



Sistema Económico
Latinoamericano y del Caribe
Latin American and Caribbean
Economic System

Sistema Econômico
Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caribéen

Panama Convention establishing the Latin American Economic System (SELA)

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Printed in the Permanent Secretariat of SELA, Caracas, Venezuela.

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NOTE

In its XXI Regular Meeting, the Latin American Council made the following provisions in its Decision N° 473:

"1 That the terms "Latin America" and "Latin American", as used in the Panama Convention establishing the Latin American Economic System should be interpreted as meaning "Latin America and the Caribbean" and "Latin American and Caribbean", respectively, and that, consequently, the name of the organization should be understood as meaning "Latin American and Caribbean Economic System".

2. To authorize the organs of the system to use, in its official documents, the name "Latin American and Caribbean Economic System", without changing the acronym.

3. To provide for the documents that will be published in the future to be in accordance with this Decision."

**PANAMA CONVENTION
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 and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States, and in manner 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 action 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 programmes 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.

* See Note on Page 1.

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, power, and function 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 11

OBJETIVES

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 multinational enterprises. These enterprises could be established with state, quasi-state, 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 products, energy, and other commodities, with emphasis on the specific supply with a view to establishing a Latin American policy in this area;

c) Stimulate throughout the region the processing of raw material 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 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 toward projects and programmes 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 transnational enterprises comply with the development objectives of the region and with the national interest 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 and 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, duly respecting the commitments made within the framework of such processes.

3. To promote the formulation and implementation of economic and social programmes and projects of interest to the Member States.

4. To act as a mechanism for consultation and coordination within Latin American for the purpose of formulation common position 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 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

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 State.

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 function:

- 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 programme of SELA.
- 7) To consider the reports of the Action Committees.
- 8) To decide on the interpretation of this Convention.
- 9) 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.
- 10) To evaluate, direct, and approve the activities.
- 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 venue 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 Member 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 cooperation 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, programmes and projects and to prepare and adopt joint negotiating positions of interest to more than two Member States.

ARTICLE 21

The committee may be established by decision of the Council or by decision of the States concerned, which shall so notify the Secretariat and the latter shall inform the other Member States. The Committees shall be of a temporary nature and 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.

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 binding only on 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

Action Committee shall submit annual reports of their activities for consideration by the Latin American Council. When required, the Member States may request that the Permanent Secretariat provide them with information on the activities of the Action Committees.

ARTICLE 28

The 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 function 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 may not be replaced by a person of the same nationality.

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

ARTICLE 29

The Permanent Secretary shall be a citizen of one of the Member States and shall 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 decision,
- 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.
- 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 programmes and projects of common interest and to suggest ways in which they may be carried out, including meetings of experts and other measures 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 programmes to be submitted to the Council for its approval.
- 7) To submit the financial statements of SELA for consideration by the Council, at its regular session.
- 8) To promote and conclude, subject to the approval of the Council, arrangements with international organizations and agencies, national agencies of Member States and third countries, to carry out studies, programmes and projects, especially those of a regional nature.
- 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 approved by the Latin American Council. The amendments shall enter into force for the ratifying States when two-third 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 the host country receives such notification, this Convention shall cease to be binding on the denouncing State. The denouncing member State shall fulfill all obligation undertaken prior to its notification of withdrawal, notwithstanding the fact that such obligation 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 organism 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 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.