The present report describes briefly the various activities carried out by LAFTA in 1970 toward the formation of a free-trade area as between the member countries. It deals mainly with the aspects that directly concern GATT, in particular with the liberalization programme established under the Montevideo Treaty. As regards other matters connected with the co-ordination of economic policies, it briefly reports the action taken in the various fields concerned during the period under review.

1. Development of intra-area trade

Trade among the Contracting Parties in 1970 totalled $1,342 million. At the end of the ninth year of operation of the liberalization programme a positive trend could again be seen in the development of this trade, which in 1970 was $49 million above the 1969 level ($1,293 million).

This $49 million increase in intra-area trade is considerably below the increase achieved in 1969; it should be borne in mind, however, that the 1969 increase ($219 million) was the largest ever recorded since the machinery of the Montevideo Treaty was brought into operation (in percentage terms, $49 million represents a little more than 3 per cent of all imports in 1969).

Imports from countries outside the area reached a total of $10,538 million at the end of 1970, and were thus $1,343 million above the 1969 level. This increase was the result of larger imports from third countries by nearly all the Contracting Parties, the largest increment being in imports by Brazil ($556 million more than in 1969), Mexico ($370 million), Venezuela ($147 million) and Argentina ($102 million).
# Table I

LAFTA: INTRA-AREA IMPORTS AND IMPORTS FROM THIRD COUNTRIES IN 1961-1970; COMPARISON OF SHARE OF BOTH TRADE FLOWS IN TOTAL IMPORTS

<table>
<thead>
<tr>
<th>Year</th>
<th>INTRA-AREA IMPORTS</th>
<th>IMPORTS FROM THIRD COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ million</td>
<td>Index 1961=100</td>
</tr>
<tr>
<td>1961&lt;sup&gt;a/b&lt;/sup&gt;</td>
<td>360</td>
<td>100</td>
</tr>
<tr>
<td>1962</td>
<td>588</td>
<td>100</td>
</tr>
<tr>
<td>1963</td>
<td>420</td>
<td>117</td>
</tr>
<tr>
<td>1964</td>
<td>506</td>
<td>141</td>
</tr>
<tr>
<td>1965</td>
<td>645</td>
<td>179</td>
</tr>
<tr>
<td>1966</td>
<td>771</td>
<td>214</td>
</tr>
<tr>
<td>1967</td>
<td>782</td>
<td>217</td>
</tr>
<tr>
<td>1968</td>
<td>768</td>
<td>213</td>
</tr>
<tr>
<td>1969</td>
<td>1,074</td>
<td>183</td>
</tr>
<tr>
<td>1970&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1,293</td>
<td>220</td>
</tr>
<tr>
<td></td>
<td>1,342</td>
<td>228</td>
</tr>
</tbody>
</table>

**Source:** Official statistical services of the Contracting Parties.

<sup>a/</sup> Excluding Bolivia and Venezuela.

<sup>b/</sup> Including Bolivia and Venezuela solely in order to establish the index 100 for the purpose of comparing the years 1968, 1969 and 1970 when trade of these two countries was integrated in intra-area trade.

<sup>c/</sup> The figures for 1970 include estimated imports by Bolivia and Colombia.

As may be seen from Table I, intra-area trade reached index 228 in 1970, while on the basis of the same reference year, imports from third countries reached 144 in that same year. Nevertheless, in relation to aggregate imports the share of imports by the Contracting Parties from other countries in the area has remained, with slight fluctuations, in the vicinity of 11 per cent in recent years.
It should be noted that from 1968 on, the trade of Bolivia and Venezuela is included in intra-area trade. In order to determine the level of imports by LAFTA countries from 1968 onwards, the relevant figures have been compared with the total recorded in 1961 for eleven countries ($588 million of imports from within the area, and $7,329 million of imports from third countries). This is why, in 1968, despite the fact that intra-area trade increased by $306 million, the indices show a decline, as may be seen from Table I.

Participation of individual Contracting Parties in intra-area trade

Table II sets forth statistics of exports and imports by the Contracting Parties in 1969 and 1970, and indicates the variations in total trade by country in 1970 in relation to the preceding year.
TABLE II
SHARE OF INDIVIDUAL LAFTA COUNTRIES IN INTRA-AREA TRADE
(in thousand dollars)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TRADE</th>
<th>ARGENTINA</th>
<th>BOLIVIA</th>
<th>BRAZIL</th>
<th>CHILE</th>
<th>COLOMBIA</th>
<th>ECUADOR</th>
<th>MEXICO</th>
<th>PARAGUAY</th>
<th>PERU</th>
<th>URUGUAY</th>
<th>VENEZUELA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>364,302</td>
<td>17,518</td>
<td>254,148</td>
<td>114,052</td>
<td>54,743</td>
<td>16,238</td>
<td>86,744</td>
<td>18,869</td>
<td>57,388</td>
<td>30,614</td>
<td>168,296</td>
</tr>
<tr>
<td>1969</td>
<td>Exports FOB</td>
<td>364,302</td>
<td>17,518</td>
<td>254,148</td>
<td>114,052</td>
<td>54,743</td>
<td>16,238</td>
<td>86,744</td>
<td>18,869</td>
<td>57,388</td>
<td>30,614</td>
<td>168,296</td>
</tr>
<tr>
<td></td>
<td>Imports CIF</td>
<td>363,898</td>
<td>26,060</td>
<td>291,375</td>
<td>217,025</td>
<td>75,278</td>
<td>22,103</td>
<td>51,912</td>
<td>17,103</td>
<td>106,168</td>
<td>58,176</td>
<td>61,528</td>
</tr>
<tr>
<td></td>
<td>Balance 1/</td>
<td>- 1,596</td>
<td>- 8,542</td>
<td>- 37,227</td>
<td>-102,973</td>
<td>- 20,535</td>
<td>- 5,865</td>
<td>+34,832</td>
<td>+ 1,766</td>
<td>-48,780</td>
<td>- 27,562</td>
<td>+ 106,760</td>
</tr>
<tr>
<td>Total</td>
<td>730,200</td>
<td>43,573</td>
<td>545,523</td>
<td>331,077</td>
<td>130,021</td>
<td>38,341</td>
<td>138,556</td>
<td>35,272</td>
<td>163,526</td>
<td>88,790</td>
<td>229,824</td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>Exports FOB</td>
<td>365,760</td>
<td>a) 20,000</td>
<td>302,947</td>
<td>151,977</td>
<td>a) 53,000</td>
<td>17,279</td>
<td>92,547</td>
<td>24,468</td>
<td>64,621</td>
<td>29,194</td>
<td>137,288</td>
</tr>
<tr>
<td></td>
<td>Imports CIF</td>
<td>372,119</td>
<td>a) 27,000</td>
<td>309,758</td>
<td>188,480</td>
<td>a) 72,000</td>
<td>34,830</td>
<td>63,864</td>
<td>17,611</td>
<td>108,961</td>
<td>72,381</td>
<td>74,553</td>
</tr>
<tr>
<td></td>
<td>Balance 1/</td>
<td>- 6,359</td>
<td>- 7,000</td>
<td>- 6,811</td>
<td>35,503</td>
<td>- 19,000</td>
<td>- 17,551</td>
<td>+28,683</td>
<td>+ 6,882</td>
<td>-44,340</td>
<td>- 43,187</td>
<td>+ 62,735</td>
</tr>
<tr>
<td>Total</td>
<td>737,879</td>
<td>47,079</td>
<td>612,705</td>
<td>340,457</td>
<td>125,000</td>
<td>52,109</td>
<td>156,411</td>
<td>42,104</td>
<td>173,582</td>
<td>101,573</td>
<td>211,841</td>
<td></td>
</tr>
<tr>
<td>Variation (+ or -)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in 1970</td>
<td>+ 7,679</td>
<td>-</td>
<td>+ 67,182</td>
<td>+ 9,380</td>
<td>-</td>
<td>+ 13,760</td>
<td>+17,755</td>
<td>+ 6,132</td>
<td>+10,026</td>
<td>+ 12,785</td>
<td>- 17,983</td>
<td></td>
</tr>
<tr>
<td>in relation to 1969</td>
<td>1.05%</td>
<td>12.31%</td>
<td>2.83%</td>
<td>35.90%</td>
<td>12.00%</td>
<td>17.04%</td>
<td>6.13%</td>
<td>14.39%</td>
<td>7.82%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Official statistical service of the Contracting Parties except where the notation (a) appears indicating data estimated on the basis January/December 1969.

1 The fact that the positive and negative balances of intra-area trade for 1969 and 1970 do not correspond is attributable to a number of factors (different valuation basis for exports (f.o.b.) and imports (c.i.f.); change in dates used for calculating transactions; different recording methods); these factors have since been examined by the Advisory Committee on Statistics which has recommended a number of measures designed to correct these anomalies.
2. Result of negotiations

By the end of the Tenth Regular Session of the Conference a total of more than 11,000 tariff concessions had been granted by the Contracting Parties among themselves, in pursuance of the liberalization programme.

Table III shows the number of concessions granted by each country over the first ten years of implementation of the Montevideo Treaty. As may be seen from it, over the past three years the liberalization process has advanced slowly, in sharp contrast with the early negotiations and, though to a less extent, with the negotiations in the period 1966/1968.

After ten years of negotiations, the concessions granted by Argentina, Brazil, Ecuador and Mexico represent 60 per cent of the liberalization programme.

As may be seen from the table, Bolivia and Venezuela joined in the process during the 1967 negotiations, and their national schedules entered into force on 1 January 1968. (It should be noted here that the Contracting Parties have authorized Bolivia to carry out the obligations deriving from the liberalization programme - including accumulated obligations - on favourable terms having regard to the fact that it is a country at a relatively less-advanced stage of economic development.)

The concessions granted by Chile, Uruguay, Colombia, Paraguay and Peru represent 33 per cent of the liberalization programme. It should be borne in mind, however, that while the numerical distribution on a country-by-country basis of the concessions granted may be a useful element for evaluating the liberalization programme, the fact that one country may have granted more or fewer concessions than the others does not necessarily imply that it has granted broader or more limited market possibilities. The trade significance of concessions varies with the nature of the products concerned, and in the light of effective demand in each market and the preferential margin established in relation to the customs duties applicable to imports from third countries.
TABLE III
CONCESSIONS GRANTED IN NATIONAL SCHEDULES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>414</td>
<td>1,072</td>
<td>1,280</td>
<td>1,363</td>
<td>1,537</td>
<td>1,621</td>
<td>1,717</td>
<td>1,839</td>
<td>1,867</td>
<td>1,869</td>
</tr>
<tr>
<td>Bolivia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>178</td>
<td>194</td>
<td>192</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>619</td>
<td>1,250</td>
<td>1,312</td>
<td>1,352</td>
<td>1,511</td>
<td>1,603</td>
<td>1,710</td>
<td>1,802</td>
<td>1,842</td>
<td>1,851</td>
</tr>
<tr>
<td>Colombia</td>
<td>268</td>
<td>619</td>
<td>704</td>
<td>714</td>
<td>745</td>
<td>751</td>
<td>766</td>
<td>777</td>
<td>777</td>
<td>777</td>
</tr>
<tr>
<td>Chile</td>
<td>343</td>
<td>833</td>
<td>864</td>
<td>872</td>
<td>894</td>
<td>917</td>
<td>959</td>
<td>970</td>
<td>972</td>
<td>972</td>
</tr>
<tr>
<td>Ecuador</td>
<td>-</td>
<td>1,714</td>
<td>1,677</td>
<td>1,680</td>
<td>1,685</td>
<td>1,689</td>
<td>1,697</td>
<td>1,720</td>
<td>1,718</td>
<td>1,718</td>
</tr>
<tr>
<td>Mexico</td>
<td>288</td>
<td>607</td>
<td>727</td>
<td>802</td>
<td>937</td>
<td>1,030</td>
<td>1,090</td>
<td>1,173</td>
<td>1,194</td>
<td>1,202</td>
</tr>
<tr>
<td>Paraguay</td>
<td>520</td>
<td>589</td>
<td>665</td>
<td>663</td>
<td>677</td>
<td>691</td>
<td>691</td>
<td>696</td>
<td>695</td>
<td>695</td>
</tr>
<tr>
<td>Peru</td>
<td>227</td>
<td>299</td>
<td>355</td>
<td>364</td>
<td>392</td>
<td>402</td>
<td>424</td>
<td>470</td>
<td>494</td>
<td>494</td>
</tr>
<tr>
<td>Uruguay</td>
<td>567</td>
<td>610</td>
<td>664</td>
<td>664</td>
<td>676</td>
<td>689</td>
<td>716</td>
<td>784</td>
<td>789</td>
<td>789</td>
</tr>
<tr>
<td>Venezuela</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>434</td>
<td>444</td>
<td>478</td>
<td>484</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,246</td>
<td>7,593</td>
<td>8,248</td>
<td>8,474</td>
<td>9,054</td>
<td>9,393</td>
<td>10,382</td>
<td>10,869</td>
<td>11,018</td>
<td>11,043</td>
</tr>
</tbody>
</table>

Source: Secretariat.

In the negotiations during the 1970 Conference (Tenth Regular Session) the Contracting Parties added only very few concessions to their national schedules: these thirty-five concessions resulted from the negotiations between the delegations of five countries (Argentina, Brazil, Chile, Mexico and Venezuela).
The following table gives a breakdown of these concessions:

**Table IV**

**CONCESSIONS GRANTED IN 1970**

<table>
<thead>
<tr>
<th>Country</th>
<th>New concessions</th>
<th>Renegotiated concessions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Brazil</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Chile</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mexico</td>
<td>12</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Venezuela</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>9</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>

**Complementarity agreements**

The scanty results of the 1970 negotiations have been compensated to some extent over this year by increased activity in concluding complementarity agreements, which have in fact resulted in concessions on a considerable number of products in major industrial sectors.

In the course of the Tenth Regular Session, five new complementarity agreements were signed and an existing one was enlarged in scope. A total of sixteen complementarity agreements have been drawn up to date.

The new developments in this field are as follows:

No. 9 - Equipment for the generation, carriage and distribution of electric power (enlargement of coverage)

In pursuance of Article 3(a) and Article 4 of this complementarity agreement, originally signed on 6 October 1969, the plenipotentiaries of Brazil and Mexico — signatory countries — agreed to enlarge the industrial sector covered by Article 1 thereof, so as to cover twenty new products.

The two countries have granted tariff concessions on all of these new products, thus increasing the coverage of the agreement by forty new concessions.
This action was formally taken through an Additional Protocol, signed on 30 November 1970, which forms an integral part of the Final Act of the Tenth Regular Session of the Conference.

No. 12 - Electronics and electrical communications industry (CEP/Resolution 228)

This complementarity agreement was negotiated on the basis of a draft proposed by the private sector, included in the report of the Fifth Sectorial Meeting, held in May/June 1969.

The multilateral negotiations took place between the delegations of Brazil, Mexico and Uruguay.

Although Uruguay took part in the negotiations, it did not sign the agreement which was in fact concluded as between Brazil and Mexico.

This industrial sector covers forty-one products and the signatory countries have granted concessions of all of these (Brazil 41 concessions, Mexico 42).

No. 13 - Products of the phonograph industry

The complementarity agreement on products of the phonograph industry was negotiated on the basis of the text proposed by the private sector in a report dated 14 August 1967.

On 4 December 1970, the plenipotentiaries of Argentina, Brazil, Mexico, Uruguay and Venezuela signed a Protocol embodying this complementarity agreement.

Although Bolivia took part in the negotiations, it did not sign the agreement. In addition, Peru was represented at the discussions with observer status.

The complementarity agreement on the phonograph industry covers five products on which the signatory countries have granted concessions (Argentina, Brazil, Mexico and Uruguay 5 concessions each, Venezuela 7 concessions - total 27 concessions).

No. 14 - Products of the refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries

The delegations of Brazil, Mexico and Uruguay took part in the negotiations for the conclusion of this complementarity agreement.
On 4 December 1970 the plenipotentiaries of Brazil and Mexico signed a protocol embodying the complementarity agreement.

Uruguay participated in the negotiations but did not sign the agreement.

The industrial sector as defined by Article 1 of complementarity agreement No. 14 includes twenty-five products. In this case also, the concessions granted by the participating countries (Brazil 21, Mexico 21) cover all of these products.

No. 15 - Products of the chemical and pharmaceutical industry (CEP/Resolution 226)

The delegations of Argentina, Brazil and Mexico took part in the negotiations.

The negotiations culminated in the signature, by the plenipotentiaries of these countries, of the protocol set forth in the complementarity agreement on products of the chemical and pharmaceutical industry, covering a total of 300 products and 439 concessions. The participation of each signatory country is as follows: Argentina and Mexico 149 concessions each; Brazil 141 concessions.

No. 16 - Products of the petro-chemical industry

The complementarity agreement on products of the petro-chemical industry was negotiated on the basis of the draft drawn up by a working group of entrepreneurs appointed for that purpose by the fifth sectorial meeting of the chemical industry.

The delegations of Argentina, Brazil, Mexico, Uruguay and Venezuela took part in the negotiations; the delegation of Chile attended with observer status.

On 4 December 1970 the plenipotentiaries of Argentina, Brazil, Mexico and Venezuela signed a protocol embodying a complementarity agreement on products of the petro-chemical industry.

Uruguay participated in the negotiations, but did not sign the agreement.

The industrial sector which is the subject of the complementarity agreement on products of the petro-chemical industry includes 300 products, and tariff concessions have been granted on fifty-nine of these. A total of sixty-seven concessions have been granted on these products: Argentina 30 concessions, Brazil 16 concessions, Mexico 17 and Venezuela 14 concessions.
Lastly, and also during the Tenth Regular Session of the Conference, an additional protocol was signed to the complementarity agreement on electronic valves (No. 2); the additional protocol contains the fifth and last revision of the list of the various types of valves designated by the signatory countries as exceptions from the liberalization programme under the agreement. This last revision has revoked the list, so that imports of all the types of electronic valves specified in Article 2 of this complementarity agreement are now duty free as between the signatory countries.

Table V below summarizes the information on participation by signatory countries in the new complementarity agreements, and indicates the number of products covered by each of the agreements.
### TABLE V

**NEW COMPLEMENTARITY AGREEMENTS AND ADDITIONAL PROTOCOLS WHICH HAVE BEEN SIGNED**

<table>
<thead>
<tr>
<th>Complementarity agreements</th>
<th>Number of products in the sector covered by each agreement</th>
<th>Participating countries and number of concessions granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 9 - Equipment for the generation, carriage and distribution of electric power (enlargement of coverage)</td>
<td>20</td>
<td>Arg. 20</td>
</tr>
<tr>
<td>No. 12 - Electronics and electrical communications industry</td>
<td>41</td>
<td>Arg. 41</td>
</tr>
<tr>
<td>No. 13 - Products of the phonograph industry</td>
<td>5</td>
<td>Arg. 5</td>
</tr>
<tr>
<td>No. 14 - Products of the refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries</td>
<td>25</td>
<td>Arg. 21</td>
</tr>
<tr>
<td>No. 15 - Products of the chemical and pharmaceutical industry</td>
<td>300</td>
<td>Arg. 149</td>
</tr>
<tr>
<td>No. 16 - Products of the petrochemical industry</td>
<td>300</td>
<td>Arg. 20</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>691</strong></td>
<td>Arg. <strong>174</strong></td>
</tr>
</tbody>
</table>

As the table shows, a considerable number of products and tariff concessions have been added to the results achieved to date in pursuance of the complementarity agreements already in force (agreements Nos. 1 to 11).

As may be seen from the above table, the new negotiations affect 691 products, on which the signatory countries have granted a total of 698 concessions.
The eleven earlier complementarity agreements covered a total of 440 products and 933 concessions; this fact highlights the importance of the new agreements mentioned above.

In addition the following agreements are at present in course of negotiation:

(a) Products of the refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries (draft 2). Participants: Delegations of Argentina, Brazil, Mexico and Uruguay.

(b) Products of the refrigeration, air-conditioning and household electrical, mechanical and heating equipment industries (draft 3). Participants: Delegations of Argentina and Brazil.

(c) Products of the electronics and electrical communications industries (draft 1). Participants: Delegations of Argentina, Brazil, Mexico and Uruguay.

In addition arrangements are being made for negotiating the following agreements:

(a) Products of the plastics industry.

(b) Instruments, equipment and appliances for the medical, veterinary, dental and allied professions (draft 1).

(c) Instruments, equipment and appliances for the medical, veterinary, dental and allied professions (draft 2).

- Enlargement of complementarity agreement No. 5, on the basis of the recommendations made at the seventh sectorial meeting of the chemical industry.

- Enlargement of complementarity agreement No. 5, on the basis of the recommendations made at the eighth sectorial meeting of the chemical industry.

- Enlargement of complementarity agreement No. 12, on the basis of recommendations made at the sixth sectorial meeting of the electronics and electrical communications industries.

- Enlargement of complementarity agreement No. 15, on the basis of recommendations made at the eighth sectorial meeting of the chemical and pharmaceutical industry.

- Enlargement of complementarity agreement No. 16, on the basis of recommendations made at the eighth sectorial meeting of the chemical industry.
- Chemical fibres.
- Products of the photographic industry.
- Dyes and pigments industry.

3. Harmonization of customs instruments

In the period under review, work has been continuing towards the adoption by member States of common standards or rules in the customs field, with a view to facilitating trade and establishing better bases of comparability. The following action has been taken:

(a) Incorporation of BTN in national tariffs.

In pursuance of Article 1 of Resolution 230 (VIII), decrees to this effect have been issued in Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Peru and Uruguay. Paraguay is to adopt the BTN in the near future and the text of the relevant decree has already been drawn up; Venezuela is engaged in the necessary studies for this purpose.

(b) Adoption of single ad valorem duties

Resolution 122 (V) establishing this programme has been put into effect by Argentina, Brazil and Colombia whose tariffs now provide for single ad valorem duties, with the exception of a few items to which mixed duties are applicable. The other contracting parties are taking the necessary steps to adopt ad valorem duties in their national tariffs.

(c) Adoption of the Brussels Definition of Value

Argentina, Chile, Colombia and Ecuador have already incorporated the Brussels Definition of Value in their domestic customs legislation. Bolivia's tariff provides valuation rules based on the Brussels provisions, but they are not applied because they are subordinated to the provisions of the general customs law; Brazil has decided that the normal price is to serve as the basis for calculating customs duties, in the same terms as the Brussels definition, but implementing regulations have not yet been issued. The other contracting parties are engaged in various studies and preliminary work with a view to adopting the above-mentioned definition.

(d) Glossary of LAFTA tariff terminology.

The group of experts on this matter completed its work in 1970 and a bilingual Spanish-Portuguese version of the glossary is now available. The Committee considered that the glossary is a useful instrument for harmonizing customs terminology within the area and facilitating the preparation of a uniform customs
code. In addition, having been devised as an instrument that can be kept under continuing review, the glossary can be adapted as customs harmonization progresses within LAFTA and as customs techniques develop at world level.

A draft on this subject is before the Conference.

(e) Standardization and unification of customs documents use in foreign trade.

The text and final forms have already been approved by the group of experts on customs techniques. The committee considered that these documents constituted a minimum necessary degree of harmonization and improvement, having regard to both customs and statistical requirements, and that in addition the data therein could be computerized in the customs services to which they are presented.

The Conference has a draft on this question before it.

(f) Common legislation on the customs treatment applicable to containers and similar items.

The national directors of customs of the member countries have approved draft common rules in this respect which have been approved by the Committee and submitted as a recommendation to the Contracting Parties. In addition it has been decided that at their annual meetings, the directors of customs should examine progress made toward the adoption of this recommendation.

(g) Model convention on mutual administrative assistance between national customs administrations for the prevention, investigation and repression of customs offences.

By its Resolution 234 of 16 February 1971 the Committee approved a model convention intended for use in the preparation of agreements between national customs administrations.

(h) Common tariff nomenclature.

The secretariat has completed a draft common tariff nomenclature which has been submitted to the governments for examination and is to be studied next year by the Advisory Committee on Nomenclature.

In addition, work has been continued on other aspects of co-ordination of commercial instruments with respect to the application of the provisions already adopted on imports of samples of no commercial value, temporary admission of samples having a commercial value, temporary admission of goods in order to facilitate tourism, the movement of professional and scientific materials and the
organization of exhibitions, fairs, congresses and similar events, customs transit for the various modes of transport, studies regarding luggage of travellers and tourists, and harmonization of régimes with respect to free zones, free ports and the like.

In addition, further progress has been made in implementing the customs training programme.

4. Other matters

(a) Further improvements have been made to the functioning of the existing system of payments. The Council on Financial and Monetary Policy has adopted decisions regarding the operation of the multilateral agreement, to ease temporary shortages of liquidity in balances of payments.

(b) Studies have been continued in the field of tax harmonization on the basis of meetings between the directors of internal revenue of the member countries.

(c) The Standing Executive Committee has approved a market research programme for a series of export products of Paraguay in order to encourage producers to make use of the concessions obtained by that country and to identify new possibilities in this field.

(d) A draft convention on certified seeds for sowing has been drawn up and is now being examined by the governments.

(e) In connexion with protection of vegetable and animal health, it was decided that the member countries would accede to the Rome Convention on Plant Health (1951); in addition, considerable progress has been made in the preparation of draft standards concerning animal health.

5. Operation of the Cartagena Agreement

In their capacity as parties to the Cartagena Agreement, Bolivia, Chile, Colombia, Ecuador and Peru, continued in 1971 carrying out the programmes provided in that instrument and in the decisions of the Commission of the Agreement.

In October last they presented to LAFTA their second report on the operation of the Agreement, which describes inter alia the following activities carried out during the period under review.

Liberalization programme and common minimum external tariff

At its meeting in December 1970 the Commission defined the products to which the various modalities of the liberalization programme are applicable, including allocations and market opportunities in favour of Bolivia and Ecuador, based on proposals by the Council. In addition it approved the common minimum external
tariff. At the same time, the member countries presented their lists of products temporarily excluded from the liberalization programme and from the process of adopting the external tariff.

At its March meeting, the Commission approved the establishment of preferential margins for products of special interest to Bolivia and Ecuador, in pursuance of Article 97(d) of the Agreement.

In the course of 1971, the Council examined the effects of application of these provisions, particularly with respect to sub-regional trade.

It should be noted, as one aspect closely linked with the liberalization programme and the external tariff, that the Council is drawing up a proposal for the adoption of a common nomenclature (NABANDINA) which is to be presented at the special session in December.

Harmonization of economic and social policies

Within the context of Chapter III of the Agreement, the Council proposed, and the Commission has approved, a common régime applicable to foreign capital, as well as to marks, patents, licences, royalties, etc. (decisions Nos. 24, 37 and 37(a)).

The Commission has established various standing bodies to harmonize policies and co-ordinate development plans of the member countries.

Industrial programming

Acting on the instructions of the Commission, the Council has presented its proposals for a development programme in the petro-chemical sector, and this is now before the Commission. In addition, the Council has pursued studies in the metal-engineering, household electronic and telephone sectors, with a view to submitting proposals to the Commission in the course of 1971.

In addition, work has been undertaken in the chemical, pharmaceutical-chemical and iron and steel sectors and it is hoped that proposals for programmes in these sectors can be submitted to the Commission in the course of 1972.

Agricultural sector

The Council has presented to the Commission a proposal on initial measures to promote trade in agricultural products among the member countries.
Association of Venezuela with the Agreement

During the period under review, a working group comprising ad hoc representatives of the governments of the member countries and of Venezuela has been in operation and has held three meetings, with a view to studying the position of the Venezuelan Government and determining jointly how that country can be brought into the legal framework of the Cartagena Agreement and the decisions of the Commission.

Other matters

Work has been started with a view to adoption of a programme for promoting and protecting the development of technology within the sub-region, and the adoption and assimilation of existing technology.

The Advisory Economic and Social Committee began its work in March, when it held its first special session. At that meeting it approved recommendations addressed to the governments, the Commission and the Council and, in addition, made various general recommendations.

The Andean Group has established numerous contacts with international organizations and third countries, including the European Communities, the United Nations, the Organization of American States and other regional organizations, as well as Canada, Spain and Japan.