nomenclature as a national nomenclature. In addition the Secretariat drew up a uniform codification of the products included in the liberalization programme, and submitted to the Committee, as instructed by the Conference, draft rules of procedure for the Conference and draft rules and procedures for negotiations. Furthermore, technical documents prepared by the Secretariat were presented to the Conference, containing studies on the problem of the origin of goods, on possibilities for adopting measures relating to consular formalities, and on other matters taken up with a view to facilitating the discussions of the Conference.

22. The tasks carried out by some of the Committee's working parties were also reported in documents presented to the Conference. This applies in particular to the Working Party on Negotiations, whose report contains an analysis of the various procedures adopted to facilitate the conduct of negotiations, and to the Working Party which studied the characterization of agricultural products for the purpose of applying the provisions of Article 28 of the Treaty.

#### VIII. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

23. In accordance with Article 44 and Protocol No. 3 of the Treaty, the Economic Commission for Latin America established a permanent delegation at Montevideo in order to assist the organs of the Association with advice on technical matters. In addition, on several occasions the Inter-American Economic and Social Council sent several of its officials to LAFTA headquarters.

24. The Executive Secretary was in contact with representatives of various international organizations on the occasion of the Economic Conference at Punta del Este, the meeting of the Board of Governors of the Inter-American Development Bank held at Buenos Aires, and also in connexion with his visit to a number of European countries on the occasion of the invitation extended to him to take part in the series of discussions on Latin America at the Hanover Fair. In particular, the Executive Secretary had meetings for the purpose of information and consultation with the Customs Co-operation Council in Brussels and visited officials of GATT, the European Economic Community and the Organization for Economic Co-operation and Development.

25. The Inter-American Development Bank appointed representatives to LAFTA and has consulted with the Committee and the Secretariat on various matters connected with the process of Latin-American integration. A Bank official visited Montevideo to exchange ideas on the study which the Bank has undertaken with a view to drawing up a plan for the financing of intra-area trade. At

the invitation of the Inter-American Development Bank, the Executive Secretary visited the Bank's headquarters in Washington to discuss this study and to examine the question of the Bank's co-operation in a programme for the characterization and promotion of trade and production opportunities as related to tariff negotiations.

26. The Committee received a visit from Mr. Javier Marquez, Director of the Centre for Latin-American Monetary Studies, which led to the attendance of Committee representatives and the Secretariat at the seventh operational meeting of the Centre which was devoted to the contribution of financial systems to Latin American economic integration.

27. Committee representatives as well as the Executive Secretary and his Deputy went to Santiago de Chile on the invitation of ECLA in order to take part in conversations with the group of experts convened by that organization to examine the problems arising for Latin-American exports as a result of European integration movements. The same problems were discussed in the Committee on the occasion of the visit which Dr. Jose A. Mora Otero, Secretary-General of the Organization of American States, paid to the headquarters of LAFTA.

28. Committee representatives and Secretariat officials attended various meetings organized by the different private sectors. Among them mention should be made of the meetings arranged by the Latin American Iron and Steel Institute, by glass producers and by producers of semi-manufactured copper.

