

report. The new Chilean government, for its part, had taken pains at the beginning to make known its enthusiasm for the regional integration process. However, as 1974 wore on and more especially in 1975, it became clear that Chile's new economic development model was fundamentally incompatible with the regional model as defined in 1970.

The passing of the deadline, at the end of 1975, for adoption of the common external tariff and the entire industrial program served as a pretext for Chile, supported by Colombia, to challenge the entire community economic model followed to that point. The situation, which had begun to grow worse in mid-1974, now became critical for the future of integration. Chile, inspired by the "Chicago Boys", demanded no less than the abolition of the foreign investment code, an average common tariff protection not exceeding 10 to 20 percent in general, and the elimination of the State's role as an agent of economic development.

Although some countries, in particular Bolivia and Colombia, wanted to see a softening of the Constitutive Treaty, none of the member countries could share Chile's extreme position. All were prepared to make certain concessions so that Chile could remain in the Andean Group and thus make more flexible the elements of the regional model that, from the outside, appeared too nationalistic. After several months of intensive but fruitless negotiation, the Five resolved in to put pressure on Chile by signing the Additional Protocol of Lima, which had been provided for by Commission Decision 100. The reaffirmation of the intentions of the Five in the Bocaya Declaration of August 1976 did not succeed in shaking the Chilean government's firm stand. There was no choice but to draw the appropriate inferences, and it was decided that Chile would withdraw from the Cartagena Agreement. Thus, more than technical difficulties, and more than the effects of the difficult international economic

situation, the change in the economic development models of some member countries was the real reason for the grinding to a halt of the Andean integration process and for the profound changes in the regional economic development model.

#### The future

The Additional Protocol of Lima, reinforced by later Commission decisions, resulted in severe dilution of the regional economic program as it had been defined and implemented at the beginning of the seventies. The Andean Group is no longer what it was. The loss of one of its member countries has damaged its prestige and the new regional economic model it has adopted no longer seems to be a fitting instrument for the pursuit of independent development.

Consequently, it is difficult to share the optimism expressed by one of the members of the Junta in an interview last fall. The truth is that the Andean Group has been unable to avoid the difficulties that have affected and sometimes destroyed integration experiments elsewhere in the Third World.

It is too early, however, to make a final assessment, for the game is far from over. An integration process is not a one-decade experience — witness the unfinished European Economic Community. If we compare the Andean experience to other integration attempts in the Third World, we find the Andean Group's results definitely superior.

Any regional integration process constitutes an open and changing system. Consequently, it is possible that, under the impetus of certain governments such as that of Venezuela and the new Ecuadorean government, the Andean Group will return to an economic development model geared much more than at present to a truly independent type of development. However, such a change in the situation is not foreseeable in the short term.

## Reference Section

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