

No. 21295

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**MULTILATERAL**

**Panama Convention establishing the Latin American Economic System (SELA) (with resolution). Concluded at Panama City on 17 October 1975**

*Authentic texts: Spanish, French, English and Portuguese.*

*Registered by Venezuela on 1 November 1982.*

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**MULTILATÉRAL**

**Accord de Panama constitutif du Système économique latino-américain [SELA] (avec résolution). Conclu à Panama le 17 octobre 1975**

*Textes authentiques : espagnol, français, anglais et portugais.*

*Enregistré par le Venezuela le 1<sup>er</sup> novembre 1982.*

## CONVENTION<sup>1</sup> OF PANAMA ESTABLISHING THE LATIN AMERICAN ECONOMIC SYSTEM (SELA)

The Latin American states represented at the Ministerial Meeting convened to establish the Latin American Economic System,

### WHEREAS:

—There is a need to establish a permanent system of intra-regional economic and social cooperation, of consultation and coordination of the positions of Latin America in international bodies as well as before third countries and groups of countries;

—The present dynamics of international relations and socio-economic fields also make it necessary that all initiatives and efforts for coordination among Latin American countries be converted into a permanent system which for the first time will include all States of the region and be responsible for all agreements and principles which up to now have been jointly adopted by all countries of Latin America and which will ensure their implementation through concerted actions;

—This cooperation must be realized in the spirit of the Declaration<sup>2</sup> and the Program of Action on the Establishment of a New International Economic Order<sup>3</sup> and of the Charter of Economic Rights and Duties of States,<sup>4</sup> and in a manner

<sup>1</sup> Came into force in respect of the following States on 7 June 1976, the date when an absolute majority of the signatory States had deposited their instruments of ratification with the Government of Venezuela, in accordance with article 33:

<i>State</i>	<i>Date of deposit of the instrument of ratification</i>
Barbados .....	4 June 1976
Bolivia .....	7 June 1976
Brazil .....	14 May 1976
Cuba .....	14 January 1976
Dominican Republic .....	4 June 1976
Ecuador .....	2 April 1976
Guyana .....	17 January 1976
Jamaica .....	4 June 1976
Mexico .....	14 January 1976
Panama .....	4 December 1975
Peru .....	5 April 1976
Trinidad and Tobago .....	7 June 1976
Venezuela .....	14 January 1976

Subsequently, the Convention came into force in respect of the following States on the date of deposit with the Government of Venezuela of their instruments of ratification or accession, in accordance with article 33:

<i>State</i>	<i>Date of deposit of the instrument of ratification or accession (a)</i>
Honduras .....	15 June 1976
Nicaragua .....	2 September 1976
El Salvador .....	22 September 1976
Guatemala .....	1 November 1976
Grenada .....	15 December 1976
Argentina .....	11 January 1977
Costa Rica .....	15 February 1977
Uruguay .....	16 March 1977
Haiti .....	17 March 1977
Chile .....	18 October 1977
Colombia .....	18 June 1979
Suriname .....	27 July 1979 a

<sup>2</sup> See resolution 3201 (S-VI) in United Nations, *Official Records of the General Assembly, Sixth Special Session, Supplement No. 1 (A/9559)*, p. 3.

<sup>3</sup> See resolution 3202 (S-VI), *ibid.*, p. 5.

<sup>4</sup> See resolution 3281 (XXXIX), *ibid.*, *Twenty-ninth Session, Supplement No. 31 (A/9631)*, p. 50.

consistent with the commitments for integration which the majority of Latin American countries have assumed;

—It is imperative to promote greater unity among Latin American countries in order to ensure concerted action in the field of intra-regional economic and social cooperation, to increase the bargaining power of the region and to ensure that Latin America occupies its rightful position in the international community;

—The activities of a permanent system of intra-regional coordination, consultation and cooperation of Latin America should be carried out on the basis of the principles of equality, sovereignty, independence of States, solidarity, non-intervention in internal affairs, reciprocal benefits, non-discrimination, and full respect for the social and economic systems freely chosen by States;

—There is a need to strengthen and complement the various Latin American integration processes through the joint promotion of specific development programs and projects. Consequently, it is advisable and appropriate to establish a regional body to achieve these ends; and

—In the Panama Meeting held from July 31 to August 2, 1975, a consensus was reached to establish the Latin American Economic System.

Agree to the following Convention:

#### CHAPTER ONE. ESTABLISHMENT AND PURPOSE

*Article 1.* The Latin American Economic System, hereinafter referred to as SELA, is established by the signatories, with the membership, powers, and functions specified in this Convention.

*Article 2.* SELA is a permanent regional body for consultation, coordination, cooperation and joint economic and social promotion, with its own international juridical personality. It is composed of sovereign Latin American States.

*Article 3.* The fundamental purposes of SELA are:

- a) To promote intra-regional cooperation in order to accelerate the economic and social development of its members;
- b) To provide a permanent system of consultation and coordination for the adoption of common positions and strategies on economic and social matters in international bodies and forums as well as before third countries and groups of countries.

*Article 4.* The activities of SELA shall be based on the principles of equality, sovereignty and independence of States; on solidarity, non-intervention in internal affairs, with due respect for the differences in political, economic and social systems. Likewise, the actions of SELA shall duly respect the characteristics inherent to the various regional and sub-regional integration processes as well as their basic mechanisms and juridical structure.

#### CHAPTER II. OBJECTIVES

*Article 5.* The objectives of SELA are:

1. To promote regional cooperation, with a view to attaining self-sustained, independent and integral development, particularly through actions designed to:
  - a) Encourage the optimum use of natural, human, technical and financial resources of the region, by creating and fostering Latin American multi-

national enterprises. These enterprises could be established with state, para-statal, private or mixed capital whose national character is guaranteed by the respective Member States and whose activities are subject to their jurisdiction and supervision.

- b) Stimulate satisfactory levels of production and supply of agricultural and energy products, and other commodities, with particular emphasis on the supply of foodstuffs; and to encourage coordination of national policies for production and supply with a view to establishing a Latin American policy in this area;
  - c) Stimulate throughout the region the processing of raw materials of the Member States, industrial complementation, intra-regional trade and the export of manufactured goods;
  - d) Design and strengthen mechanisms and forms of association which will enable Member States to obtain adequate prices, ensure stable markets for the export of their commodities and manufactures and increase their bargaining power, without prejudice to the support necessary to the systems and mechanisms of coordination and protection of raw material prices to which the countries of the area may already belong;
  - e) Improve the bargaining power for the acquisition and utilization of capital goods and technology;
  - f) Encourage the channeling of financial resources towards projects and programs which stimulate the development of the countries of the region;
  - g) Foster cooperation in Latin America for the creation, development, adaptation and exchange of technology and scientific information, as well as the optimum use and development of human, educational, scientific and cultural resources;
  - h) Study and propose measures which will ensure that the activities of trans-national enterprises comply with the development objectives of the region and with the national interests of the Member States, and to exchange information on the activities of those enterprises;
  - i) Promote the development and coordination of transportation and communication, particularly within the region;
  - j) Promote cooperation among the member countries in the area of tourism;
  - k) Encourage cooperation for the protection, conservation and improvement of the environment;
  - l) Support all efforts to assist those countries which face emergency situations of an economic nature, as well as those resulting from natural disasters;
  - m) Support any other measures related to the foregoing, which may contribute to the achievement of the economic, social and cultural development of the region.
2. To support the integration processes of the region and encourage coordination among them, or with Member States of SELA, particularly with respect to those activities aimed at promoting greater harmonization, with due regard for the commitments made within the framework of such processes.

3. To promote the formulation and implementation of economic and social programs and projects of interest to the Member States.
4. To act as a mechanism for consultation and coordination within Latin America for the purpose of formulating common positions and strategies on economic and social matters before third countries, groups of countries and in international organizations and forums.
5. To promote within the context of the objectives of SELA relating to intra-regional cooperation means to ensure preferential treatment for the relatively less developed countries and special measures for countries with limited markets and for those whose landlocked condition affects their development, taking into account the economic situation of each of the Member States.

#### CHAPTER III. MEMBERSHIP

*Article 6.* Sovereign Latin American States which sign and ratify the present Convention shall be members of SELA.

*Article 7.* The present Convention is open to accession by all other sovereign Latin American States which did not originally sign it. To this end, they shall deposit the appropriate instrument of accession with the Government of Venezuela. The Convention shall enter into force for the acceding State, thirty (30) days after the appropriate instrument is deposited.

#### CHAPTER IV. ORGANIZATIONAL STRUCTURE

*Article 8.* The organs of SELA are:

- a) The Latin American Council
- b) The Action Committees
- c) The Permanent Secretariat

##### A. *The Latin American Council*

*Article 9.* The Latin American Council is the supreme organ of SELA and shall be composed of one representative from each Member State. It shall normally meet at the headquarters of the Permanent Secretariat.

*Article 10.* Each Member State has the right to one vote.

*Article 11.* The Latin American Council shall hold an annual regular session, at the ministerial level, and may hold special sessions at ministerial or non-ministerial level whenever it is so decided by a regular session or requested by at least one third of the Member States.

The Council, by consensus, may change the proportion mentioned in the preceding paragraph.

*Article 12.* Regular sessions of the Latin American Council, at the ministerial level, shall be preceded by a preparatory meeting. In the event of special sessions, the notice convening the session shall state whether or not a preparatory meeting is to be held.

*Article 13.* The Council may meet when at least a majority of the Member States is present.

*Article 14.* The Latin American Council shall elect a Chairman, two Vice-Chairmen and one Rapporteur for each session.

*Article 15.* The Latin American Council has the following functions:

1. To establish the general policies of SELA.
2. To elect and remove the Permanent Secretary and the Deputy Permanent Secretary.
3. To adopt its Rules of Procedure as well as those of the other permanent bodies of SELA.
4. To consider and approve, as the case may be, the Annual Report submitted by the Permanent Secretariat.
5. To approve the budget and financial statements of SELA, and to fix the quotas of the Member States.
6. To consider and approve the work program of SELA.
7. To consider the reports of the Action Committees.
8. To decide on the interpretation of this Convention.
9. To approve amendments to this Convention proposed by Member States.
10. To study, direct, and approve the activities of the organs of SELA.
11. To approve the common positions and strategies of the Member States with respect to economic and social matters, in international and regional organizations and forums, and before third countries or groups of countries.
12. To consider proposals and reports submitted by the Permanent Secretariat on matters within its competence.
13. To decide on the holding of special sessions.
14. To designate the site of its sessions whenever they are not held at the headquarters of the Permanent Secretariat.
15. To approve operational agreements entered into by the Permanent Secretary, pursuant to the provisions of Article 31, sub-paragraph 8.
16. To adopt measures necessary for the implementation of this Convention and to evaluate the results of such implementation.
17. To decide on all other matters of interest to it which are related to the objectives of SELA.

*Article 16.* The functions set forth in sub-paragraphs 11 to 17 of the preceding Article may be performed by a special meeting at the non-ministerial level whenever agreed to by the Member States.

*Article 17.* The Latin American Council shall adopt its decisions:

- a) By consensus, in the case of the functions set forth in sub-paragraphs 1, 8, 9 and 11 of Article 15 of this Convention, and
- b) By majority of two-thirds of the Members present, or by an absolute majority of the Member States, whichever is greater, in the case of the functions set forth in the remaining sub-paragraphs of Article 15.

With respect to any issue arising for decision under Article 15, sub-paragraph 17, if a Member State informs the Council that it considers the issue to be one of

fundamental importance which has implications for its own national interest, the decision on that issue shall be by consensus.

*Article 18.* The specific agreements and projects dealing with regional co-operation shall be binding only on those countries participating therein.

*Article 19.* The Latin American Council shall not take decisions adversely affecting national policies of the Member States.

#### B. *The Action Committees*

*Article 20.* Action Committees composed of representatives of the Member States concerned shall be established to carry out specific studies, programs and projects and to prepare and adopt joint negotiating positions of interest to more than two Member States.

*Article 21.* The Committees may be established by decision of the Council or by decision of the States concerned, which shall so notify the Permanent Secretariat and the latter shall inform the other Member States. The Committees shall be of a temporary nature and shall cease to function upon completion of their specified tasks. They will be open to participation by all Member States.

The Permanent Secretariat may propose to the Council the establishment of Action Committees.

*Article 22.* Financing of the Action Committees shall be the responsibility of the Member States participating therein.

*Article 23.* Each Action Committee shall establish its own secretariat. The functions of the secretariat shall be performed insofar as possible by an official of the Permanent Secretariat with a view to supporting the work and contributing to the coordination of the Action Committees.

These shall at all times keep the Permanent Secretariat informed of the progress and results of their work.

*Article 24.* Compliance with the objectives relating to regional cooperation through the Action Committees shall be compulsory only for those Member States participating therein.

*Article 25.* Activities of the Action Committees operating within the general objectives of SELA shall not discriminate against or create conflicts detrimental to other Member States of SELA.

*Article 26.* The Action Committees shall submit annual reports of their activities for consideration by the Latin American Council. The Member States may request information from the Permanent Secretariat on the progress of the Action Committees.

#### C. *The Permanent Secretariat*

*Article 27.* The Permanent Secretariat is the technical administrative organ of SELA, with Headquarters in the City of Caracas, Republic of Venezuela.

*Article 28.* The Permanent Secretariat shall be under the direction of a Permanent Secretary. He shall be responsible for the technical and administrative personnel necessary for the performance of the functions of the Permanent Secretariat.

The Permanent Secretary shall be the legal representative of the Permanent Secretariat and in specific cases as determined by the Latin American Council, he shall act as legal representative of SELA.

The Permanent Secretary shall be elected for a four-year term. He may only be re-elected once, but not for consecutive terms. He shall not be replaced by a person of the same nationality.

The foregoing also applies to the election of the Deputy Permanent Secretary, who can not be of the same nationality as the Permanent Secretary.

*Article 29.* The Permanent Secretary shall be a citizen and national of one of the Member States and will participate with voice but without vote in the sessions of the Latin American Council.

*Article 30.* The Permanent Secretary shall be responsible to the Latin American Council for the proper performance of the functions of the Permanent Secretariat. In the performance of their duties, the Permanent Secretary and the personnel of the Secretariat shall not seek or receive instructions from any government, or national or international body.

*Article 31.* The functions of the Permanent Secretariat shall be as follows:

1. To perform the functions assigned to it by the Latin American Council and, when appropriate, implement its decisions.
2. To encourage and carry out preliminary studies and take the measures necessary to identify and promote projects of interest to two or more Member States. Whenever such actions have budgetary implications, their implementation shall be subject to the availability of funds for such purposes.
3. To facilitate the activities of the Action Committees and contribute to their coordination, including the provision of assistance for carrying out the appropriate studies.
4. To propose to the Council programs and projects of common interest and to suggest ways in which they may be carried out, and other measures, including meetings of experts, which may better contribute to the attainment of the objectives of SELA.
5. To prepare and submit for consideration by Member States the draft agenda for sessions of the Council and to prepare and distribute all related documents.
6. To prepare the draft budget and work programs to be submitted to the Council for its approval.
7. To submit the financial statements of SELA for consideration by the Council.
8. To promote and conclude, subject to the approval of the Council, arrangements with international organizations and agencies, especially those of a regional character, national agencies of Member States and of third countries, to carry out studies, programs and projects.
9. To formally convene the sessions and meetings of the organs of SELA.
10. To receive the contributions of the Member States, to administer the resources and to execute the budget of SELA.



11. To prepare the annual report on its activities for consideration by the Council at its regular session; and to coordinate the submission of the annual reports of the Action Committees, without prejudice to the reports they may submit directly to the Council.
12. To recruit and hire the technical and administrative personnel of the Secretariat.

#### CHAPTER V. RATIFICATION AND ENTRY INTO FORCE

*Article 32.* Each signatory State shall ratify the Convention in accordance with its laws. The instrument of ratification shall be deposited with the Government of Venezuela, which shall notify the Governments of signatory and acceding States of the date of deposit.

*Article 33.* This Convention shall enter into force for the ratifying States when an absolute majority of the signatory States have deposited their respective instruments of ratification; and for the other signatory States, from the date of deposit of their respective instruments of ratification in the order in which they were deposited.

*Article 34.* Amendments to this Convention proposed by any Member State shall be subject to approval by the Latin American Council. The amendments shall enter into force for the ratifying States when two-thirds of the Member States have deposited their respective instruments of ratification.

*Article 35.* This Convention shall remain in force indefinitely. It may be denounced by any of the Member States by written notification addressed to the Government of Venezuela, which shall forward such notification without delay to the other Member States. After ninety (90) days have elapsed from the date on which the Government of Venezuela receives such notification, this Convention shall cease to be binding on the denouncing State. The denouncing Member State shall fulfill all obligations undertaken prior to its notification of withdrawal, notwithstanding the fact that such obligations may extend beyond the effective date of withdrawal.

#### CHAPTER VI. GENERAL PROVISIONS

*Article 36.* The Member States of SELA shall defray the cost of its operation. The Council, upon approving the annual budget, shall establish the quotas of the Members in accordance with the formula agreed upon.

*Article 37.* SELA, its organs, staff members of the Permanent Secretariat and governmental representatives shall enjoy, in the territory of each Member State, such legal status, privileges and immunities as are necessary for the exercise of their functions. To this end, appropriate agreements shall be entered into with the Government of Venezuela and other Member States.

*Article 38.* The official languages of SELA shall be: English, French, Portuguese and Spanish.

*Article 39.* This Convention shall remain open for signature for a period of thirty (30) days from October 17, 1975.

*Article 40.* This Convention shall be registered with the Secretariat of the United Nations by the Government of Venezuela.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, having deposited their Full Powers, found to be in due and proper order, do hereby sign this Convention on behalf of their respective Governments.

DONE at the City of Panama, Republic of Panama, on the seventeenth day of October, nineteen hundred and seventy five (1975), with original copies in the English, French, Portuguese and Spanish languages, whose texts are equally authentic.

The Government of Venezuela shall be the depository of the present Convention and shall forward duly authenticated copies of the Convention to the Government of the other signatory and acceding countries.

For Argentina:

[LEOPOLDO HUGO TETTAMANTI]<sup>1</sup>

For Barbados:

[G. C. MOE]

For Bolivia:

[VÍCTOR CASTILLO]

For Brazil:

[CARLOS FEDERICO DUARTE GONÇALVEZ]

For Colombia:

[JORGE RAMÍREZ OCAMPO]

For Costa Rica:

[JORGE SÁNCHEZ MÉNDEZ]

For Cuba:

[MARCELO FERNÁNDEZ FONT]

For Chile:

[ROBERTO KELLY VÁSQUEZ]

<sup>1</sup> Names of signatories appearing between brackets were not legible and have been supplied by the Government of Venezuela.

For Ecuador:

[JORGE FERNÁNDEZ]

For El Salvador:

[MANUEL ANTONIO ROBLES]

For Grenada:

[DEREK KNIGHT]

For Honduras:

[ROBERTO VALLADARES]

For Guatemala:

[EDUARDO PALOMO ESCOBAR]

For Guyana:

[DESMOND HOYTE]

For Haiti:

[GABRIEL ANCIÓN]

For Mexico:

[FRANCISCO JAVIER ALEJO]

For Jamaica:

[DUDLEY THOMPSON]

For Paraguay:

[FERMÍN DOS SANTOS]

For Nicaragua:

[RICARDO PARRALES SÁNCHEZ]

For Dominican Republic:

[FERNANDO PERICHE]

For Panama:

[NICOLÁS ARDITO BARLETTA]

For Trinidad and Tobago:

[VICTOR C. MC INTYRE]

For Peru:

[GRAL. JOSÉ LOAYZA]

For Uruguay:

[VALENTÍN ARISMENDI]

For Venezuela:

[HÉCTOR HURTADO]

## RESOLUTION

### WHEREAS:

—The Convention on SELA was adopted by the Ministerial Meeting of Latin American countries in Panama, October 16, 1975;

—It is desirable that until the Convention on SELA enters into force through the ratification procedure set forth in the Convention, the operational mechanisms provided for thereunder begin to function without delay, thus setting in motion cooperation and consultation activities consistent with the spirit of the Convention and its guidelines,

The Ministers of the Countries of Latin America, meeting in Panama City, October 15-17, 1975

### RESOLVE:

1. To assume immediately the status of a Latin American Council for the purpose of adopting measures that will make it possible to accomplish, in the spirit of the Convention on SELA, the purposes proclaimed by this Meeting of Ministers.

2. To convoke and hold such meetings as are deemed necessary to achieve the aforementioned purposes.

3. To establish a Secretariat which will be responsible for carrying out the technical and administrative aspects of the decisions adopted by the Latin American Council, until such time as the Convention on SELA enters into force, and suggesting formulas to achieve the objectives proclaimed and adopted by the Panama Meeting in the aforesaid Convention.

4. To accept, and express appreciation for, the offer made by the Government of Venezuela to make a special contribution to the financing of the Secretariat, and to thank the other Latin American States for the voluntary contributions they may make to the same end.

5. To instruct the Latin American Council to elect a Secretary at its first meeting. The Secretary will receive the technical cooperation offered by the Latin American countries.

6. To stress the advisability that the Convention on SELA be ratified as soon as possible in accordance with the pertinent constitutional procedures.

For Argentina:

[LEOPOLDO HUGO TETTAMANTI]<sup>1</sup>

For Barbados:

[G. C. MOE]

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[VÍCTOR CASTILLO]

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For Venezuela:

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