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According to a Nov. 22 report by PRENSA LATINA, the presidents of Peru, Ecuador, Bolivia, Colombia and Venezuela have agreed to meet in January with the objective of examining strategies for reactivating the Andean Pact. The meeting will take place in Sucre, Bolivia, under the sponsorship of Andean Parliament president and Bolivian Vice President, Julio Garret. Garret recently completed a tour of Pact member nations, and apparently convinced his colleagues that the 16-year-old economic integration agreement currently shows signs of structural and political crisis. Intraregional trade has dropped by 50% in the 1980s, industrial development projects have stagnated or been eliminated, and existing trade agreements have been ignored. Meanwhile, the five governments are implementing distinctly different policies regarding respective foreign debt burdens. The majority have accepted most policy prescriptions recommended by the International Monetary Fund (IMF), dismantled controls on foreign capital, and have signed agreements with the US Overseas Private Investment Corporation (OPIC). OPIC is a government agency providing insurance against nationalization and other foreign investment risks. Discussions for approving modifications of agreement protocols are bogged down, nearly three years after the process began. Among the external factors contributing to the crisis of the Andean pact is the near absence of private capital inflows. As a result, the Andean nations are becoming increasingly dependent on multilateral development and financial institutions for new capital resources. In addition, falling prices in the world market have produced foreign exchange reserve reductions. The latter has led to large-scale import reductions. Domestic factors include protectionist attitudes toward other nations in the region, and limitations in domestic demand, credit and export capacities. The revitalization of the Andean pact is considered a viable alternative to the bilateral agreements and negotiations preferred by Washington. The Latin American Economic System (SELA) has been especially active in promoting the development of multilateral trade agreements among countries in the region.

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