

TD/B/CN.4/Misc.4  
27 July 1993

ENGLISH  
Original: Spanish

ENGLISH AND SPANISH ONLY

TRADE AND DEVELOPMENT BOARD  
Standing Committee on Developing  
Services Sectors: Fostering  
Competitive Services Sectors  
in Developing Countries  
Second session  
Geneva, 11 October 1993  
Item 2 of the provisional agenda

#### ANDEAN INTEGRATION IN SERVICES

#### PRESENTATION OF THE BOARD OF THE CARTAGENA AGREEMENT

Point 5 (iv) of the provisional agenda of the second session of the Standing  
Committee on Developing Services Sectors

Presented by the secretariat of the Board of the Cartagena Agreement

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received.

GE.93-52760(EXT)

## INTRODUCTION

This document is submitted by the Board of the Cartagena Agreement for the consideration of the Member Countries of the Standing Committee on Developing Services Sectors under point 5 (iv), items 3 (j) and 3 (k), in accordance with the recommendation contained in the Final Act of the First Comprehensive Andean meeting on Services, 19 January 1993, in which the members of JUNAC defined the possible areas of cooperation with UNCTAD, including:

(a) Sharing efforts for setting up data bases on services, the modernization, methodology and procedures needed to organize the collection and exchange of flows of data, including statistics on trade in services, laws and regulations affecting services in the Andean region, a record of measures affecting the export of labour-intensive services, procedures and practices for the recognition and qualification of services users.

(b) Sharing experiences with the Board of the Cartagena Agreement in relation to past and on-going studies, both at the national and regional levels in specific sectors and, in particular, in services to producers.

(c) Active participation of the Board of the Cartagena Agreement in meetings of UNCTAD's Standing Committee on Services.

In accordance with (c) above, the Board of the Cartagena Agreement presents for the consideration of this Committee the Andean experience in integration and development of its schemes of cooperation in services.

This document sets out the four central ideas which are putting new energy into integrating services whose essential objective is fostering a common market in services in the Andean Group (GRAN). Accordingly, the actions come under the four following strategic approaches:

1. Liberalize progressively subregional production and distribution of services;

2. Strengthen and diversify production capacity, supply and distribution of services both in the Andean market and third countries.

3. Harmonize national legislations where necessary;

4. Create organizational and political conditions which will enable relevant national authorities of the Member Countries to discuss and coordinate their activities, either in order to move forward in harmonizing liberalization policies and promoting services in GRAN or in adopting joint positions in the various bodies and/or international settings where aspects relative to this sector are dealt with.

The document presents elements of the process of insertion of services into the Andean integration scheme. One of the strategic objectives is to set up a common market in services in the Andean Group. This entails setting into motion a body of political, normative and technical activities aimed at promoting the growth, diversification and development of the services sectors in member countries.

A major component of the actions to be undertaken under the work programme of GRAN in regard to the above-mentioned objectives is related to close collaboration between the Board of the Cartagena Agreement and UNCTAD, as expressed in the Final Act agreed upon at the First Comprehensive Andean Meeting on Services on 19 January 1993.

## ANDEAN INTEGRATION AND THE SERVICES SECTOR

### SUMMARY

Setting up a common market in services in the Andean Group, as one of the strategic objectives of the new stage--which implies the completion of the building of a customs union and the step towards the consolidation of the internal market--calls for setting into motion a body of political, regulatory and technical activities aimed at promoting the growth, diversification and hence the development of the services sectors in member countries.

That is why the Commission of the Cartagena Agreement decided to create economic and juridical conditions that would make feasible and viable the structuring and operation of the subregional market in services where the economic agents could operate in transparent conditions, thereby making it easier to set norms that would orient the interrelation and interdependence of this sector with productive activities, foreign trade and the satisfaction of the basic needs of the population of the member countries.

Accordingly, with a global and multilateral approach the Commission approved the shaping of a normative framework aimed at: 1) progressive liberalization; 2) economic and institutional strengthening; 3) diversification of supply; and 4) development of services in the Andean Group (GRAN). This entails making national laws and regulations compatible in this field.

To this end, the question of services must be tackled fully, considering both the global and sectoral levels, recognizing their importance in the Andean economy and including them within the context of national and subregional social and economic development. This involves investment, technological, production and marketing aspects.

It is therefore necessary to define the strategic lines that will guide the structuring of the expanded services market in GRAN, as well as to design and implement national, bi-national or multinational projects and actions aimed at achieving the following general objectives:

1. Liberalize progressively subregional production and distribution of services;
2. Strengthen and diversify production capacity, supply and distribution of services both in the Andean market and outside;
3. Harmonize national legislations where necessary;
4. Create organizational and political conditions which will enable relevant national authorities of the Member Countries to discuss and coordinate their activities, either in order to move forward in harmonizing liberalization policies and fostering services in GRAN or in adopting joint positions in the

various bodies and/or international settings where aspects relative to this sector are dealt with.

With these general objectives in mind, the treatment at a general level of the services sectors in GRAN should give particular consideration to each of them. The direction to be taken is set out below.

#### I. COMMUNITY NORMATIVE FRAMEWORK FOR THE PROGRESSIVE LIBERALIZATION OF SUBREGIONAL PRODUCTION AND DISTRIBUTION OF SERVICES

The major normative advances achieved by GRAN in services have been in transport--an economic activity of particular relevance to the integration process in that it has a legal framework which covers the three modes of this service: land, water, air, and recently multimodal transport which integrates them into a single concept. Other services for which community actions have been undertaken are: post, tourism, telecommunications, and there are plans to start regulating the other services, particularly financial (banking, insurance and securities) and those related to skilled personnel.

Given the diversity of elements involved in the services market, the normative approach should be taken at two distinct but connected levels. On the one hand, an overall framework should be defined which sets out precisely the guiding principles and commitments for its establishment and the process of exchange in this sector; and, on the other hand, draw up projects designed to lay down the rules for the regulation, strengthening, diversification and harmonization of national norms of each service. Consequently, GRAN will have a general normative scheme from which to harmonize the treatment of all services, without restraining legal progress that might be made in each of them individually.

The idea is therefore to bring about in the short term the organization of a community legal corpus made up of:

1. A Comprehensive Normative Framework on Trade and Services in the Andean Group containing the fundamental principles and commitments which will guide and regulate the progressive liberalization of the services sector in GRAN;
2. Decisions which update, improve and/or supplement the existing legal base in sectors already regulated at the community level when necessary (transport and tourism);
3. Decisions designed to regulate the consolidation, progressive liberalization and operation of the Andean capital market, of telecommunications and services of skilled personnel. In addition, rules will be drawn up to regulate the movement of entrepreneurs, skilled workers and technicians of Andean origin within the subregion.

In order to bring the treatment of services in the subregion into line with international criteria, the comprehensive normative framework to be drawn

up must correspond to the strategic objectives of the Cartagena Agreement and to the provisions of the General Agreement on Trade in Services being considered in GATT. Bolivia, Colombia, Peru and Venezuela are participating in these negotiations, soon to be joined by Ecuador. Therefore, the principles and commitments prevailing in GRAN will be inscribed within the following concepts:

(a) Progressive liberalization: adoption of rules, modalities and procedures consistent with the multilateral framework while respecting the objectives of national policies, taking into account the relative degree of development of the respective countries. These rules will provide appropriate flexibility, without restricting the market excessively, to allow countries to open fewer sectors, liberalize fewer types of transactions temporarily, or increase access to their markets progressively, depending on their development.

(b) National Treatment: to be applied to exports and exporters of services; it implies that no less favourable treatment will be given to national services and services suppliers.

(c) Most-favoured nation: the framework should have provisions which prevent discrimination between suppliers of different countries even though temporary devices are set up to apply preferential margins in favour of competitive services produced in the Member Countries.

(d) Transparency: facilitate information on all laws, regulations and administrative guidelines, and bilateral, multilateral and international agreements relative to the sector, entered into individually by each Member Country. An exception is made of information that cannot be disclosed for reasons of State security.

(e) Market Access: the supply of services produced in third countries will be allowed in accordance with the transboundary movement of services and payments. For services coming from member Countries, the "derecho de establecimiento" ("right of establishment") may be introduced both for affiliates and/or subsidiaries and for suppliers of skilled personnel, either individuals or enterprises of Andean origin. Rules of origin concerning services will have to be defined.

(f) Conditionality: since member Countries have to strengthen and diversify their national capacities for production and distribution of services, requirements should be included on promoting forms of association with foreign suppliers in order to ensure a greater and more effective transfer of technologies, as well as better access to data-distribution networks and channels for subregional suppliers, and other temporary conditioning measures which would make progress possible in the development of dynamic, efficient and competitive national services sectors.

(g) Increasing participation of Member Countries of the Subregion: the purpose is to promote the strengthening and diversification of national capacities to provide services whose levels of efficiency, quality and competitiveness would make them a market choice vis-à-vis outside supply. Mechanisms would have to be worked out so that Member Countries could dispose--in the short term--of quicker and more effective communications and

data networks and channels, and could accede directly to the sources of supply of specialized localized technologies and data in the disseminating centres of the developed countries.

(h) Safeguards and exceptions: it will be possible to adopt temporary measures of this type for balance-of-payments reasons, for national security or cultural policy.

Along with these principles, the comprehensive normative framework will have to spell out a body of commitments which will serve as guidelines for the action of the States and for the conduct of the subregional economic agents and of third countries with respect to the structure and operation of the trade in services in GRAN. These commitments are:

- Compliance with the measures adopted by the Parties;
- Progressive removal of discriminatory measures;
- Adaptation of national regulations;
- Recognition of degrees or certificates, principally those granted in higher education and in technological institutions;
- Control of monopolist or exclusive suppliers of services;
- Elimination of unfair trade practices;
- Liberalization of payments and transfer of profits;
- Removal of subsidies and subventions;
- Presentation of the list of specific commitments (sectors or subsectors to be liberalized). Member Countries, including Ecuador, should be asked to expand their respective lists of services to be liberalized which they submitted in GATT, with a view to diversifying opportunities for services suppliers of Andean origin in the subregional market;
- Possibility of modifying the list of commitments and allowing temporary exceptions;
- Right to safeguard information for reasons of State security;
- Establishment of machinery for consultation and settlement of disputes;

- Guidelines for the acceptance of and compliance with established commitments; and
- Machinery for filing complaints.

The recommendation--binding on all States in GATT--is to move forward in the review and updating of national rules and, accordingly, community rules, to bring them into line with the provisions of the General Agreement on Trade in Services. This of course, involves the member Countries of GRAN and its Board, since GRAN is the body responsible for managing the Andean integration process; one of its main functions is to prepare, adapt and administer implementation of the community normative framework in accordance with the predominant international elements. This is particularly important in cases such as Decisions on Land Transport, both for cargo and passengers, as they were made in an economic and political context that was not sufficiently advanced in the definition of general rules regulating the exchange of services at a world level, with the perspective of the opening and progressive liberalization of this complex economic sector.

## II. STRENGTHENING AND DIVERSIFICATION OF PRODUCTIVE CAPACITY, SUPPLY AND DISTRIBUTION OF SERVICES IN BOTH THE SUBREGIONAL AND EXTERNAL MARKETS

In addition to regulatory aspects, both at the overall and specific level, there must be planning and implementation of national, bi-national and/or multilateral projects designed to strengthen and diversify production, supply and distribution of services, giving priority to increasing the supply of the subregional market by suppliers of Andean origin, not neglecting exports to third markets.

From the subregional standpoint, actions to promote and achieve these targets in the short and medium term should be in the following direction:

A. Move towards the consolidation of integration achieved in services such as transports and post, where real legal, organizational and operational advances have been made but where it is still necessary to:

1. Continue to spur the process of economic opening and progressive liberalization of the subregional and international transport market; stimulate the diversification of supply, setting out the conditions needed to ensure fair competition; promote the rationalization of rates, an increase in the number of suppliers of Andean origin, the improvement of productivity, quality and efficiency of services; encourage training high-level skilled persons in the organization and management of transport enterprises.

2. Continue to push ahead in the process of technical, administrative and operational modernization of the postal systems of the Member Countries, establishing the Andean Multinational Postal Company, concluding negotiations with airline companies to rationalize rates for carrying postal cargo and speeding up delivery systems, and drawing up subregional rules for the carriage of parcels by land.



3. Promote the economic opening and liberalization of tourism in the Subregion and re-direct community activities in the promotion and marketing of Andean tourism by actively involving entrepreneurs in the sector in drawing up promotional projects, and in carrying out actions related to the spreading of the various types of tourism that could be carried out in the Andean territory.

B. Undertake actions aimed at the diversification of the integration process in services by creating conditions for forming the market in financial services, telecommunications and skilled-personnel services. To achieve this, efforts must be made to:

1. Speed up structuring the Andean Financial Market--starting from the economic opening and progressive liberalization of banking services, insurance and flow of capital within the Subregion--as an essential factor in consolidating the integration process of GRAN.

This structuring should preferably take the following course:

- Enable users to accede to a wide range of financial services. This means, fundamentally, the removal of national regulatory barriers which hamper freedom of establishment, free trade in these services, satisfaction of the financial needs of industrialists and businessmen, and the attraction of foreign investors.
- Invigorate subregional mobility of capital--national and foreign--in particular by furnishing transboundary services; facilitate access of users of the Subregion to the financial systems of any of the Member Countries; and
- Stimulate the formation of Andean Financial Circuits, created from the formation of EMAS and/or the merging of subregional entities of the sector, which will make it possible to diversify and render efficient the services supplied, and will strengthen the competitiveness of local suppliers vis-à-vis outsiders.

2. Structure the Andean Telecommunications Services Market, since the availability of high quality and operationally efficient means of communication and data are key working instruments for other economic sectors, mainly financial, transport and foreign trade.

Structuring should preferably take the following course:

- Establish the conditions for invigorating the expanded market in communications and data services aimed at commercial, industrial and scientific activities, motivating and bolstering the competitive capacity of Andean suppliers of the sector;
- Stimulate the progressive removal of national restrictions for the free establishment of Andean suppliers of these services, mainly those related

to cellular telephones, data transmission networks, electronic mail, cable TV and marketing satellite services;

- Expand substantially supplies of these services of subregional origin, mainly those devoted to training and operating economic, technical and scientific-technological data-distribution networks and channels; and
- Favour the free movement of skilled and technical personnel of the Subregion, with a high level of training and experience in the design, carrying out and management of development projects in these services, so as to be able to operate in the territory of the Member Country needing them and to contribute--without time or labour restrictions--their knowledge and skills.

3. Structure the Andean Skilled-Personnel Services Market, creating conditions to ensure in the short run the free movement of skilled and technical personnel. This implies moving ahead in the progressive removal of legal discriminations that might exist in national regulations of the Member Countries with respect to the right to stable employment, level of remuneration and other working conditions.

This structuring should preferably take the following course:

- Stimulate entrepreneurs and public enterprises of the Member Countries needing outside administrative, technological or operational underpinning to give priority to the hiring of trained personnel from the Subregion to plan, carry out or manage investment projects or to support foreign-trade actions;
- Take measures respecting permanent-resident rights of citizens of the Member Countries going from one country to another within the Subregion to practise a salaried activity under contract;
- Define the criteria for the evaluation and recognition of professional higher-education diplomas issued and certified by the competent authorities of the Member Countries, leading to acceptance of university-training qualifications, and enabling duly authorized specialized workers to practise their respective professions throughout the Subregion; and
- Devise means of encouraging a more dynamic relation between the integration process, entrepreneurial organizations, institutions of higher learning and Professional Colleges of the Member Countries.

### III. HARMONIZATION OF NATIONAL LEGISLATIONS

With regard to Decisions aimed at regulating the functioning of each of the services dealt with at community level, these Decisions should be drawn up

in terms of: i) the criteria previously established in the comprehensive normative framework; ii) the specifications of each sector or subsector; and iii) the need to harmonize national policies in relation to previously agreed common objectives. In this way the Board, with the support of the respective Sectoral Committees, will have to move forward in the short term in drawing up draft Decisions covering the following services:

- Transport:

This is one of the sectors in which GRAN has made its greatest normative advances, placing it in the international vanguard, as in the cases of shipping, with the removal of cargo reservations, and in air transport, with the "Open Skies" policy and multiple designation. But this effort must be supplemented by adopting other Decisions relative to those particular aspects needing specific juridical treatment, such as International Parcel Land Delivery (postal), Border Transport, River and Lake Cargo and Passenger Transport. It is also necessary to comply with the objectives of and develop the legal resources provided for under the policy for the development of Andean merchant marines.

- Financial:

In addition to disposing of a normative framework for the formation of an Andean Financial Services Market, specific rules would be pertinent for each of the subsectors which comprise it: banking, insurance and real estate services. It will be essential to identify those aspects which must be harmonized, related in particular to the establishment, functioning and monitoring of the financial entities of the Member Countries in the Subregion. This would allow competition on an equal footing and provide the necessary guarantees to users. The GRAN partners would similarly define the implementation rules concerning the presence and participation of foreign investors in the financial services sector.

In reference to Transport insurance, the normative framework related to Third Party Liability Insurance for the International Highway Carrier (Decision 290) would have to be supplemented by the approval of Decisions to draw up Andean insurance policies covering the cargo carried, and risks and damages caused by private vehicles in the Subregion.

- Telecommunications:

Define the legal framework for the formation and regulation of the Andean telecommunications market, beginning with a comparative analysis of the respective national legislations of the Member Countries. Due account will be taken of the current privatization process (essentially in normal telephony) and the process of economic opening-up now going on in those areas which may be open to competition.

Two regulations must be adopted in this sector; one relative to services in which there is still a high degree economic and political involvement by the State, such as AM and FM broadcasting, VHF television, and normal

telephony and telegraphy; and the other related to those subsectors in which there now are, in almost all Member Countries, advanced processes of progressive liberalization: cellular telephones, electronic mail, data transmission networks, cable television, UHF television, and satellite marketing services.

Community regulations must be adopted establishing the national treatment of Subregional radio and television production and co-productions, in keeping with the minimum percentage of national production which is being defined.

- Services of Skilled Personnel:

The regulatory treatment received by Skilled Personnel Services in experiences like the European Community, and more recently NAFTA, is in line with the question of the freedom movement, considering the specifications laid down for each sector of the services. On the one hand, there are rules to liberalize the movement of skilled and technical personnel within the territory of the countries parties to the Agreement. On the other hand, criteria are being drawn up concerning the mobility of labour linked with the production and distribution of each service identified. In addition, there is the adoption of particular rules for specific professions, such as medicine (including dentistry), pharmacy and law. The procedure to be followed in GRAN in this field should take these considerations into account.

Thus the community regulatory framework for the progressive liberalization of the movement of Entrepreneurs, Skilled and Technical Personnel of Andean origin or naturalized in the member Countries should be defined. To achieve this, the requirements laid down in the respective national migration laws concerning entry and residence for periods of over 90 days must be harmonized. Consideration must be given to the work done under the Andrés Bello Convention concerning the approval and recognition of professional and technical certificates granted by the corresponding authorities.

Along with this preceding action, it is necessary to make a thoroughgoing evaluation of the respective national migration laws which regulate the entry, movement and permanent residence of people in the territories of the Member Countries, so as to single out those aspects that can be harmonized in community rules which would regulate the movement of population within the Subregion. Carrying out this activity warrants the setting up of a group of migration and labour experts with the participation of IOM and ILO which will advise the respective national officials and the Board on the preparation of a draft Decision on this matter.

- Tourism:

This sector--of unquestionable significance for the economy of the Subregion--calls for a review and updating of its community regulations, mainly Proposed Decision 241 "Andean Tourist Integration", which should be

reformulated in terms of the growing economic opening for foreign investment in all Member Countries in this sector.

#### IV. PRIORITY ACTIVITIES FOR EACH SERVICES SECTOR OR SUBSECTOR

Satisfying GRAN's needs in services calls for the identification of an array of short-term priority tasks by sector or subsector which would indicate the direction that the treatment of financial services, telecommunications, skilled personnel services, transport and tourism would take.

However, it is advisable to highlight those general elements to be taken into account when the time comes to identify actions to be carried out nationally, bi-nationally and/or multilaterally to strengthen and diversify production, supply and distribution of services within the Subregion or exports to outside markets. These elements are:

- Plan policies to strengthen and diversify the sector which combine stimulus to competition (progressive liberalization) with encouragement to production and regulation of the process of marketing services within the Subregion;
- Create the economic and legal conditions needed for the establishment and activities of private economic agents, mainly subregional, engaged in the production and/or distribution of services in any Member Country.
- Stimulate national production of services, especially in small and medium-size firms, using, as main promotional factors, state procurement, the possibility of bidding on projects in any Member Country, and the free movement of skilled and technical personnel of Andean origin. To reach this objective it will be necessary to deploy coordinated efforts to remove existing legal and political obstacles;
- Encourage the physical growth and technological updating of the telecommunications and data-transmission infrastructure in order to enhance the efficiency of the subregional market, by a generalized reduction in the costs of transactions and facilitating the transboundary flow of data and data networks. This would lead to a greater and more dynamic internal linkage, as well as a better and more effective tie-up with the international context.
- Favour the enhancement of human resource. This requires improving the quality of university and technical teaching, and facilitating on-the-job training; and

In accordance with these general criteria, specific actions corresponding to each sector or subsector are needed. These actions are:

(a) The Financial Sector:

- Promote the setting up of Andean Committees of Government Authorities and Supervisors (Superintendences) of Banks, Insurance and Securities, with the active participation of the financial entities of the subsectors;
- Intensify links with all subregional financial institutions (FLAR and CAF), regional (ALIDE and IDB), or international (World Bank) that are directly related to providing financial services in the Andean Group. The motivation is to favour and back the carrying-out of studies to define the bases for an Andean Financial Integration Programme dealing with the removal of legal, fiscal, technical and administrative difficulties which hamper the movement of capital and banking services, insurance and shares and securities within the Subregion.

1. Insurance:

Up to now, progress has focused on the approval of insurance policies for road transport, together with the corresponding legal implementary framework. Here it is necessary to supplement what already exists. To achieve this, it would be appropriate to:

- Promote the signing of Reciprocal Assistance Agreements among insurance companies established in the Member Countries, which would allow Andean Third-Party Insurance for the Authorized Carrier and dependent to cover bodily accidents to crew members.

Nevertheless, in this service it is necessary to broaden the field of actions which contribute to diversifying its offer.

2. The Security and Shares Market:

As a result of the recent meeting of representatives of the leading Stock Exchanges of the Subregion and experts in the field, sponsored by FLAR and backed by JUNAC, aspects that could be dealt with at a community level were identified, making it possible to move ahead towards the harmonization of the fundamental aspects of the Securities Market to help its integration, namely:

- Define a community normative framework that would establish criteria on:
- Responsibilities of the Security Exchange, mechanisms and subjects of self-regulation; as well as the scope of regulation of national authorities;

- Deregulation of the market and of the activities of middlemen, leading to greater competitiveness at the subregional level without prejudice to the security of investors;
- Machinery for listing securities in each Member Country so as to accept listing carried out in the country of origin;
- Requirements for the voluntary cancellation of listed securities in the registers and in the exchanges;
- Acceptance, as being listed in the register, of bonds issued by the national governments and central banks of the Member Countries;
- Measures concerning quality, periodicity, minimal content, prime user and form of disclosure of periodic and possible information which must be supplied by issuers of shares.
- Common minimal content of share-issue prospectuses;
- Centralized deposits of national securities approved as depositories and means of transfer, based on the dematerialization of the security;
- Establishment of risk-assessment companies; and
- Time-limits and systems for liquidation of operations similar to those conducted in the international markets.

3. The banking subsector:

Contribute to carrying out Advisory projects sponsored by FLAR and CAF, the results of which could provide criteria usable in drawing up a Programme for Opening-up and Progressive Liberalization of banking services within the Subregion. FELABAN will provide elements--considered from the viewpoint of banking associations--to lay the bases for building a community regulatory framework that would establish guidelines for implementing what is set out in that Programme.

(b) Telecommunications:

- Spell out the specific objectives that will guide community treatment in this sector, highlighting mainly activities related to setting up data bases and data transmission networks, drawing up common standards for providing key services (television, radio, telephone and satellite transmissions), and establishing technical standards to ensure the dependability and quality of services supplied;

- Focus infrastructural-strengthening, financial/administrative, technological and institutional measures on those services provided by this sector which contributes substantially to the social and economic integration of the Subregion, while using the competitive advantages which they enjoy vis-à-vis similar services offered by outside agents. Fundamentally these are normal telephone services (urban and rural), electronic data transmission, electronic mail, cellular telephone and cable television;
- Recognize the needs of Member Countries in human, scientific and technical resources to move ahead in this sector, with a view to creating the legal facilities for stimulating the transfer of know-how, technologies and experiences among high-level professionals and skilled telecommunications technicians in the Subregion;
- Determine the areas or subsectors of that service needing technical and financial cooperation from third countries or specialized international agencies in order to channel possible contributions, both of resources and technological advice, to those managerial and operational activities which support the process of computerization, mainly those directly related to financial services, customs and scientific-technical networks.

(c) Skilled-personnel services:

- Establish institutional links with employers organizations and the Professional Schools which represent all those professions whose practices and skills, duly accredited by nationally valid certificates, may be offered--individually or through enterprises--in an Andean Skilled-Personnel Services Market;
- Review and update Decisions 113 and 116 "Andean Statute on Labour Migration", to bring it into line with conditions prevailing in the subregional integration process. The International Organization for Migration (IOM) will provide advice concerning criteria for the harmonization of national migration laws that regulate the entry, permanent residence and economic insertion of the work force. Links should be established with the ILO to obtain technical support in relation to labour and social security;
- Take steps with migration authorities--mainly those dealing with migration at the borders--to put definitively into effect the provisions contained in Decisions 257 and 289 concerning the use and recognition of the Road Transport Workers Card. Its immediate effect will be to increase the fluidity of international transport by road, both of cargo and passengers, and will have a direct effect on strengthening the subregional market;
- Work jointly with SELA in feeding and updating the data base of a census of high-level professionals (MSD and PHD), residents in the countries making up the System, required by Member States or firms



established in those countries to plan, execute and/or manage investment projects.

(d) Transport:

- Speed up and conclude the process of enactment and implementation of the Decisions regulating Transport (land, air, sea) as well as the multimodal system and the Customs Convention on the International Transit of Goods;
- review and update (if necessary) Decisions 257 "International Transport of Goods by Road" and 289 and International Transport of Passengers by Road", in accordance with the principles laid down in the GATT Framework Agreement;
- Define technical and operational criteria for bi-national management of border transport, harmonizing the guidelines set out in the respective community Decisions and Bilateral Agreements in force;
- Move forward, in the framework of the Ministerial South American Transport, Communications and Public Works Conference, in harmonizing current standards in the Andean Group and the "Cono Sur" (Argentina, Chile, Uruguay), in matters concerning road infrastructure, international highway transport, customs transit, third-party insurance, and basic points related to the description, weight and dimensions of passenger and charter vehicles used in international road transport;
- Implementation of the TRAINMAR project, with the technical support of UNCTAD, intended to: i) raise the level of management in the maritime/port subsector and in multimodal transport; ii) contribute to setting up and strengthening training centres for personnel in ports, shipping and multimodal transport; and iii) promote the setting-up of subregional post-graduate training in international transport;
- Train high-level human resources in the management of Transport projects, by putting into operation a Magister Scientiarum on this subject. Its headquarters will be the Universidad Simón Bolívar of Venezuela; it will be funded by the EC and advised by UNCTAD, and will be open to students coming from the Subregion.

(e) Tourism:

- Set up the Andean Committee of Tourism Officials and organize the II Andean Tourism Congress where, with the presence and active participation of subregional businessmen of the sector, an assessment will be made of the Andean Programme for the Development of the Tourism Sector with a view to updating and defining the responsibilities and commitments of the National Boards of Tourism as well as the National Chambers of travel agents.

These sector activities will be supplemented with more specific--but no less important--ones which were identified in document COM/LIX/dt 3 "Guidelines for a Work Programme for Integration and Cooperation in Services in the Andean Group", approved by the Commission; this includes, in Paragraph IV, the Work Programme of the Board on Services for 1993.

Furthermore, institutional measures will be taken to give effect to the proposal recently made by UNCTAD to the Board, namely:

(a) Cooperate in setting up computerized data bases with a view to increasing the export of services of Member Countries and meeting the demands for greater transparency and access to the flows of information needed by the various economic agents. These data bases will collect and circulate information on the measures, including laws and regulations affecting the access of services and services suppliers to world markets.

(b) The identified needs for data transparency cover three priority areas.

- Movement of persons as services suppliers, either as suppliers of services or as personnel;
- Ongoing processes of recognition and harmonization of qualifications for users of services;
- Ways of improving access and use of data networks and distribution channels to obtain knowledge of:
  - Measures, laws and regulations affecting the ability of Member Countries of GRAN to export services, because of obstacles to the temporary movement of persons across national borders to provide services;
  - Laws applying to the temporary movement of skilled labour in GRAN;
  - Legislation and other provisions on the recognition of qualifications for services users; and
  - Legislation and other provisions on access to scientific-technical data networks of developed countries.

Such practical technical cooperation from UNCTAD would be a valuable contribution to national, bi-national or multilateral projects and actions undertaken in the short term in order to form the Andean services market as well as to boost the strengthening and diversification of production and distribution of competitive services within the Subregion and the external market.

V. ESTABLISHMENT OF ORGANIZATIONAL AND POLICY CONDITIONS FOR COORDINATING ACTIONS

Member Countries are calling for the organization of bodies within which there would be horizontal communication that would enable them to discuss and coordinate actions. That is why it is necessary to stimulate, in the short term, the formation of joint-working bodies (Sectoral Committees) of national regulatory officials and entrepreneurs from each sector or subsector. These will be the means of establishing direct and fluid multilateral interrelation, creating the conditions needed to define the machinery to make progress in the harmonization of national policies and norms in their respective fields, and to coordinate the positions to be assumed nationally and/or as a community vis-à-vis international agencies and fora where matters related to services are dealt with.

There have already been favourable experiences with the setting-up of the Committees of Andean Land Transport Officials (CAATT), Water (CAATA) and Air (CAAA); Telecommunications (CAATEL); and Andean Postal Services (CPA), which are part of the Physical Integration Council. Committees will soon be set up of Andean Migration Officials (CAAM) and Tourism (CAATUR). For this reason it is necessary to encourage the creation of similar bodies for national authorities related to financial services, and with skilled personnel and with the participation of representatives from the Professional Schools. It must be stressed that the work of the Committees already in existence has been very fruitful. It has been of substantial help in strengthening the integration process and, in particular, in defining and proposing draft Decisions which are now a significant part of the regulatory framework in which the transport services function.

Member Countries have made progress in the formation of National Services Committees. This initiative was instrumental in fostering the organization of the Andean Comprehensive Services Committee, which would be made up mainly of the respective chairpersons of these National Committees or by persons appointed by each Member Country. This body would have two fundamental functions: on the one hand, advise the agencies of the Cartagena Agreement (Commission and Board) in matters related to progressive liberalization, strengthening, diversifying and harmonizing legislation within their fields of competence. On the other hand, they would promote, on the nation level, the Decisions and Resolutions adopted to stimulate the Andean Services Market.

VI. TIMETABLE OF ACTIVITIES TO IMPLEMENT THE WORK PROGRAMME ON SERVICES OF THE BOARD:

1. April:

- (a) Convene a meeting of experts the main purpose of which will be to analyze the documentation that has been prepared, and whose contents define the possible guidelines for community treatment of the services sector from a global viewpoint. At this two-day meeting, to be held in the first week of next May, at the Board's headquarters, experts from the Member Countries will be invited, as well as national negotiators to GATT, and representatives of ALADI, CAF, FLAR and IDB.

- (b) Prepare the Terms of Reference, choose and contract national Consultants to start activities corresponding to those projects on services which will be funded by EC, and which could also be supported by IDB, CAF and/or FLAR.
- (c) Contact UNCTAD to manage the technical cooperation it has offered, with a view to advancing what have been identified as short-term necessities in this field, chiefly with respect to statistical data bases on supply of services.
- (d) Urge Member Countries which have not as yet set up National Services Committees to do so as soon as possible, with a view to convening next June the First Meeting of the Comprehensive Committee on Services, with the participation of delegates (Regular and Alternate) appointed by each Member Country.
- (e) Contribute with CAF and FLAR in implementing the respective Advisory projects which they are sponsoring on GRAN's financial services and whose results can provide information for working out specific norms for structuring and operating the Andean banking, insurance and movement-of-capital services market.
- (f) Hold the First Meeting of Tourism Officials of the Andean Group, the 2nd Andean Congress on Tourism, and the 1st Andean Tourism Exchange; these events will take place between 19 and 23 May in La Paz, Bolivia.
- (g) Begin preparation of the First Andean Meeting on skilled-personnel services, with representatives of the Andrés Bello, Hipólito Unanue and Simón Rodríguez Conventions. This meeting would be held in the first week in June in Bogotá, Colombia.

2. May:

- (a) Hold the 2nd Coordination Meeting with consultants contracted for Sub-Programme II "Facilitating Border Procedures" to be held in Quito, Ecuador, 13-14 May. Diagnoses will be presented and a document will be discussed concerning methodological criteria for drawing up scenarios for the operation of the main border crossing-points of the Andean Subregion.
- (b) Hold the First Meeting of Andean Telecommunications Experts to assess a document being prepared by the Pro-Tempore Chairman of CAATEL, with Board support, the purpose of which is to set out the policy and normative criteria that would be included in the Draft Decision on the Trade in Telecommunications Services in the Andean Group. This meeting will be held in Caracas, Venezuela, on 27-28 May.
- (c) Hold Ordinary meetings of the Andean Shipping Officials (CAAA), Air Officials (CAATA) and Land Transport Officials (CAATT), in Lima and

Quito. Explanations will be given of the effects of the Decisions on Multimodal Transport.

TRAINMAR workshops will be held with technical backing from UNCTAD.

- (d) Convene meetings to organize the Andean Banking, Insurance and Stock Exchange Officials Committees in order to start activities intended to define draft Decisions in these subsectors dealing with financial services.

3. June:

- (a) Hold the First Andean Meeting of Consultants' Associations to be held in the first week of June in Bogotá, Colombia.
- (b) Hold the First Evaluation Meeting with Consultants contracted for financial services projects funded by the EC to evaluate progress in their respective fields.
- (c) Call the first Ordinary Meeting of the Andean Committee of Migration Officials in Caracas, Venezuela. Its object will be to analyze a draft Decision being prepared by the Board on the liberalization of the movement of Entrepreneurs, and skilled and technical personnel of Andean origin within the Subregion.
- (d) Participate in the Meeting of FELABAN to be held in Sao Paulo, Brazil.

4. July:

- (a) Hold four (4) meetings with national and frontier Customs, Migration, Transport and Health Officials to assess the proposals to be submitted by Consultants on the organization and operation of National Centres on Border Questions (CENAF).

5. August:

- (a) Receive final reports on the project financed by IDB "Facilitating Border Procedures" which will be presented at the 2nd Meeting of National Officials Dealing with Frontier Policies.
- (b) Hold the 2nd Evaluation Meeting on the work done by Consultants contracted for financial services projects funded by EC.
- (c) Call an Extraordinary Meeting of the Andean Committee of Land Transport Officials (CAATT), together with the Andean Postal Committee (CPA), to analyze the draft Decision on the International Road Transport of Parcels, which the Board will draw up with the advice of CPA.

6. September:

- (a) Hold the 2nd Meeting of National Officials Dealing with Frontier Policies to take place in Quito, Ecuador.
- (b) Call the 2nd Ordinary Meeting of CAATEL to analyze the draft Decision on Trade in Telecommunications Services in the Andean Group to be held in Caracas, Venezuela.
- (c) Receive the final reports to be presented by Consultants contracted with EC funds to implement services projects.

7. October:

- (a) Hold Meetings of the Andean Committees of Banking, Insurance and Stock Exchange Officials in order to analyze the Draft Decisions corresponding to each subsector of the financial services.

8. November:

- (a) Present to the Commission of the Cartagena Agreement the following draft Decisions:
  - Draft of the Comprehensive Normative Framework for the Trade in Services in GRAN;
  - Free Movement and Right of Establishment of Entrepreneurs, Skilled and technical personnel of Andean origin within the Subregion;
  - Telecommunications Services in GRAN;
  - Banking Services in GRAN;
  - Insurance Services in GRAN;
  - Securities Market in GRAN;
  - Two (2) draft Decisions on Insurance Policies concerning International Road Transport; and
  - International Transport of Parcels by Road.