

CLIMACTERIC AT TEGUCIGALPA

At the Tegucigalpa meeting, two institutions were born. One was ICAITI (Instituto Centroamericano de Investigación y Tecnología Industrial) as a sort of "Bureau of Standards" for Central America. The other was ESAPAC (Escuela Superior de Administración Pública en América Central) for training high-level public administrators. Both subsequently were set up under United Nations auspices ICAITI in Guatemala City and ESAPAC in San Jose, Costa Rica (see ROCAP pamphlet entitled "Organizations Advancing Economic Integration and Development in Central America and Panama" issued in 1965).

Thus, the Tegucigalpa session set the program for economic unity into motion and, in retrospect, was a peak point in the integration movement.

The 1951-58 period, in summary, saw the pledges for common effort at the ECLA sessions in Mexico City and Tegucigalpa and ECLA's formation of ICAITI and ESAPAC which united the countries of the Isthmus institutionally, including Panama. ECLA also began studying possibilities for new industries in the region, including pulp and paper, glass and fertilizer.

Tremendous technical work was accomplished—establishment of comparable tables of statistics, common nomenclature for products, studies of tariff systems. For example, NAUCA (Nomenclatura Arancelaria Uniforme Centroamericana), resulted after a tedious 3-year study of nomenclature. Some of the countries were involved with nonregional countries like the United States, the United Kingdom, and France in most-favored nation agreements. The 1951-58 period saw the Central Americans thus involved abandoning these agreements for others which included the "Clausula Centroamericana de Excepción." This clause provided that concessions given by the Central American countries to each other were not applicable to non-Central American countries.

NETWORK OF TREATIES A "MOSAIC"

In this "first era" the foundations for unity were furthered by the signing of bilateral free trade agreements. These were similar to the El Salvador/Honduran agreement. El Salvador and Guatemala set up networks of such treaties with four countries and each of the other three had at least two trade treaties calling for the removal of barriers on domestically produced goods and increased inter-country trade. By 1958, the network of treaties had developed into what was described as "an intricate mosaic rather than a clear picture—there were treaties, but there was no uniformity, no common purpose, and no system."

PERIOD 1958-60

These activities began making it apparent that a multilateral treaty was required to govern the trade relations and industrialization of the five countries, a need which became acute in 1957. Preparatory work, it was felt, had been completed and the five countries were ready to embark on a tightly drawn common program.

By 1958 the general conception had changed with relation to expansion of industry. Economists looked to development of a common price system for products domestically produced; an open field of investment by which the nationals of every country received treatment equal to that given its own nationals; a common tariff which would some day lead to a customs union; elimination of all payments restrictions within Central America; cooperation among central banks on foreign exchange transactions through a Central American clearinghouse (which went into effect in 1961 in Tegucigalpa and cleared about \$112 million in 1965); create new industries protected by Central American countries under an industrial treaty known as "Regimen Industrial de Integración".

These multilateral treaties were to replace the bilaterals in fact, although the old treaties would legally remain in force. The treaties in force allowed a commodity to enter a country after it had been specifically named in a "positive list" appended to the treaty in effect. In 1958, a long "positive list" of free trade items was developed. The list carried "things easy to trade because they did not raise much antagonism on the part of vested interests and were taken from the bilateral agreements already in effect," a Central American authority noted. In 1959, fewer items were placed on the list and in 1960 it apparently was almost impossible to add commodities.

In the period 1958-60, eight agreements were reached. The first of these were the Multilateral Treaty of Central American Free Trade and Economic Integration, and the "Convention on the System of Central American Integrated Indus-