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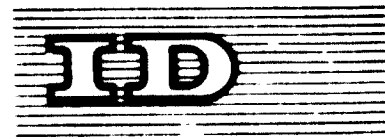
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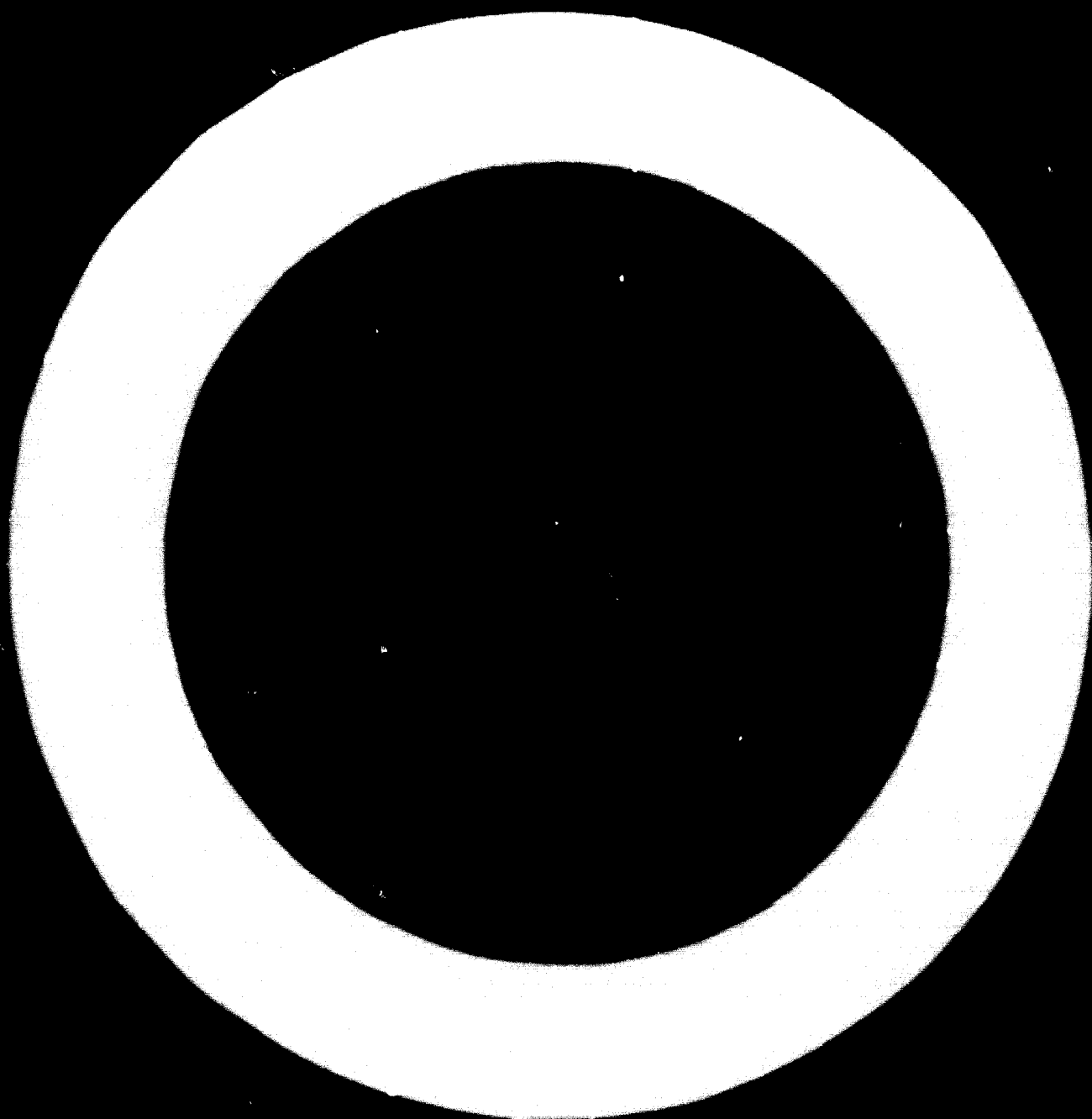
Sixth Session

Vienna, 23 May - 2 June 1972

Agenda item 9

CONSIDERATION OF APPLICATIONS OF INTERGOVERNMENTAL AND INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS

ADDENDUM I



The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of UNIDO concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.

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PART ONE: CONSIDERATION OF APPLICATIONS OF INTERGOVERNMENTAL ORGANIZATIONS

INTRODUCTION

1. Subsequent to the publication of document ID/B/106, an application has been received from the Caribbean Free Trade Association (CARIFTA) to be associated with the activities of UNIDO.
2. The Board is requested to consider this application in accordance with rule 75 of its rules of procedure.

CARIBBEAN FREE TRADE ASSOCIATION (CARIFTA)

History

3. The establishment of the Caribbean Free Trade Association followed a series of negotiations going back to July 1965 when the Premiers of Barbados and Guyana announced their intention to establish a free trade area. On 15 December 1965, Antigua (which decided to participate after the announcement), Barbados and Guyana signed an agreement for the establishment of an association to be known as the Caribbean Free Trade Association. This agreement never came into force.
4. The second major initiative came on 20 October 1967 when the Heads of Government of Antigua, Barbados, British Honduras (Belize), Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent and Trinidad and Tobago considered a resolution for the establishment of a wider free trade area on the basis of the 1965 agreement, suitably modified. The Association was established on 1 May 1968 with Antigua, Barbados, Guyana and Trinidad and Tobago as the founding members. On 1 July 1968, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent became members, followed by Jamaica and Montserrat on 1 August of the same year. Three years later (1 May 1971) British Honduras joined the Association, bringing the membership to twelve.
5. Of the twelve Member Territories, four - Barbados, Guyana, Jamaica and Trinidad and Tobago - are fully independent and are Members of the United Nations, six - Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent - are self-governing (the West Indies Associated States), with the United Kingdom having responsibility for defence and external affairs; while two - British Honduras and Montserrat - are still colonies of the United Kingdom.

Functions

6. The objectives of CARIFTA are set out in article 3 of the Agreement as follows:

- "(a) to promote the expansion and diversification of trade in the area of the Association;
- "(b) to secure that trade between Member Territories takes place in conditions of fair competition;
- "(c) to encourage the balanced and progressive development of the economies of the Area in keeping with paragraphs 3 to 10 of the Resolution adopted at the Fourth Conference of the Heads of Government of Commonwealth Caribbean Countries and set out in Annex A;
- "(d) to foster the harmonious development of Caribbean trade and its liberalisation by the removal of barriers to it;
- "(e) to ensure that the benefits of free trade are equitably distributed among the Member Territories."

7. In order to fully understand these objectives and to appreciate the general direction in which the integration movement is developing, account should be taken of the Preamble to the CARIFTA Agreement, as well as of Annex A. Annex A is a reproduction of a resolution of the Heads of Government Conference which set the basis for the establishment of the existing Association. The significance of Annex A lies in the fact that it records the agreement of the Member Territories on further action for the development of the integration movement. Member Territories resolved to explore immediately the feasibility of establishing a common external tariff; to examine the question of the establishment of integration industries, i.e. industries that will require the whole or a large part of the regional market for their establishment; to develop criteria for the location of such integration industries, giving special consideration to the location possibilities in the less developed countries; to take such steps as may be necessary to attract industries to the less developed countries; and to work towards the harmonization of fiscal incentives in the region.

Structure

8. The Council of Ministers, the governing organ of CARIFTA, is composed of a representative of each of the twelve Member Territories. The Council is required to hold an ordinary meeting in each quarter unless the Secretary-General decides otherwise. The chairmanship rotates from meeting to meeting among Member Territories in alphabetical order.

9. The Commonwealth Caribbean Regional Secretariat is the principal administrative organ of the Association. Under the Agreement, eight of the Member Territories - the six West Indies Associated States and the two colonial Territories - are designated as less developed countries (Annex B, paragraph 7(c) of the CARIFTA Agreement). The Agreement provides for certain special concessions to these Territories. These include a longer transitional period for the removal of tariffs and the protective element in revenue duties and provision for the suspension of CARIFTA treatment in respect of imports from the more developed countries, in order to promote the establishment of industries on the basis of the market of the less developed countries as a group (article 39).

10. A group of the more developed countries (the Associated States and Montserrat) have constituted themselves into a common market which operates as a subgrouping within the CARIFTA grouping.

Description of the Region

11. The CARIFTA Governments have taken a serious interest in diversifying their economies by the establishment of industries. The results have been very uneven. Jamaica and Trinidad and Tobago, with a population of 54 per cent of that for the whole region, account for 85 per cent of the industrial production of the region. Guyana and Barbados together account for 11 per cent, while the eight less developed countries, with a combined population of 15 per cent of the total for the region, account for only 4 per cent of the total value of industrial production. Tourism is a very important activity in many of the Territories, especially in Antigua and Jamaica.

Developments since establishment of CARIFTA

12. The CARIFTA Agreement has resulted in the removal of tariffs and quantitative restrictions on more than 90 per cent of the trade between Member Territories.

13. The first three years since the establishment of CARIFTA saw a considerable increase in interregional trade. In 1970, the trade of the four more developed countries, which together account for about 95 per cent of the total trade of the region, showed an increase of approximately 50 per cent over that of 1967. This represents a higher rate of growth than that recorded for the total exports of CARIFTA territories to all destinations for the same period (32 per cent). There are indications that the imports of CARIFTA countries from one another are growing at a somewhat faster rate than their combined imports from all sources. There is also evidence of a qualitative change in trade, reflecting an increase in exports of certain light industry goods in the intra-trade of the region.

14. From the incomplete statistics available, the indications are that the trade of the less developed Territories has not benefited much from the removal of restrictions and indeed, taking the over-all position, may not have benefited at all. This comes as no surprise, however, in view of the low level of industrialization of these Territories and the lack of immediate capacity for taking advantage of the opportunities offered both in regard to industrial and agricultural exports. This situation presents a challenge to CARIFTA. The continued participation of the less developed countries in CARIFTA may very well be determined by the extent to which the regional arrangements assist them to develop the capacity to derive appreciable benefits from their participation. It is a challenge which the CARIFTA countries have recognized and are responding to in the various regional policies being worked out for industrial and agricultural development.

15. In the industrial sector, a report was prepared by a team of UNIDO experts on industrialization possibilities of the region, with particular reference to the establishment of integrated industries and the establishment of industries in the less developed countries.

The report has identified five broad fields for development: the textile industry, the food processing industry, small- and medium-scale industries, pulp and paper industries and the chemical industry. Further work is being carried out in these fields. Some progress has been made with regard to the formulation of policy measures to aid the industrialization of the less developed Territories, a number of proposals having already been adopted by the Council of Ministers. The Member Territories are also considering proposals for the harmonization of incentive legislation for industry and for the establishment of a common external tariff.

Relations with international institutions and
intergovernmental organizations

16. The CARIFTA Agreement is registered under Article 102 of the Charter of the United Nations. The Association also has consultative status with the United Nations Conference on Trade and Development (UNCTAD) and the General Agreement on Tariffs and Trade (GATT).

17. The CARIFTA Agreement was submitted to GATT and was considered at a special working party meeting in September 1971. At the twentieth session of GATT, held in November 1971, the contracting parties accepted the recommendation of the working party that "the Agreement provided for the establishment of a free trade area within the meaning of Article XXIV:8(b) of the General Agreement".

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PART TWO: CONSIDERATION OF APPLICATIONS OF INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS

INTRODUCTION

18. Subsequent to the publication of document ID/B/106, an application for consultative status with UNIDO under rule 76 of the rules of procedure of the Industrial Development Board has been received from the Latin American Iron and Steel Institute (ILAFA).

19. The Board is requested to consider this application in accordance with the above-mentioned rule.

LATIN AMERICAN IRON AND STEEL INSTITUTE (ILAFA)

History

20. At various meetings organized by the Economic Commission for Latin America (ECLA) (Quitandinha 1954, Bogotá 1955 and São Paulo 1956), it was suggested that a specialized body be set up for industrialists in the iron and steel-producing sector. The interest expressed prompted the Chilean Steel Institute (ICHA) to convene a meeting of Latin American iron and steel producers especially for this purpose, with the result that on 3 October 1959 the Latin American Iron and Steel Institute (ILAFA) was officially established. At the same time, its authorities were appointed, its statutes were drawn up and its programme of work was laid down, so that the organization was able to begin operation immediately.

Purpose

21. The general purpose of ILAFA is to study scientific, technical, industrial and economic problems connected with the production, distribution and marketing of iron and steel products and of by-products, iron and steel plants proper and the raw materials and other materials used in the production of iron and steel. The Board of Directors of ILAFA has formulated specific objectives in the different areas in which the Institute carries out work, namely, technical matters, economic questions, documentation and information, and promotion.

22. In the technical and economic fields, ILAFA's aim is to study the market for steel and iron ores, with a view to the expansion of national and international trade in these products, co-ordination and economic guidance of investment, and increased productivity.

23. In the field of documentation and information, the aims of the Institute are to facilitate the transfer of technology to Latin America, to increase the know-how of the iron and steel sector and of its personnel and to support the other activities of ILAFA.

24. In the field of promotion, activities are geared towards promoting the use of steel and towards fostering knowledge of, and ties with, iron and steel producers.

Structure of the administration

25. The main organs of the Institute are: the General Assembly, the Board of Directors, the Executive Committee, the advisory committees, the Secretariat General and the regional secretariats.

26. The General Assembly comprises all full members and is convened once a year to approve the work programme, the budget and the financial statement.

27. The Board of Directors consists of one representative from each country that has full members in ILAFA and three other persons who are elected, one per country, to represent the members from those three countries that pay the largest regular contributions to the Institute. The Board of Directors meets twice a year to decide on economic, technical and administrative policy.

28. The Executive Committee is appointed by the Board of Directors and consists of five Board members, including the Chairman and the two Vice-Chairmen, in order to facilitate the discharge of the functions of ILAFA.

29. Advisory committees on specific subjects such as marketing, iron mining, rolling and deoxidation, and steel-making are set up by the Board of Directors. These committees comprise representatives from each country in which ILAFA has full members. As standing bodies of ILAFA, the committees advise the Board of Directors on matters within their competence.

30. The Secretariat General, with its office in Santiago, Chile, is responsible for carrying out the work programme and for the organization and management of the services operated by the Institute. Regional secretariats have been established in Argentina, Brazil, Mexico and Venezuela to assist the Secretariat General in carrying out its functions.

Activities

31. The Institute makes systematic and continuous studies of the steel market in Latin America, providing detailed information for each country on consumption, installed capacity, production, imports, consumption projections, expansion programmes etc. Every two years it publishes reports on the Latin American market for iron ores. ILAFA also analyses annually investments in the iron and steel industry and the future production capacity of the industry.

32. Further, the Institute compiles and publishes statistics on the output of pig iron, steel and rolled metal; on quarterly iron and steel prices; on output of steel tubing, ferro-alloys and tin sheet; on labour employed in the industry; on output, consignments and trade in iron ores; on foreign trade in steel, etc.

33. In the technical field, every year ILAFA organizes a series of meetings at which various aspects of iron and steel technology and of the economics of steel production are analysed. The most important of these meetings is the Latin American Iron and Steel Congress.

34. In collaboration with the Metallurgical Research Centre (Centro de Investigaciones Metalúrgicas) in Spain and the Iron and Steel Institute in the United Kingdom, ILAFA has been compiling a technical vocabulary of terms used in iron mining and iron and steel production.

35. In collaboration with the Organization of American States (OAS), the Institute has awarded fellowships to professional and technical personnel from the region for training in their particular fields at various European centres. ILAFA, in co-operation with OAS and ECLA, has also studied the possibility of carrying out technological research for the iron and steel sector.

Relations with inter-government organizations

36. In 1964, ECOSOC granted ILAFA consultative status and in 1969 consultative status (category II). The Institute also maintains co-operation with ECLA and ECE.

37. The Institute has undertaken various activities with the financial co-operation of the Pan American Union, the secretariat of OAS. These included a steel standardization programme undertaken between 1962 and 1965, which has since been carried out independently by ILAFA. The Institute is presently engaged in a study on technical innovations in iron and steel, for which it receives financial support from OAS.

38. Since the foundation of the Latin American Free Trade Association (LAFTA) in 1960, the Institute has supplied LAFTA with basic information, including statements by the ILAFA Board of Directors on the integration of the region's steel industry. ILAFA officials have attended the meetings on steel organized by the Association, and LAFTA officials in turn have taken part in many of the Institute's technical meetings.

39. The Inter-American Development Bank (IDB) has been a co-operating associate member of ILAFA for ten years. To assist the Bank in drawing up its investment programme for the region, ILAFA has supplied the Bank with basic information on the Latin American iron and steel industry.

Relations with non-governmental organizations

40. Since the inception of the Pan American Standards Commission, ILAFA has given support to its preparatory work on the standardization of steels, iron ores and other materials produced or used by the iron and steel industry. Five years ago, an agreement on co-operation was reached between the two bodies. In 1969, ILAFA became an affiliate member of the International Iron and Steel Institute. Apart from these relations with international private organizations, ILAFA maintains contact with various national bodies in Latin America, such as standards institutes, metallurgists' associations and industrialists' associations.

Membership

41. Full members of ILAFA come from the following countries: Argentina, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Peru, Uruguay and Venezuela; affiliate members from Argentina, Belgium, Brazil, Chile, the Federal Republic of Germany, France, India, Italy, Japan, Mexico, Peru, Spain, Switzerland, the United Kingdom and the United States of America.

Finance

42. The Institute derives its income mainly from the regular contributions of its members. In 1970, the income of the Institute was more than US\$320,000 and its expenditures amounted to \$308,000.

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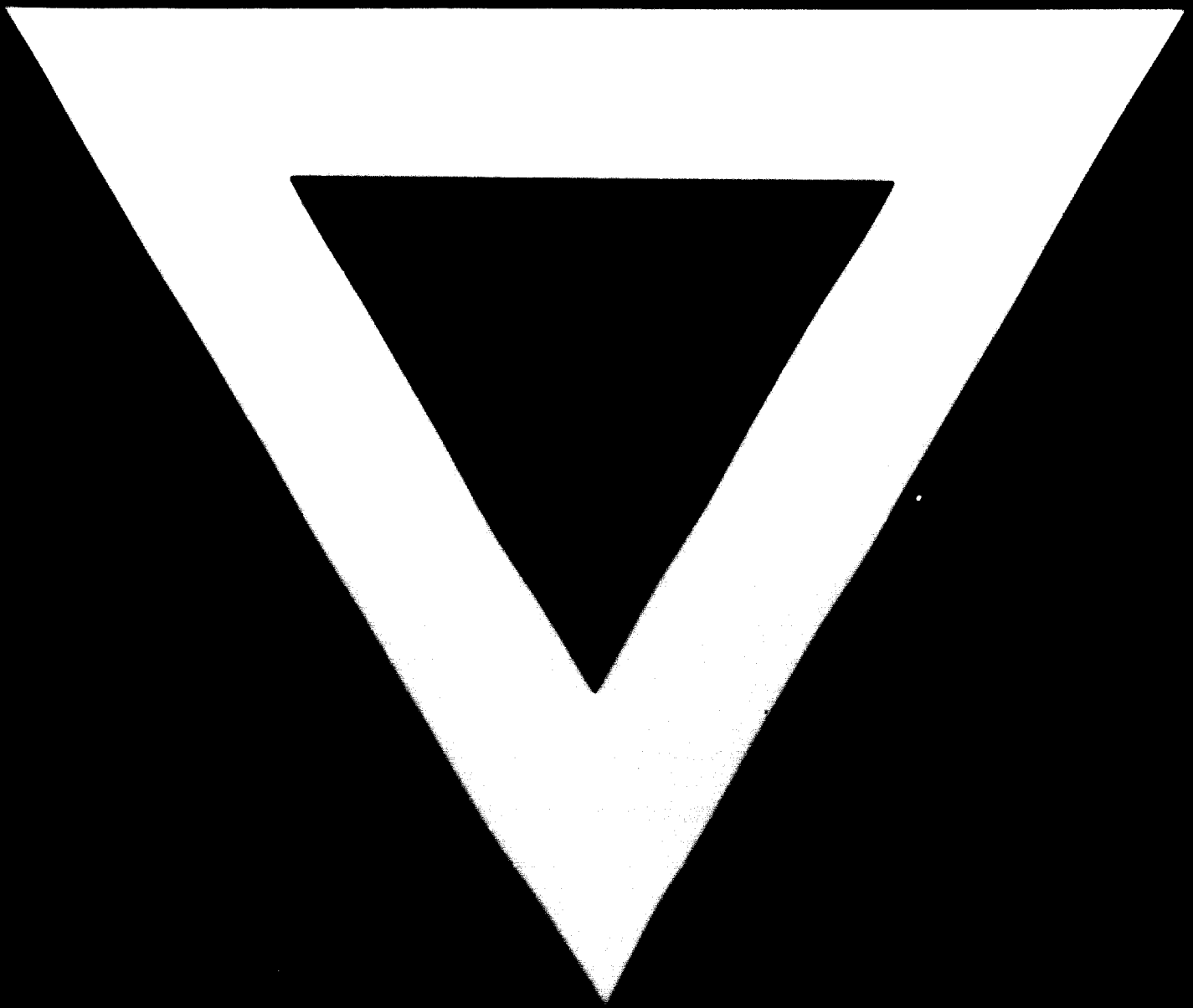
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