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REPORT TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)
ON ACTIVITIES OF THE ASSOCIATION IN THE PERIOD 1976-1977

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REPORT TO THE GENERAL AGREEMENT
ON TARIFFS AND TRADE (GATT)

The present report outlines the activities of LAFTA in the period 1976-77 in furtherance of the objectives established in the Montevideo Treaty. In particular, it examines those aspects that are directly linked to the activities of GATT, with special reference to the trade liberalization programme, and briefly reports action taken on other matters during the period under review.

I. DEVELOPMENT OF THE TRADE LIBERALIZATION
PROGRAMME IN THE PERIOD 1976-1977

Because of the present characteristics of utilization of the mechanisms of the liberalization programme, the activities of the Contracting Parties in the period 1976-1977 were, to some extent, limited to tasks fundamentally concerned with the administration of existing agreements. In this perspective, the amendments made to national schedules and to lists of exclusive advantages should be seen as the consequence of errors found to have occurred in the Final Acts of the Conference, adjustments of the terminology and tariff classification used by the Association to identify the products negotiated, and the study of preferential margins resulting from the concessions granted under the various mechanisms of the liberalization programme.

As a result of the negotiating contacts established between the Contracting Parties, certain structural changes were made in mechanisms of the liberalization programme, whether through withdrawal of concessions from national schedules, enlargement of complementarity agreements and the conclusion of new ones, or enlargement of the lists of exclusive advantages in favour of the relatively less-developed countries.

Concessions granted by the Contracting Parties in national schedules now total 11,177. Annex I shows the trend - in quantitative terms - of the concessions granted in national schedules in the various negotiating rounds from 1961 (first regular session of the Conference) to 1977 (seventeenth regular session of the Conference).

Similarly, 7,575 exclusive concessions are at present in force, granted under Article 32(a) of the Montevideo Treaty in favour of the relatively less-developed countries (Bolivia, Ecuador, Paraguay and Uruguay).

Annex II shows the trend in concessions recorded in lists of exclusive advantages granted between 1961 and 1977.

With respect to complementarity agreements, negotiating activity was very keen during the period under review: six existing agreements were renegotiated, three of them in both years, and in addition three new complementarity agreements were signed.

As shown in Annex III, the agreements renegotiated in 1976 were No. 15 (chemical-pharmaceutical industry), No. 16 (petrochemical industries), No. 18 (photographic industry), No. 20 (dyes and pigments) and No. 21 (chemical industry); on this occasion 836 tariff concessions were granted in respect of 613 different products, 110 new products being brought under the coverage of these agreements.

In 1977, in addition to the renegotiation of agreements Nos. 10 (office machinery), 15, 16 and 21, three new complementarity agreements were signed: No. 22 (essential oils, aromatic-chemical, perfume and flavouring industry), No. 23 (electrical generating, transmission and distribution equipment), and No. 24 (electronics and electric communications industry), covering a total of 55 products. The concessions granted in that year under complementarity agreements reached a total of 1,082, covering imports of 800 different products (see Annex IV).

A. NEGOTIATIONS IN 1976

Negotiating activities by the Contracting Parties up to the end of the sixteenth regular session of the Conference again reflected the fact that the tariff preferences granted have been concentrated almost exclusively on the industrial complementarity agreements provided for under Article 16(b) of the Montevideo Treaty.

Indeed, 80 per cent of the concessions agreed to on that occasion cover the import of products included in five existing complementarity agreements (Nos. 15, 16, 18, 20 and 21). Some of them are kept under constant review by the signatory governments, as regards both enlargement of the industrial sector covered by the agreement and the grant of renewed and increased concessions.

The remaining concessions were mainly granted under Article 32(a) of the Montevideo Treaty, and are in favour of the four relatively less-developed countries eligible to receive exclusive advantages from the other Contracting Parties. It should be noted, lastly, that the number of concessions granted in national schedules was very small, representing barely 1 per cent of the total concessions granted during the Conference.

In quantitative terms, the number of concessions granted during the sixteenth regular session of the Conference was 16 per cent greater than the number recorded in the preceding period: 924, as compared to 796 in 1975. The difference (128 concessions) recorded in respect of the most recent round of negotiations is attributable to the enlargement of one complementarity agreement more than in the preceding year (No. 15 concerning products of the chemical-pharmaceutical industry) and to the grant of a larger number of concessions in each of the enlargements of complementarity agreements Nos. 16, 18 and 21.

The number of concessions granted under Article 32(a) of the Montevideo Treaty in the various lists of exclusive advantages was likewise larger than in the preceding year (79 as against 45). Nevertheless, it should be noted that forty of these concessions had been approved before the sixteenth regular session of the Conference under an agreement reached between the Governments of Argentina and Uruguay in the automobile industry sector. Consequently, the results of that agreement were merely formalized at the Conference and the concessions granted to Uruguay by Argentina in respect of these products were included in the corresponding list of exclusive advantages.

Similarly, the record of negotiations for the sixteenth regular session of the Conference includes the concessions granted in 1976 under Resolution 309 (XII) empowering the Standing Executive Committee to formalize agreements reached by the Contracting Parties with the countries which have been granted the authorization referred to in Article 32(a) of the Treaty, with a view to enlarging their respective lists of exclusive advantages.

In the course of 1976, the Standing Executive Committee acted under that provision and at its meeting on 7 May formalized the agreement reached between the Governments of Brazil and Bolivia, providing for the grant of a tariff concession for one year as from 13 May 1976.

In addition, at its meeting on 17 September, the Standing Executive Committee also formalized the agreement reached between the Governments of Bolivia and Uruguay to enlarge their respective lists of exclusive advantages.

This agreement was reflected in the grant of 62 tariff concessions granted exclusively to Bolivia in respect of imports of various products from Uruguay, and the grant by Uruguay of forty-nine tariff concessions, which are also exclusive, in respect of imports from Bolivia.

In general, one may note a continuance of the trend seen in earlier negotiating rounds with regard to the grant of temporary concessions. Practically all the concessions recorded - 97 per cent - were granted for periods expiring on 31 December 1977 and, in some cases, 31 December 1978, some concessions being limited furthermore to certain specified groups.

(1) National schedules

In the field of national schedules, negotiating activities were limited to bilateral contacts maintained during the sixteenth regular session of the Conference between Argentina, Mexico and Uruguay (see Annex V).

As a result of these bilateral contacts the following concessions were agreed upon:

- (i) In the national schedule of Argentina a tariff concession was extended until 31 December 1977 for the import of electronic cash registers, the original expiry date having been 31 December 1976. In addition, the text corresponding to the product "natural manganese dioxide" was amended by deletion of the words "except pyrolusite" formerly included in the description of the product negotiated by Argentina in its national schedule.
- (ii) In the national schedule of Mexico, the concession due to expire on 31 December 1976 was extended until 31 December 1977, covering the import of "adding and/or subtracting machines, electric". Similarly, the concessions granted on "ticket-issuing machines, whether or not with a totalling device" were renegotiated, a further reduction of duties being granted on these subject to an expiry date of 31 December 1977.
- (iii) In the national schedule of Uruguay a tariff concession was incorporated for the first time for the import of titanium dioxide, surface-treated, for use as pigments for the paint industry, to be in effect until 31 December 1978, subject to an annual quota of 200 tons.

In addition, Uruguay extended until 31 December 1977 the validity of the concessions recorded in its national schedule for "stabilizing products for the foodstuffs industry based on edible vegetable colloids, not containing milk products" and "phenyl-mercury acetate", since in both cases the preferential treatment granted to the area was to expire on 31 December 1976. In addition, Uruguay adjusted the text in its national schedule so as to allow the import of olives in any kind of non-airtight containers, of a gross weight exceeding 10 kilograms.

Annex I shows the total concessions granted by the Contracting Parties in their national schedules in force in 1976 as having reached 11,175.

As indicated in the footnote to that Annex, the totals shown for each country at the end of the period under reference include adjustments made each year to take account of changes made in the NABALALC, many of which are reflected in increases and reductions that duplicate or diminish, independently of negotiations held, the concessions shown as having been granted by the Contracting Parties in the various rounds of negotiations.

These totals are also affected by reductions applied as a result of concessions granted with pre-established terms of validity, on the expiry of which the relevant concession is eliminated automatically.

(2) Lists of exclusive advantages

At the time of the sixteenth regular session of the Conference, tariff concessions granted under the régime established by Article 32(a) of the Montevideo Treaty totalled 79. Uruguay was the recipient country

for most of these, with 41 concessions in all. In decreasing order, Paraguay came next with 14 concessions received, then Bolivia with 11, and lastly Ecuador with 7. (See Annex V.)

Details of these concessions are as follows:

- (i) Argentina granted to Bolivia a total of 11 tariff preferences; 4 of these were granted on products included for the first time in this list of exclusive advantages.

These concessions cover the following fruit products: fresh mangoes, preserved pineapple not containing added sugar, preserved pineapple in syrup, and orange juice.

Under the other 7 concessions, new tariff reductions were granted on imports of Bolivia on the following products: fresh cherimoyas; pyrethrum flowers; cocoa powder, unsweetened; hearts of palm, prepared or preserved, in containers of any kind; wood of cedro, jacaranda and peterebi, in planks, beams, girders or joists.

- (ii) Argentina, Brazil and Mexico granted to Ecuador a total of 7 tariff concessions, as follows:

- In the list of exclusive advantages granted by Argentina, "pyrethrum extract" was included for the first time; in addition the concession granted up to 31 December 1976 on "virola" wood in planks and beams was extended to 31 December 1977.
- Brazil extended to 31 December 1977 two exclusive concessions granted to Ecuador for the import of "xanthophyll" and "rack blocks".
- The other 3 concessions, granted by Mexico to Ecuador, covered products included for the first time in the respective list of exclusive advantages, namely candied fruit, wooden planks and milk separators.

- (iii) The 14 concessions received by Paraguay were all granted by Argentina.

Thirteen of them were granted for duty-free import from Paraguay of various typical handicraft products.

The other concession comprises an adjustment in a text of a concession already granted, in order to allow the import of flat-cut chipwood.

- (iv) The largest number of concessions added during the 1976 Conference was in the list of exclusive advantages granted by Argentina to Uruguay. Under these, a total of 43 tariff reductions were granted for imports of various products from Uruguay.

This total includes 40 duty-free concessions covering various parts for internal combustion Diesel engines when imported by Argentinian manufacturers of such engines.

The other 3 concessions cover methane products (formic aldehyde, formaldehyde); square and rectangular slabs of stone, and marble emblem-stands with one, two or three metal shafts.

All of these concessions are subject to various annual quotas and terms of validity.

It should be noted that Mexico extended three concessions granted exclusively to Uruguay for the import of "preparations used in making bread, pastry and other bakers' wares", "plastic frames for diapositives" and "loudspeakers for recording studios and cinemas".

- (v) Lastly, it should be reiterated that 112 concessions were granted in lists of exclusive advantages between Brazil and Bolivia, and Bolivia and Uruguay, in pursuance of Resolution 309 (XII), and these were recorded separately from those finalized on the occasion of the sixteenth regular session of the Conference.

In this connexion, Brazil included for the first time in the list of exclusive advantages granted to Bolivia a tariff preference on imports of "Cassiterite (oxide)", valid until 17 May 1977.

In addition, under the agreement concluded between Bolivia and Uruguay, exclusive advantages were granted for the first time between these two countries.

The 62 concessions granted to Uruguay by Bolivia are for a three-year period and cover Uruguayan imports of the following products: live pedigree animals; frozen fish; cereals; flours; oleostearin; crude linseed oil; octyl phthalate; various vaccines for human or veterinary use; synthetic dyes; lactic casein; bakelite moulding powders; various kinds of paper and printed matter; wool; tubes and pipes of iron or steel;

household appliances; screws and nuts of bronze; angles, shapes, sections and wire of aluminium; saw blades; blades for shaving appliances; handles of base metals; moulds and matrices for the plastics industry; industrial electric irons; sound-recording tapes, and fibre markers.

Uruguay, for its part, granted to Bolivia 49 exclusive concessions in favour of imports from the latter country of the following products, also within a three-year period: fresh or dried bananas; fresh pineapples; vanilla; banana flour; annatta and turmeric; molasses; cocoa; pineapple juice; preserved hearts of palm; ethyl alcohol; whiskey in bottles; cottonseed cake; various products of the mining industries; urea; additives for lubricating oils; cured sheets of natural rubber; sawnwood; cotton; transmission chains; rods and bars of copper or copper alloy; zinc, tin and antimony in ingots; bars, rods, angles, shapes and sections of wolfram (tungsten); air-compressors, motor-compressors and turbo-compressors; pneumatic tools for placing and removing screws, bolts and nuts, and parts thereof; ball bearings; hyperdermic syringes, catheters and instruments for venoclysis.

3. Complementarity agreements

In the course of the sixteenth regular session of the Conference the following five complementarity agreements were enlarged:

- No. 15 - Concerning products of the pharmaceutical-chemical industry, signed between Argentina, Brazil and Mexico;
- No. 16 - Concerning products of the petro-chemical industries, signed between Argentina, Brazil, Chile, Mexico and Venezuela;
- No. 18 - Concerning products of the photographic industry, signed between Argentina, Brazil, Mexico and Uruguay;
- No. 20 - Concerning the dyes and pigments industry, signed between Argentina, Brazil, Chile and Mexico;
- No. 21 - Concerning products of the chemical industry (surpluses and deficiencies), signed between Argentina, Brazil, Chile, Mexico and Uruguay.

Under these enlargements, a total of 110 new products were incorporated in the industrial sectors covered by the various agreements and 836 tariff concessions were granted to cover imports of 613 different products, when originating in the territory of the signatory countries, or of Bolivia, Ecuador or Paraguay (see Annex III).

It should be noted, furthermore, that through its various sub-sectors, the chemical industry of the area has been the recipient of most of the concessions granted on this occasion, resulting in the creation of countless opportunities for establishing new trade flows between the various countries, or for strengthening and even expanding trade in products deriving from this industrial activity which are covered by the import tariff preferences.

(i) No. 15 concerning products of the chemical-pharmaceutical industry (Argentina, Brazil and Mexico).

This enlargement of the complementarity agreement is the fourth to date.

Under this enlargement, the signatory governments brought 28 new products under the Agreement as defined by Article 1 of the original Protocol dated 4 December 1970, and have granted 63 tariff concessions for the import of 58 chemical-pharmaceutical products within the period up to 31 December 1977.

(ii) No. 16 concerning products of the petro-chemical industries (Argentina, Brazil, Chile, Mexico and Venezuela).

In pursuance of Article 4 of complementarity agreement No. 16, at the sixteenth regular session of the Conference the participating countries carried out the annual review of concessions granted on the products to which that agreement refers.

It should be noted that under this provision, the concessions granted by participating countries are temporary and limited to a maximum period of one year. Accordingly, the delegations of Argentina, Brazil, Chile, Mexico and Venezuela entered into negotiations for the liberalization of products as from 1 January 1977, on which date the concession at present in force will expire automatically.

As a result of these negotiations, the participating countries agreed to grant 182 concessions covering imports of 139 products until 31 December 1977, and furthermore to incorporate thirty-seven new products in the industrial sector defined by Article 1 of complementarity agreement No. 16 dated 4 December 1970.

(iii) No. 18 concerning products of the photographic industry (Argentina, Brazil, Mexico and Uruguay).

There has been a further enlargement of the liberalization programme under complementarity agreement No. 18 on products of the photographic industry - the fourth enlargement since the

original date of signature; in addition and for the first time, new products have been included in the industrial sector defined by Article 1 of the original Protocol signed on 20 April 1972.

A total of 44 tariff concessions were granted on this occasion, covering imports of 15 different products when originating in the territory of the signatory countries, or of Bolivia, Ecuador or Paraguay. Of these concessions, 42 were granted for the period up to 31 December 1977, and two concessions were granted with no time-limit (permanent concessions).

(iv) No. 20 concerning products of the dyes and pigments industry (Argentina, Brazil, Chile and Mexico)

The liberalization programme under complementarity agreement No. 20 presents the same characteristics as agreement No. 16 where periodic review is concerned.

Accordingly, Argentina, Brazil, Chile and Mexico negotiated the conditions to govern the liberalization programme under agreement No. 20 in 1977. As a result of these negotiations, 481 tariff concessions were granted, establishing preferential treatment for the import of 358 specialities of the dyes and pigments industry.

(v) No. 21 on products of the chemical industry (Argentina, Brazil, Chile, Mexico and Uruguay)

This enlargement of complementarity agreement No. 21 is the first to date, this agreement having been signed only recently, on 16 December 1975.

As in the case of agreements Nos. 16 and 20, the liberalization programme under this agreement is reviewed each year. This means that here too the concessions which signatory countries grant each other are temporary and their term of validity is limited to one calendar year.

Negotiators representing Argentina, Brazil, Chile, Mexico and Uruguay were in contact during the sixteenth regular session of the Conference in order to agree on conditions to govern the liberalization programme under agreement No. 21 in 1977. As a result of these contacts the signatory countries agreed on

66 tariff concessions to be in effect from 1 January to 31 December 1977, covering imports of 57 chemical products, and also on the inclusion of 39 new products under the agreement.

B. NEGOTIATIONS IN 1977

The results of the negotiating activity of the Contracting Parties up to the end of 1977 carried further the trend that had been developing over the preceding three-year period in regard to the grant of tariff preferences in favour of imports originating in LAFTA countries.

No doubt this trend continues to be apparent in the mechanisms for partial action such as complementarity agreements and exclusive advantages granted in favour of the relatively less-developed countries, but this in no way detracts from the value of the negotiating activity of the Contracting Parties which have intervened actively in the granting of preferences.

In quantitative terms, the concessions granted in 1977 under the various liberalization mechanisms provided by the Montevideo Treaty numbered more than 1,100 (1,169 concessions).

Most of these were channelled through the mechanism of industrial complementarity agreements provided under Article 16(b) of the Montevideo Treaty, showing here again that the Contracting Parties are directing their negotiating activity toward promoting the grant of tariff concessions by using this instrument, whether by enlarging the respective liberalization programmes of existing agreements or by promoting of new complementarity agreements.

Of the remaining concessions recorded in the course of the year, only 10 were covered by the national schedules mechanism of four Contracting Parties. These are concessions of benefit to all the Contracting Parties temporarily, that is to say until the end of the time-limit set for them by each of the countries granting them.

In addition, 77 concessions were granted under Article 32(a) of the Montevideo Treaty, exclusively in favour of the relatively less-developed countries to which they are addressed (Bolivia did not receive any exclusive advantages on this occasion) and of Uruguay, in accordance with the resolutions empowering the Contracting Parties to grant and receive such concessions.

As may be seen from the foregoing, the trade liberalization mechanisms operating in 1977 maintained the trend which had been developing for some years past in LAFTA, namely, that concessions seem to be oriented fundamentally in relation with the principle of reciprocity which, in this way, takes precedence over the principle of non-discrimination.

What is emerging, therefore, is a selective system of tariff and trade preferences that is beneficial to intra-area trade in certain products (those that are selected and are negotiated casuistically) and to some extent to certain countries.

1. National schedules

In the field of national schedules, negotiating activity was limited, as may be seen from Annex VI, to participation by Argentina, Brazil, Mexico and Uruguay which agreed on the following ten concessions:

- (i) Argentina renewed the validity of two concessions that were to expire at the end of the year:
 - until 31 December 1979, for manganese dioxide of a certain composition for use in dry-cell batteries;
 - until 31 December 1978, for electronic cash registers.
- (ii) Brazil granted a concession effective to 31 December 1978, covering for the first time imports from within the area of plastic equipment, including parts of base metal, for the extraction or administration of blood, plasma, serum or injectable solutions.
- (iii) Mexico extended until 31 December 1979 the validity of a concession granted on "polished slabs of granite, for floor or wall coverings", and until 31 December 1978 the validity of three concessions on "adding and/or subtracting machines", "ticket-issuing machines with totalling device" and "ticket-issuing machines without totalling device". In addition, it granted a new concession, valid to 31 December 1978, for the import from within the area of "blood dialyzers for artificial kidneys, disposable".
- (iv) Uruguay extended to 31 December 1978 the validity of two concessions that were to expire on 31 December 1977 in respect of "stabilizers for the food industry with a basis of edible vegetable colloids, not containing milk products" and "phenyl-mercury acetate".

As may be seen from Annex I, the concessions granted by the Contracting Parties in their national schedules currently in effect have reached a total of 11,177.

2. Lists of exclusive advantages

A total of 77 concessions have been granted under Article 32(a) of the Montevideo Treaty; of these 43 were extensions, 26 were new concessions and 8 were re-negotiated concessions. On this occasion Ecuador received the largest number, namely 37 concessions, granted by Argentina (33), Brazil (2), and Mexico (2). Paraguay obtained 30 concessions and Uruguay 10. (See Annex VI.)

Details of the concessions are as follows:

- (i) Argentina granted 30 permanent tariff concessions, covering imports from Ecuador of the following products:

Tuna fish preserves; cocoa powder, unsweetened; soluble coffee; bixin and xanthophyll (dyes of vegetable origin); parquet flooring (mosaic), not assembled, of non-coniferous wood; wooden mouldings; carpets and rugs of various kinds, being handicraft articles; cordage, ropes and cables of Manila hemp; outer garments of various kinds, being handicraft articles; helicoidal drills; hand appliances for soldering and cutting; parts therefor; parts for wooden seats; extensors (gymnastic appliances) and polyester buttons.

In addition, Argentina extended to 31 December 1978 a tariff concession on "planks and beams of Virola Sp wood" which was due to expire on 31 December 1977.

Brazil extended until 31 December 1978 the validity of 2 tariff concessions granted to Ecuador which were previously due to expire on 31 December, covering imports of "xanthophyll" and "rack blocks".

Similarly, Mexico extended the validity of 2 concessions in favour of Ecuador until 31 December 1978. The products concerned are planks, beams and girders of wood of the species "Chanul" and "Sajó" and milk separators.

- (ii) Chile granted to Paraguay 30 permanent concessions on imports of various products, when originating exclusively in Paraguay.

The products include fresh, chilled or frozen beef and veal; frozen beef and veal; crude soya oil, cottonseed oil and groundnut oil; roast beef; meat extracts; purées and pastes of pineapple; pineapple juice; cigars and cheroots; essential oil of lemon-grass; industrial and toilet soaps, coconut soap; prepared calf-skin and other bovine hides; wood sheets for plywood; plywood, blockboard, etc.; reconstituted wood in various forms; wooden beadings and mouldings; parquet flooring panels; doors, window shutters and frames of wood; kraft paper bags of any type; tableware and other articles for household or toilet use, of ceramic materials other than porcelain; statuettes and decorative articles for furnishing, decoration or personal adornment, other than of porcelain; various manufactures of ceramic materials; guitars.

Twenty-four of these concessions were granted for the first time, while the six others were renegotiated.

- (iii) Argentina granted three tariff concessions to Uruguay. One is permanent, covering imports of fresh berry fruit (new concession); the other two establish until 31 December 1979 new tariff concessions on marble and granite in slabs.

Brazil granted to Uruguay a new tariff reduction on sherry-type wines, and extended until 31 December 1978 the validity of the concessions on husked rice, milled, polished or glazed rice; sparkling wines, and flagstones.

All these concessions will be in effect until 31 December 1978.

Lastly, Mexico agreed to extend until 31 December 1978 two concessions granted to Uruguay that were to have expired on 31 December 1977 and covering "plastic frames for diapositives" and "loudspeakers for recording studios, for musical instruments or for cinemas"

3. Complementarity agreements

In the course of 1977 there was again keen negotiating activity between the delegations of some Contracting Parties in the field of complementarity agreements.

The overall result of these negotiations was the incorporation of eighty-five new products in the industrial sectors of four existing complementarity agreements (Nos. 10, 15, 16 and 21), the definition of the industrial sector for three new complementarity agreements covering a total of fifty-five products, and the grant of 1,082 tariff concessions covering imports of 800 different products, when originating in the signatory countries to the relevant protocols, or in Bolivia, Ecuador or Paraguay. (See Annex IV.)

Further details are given below on the negotiations in the field of complementarity agreements:

(i) Agreement No. 10 concerning the office machinery sector (Argentina, Brazil and Mexico)

On 28 November 1977 the plenipotentiaries of Argentina, Brazil and Mexico signed three Additional Protocols (the second, third and fourth) to Complementarity Agreement No. 10, providing as follows:

- amendment of Article 4 of that Agreement, concerning the conditions governing reviews of the liberalization programme (Article 2 of the Third Additional Protocol);
- enlargement of the industrial sector covered by the Agreement, by the inclusion of 17 new products (Article 1 of the Third Additional Protocol); and
- grant of new and renegotiated tariff concessions on products in the sector (Second and Fourth Additional Protocols).

A total of 51 concessions were granted by the signatory countries on products covered by this Complementarity Agreement; 27 of these are new duty reductions on products which had already been receiving preferential tariff treatment (9 concessions granted by each country); the remaining 24 concessions (12 by Argentina and 12 by Mexico) covered products which were included in the industrial sector covered by the Agreement on this occasion, and these are therefore new concessions.

It should be noted that all the concessions granted on this occasion within the framework of Complementarity Agreement No. 10 are of a permanent character, with the exception of 3 which expire on 31 December 1978.

(ii) Agreement No. 15 concerning products of the chemical-pharmaceutical industry (Argentina, Brazil and Mexico)

The enlargement of this Complementarity Agreement was the fifth in the seven years in which this Agreement has been in effect.

As a result, the signatory governments agreed to include 18 new products under the coverage of the Agreement as defined in Article 1 thereof, and in addition to grant 121 tariff concessions for the import of 105 different chemical-pharmaceutical products.

Of this total, 36 were concessions granted for the first time, the other 85 being renegotiated concessions.

The provisions of the agreements reached between the delegations of the Governments of Argentina, Brazil and Mexico were formalized by the signature on 30 November 1977 of the Ninth, Tenth, Eleventh and Twelfth Additional Protocols, providing for enlargement of the industrial sector covered by the Agreement by the incorporation of the products listed in Article 1 of the Tenth Additional Protocol, together with enlargement of the liberalization programme by the concessions recorded in the annex to the four above-mentioned Protocols.

Two of the concessions granted on this occasion are of a permanent character, 2 others are effective to 30 June 1978, and the remainder will be in effect until 31 December 1978.

(iii) Agreement No. 16 concerning products of the petrochemical industries (Argentina, Brazil, Chile, Mexico and Venezuela)

In pursuance of Article 4 of Complementarity Agreement No. 16, at the seventeenth regular session of the Conference the signatory countries carried out the annual review of the liberalization programme under that Agreement.

As a result of these negotiations the participating countries agreed on the grant of 245 concessions to be effective until 31 December 1978 (except 4 concessions which will expire on 30 June), covering imports of 200 different products, and likewise the incorporation of 42 new products in the industrial sector defined by Article 1 of Complementarity Agreement No. 16.

The concessions granted were made up as follows:

- 171 concessions the validity of which has been extended (61 concessions granted by Argentina; 41 by Brazil; 21 by Chile; 23 by Mexico and 25 by Venezuela).
- 74 new concessions which are incorporated on this occasion for the first time in the liberalization programme of the Agreement (19 concessions granted by Argentina; 2 by Brazil; 27 by Chile and 26 by Mexico).

(iv) Agreement No. 18 concerning products of the photographic industry (Argentina, Brazil, Mexico and Uruguay)

28 November 1977 saw the completion of the negotiations between delegations of the signatory countries of this Complementarity Agreement (Argentina, Brazil, Mexico and Uruguay), with a view to enlarging the relevant liberalization programme through the grant of new or larger tariff reductions, covering imports of various products for photographic use.

The results of these negotiations, which were formalized by the signature of three Additional Protocols (Tenth, Eleventh and Twelfth) are reflected in a total of 52 tariff concessions with varying periods of validity - six months (4 concessions), one year (31 concessions), the remaining 17 concessions being permanent.

(v) Agreement No. 20 concerning products of the dyes and pigments industry (Argentina, Brazil, Chile and Mexico)

The liberalization programme under Complementarity Agreement No. 20 presents the same characteristics as the Agreement No. 16 programme in regard to periodic revision.

Accordingly, Argentina, Brazil and Mexico (Chile did not participate on this occasion) carried out negotiations on the conditions to govern the liberalization programme of Complementarity Agreement No. 20 during 1976. The agreements reached between these countries are reflected in the granting of 454 concessions establishing preferential tariff treatment for the import of 345 specialities of the dyes and pigments industry.

(vi) Agreement No. 21 on products of the chemical industry (surpluses and deficiencies) (Argentina, Brazil, Chile, Mexico and Uruguay)

This enlargement of Complementarity Agreement No. 21 is only the second to date, because it was signed fairly recently, on 16 December 1975.

As in the case of Agreements Nos. 16 and 20, the liberalization programme of this Agreement is reviewed each year. This means that here too the concessions that the signatory countries grant each other are temporary and are limited in validity to one calendar year.

Negotiators representing Argentina, Brazil, Chile, Mexico and Uruguay were in contact during the seventeenth regular session of the Conference in order to determine the conditions to govern the liberalization programme of Agreement No. 21 for 1978.

As a result of these contacts the signatory countries agreed on the grant of 70 tariff concessions to be in effect until 31 December 1978, covering imports of 61 chemical products, and in addition the inclusion of 8 new products in the coverage of the Agreement.

(vii) Agreement No. 22 concerning the essential oils, chemical-aromatic, aromas and flavourings industry (Argentina and Mexico)

27 September 1977 saw the completion at the Association's headquarters of the negotiating contacts maintained between delegates of Argentina and Mexico in order to establish a Complementarity Agreement in this sector of the essential oils, chemical-aromatic, aromas and flavourings industry.

The results of these negotiations were formalized by the signature on that date of a Protocol setting forth the terms and conditions to govern this Complementarity Agreement.

The industrial sector defined in Article 1 of that instrument includes twenty-six products, on twenty of which thirty-one tariff concessions have been granted to be in force until 31 December 1979 (seventeen concessions granted by Argentina and fourteen by Mexico).

At its meeting on 7 November 1977 the Standing Executive Committee declared this Agreement consistent with the principles and general objectives of the Montevideo Treaty and accordingly approved Resolution 365 of that same date.

Under Article 11 of the Agreement, it was to enter into force within sixty days as from the date on which it was found consistent (7 November 1977).

(viii) Agreement No. 23 on products of the electrical generating, transmission and distribution equipment industry (Argentina and Mexico)

On 30 November 1977, delegates of the Governments of Argentina and Mexico signed a new Complementarity Agreement in the sector of the electrical generating, transmission and distribution equipment industry.

This Agreement, which bears the number 23, covers an industrial sector comprising fifteen different products classified according to the corresponding NABALALC headings.

The liberalization programme established by the signatory countries comprises thirty tariff concessions effective until 31 December 1978 and covering imports of all these products (fifteen concessions granted by Argentina and fifteen by Mexico), when they fulfil the requirements of origin laid down in Annex II to the respective Protocol.

The Standing Executive Committee has found this Agreement consistent with the principles and general objectives of the Montevideo Treaty and to this end adopted Resolution 373 of 29 December 1977.

In accordance with Article 10 of Agreement No. 23, this Complementarity Agreement will enter into force in the signatory countries within 60 days following the date on which it was found consistent by the Standing Executive Committee.

(ix) Agreement No. 24 concerning products of the electronics and electrical communications industry (Argentina and Mexico)

Also on 30 November 1977 a new Complementarity Agreement was signed in the Association for the electronics and electrical communications industry, the third such agreement in this industrial sector (the earlier ones were No. 12 and No. 19).

On this occasion, as a result of the understandings reached between delegates of the Governments of Argentina and Mexico, a Protocol was signed setting forth the terms to govern the new Complementarity Agreement, which was registered by the secretariat as No. 24.

The industrial sector defined by Article 1 of the relevant Protocol covers 14 different products classified under their corresponding NABALALC headings; the liberalization programme agreed by the signatory countries comprises 28 tariff concessions (14 concessions granted by each country) covering imports of the above-mentioned products; in addition, some of the products must comply with the specific requirements of origin laid down in Annex II to the Agreement.

The tariff concessions are temporary, to be effective until 31 December 1978.

On 29 December 1977 the Standing Executive Committee declared Complementarity Agreement No. 24 consistent with the principles and general objectives of the Montevideo Treaty, by adopting Resolution 374.

Furthermore, Article 10 of the Agreement stipulates that it is to enter into force in the signatory countries within sixty days following the date on which it is found consistent by the Standing Executive Committee (29 December 1977).

II. DEVELOPMENT OF INTRA-AREA TRADE

A. INTRA-AREA IMPORTS

Intra-area imports in 1976 (see Annex VII in which the totals for the year 1975 have been repeated in respect of three countries - Chile, Ecuador and Venezuela), reached US\$4,598 million, representing an increment of \$479 million over the preceding year. This increase is equivalent to 11.63 per cent of total imports in 1975.

As we shall see below, in 1976 there was a reversal of the general trend prevailing up to 1975 in the import trade of the LAFTA countries, reflected in an appreciable increase in intra-area imports and a decline - also appreciable - in purchases from outside the area.

(1) Share of intra-area imports in total imports

On the assumption that for the three countries mentioned the figures corresponding to 1975 were maintained for 1976, the share of intra-area imports in total imports by the eleven Contracting Parties was 12.8 per cent and the index value in relation to 1961 reached 784.6 per cent.

On the other hand, imports from outside the area reached \$31,420 million in 1976, a decline by \$2,061 million from the previous year's level, equivalent to approximately 6.2 per cent. The share of these imports in total trade had been increasing steadily since 1973, but this trend was interrupted in 1976 when these imports were equivalent to 87.2 per cent of total imports as against 89.0 per cent in 1975. In parallel, the index value fell, reaching 474.8 per cent for the year under reference.

The share of both trade flows in total imports, in which the percentage increase in one was offset by a decline in the other, showed a variation of 0.3 per cent in favour of imports from outside the area, comparing the years 1973 and 1975. There was a reversal in this trend in 1976, with an increase of 1.8 per cent in intra-area imports which accounted for 12.8 per cent of total imports, the largest share recorded to date.

On the basis 1961 = 100, it should be noted that in 1976, while the index for intra-area imports increased by more than 81 per cent, that corresponding to imports from outside the area declined by 31 per cent.

(2) Average annual growth rate of imports

The average annual growth rate of intra-area imports reached 14.72 per cent in 1976, implying that purchases by LAFTA countries within the area are continuing to grow at an accumulated annual average rate somewhat below that recorded in 1974 and 1975.

On the other hand, the average annual growth rate of imports from outside the area, which in 1975 had dropped back slightly from 1974 level, declined appreciably in 1976 (by approximately 1.4 per cent) to the level of 10.9 per cent, this being the logical consequence of the reduction in absolute terms.

As may be seen from the comparative table below, the annual growth rate of both intra-area imports and those from outside the area has shown a varying trend in the fourteen years during which the LAFTA liberalization programme has been in effect. On three occasions (1970, 1975 and 1976) the upward trend in the growth rate of intra-area imports has been interrupted, while as regards imports from outside the area the growth rate declined in two years (1975 and 1976). The difference between the two rates (intra-area imports as against imports from outside the area) has been narrowing slowly from year to year, reaching 2.63 per cent in 1975, so that while in absolute values there has been an increase in both trade flows, the growth of intra-area imports has been relatively slower than that of imports from outside the area, and the reduction is continuing.

The situation for 1976 was somewhat different; the difference reached 3.78 per cent (close to that recorded in 1971) as a result of the decline in imports from outside the area. This does not mean that the growth rate of intra-area imports continued at the 1974 level, which was the highest to date, but that purchases from outside the area fell off considerably in absolute terms.

Year	Intra-area imports	Imports from outside area	Difference
1968	8.87	3.64	5.23
1969	10.49	4.28	6.21
1970	9.72	5.49	4.23
1971	9.74	6.22	3.52
1972	9.95	6.93	3.02
1973	12.12	8.77	3.35
1974	15.62	12.67	2.95
1975	14.95	12.32	2.63
1976	14.72	10.94	3.78

The decline in this indicator, in respect of both intra-area imports and those from outside the area, implies that in 1976 the effects were still being felt of the international trade recession that had begun in the period 1974-1975.

B. INDIVIDUAL SHARE OF CONTRACTING PARTIES IN INTRA-AREA TRADE

Annex VIII presents a comparative analysis of intra-area trade showing the variation in imports and exports by Contracting Parties in the years 1972, 1973, 1974, 1975 and 1976.

- (a) In relative terms, the country with the largest increase in its intra-area trade in 1976 was Uruguay, with an increase of 28 per cent over the 1975 level, equivalent to \$73.469 million. This increment resulted from expansion of both imports and exports, by \$57.460 million and \$16.009 million respectively as compared with 1975. As a result the trade balance continued in deficit, as in recent years, and in 1976 reached \$84.331 million (67.1 per cent of exports in that year). This result was similar to the situation for 1972, 1973, 1974 and 1975 when the negative balance reached \$43.764 million, \$89.962 million, \$6.281 million and \$42.880 million respectively, yielding again in 1976 one of the largest deficits in Uruguay's trade balance with the area over the past five-year period.
- (b) Brazil likewise recorded an increase in its total intra-area trade in 1976, with \$535 million (the largest figure recorded in the year) representing 27.4 per cent of the total for 1975. This increase was due to the fact that exports in 1976 exceeded those in the preceding year by nearly \$5 million, while imports increased by \$530 million. The trade balance is in deficit and for 1976 is in excess of \$82 million, reflecting a reverse trend in comparison with 1975 when a surplus of the order of \$442 million was recorded.
- (c) In the course of 1976, Bolivia increased its trade with the area by more than \$70 million, representing 20.6 per cent of the preceding year's total. Both exports and imports increased, by \$20.5 million and \$50 million respectively. As a result of the larger increase in imports for this year, the trade balance yielded a deficit of some \$3.235 million, equivalent to 1.57 per cent of total exports in that year.
- (d) Argentina's total trade increased in 1976 by more than \$177 million (\$177.993 million), reaching a level 10.7 per cent above that for 1975. This result was attributable to the fact that the increase by \$275 million in exports (\$275.516 million) was partly offset by a decline in imports by some \$97 million (\$97.523 million).

The trade balance in 1976 showed a reverse trend and was again in surplus, by \$218 million, representing 27 per cent of imports in that year.

- (e) Peru likewise recorded an increase in intra-area trade in 1976, reaching a total of \$658.566 million, an increase over the preceding year by \$46.286 million, equivalent to 7.6 per cent. Exports increased by \$93.988 million while imports declined by \$47.702 million. The trade balance was again in deficit, by \$321.270 million, the largest deficit recorded for Peru in the period under reference, and equivalent to 190.5 per cent of exports in that year.

- (f) Paraguay's trade declined by \$7 million, representing 5 per cent of trade in 1975. Imports increased by \$7 million while exports declined by more than \$14 million.

The trade balance continued in deficit, as in earlier years, and in 1976 amounted to more than \$43 million, representing 91 per cent of exports in that same year.

- (g) In 1976, Colombia's trade declined by 6.4 per cent to \$368.456 million, as a result of a decline in exports by \$29.059 million while imports increased by \$3.965 million. As in the two preceding years, Colombia's trade balance was in surplus in 1976, to the extent of \$39.510 million, equivalent to 24 per cent of that country's imports.
- (h) Mexico's total intra-area trade declined in 1976 by more than \$119 million (\$119.694 million), representing 17.6 per cent less than in 1975. This result was due to the fact that the increase in exports (\$46.784 million) in 1976 was offset and exceeded by a decline in imports of the order of \$166.478 million. The trade balance showed a surplus of \$69.177 million, equivalent to 28 per cent of exports.

Lastly, it should be pointed out once more that on the basis of the statistical data available to the secretariat for 1976, it is possible to make only a preliminary analysis of the situation in regard to the countries mentioned above and subject to verifications and adjustments made from time to time by the Statistical and Data-Processing Services on the basis of more detailed information and confirmation of estimated figures (Bolivia, Brazil, Mexico and Peru) obtained from various publications.

III. HARMONIZATION OF TRADE POLICIES AND INSTRUMENTS

In 1976 and 1977, activities in regard to the harmonization of trade policies and instruments were mainly concerned with the work of harmonizing national tariffs and customs legislation and developing the trade promotion programme.

A. INCORPORATION OF THE BTN IN NATIONAL TARIFFS

With respect to the incorporation of the Brussels Tariff Nomenclature (BTN) in national tariffs, it should be pointed out once more that all the Contracting Parties have already introduced this nomenclature into their national tariffs, so that activities from 1976 on were mainly concerned with keeping it up to date and harmonizing the principles and procedures used for its application.

B. ESTABLISHMENT OF AD VALOREM DUTIES AND ADOPTION OF THE BRUSSELS DEFINITION OF VALUE

By the end of the period covered by this report eight member countries (Argentina, Brazil, Colombia, Chile, Ecuador, Mexico, Uruguay and Venezuela) had implemented Resolution 122(V) concerning the adoption of tariffs comprising ad valorem duties.

As regards adoption of the Definition of Value, the Association's activities were mainly aimed at improving national administrative arrangements for application of the Definition and solving various problems that had arisen as a result of its application.

At the time of writing this report, ten member countries had adopted the Brussels Definition of Value as a common basis for computing customs duties, and the remaining country (Brazil) had still to establish regulations defining the concept of "normal price" existing in its legislation.

C. HARMONIZATION OF CUSTOMS LEGISLATION

In the period 1976-1977, the groups of experts on customs techniques and the national directors of customs approved the conceptual bases for common rules on customs transit, on procedure for the transfer abroad of goods already cleared for the domestic market, on a temporary admission régime for goods re-exported without further processing, on procedures for the return, in specific cases, of goods already definitively exported, on régimes for temporary admission in inward processing traffic, draw-back and prior export (stock replenishment).

In addition they established directives for further activities of the secretariat and of the group of experts on customs techniques, in regard to simplified procedures for despatch of goods by air, studies on provisional deposits on goods, improvement of the Glossary of Customs Terms, and standardization and harmonization of documents used in foreign trade operations.

As regards the application, interpretation and improvement of NABALALC, the Advisory Committee on Nomenclature examined at its thirteenth session the amendments to the BTN approved by the Customs Co-operation Council and set forth in amendment No. 20 to the BTN, and proposed to the Standing Executive Committee the corresponding draft amendments to NABALALC which were approved under Resolution 351 of the Committee on 22 December 1976.

IV. INDUSTRIAL MATTERS

The Association's activities in 1976 and 1977 in regard to industrial development were mainly concentrated on carrying out the annual programmes of sectoral meetings and implementing Resolution 99(IV).

As regards the first point, fourteen sectoral meetings and two meetings of working groups of entrepreneurs were held in 1976, and were attended by a total of 525 entrepreneur delegates. On these occasions a total of 819 proposals for tariff reductions were made, six of them for inclusion in national schedules and 813 for complementarity agreements.

In 1977 fifteen sectoral meetings and one meeting of a group of entrepreneurs were held, with a total attendance of 585 entrepreneurs. At these meetings 1,367 proposals were made for tariff reductions, nine of them for inclusion in national schedules and the remaining 1,358 for complementarity agreements.

As regards implementation of Resolution 99(IV), Chapter I.A.3 and B.3 of this report have commented on the negotiations held between the Contracting Parties with a view to the enlargement of existing complementarity agreements and the signature of new ones.

V. AGRICULTURAL MATTERS

The Association's activities in 1976 in regard to agricultural development were focused on action to expand regional agricultural trade, improve the market information system, and define a programme on quality standards for agricultural products.

In 1977, the Association pursued this action, and in particular the Standing Executive Committee adopted Resolution 350 establishing regulations for the assembly of national agricultural marketing bodies, which has the status of an advisory body to the Standing Executive Committee.

As regards quality standards for agricultural products, the Standing Executive Committee agreed to present to the governments preliminary draft standards on maize, wheat, bread, rice (whether or not husked or processed) to allow them to make recommendations.

In addition, as from 1 September a market information system by telex was established in respect of agricultural products. Under this system, information is exchanged weekly on demand, supply, prices and other technical data in the principal markets of each country for the products considered of priority importance.

VI. ECONOMIC MATTERS

During the two-year period under reference, and on the basis of meetings of the Advisory Committee on Monetary Questions and the Council on Financial and Monetary Policy, a considerable amount of work was done in regard to improving the system of payments and reciprocal credit, the mechanism to alleviate temporary liquidity shortages in balances of payments (Santo Domingo Agreement) and likewise the launching of Latin American - LAFTA Bankers' acceptances (ABLA).

- (a) During the period under review, the payments system functioned satisfactorily. All the LAFTA countries and the Dominican Republic are currently operating in that system. Out of fifty-five agreements available for signature within LAFTA, fifty-two are in force. Taking into account the Dominican Republic too, there are sixty-six possible agreements, of which fifty-eight have been signed.

Operations effected through the regional payments mechanism in 1977 totalled \$3,936 million of which only 22 per cent was used to cover compensation balances. In comparison with 1976, when these operations totalled \$2,924 million, there was an increase of more than \$1,010 million (see Annex IX).

- (b) As regards the mechanism to alleviate temporary liquidity shortages, recommendations have been made establishing procedures for fixing new credit lines that will result from the entry into force of the revised quotas of the International Monetary Fund. In 1976 the Santo Domingo Agreement was amended by the Council on Financial and Monetary Policy, in order to make it more effective and to facilitate and enlarge its use by the signatory central banks. To date the mechanism has been used on thirteen occasions and the agreement on additional resources has been used on two occasions.
- (c) In 1976 the Advisory Committee on Monetary Questions completed all the technical work for bringing into operation the mechanism of Latin America-LAFTA bankers' acceptances (ABLA). After ratification by the Council on Financial and Monetary Policy, the Standing Executive Committee, by its Resolution 344, approved the official launching of the ABLA which took effect in New York on 22 September that year.

VII. RELATIVELY LESS-DEVELOPED COUNTRIES

The period covered by this report saw the completion of the studies on utilization by the relatively less-developed countries of the lists of exclusive advantages, and the examination of possibilities for recourse to complementarity agreements already in existence or in course of preparation.

In addition, the secretariat's Operational Unit for less-developed countries undertook studies designed to afford elements of judgement with a view to improving conditions of access to the area market for products of these countries. In this connexion the study undertaken at the request of Bolivia on the marketing of tin, antimony, bismuth and wolfram was completed in 1976. Similarly, market surveys were carried out on products from Ecuador and Paraguay.

VIII. SUB-REGIONAL AGREEMENTS

In the two-year period 1976-1977 the Association carried on its working contacts and information exchanges with the authorities of the Cartagena Agreement. The member countries of the Agreement continued to implement the programmes established under that instrument and under decisions of the Commission of the Agreement and they reported to the sixteenth and seventeenth regular sessions of the Conference on the functioning of that Agreement, in pursuance of Resolution 222(VII).

As regards information furnished by the Cartagena Agreement in 1976, mention should first be made of progress in the negotiations on industrial programming, the signature of the Lima Protocol extending the time-limits set in various mechanisms of the Agreement, the modification of common treatment for foreign capital, and the creation of the Andean Reserve Fund.

Another noteworthy fact was Chile's withdrawal from the sub-regional organization.

Likewise in 1976, the Andean Reserve Fund was set up with the primary objective of granting and guaranteeing loans in support of balances of payments and to serve as an instrument for harmonizing the monetary and exchange policies of the member countries.

As regards the programming of industrial development, the work of the various organs of the Agreement was mainly concerned with formulation, improvement and negotiation of the sectoral development programme for the motor vehicle industry. This programme was approved under Decision No. 120 adopted during the nineteenth special session of the Commission, held at Quito on 13 September last, and the joint and integrated development of this industrial sector was thereby made operational.

The motor vehicle programme is undoubtedly the most important of all those approved to date by the Andean Group. Its importance derives in part from the foreseeable effects on the economic and social development of each of the member countries as a result of the investment opportunities thus created, the projected output of vehicles and components, possibilities for generating employment possibilities, increasing technological development and achieving basic processes that can allow new industrial activities to be started up.

In addition, it should be noted that at its twenty-second regular session, the Commission approved Decision No. 119 containing the special support programme for Bolivia, which envisages a set of measures to contribute to speed up Bolivia's economic development and facilitate that country's recourse to the advantages accruing from the sub-regional integration process. The provisions of the programme deriving from the special treatment established by the Agreement in favour of Bolivia and Ecuador are likewise fully applicable to this latter country.

ANNEX I

CONCESSIONS GRANTED IN NATIONAL SCHEDULES

Country	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Argentina	693	1,072	1,280	1,363	1,537	1,621	1,717	1,839	1,867	1,869	1,871	1,879	1,879	1,883	1,881	1,882	1,882
Bolivia	-	-	-	-	-	-	178	194	192	192	196	192	196	196	196	195	196
Brazil	912	1,250	1,312	1,352	1,511	1,603	1,710	1,802	1,642	1,551	1,855	1,865	1,877	1,878	1,874	1,876	1,877
Colombia	490	619	704	714	745	751	766	777	777	777	777	777	778	778	778	780	780
Chile	529	633	864	872	894	917	959	970	972	972	975	977	979	979	988	986	986
Ecuador	-	1,714	1,677	1,680	1,685	1,689	1,697	1,720	1,718	1,718	1,723	1,723	1,726	1,728	1,725	1,729	1,729
Mexico	321	607	727	602	937	1,030	1,090	1,173	1,194	1,202	1,203	1,207	1,212	1,214	1,214	1,217	1,218
Paraguay	522	569	665	663	677	691	691	696	695	695	696	696	702	703	702	702	702
Peru	237	295	355	364	392	402	424	470	494	494	499	501	504	504	502	501	501
Uruguay	570	610	664	664	676	689	716	784	788	788	788	802	810	810	812	814	814
Venezuela	-	-	-	-	-	-	434	444	478	484	491	491	492	492	492	492	492
Totals	4,274	7,593	8,246	8,474	9,054	9,393	10,382	10,869	11,017	11,042	11,079	11,110	11,157	11,165	11,164	11,175	11,177

Source: Secretariat.

Note: The totals for each country include adjustments made each year to take account of changes made in the NABALALC, many of which are reflected in increases and reductions that duplicate or diminish, independently of negotiations held, the concessions shown as having been granted by the Contracting Parties in the year concerned.

ANNEX II

TOTAL CONCESSIONS INCLUDED IN LISTS OF EXCLUSIVE ADVANTAGES
ARRANGED ACCORDING TO GRANTING COUNTRY

Granted by	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Argentina	932	1,048	1,139	1,147	1,155	1,162	1,306	1,353	1,359	1,359	1,368	1,396	1,392	1,428	1,423	1,476	1,477
Bolivia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62
Brazil	1,289	1,510	1,579	1,596	1,597	1,658	1,818	1,899	1,952	1,932	1,956	1,979	2,024	2,023	2,024	2,007	2,008
Colombia	222	328	353	354	397	430	430	432	431	431	435	437	438	436	438	438	438
Gnile	241	382	392	393	405	419	544	566	565	565	566	566	567	567	571	571	595
Ecuador	-	280	301	301	302	302	303	312	312	312	312	312	312	312	313	313	313
Mexico	914	1,161	1,209	1,247	1,265	1,271	1,333	1,349	1,350	1,350	1,352	1,359	1,373	1,373	1,372	1,378	1,378
Paraguay	-	112	150	150	150	150	150	150	149	149	150	150	151	151	151	151	151
Peru	153	226	237	239	247	247	260	288	287	287	287	287	287	287	287	287	287
Uruguay	488	575	577	572	571	575	604	606	607	607	607	609	612	612	612	661	661
Venezuela	-	-	-	-	-	-	203	204	204	204	204	204	205	205	205	205	205
Totals	4,239	5,522	5,937	5,998	6,046	6,181	6,951	7,161	7,196	7,196	7,217	7,299	7,361	7,394	7,396	7,549	7,575

Source: Secretariat.

Note: The totals for each country include adjustments made each year to take account of changes made in the MABALAC, many of which are reflected in increases and reductions that duplicate or diminish, independently of negotiations held, the concessions shown as having been granted by the Contracting Parties in the year concerned.

ANNEX III

PROTOCOLS TO COMPLEMENTARITY AGREEMENTS SIGNED DURING THE
SIXTEENTH REGULAR SESSION OF THE CONFERENCE (1976)

COMPLEMENTARITY AGREEMENTS	PRODUCTS INCLUDED IN THE INDUSTRIAL SECTOR	PRODUCTS COVERED BY CONCESSIONS	CONCESSIONS GRANTED BY SIGNATORY COUNTRIES																
			AR.	BR.	CH.	ME.	UR.	VE. TOTAL											
<u>No. 15 - Concerning products of the pharmaceutical-chemical industry</u>																			
Enlargement of the liberalization programme (Seventh Additional Protocol)	X	39	13	19	X	12	X	X	X	44									
Enlargement of the industrial sector (Eighth Additional Protocol)	28	5	12	1	X	6	X	X	X	19									
<u>No. 16 - Concerning products of the petro-chemical industries</u>																			
Revision of the liberalization programme (Eleventh Additional Protocol)	X	134	66	46	19	24	X	22	177										
Enlargement of the industrial sector (Twelfth Additional Protocol)	37	-																	
Enlargement of the liberalization programme (Thirteenth Additional Protocol)	X	5	1	-	3	1	X	-	5										
<u>No. 18 - Concerning products of the photographic industry</u>																			
Enlargement of the liberalization programme (Sixth Additional Protocol)	X	12	14	7	X	8	5	X	34										
Enlargement of the industrial sector (Seventh Additional Protocol)	6	-																	
Enlargement of the liberalization programme (Eighth Additional Protocol)	X	3	5	-	X	3	2	X	10										

ANNEX III (cont'd)

COMPLEMENTARITY AGREEMENTS	PRODUCTS INCLUDED IN THE INDUSTRIAL SECTOR	PRODUCTS COVERED BY CONCESSIONS	CONCESSIONS GRANTED BY SIGNATORY COUNTRIES						
			AR.	BR.	CH.	ME.	UR.	VE.	TOTAL
No. 20 - <u>Concerning the dyes and pigments industry</u> Revision of the liberalization programme: - Fifth Additional Protocol - Sixth Additional Protocol	X X	343 15	124	195	8	135	X	X	462
No. 21 - <u>Concerning products of the chemical industries (surpluses and deficiencies)</u> Review of the liberalization programme (First Additional Protocol) Enlargement of the industrial sector (Second Additional Protocol) Enlargement of the liberalization programme (Third Additional Protocol)	X 39 X	40 - 17	15	11	9	9	4	X	48
	110	613	265	279	50	209	11	22	836

Note: All the concessions were granted with effect to 31 December 1977, with the exception of one concession effective to 30 June 1977 granted under the Eleventh Additional Protocol to Complementarity Agreement No. 20 and two permanent concessions granted under the Sixth Additional Protocol to Complementarity Agreement No. 18.

ANNEX IV

PROTOCOLS TO COMPLEMENTARITY AGREEMENTS SIGNED DURING THE SEVENTENTH REGULAR SESSION OF THE CONFERENCE (1977)

COMPLEMENTARITY AGREEMENTS	PRODUCTS INCLUDED IN THE INDUSTRIAL SECTOR	PRODUCTS COVERED BY CONCESSIONS	CONCESSIONS GRANTED BY SIGNATORY COUNTRIES						
			AR.	BR.	CH.	ME.	UR.	VE.	TOTAL
<u>No. 10 - Concerning the office machinery sector</u>									
-	Enlargement of the liberalization programme (Second Additional Protocol)	-	9	9	X	9	X	X	27
-	Enlargement of the industrial sector (Third Additional Protocol)	17	-	-	-	-	-	-	-
-	Enlargement of the liberalization programme (Fourth Additional Protocol)	-	12	-	X	12	X	X	24
	TOTAL AGREEMENT No. 10	17	21	9	X	21	X	X	51
<u>No. 15 - Concerning products of the pharmaceutical-chemical industry</u>									
-	Enlargement of the liberalization programme (Ninth Additional Protocol)	-	38	29	X	26	X	X	.93
-	Enlargement of the industrial sector (Tenth Additional Protocol)	18	1	-	X	3	X	X	4
-	Enlargement of the liberalization programme (Eleventh Additional Protocol)	-	6	-	X	3	X	X	9
-	Enlargement of the liberalization programme (Twelfth Additional Protocol)	-	-	11	X	4	X	X	15
	TOTAL AGREEMENT No. 15	18	45	40	X	36	X	X	121
<u>No. 16 - Concerning products of the petrochemical industries</u>									

COMPLEMENTARITY AGREEMENTS	PRODUCTS INCLUDED IN THE INDUSTRIAL SECTOR	PRODUCTS COVERED BY CONCESSIONS	CONCESSIONS GRANTED BY SIGNATORY COUNTRIES													
			AR.	BR.	CH.	ME.	UR.	Vd.	TOTAL							
- Enlargement of the liberalization programme (Fourth Additional Protocol)	-	61	22	11	12	13	4	X								62
- Enlargement of the industrial sector (Fifth Additional Protocol)	8	-	-	1	6	1	-	X								8
TOTAL AGREEMENT No. 21	8	61	22	12	18	14	4	X								70
No. 22 - Concerning products of the essential oils, aromatic-chemical, perfume and flavouring industry	26	20	17	X	X	14	X	X								31
No. 23 - On products of the electrical generating, transmission and distribution equipment industry	15	15	15	X	X	15	X	X								30
No. 24 - On products of the electronics and electrical communications industry	14	14	14	X	X	14	X	X								28
TOTAL OF AGREEMENTS	140	800	363	294	67	326	8	25								1,082

Note: Duration of concessions:

Under Agreement No. 10, all the concessions are permanent with the exception of three which expired on 31 December 1978.

Under Agreement No. 15, all the concessions expired on 31 December 1978, except two which expired on 13 June 1978 and two which are permanent.

Under Agreement No. 16, all the concessions expired on 31 December 1978 except four which expired on 30 June 1978.

Under Agreement No. 18, all the concessions expired on 31 December 1978 except four which expired on 30 June 1978 and seventeen which are permanent.

Under Agreement No. 22, all the concessions expire on 31 December 1979.

Under the other Agreements all the concessions expired on 31 December 1978.

ANNEX V

CONCESSIONS GRANTED IN 1976 IN NATIONAL SCHEDULES
AND LISTS OF EXCLUSIVE ADVANTAGES

GRANTED BY	NUMBER OF CONCESSIONS				TOTAL
	NEW	EXTENDED	RENEGOTIATED	ADJUSTMENTS	
A. <u>National schedules</u>					
Argentina	-	1*	-	1	2
Mexico	-	1*	2*	-	3
Uruguay	1*	2*	-	1	4
Total national schedules	1	4	2	2	9
B. <u>Lists of exclusive advantages</u>					
(1) Granted to Bolivia					
Argentina	4	-	7	-	11
Brazil	1***	-	-	-	1***
Uruguay	49***	-	-	-	49***
(2) Granted to Ecuador					
Argentina	1**	1*	-	-	2
Brazil	-	2*	-	-	2
Mexico	3**	-	-	-	3
(3) Granted to Paraguay					
Argentina	11	-	2	-	14
(4) Granted to Uruguay					
Argentina	41**	2**	-	1	44
Bolivia	62***	-	-	-	62***
Mexico	-	3**	-	-	3
Total lists of exclusive advantages	172(60) ^{1/}	8	9	2	191(79) ^{1/}
Total	173(61) ^{1/}	12	11	4	200(88) ^{1/}

*Subject to period of validity

**Subject to quota

***Concessions granted prior to the Sixteenth Regular Session of the Conference (Resolution 309(XII)).

^{1/}The figure in parentheses indicates the total concessions granted during the Sixteenth Regular Session of the Conference.

ANNEX VI

CONCESSIONS GRANTED IN 1977 IN NATIONAL SCHEDULES
AND LISTS OF EXCLUSIVE ADVANTAGES

	Extended	New	Renegotiated	Total
<u>NATIONAL SCHEDULE</u>				
Argentina	2	-	-	2
Brazil	-	1	-	1
Mexico	4	1	-	5
Uruguay	2	-	-	2
Sub-total	8	2	-	10
<u>LISTS OF EXCLUSIVE ADVANTAGES</u>				
<u>Granted to Ecuador</u>				
By Argentina	33	-	-	33
By Brazil	2	-	-	2
By Mexico	2	-	-	2
Sub-total	37	-	-	37
<u>Granted to Paraguay</u>				
By Chile	-	24	6	30
<u>Granted to Uruguay</u>				
By Argentina	-	1	2	3
By Brazil	4	1	-	5
By Mexico	2	-	-	2
Sub-total	6	2	2	10
TOTAL	51	28	8	87

ANNEX VII
LAFTA - INTRA-AREA IMPORTS FROM WITHIN AND IMPORTS FROM OUTSIDE THE AREA IN THE
PERIOD 1961-1976

COMPARISON BETWEEN BOTH TRADE FLOWS AND TOTAL IMPORTS

Data as at 6 September 1977

YEAR	INTRA-AREA IMPORTS						IMPORTS FROM OUTSIDE THE AREA						TOTAL IMPORTS									
	US\$ MILLION		% OF TOTAL IMPORTS		INDEX 1961 = 100		AVERAGE GROWTH RATE		US\$ MILLION		% OF TOTAL IMPORTS		INDEX 1961 = 100		AVERAGE GROWTH RATE		US\$ MILLION		INDEX 1961 = 100		AVERAGE GROWTH RATE	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
1961	360	586	6,0	8,1	100,0	100,0	-	-	6,617	95,0	91,9	100,0	100,0	-	-	6,029	7,203	100,0	100,0	-	-	
1962	420	716,7	7,1	11,1	116,7	116,7	16,67	16,67	5,517	92,9	92,9	97,3	97,3	2,75 (*)	2,75 (*)	5,937	98,5	98,5	98,5	1,55 (*)	1,55 (*)	
1963	507	740,8	8,9	14,0	140,8	140,8	18,67	18,67	5,185	91,1	91,1	91,1	91,1	4,77 (*)	4,77 (*)	5,672	94,1	94,1	94,1	3,10 (*)	3,10 (*)	
1964	646	179,4	18,8	17,9	179,4	179,4	21,52	21,52	5,351	89,2	89,2	94,4	94,4	1,94 (*)	1,94 (*)	5,997	99,5	99,5	99,5	0,18 (*)	0,18 (*)	
1965	771	214,4	12,8	12,8	214,4	214,4	20,97	20,97	5,282	87,2	87,2	92,5	92,5	1,98 (*)	1,98 (*)	6,013	99,7	99,7	99,7	0,00 (*)	0,00 (*)	
1966	785	218,1	11,4	11,4	218,1	218,1	16,87	16,87	6,083	88,6	88,6	107,3	107,3	1,42	1,42	6,859	113,9	113,9	113,9	2,64	2,64	
1967	974	215,0	10,9	10,9	215,0	215,0	13,61	13,61	6,326	89,1	89,1	111,6	111,6	1,84	1,84	7,100	117,8	117,8	117,8	2,76	2,76	
1968	838	1,062	10,9	11,1	232,8	181,2	12,83	8,87	6,859	89,1	88,9	121,0	128,5	2,76	2,76	7,697	9,582	127,7	132,8	3,55	4,13	
1969	1,026	1,302	11,9	12,3	285,0	222,2	13,99	10,49	7,605	88,1	87,7	134,2	139,8	3,74	4,28	8,631	10,551	143,2	146,5	4,59	4,89	
1970	1,105	1,350	11,1	11,2	306,9	230,4	13,27	9,72	8,875	88,9	88,8	156,6	161,8	5,11	5,49	9,981	12,055	165,5	167,4	5,76	5,89	
1971	1,186	1,494	10,5	10,9	329,4	253,2	12,66	9,74	10,092	89,5	89,1	178,0	182,8	5,94	6,22	11,278	13,581	187,1	188,5	6,46	6,55	
1972	1,283	1,664	10,0	10,7	356,4	284,0	12,25	9,95	11,536	90,0	89,3	203,5	209,0	6,67	6,93	12,819	15,492	212,6	215,1	7,10	7,21	
1973	1,724	2,312	9,9	11,3	476,9	394,5	13,94	12,12	15,650	90,1	88,7	276,1	274,1	8,83	8,77	17,374	20,451	288,2	283,9	9,22	9,09	
1974	2,867	3,884	9,3	11,1	796,4	662,8	17,30	15,62	27,980	90,7	88,9	493,6	472,0	13,06	12,67	30,847	35,116	511,6	487,5	13,80	12,96	
1975	3,078	4,119	9,9	11,0	855,0	702,9	16,57	14,95	28,141	90,1	89,0	496,4	506,0	12,13	12,32	31,219	37,600	517,8	522,0	12,46	12,53	
1976	3,520	4,598	11,9	12,8	977,8	784,6	16,42	14,72	26,129	88,1	87,2	460,9	474,8	10,72	10,94	29,649	36,018	491,8	500,0	11,23	11,33	

Source: Information subject to rectification, furnished to the secretariat by contracting parties. Where official data were not available, information has been compiled from various publications of contracting parties.

References: (1) Data not being available, the corresponding figures for 1975 have been reiterated in respect of Chile, Ecuador and Venezuela. (A) Excluding Bolivia and Venezuela. (B) Including Bolivia and Venezuela.

(*) These are negative rates.

Note: C.&f. values for Argentina until 1965; c.i.f. values for the other countries and thereafter for Argentina. Values not adjusted by amendments presented by Brazil (see Table II), because no breakdown was available by country of consignment.

ANNEX VIII

LAFTA - BREAKDOWN OF INTRA-AREA TRADE BY COUNTRY

TRADE BALANCES

Data as at 6 September 1977

YEAR	TRADE	ARGENTINA	BOLIVIA	BRAZIL	COLOMBIA	CHILE	ECUADOR	MEXICO	PARAGUAY	PERU	URUGUAY	VENEZUELA
1972	EXP. (f.o.b.)	484,116	63,250	407,843	107,359	100,500	37,077	141,099	20,633	73,978	26,614	(1) 228,182
	IMP. (c.i.f.)	373,083	53,636	392,209	86,743	267,310	48,832	119,842	24,562	128,395	70,378	99,008
	BALANCE	111,033	9,614	15,634	20,616	166,810	11,755	21,257	3,929	-	34,417	129,174
1973	EXP. + IMP.	857,199	116,886	800,052	194,102	367,810	85,909	260,941	45,195	202,373	96,992	327,190
	EXP. (f.o.b.)	796,912	101,411	557,415	111,693	143,947	91,379	172,491	23,965	87,892	32,288	(1) 259,361
	IMP. (c.i.f.)	435,846	66,480	606,025	119,019	294,020	57,616	192,926	49,700	173,261	122,250	194,622
1974	BALANCE	361,066	34,931	48,610	7,326	150,073	33,963	20,435	25,715	-	89,962	64,739
	EXP. + IMP.	1,232,758	187,891	1,163,440	230,712	437,967	149,195	365,417	73,185	261,153	154,538	453,983
	EXP. (f.o.b.)	929,337	218,091	917,673	203,395	409,391	187,932	264,368	52,523	156,367	138,751	(1) 630,887
1975	IMP. (c.i.f.)	789,489	114,611	1,007,875	198,424	624,903	117,948	290,131	86,854	254,039	145,032	255,079
	BALANCE	139,848	103,480	90,202	4,971	215,512	69,984	25,763	34,331	-	6,281	375,808
	EXP. + IMP.	1,718,826	332,702	1,925,548	401,819	1,034,294	305,880	554,493	139,377	410,406	283,783	885,966
1976	EXP. (f.o.b.)	755,512	184,906	1,194,291	233,042	389,560	187,932	267,859	62,302	216,350	109,654	(1) 459,243
	IMP. (c.i.f.)	910,412	158,677	714,226	160,508	618,500	117,568	471,944	83,953	395,930	152,534	354,264
	BALANCE	- 154,900	26,229	470,065	72,534	228,940	70,364	144,085	21,651	-	42,880	164,879
1976	EXP. + IMP.	1,665,924	343,583	1,898,517	393,550	1,008,060	305,500	679,803	148,255	612,280	262,188	813,507
	EXP. (f.o.b.)	1,031,028	(2) 205,490	(3) 1,012,254	203,983	-	-	(4) 314,640	47,699	(3) 168,648	125,663	-
	IMP. (c.i.f.)	812,889	(2) 208,725	(3) 1,166,406	164,473	-	-	(4) 245,466	91,264	(5) 489,918	209,994	-
1976	BALANCE	218,139	-	154,152	39,510	-	-	69,177	43,565	-	84,331	-
	EXP. + IMP.	1,843,917	414,215	2,178,660	366,456	-	-	560,109	138,963	658,566	335,657	-

Sources: Information subject to rectification, furnished to the Secretariat by contracting parties. Where official data were lacking, information has been compiled from various publications of contracting parties.

References:

- (1) Estimate based on information published in economic report, Central Bank of Venezuela, 1975.
- (2) Provisional data. Sources: Central Bank of Bolivia.
- (3) Data furnished by Brazilian Permanent Delegation to the Seventeenth Regular Session of the Conference.
- (4) Provisional data. Sources: Bank of Mexico.
- (5) Provisional data. Sources: Ministry of Trade.

ANNEX VIII (cont'd)

	ARGENTINA	BOLIVIA	BRAZIL	COLOMBIA	CHILE	ECUADOR	MEXICO	PARAGUAY	PERU	URUGUAY	VENEZUELA
<u>VARIATION IN TOTAL OF IMP. + EXP.</u>											
+ or - in 1973 as compared with 1972	375,559	51,005	263,388	36,610	70,157	63,286	104,476	28,490	58,780	57,546	126,793
+ or - in 1974 as compared with 1973	486,068	164,811	762,108	171,107	596,327	156,685	189,082	65,692	149,253	129,245	431,983
+ or - in 1975 as compared with 1974	- 52,902	10,881	- 27,031	- 8,269	- 26,234	- 380	125,304	6,876	201,874	- 21,595	- 72,459
+ or - in 1976 as compared with 1975	177,993	70,632	280,143	- 25,094	-	-	- 119,694	- 7,292	46,288	73,469	-
<u>PERCENTAGE INCREASE IN TOTALS</u>											
EXP. + IMP. 1973/1972	43,8	43,6	45,4	18,9	19,1	73,7	40,0	63,0	29,1	59,3	38,8
EXP. + IMP. 1974/1973	39,4	98,2	65,5	74,2	136,2	105,0	51,7	89,1	57,2	83,6	95,2
EXP. + IMP. 1975/1974	- 3,1	3,3	- 1,4	- 2,1	- 2,5	- 0,1	22,6	4,9	49,2	- 7,6	- 8,2
EXP. + IMP. 1976/1975	10,7	20,6	14,8	- 6,4	-	-	17,6	- 5,0	7,6	28,0	-

ANNEX IX

OPERATIONS OF PAYMENTS MECHANISM

(1966-1977, in \$'000)

PERIOD	COMPENSATION BALANCE	ADVANCE TRANSFERS	TOTAL FOREIGN EXCHANGE TRANSFERRED	TOTAL OPERATIONS EFFECTED (1)	PERCENTAGE OF TRANSFERS AS AGAINST OPERATIONS EFFECTED
1966	31,438	(2)	31,438	106,441	30
1967	93,815	(2)	93,815	332,765	28
1968	129,525	(2)	129,525	376,575	33
1969	80,959	(2)	80,959	479,212	17
1970	94,508	15,046	109,554	560,471	20
1971	111,944	24,026	136,550	708,055	19
1972	179,858	8,703	188,561	984,403	19
1973	271,137	9,400	280,537	1,402,076	20
1974	309,632	77,754	386,686	2,288,286	17
1975	608,756	51,667	660,423	2,396,304	28
1976	546,878	105,371	652,249	2,925,541	22
FIRST FOUR MONTHS	132,022	23,928	155,950	798,359	19
SECOND FOUR MONTHS	153,039	35,459	188,498	905,169	21
THIRD FOUR MONTHS	261,817	45,984	307,801	1,222,013	25
1977	717,216	170,115	887,329	3,935,999	22
FIRST FOUR MONTHS	206,930	98,052	304,982	1,235,017	25
SECOND FOUR MONTHS	267,472	63,763	331,235	1,352,742	24
THIRD FOUR MONTHS	242,814	8,298	251,112	1,348,240	19

(1) Total of debits or credits communicated by the agent bank to the secretariat at the end of each compensation period, plus advance transfers.

(2) The secretariat has no information on advance transfers in this period.