

are hard to quantify, and whose impact will only be felt in the long term.

The governments of the Andean countries have also resolved to co-ordinate their efforts in the fields of labour and health. Although their activity in these sectors has been on a smaller scale, they have agreed to give special attention to problems of co-ordinating labour and social security policies, to measures designed to facilitate manpower mobility and to occupational training systems. These intentions, first set forth in the Quito Declaration, have been followed through in the Lima Program of Action adopted in 1975 by the Third Conference of Labour Ministers. In the field of community health, the Hipolito Unanue Agreement has already given rise to interesting developments such as the formulation of health legislation applicable to all of the Andean region and the adoption of a common policy on pharmaceutical products. Close co-operation has also been developed in the field of assistance to disaster areas, and the member countries have agreed to exchange information and to co-operate closely in the repression of use and, more especially, traffic of narcotics.

Although the above measures are being carried out, it is natural that the member countries have considered it necessary to devote most of their integration efforts to the economic sphere. In this area, the basic community model, as defined in 1969, reflected quite faithfully the approach of the Economic Commission for Latin America. The thinking of the ECLA, strongly influenced by economist Raul Prebisch, stressed the necessity for Latin America to concentrate its efforts on industrial development through substitution of imports and a gradual increase in exports of finished and semi-finished products. In keeping with this line of economic thought, the leaders of the Andean countries devised a community model of economic development which was termed in Lima "rationalization of capitalism", in that the play of the free market was to go hand in hand with intervention by the State as chief agent in the assignment of resources.

This model was put into action by the adoption of a number of basic mechanisms. The first of these is the regional trade liberalization program, to be applied automatically and according to schedules set by the Constitutive Treaty. It covers about 6,000 products grouped under various headings and due to be liberated according to the appropriate schedule for each of the categories. In this regard liberalization of trade is surely the most successful mechanism of the Andean Group to date. In 1976, Colombia, Chile and Peru had already achieved five annual ten-percent tariff reductions. This made possible an increase in regional trade from \$143 million in 1969 to \$817 million in 1974. Of course, the total of regional sales is still low, but the action is interesting and promising in that it has made possible a diversification of regional

trade. This has made more room for manufactured products and non-traditional export goods, a significant change if we look at the total trade of the Andean countries with non-member countries, 95 per cent of which is still in primary commodities and traditional exports.

A second important mechanism of the Cartagena Agreement is the adoption of a common external tariff. In the beginning, it was planned that this common tariff would not be applied before 1980, because of the enormous difficulties in harmonizing the tariff structures of the various member countries. That is why the Commission, through its Decision 30, decided on the adoption of a minimum common external tariff which was applied by Colombia, Chile and Peru in 1970. This exercise was to serve as a dry run for future application of the real common external tariff. It had limited success, however, although the measure did not impose any real constraints on the member countries. Application of the common external tariff was postponed several years by the Lima Protocol of 1976 because some participating countries objected to the proposed tariff structure and level. The Commission resumed discussion on this subject a few months ago and it is possible that it will soon make a statement on the matter.

No doubt the most important mechanism of the Cartagena Agreement, and certainly the most original is industrial programming. This is the instrument by which the Andean countries plan jointly the industrial development of the region. The seven major sectors reserved for industrial programming are primary metallurgy and non-metallic minerals, chemistry and petrochemistry, timber, pulp and paper, metal-working, the electrical and electronic industry and lastly the food industry. Two major types of programs are implemented in each of these sectors. Industrial rationalization programs are aimed, as their name suggests, at rationalizing the production of existing industries in these sectors. Somewhat neglected in the beginning, these programs have been growing in importance in the last few years, as evidenced recently by the setting up of a department of industrial rationalization in the Junta. Sectoral programming, for its part, deals with future production, and its main objective is to lay the foundations for an industrial specialization in which all the member countries will be able to participate equally.

By no means all the objectives of industrial programming have been reached. Only three sectoral programs had been approved at the time of writing, for example. This delay cannot really be blamed on the member countries themselves, but appears to be due rather to the novelty and complexity of a mechanism that has never been tried before in any other regional integration scheme. It is certainly too early to speak of failure in this area.

Another original mechanism has to do with the