



ECONOMIC AND SOCIAL COUNCIL



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ECONOMIC COMMISSION FOR LATIN AMERICA Sixth Session Bogota, Colombia

COMMITTEE IV

(Economic Problems of Agriculture)

PROVISIONAL SUMMARY RECORD OF THE SIXTH MEETING

Held at Bogota, on Friday, 9 September 1955, at 3:40 p.m.

CONTENTS:

- Rapporteur's report National trade and production policies Development of the Amazon Basin

PRESENT:

Table with 3 columns: Role, Name, Country. Includes Chairman (Mr. VILDOSOLA, Chile), Rapporteur (Mr. VARELA, Panama), and Members (Mr. BASCIALLI, Mr. GRAZIANO, Argentina).

NOTE: Corrections to this record should be submitted in one of the three working languages (Spanish, French or English) and addressed to Mr. Alfonso Santa Cruz, Secretary of the Conference, within 48 hours. The corrections should be accompanied by a note or written on headed notepaper and should give the symbol of the summary record in question, or, better, be made on a mimeographed copy of the record.

Members:

Mr. de ANDRADE-LYRA)	Brazil
Mr. BUENO)	
Mr. LARA BORRERO	Colombia
Mr. MARTIN	Cuba
Mr. SCHATAN	Chile
Mr. RODRIGUEZ MORALES	Ecuador
Mr. RAMIREZ	El Salvador
Mr. CALE	United States of America
Mr. BULLE	France
Mr. JEAN-MICHEL	Haiti
Mr. MOLINA	Honduras
Mr. BELLO	Mexico
Mr. BOJORGE	Nicaragua
Mr. BAKULA PATIÑO	Peru
Mr. WEST	United Kingdom of Great Britain and Northern Ireland
Mr. LACARTE MURÓ	Uruguay
Mr. DELGADO-ROVATI	Venezuela

Also present:

Representatives of specialized agencies:

Mr. BOERMA)	Food and Agriculture
Mr. ORTIZ)	Organization
Mr. LARSEN	International Bank for Reconstruction and Development

Representative of an inter-governmental agency:

Mr. PILVIN)	Inter-American
Mr. GLOWER)	Economic and Social Council

Secretariat:

Mr. PREBISCH	Executive Secretary
Mr. SWENSON	Deputy Director
Mr. TRIVELLI	ECLA Secretary of the Committee
Mr. SAGO	FAO Secretary of the Committee

/RAPPORTEUR'S REPORT

RAPPORTEUR'S REPORT

The CHAIRMAN suggested that in view of the shortness of the time remaining for the Committee to complete its work, the Rapporteur's report should not be debated in Committee, but should be sent straight to plenary meeting for discussion and adoption there.

It was so agreed.

NATIONAL TRADE AND PRODUCTION POLICIES

Selectivity in agriculture: Brazilian resolution
(Conference Room Paper No. 11/Rev.1)

The CHAIRMAN invited the Committee to continue its consideration of the resolution in Conference Room Paper No. 11/Rev.1.

Mr. CALE (United States of America) said that his delegation had studied the draft resolution and was in general in agreement with it.

Mr. BASCIALLI (Argentina) asked what exactly was meant by the expression "the selective expansion of agricultural production".

Mr. SACO (FAO Secretary of the Committee) said that a full answer was to be found in the joint ECLA/FAO report on the subject (document E/CN.12/378). Briefly, however, there had been no surpluses problem before 1953, and until that date FAO had advocated the expansion of all types of agricultural production indiscriminately to keep pace with the growth of population. At its Conference in 1953, however, FAO had been forced to admit that such a policy was no longer appropriate or wise, and it had introduced the concepts, first, of the "selective" expansion of agriculture, that is, the encouragement of the production of items of which there were no surpluses and for which there was a basic consumer demand, and secondly of caution regarding those in surplus in the international market. The Conference had recommended the convening of regional consultative meetings in order to promote that principle; consultation in Latin America was now taking place in conjunction with the Agriculture Committee of the sixth session of the Economic Commission for that area.

/Mr. BASCIALLI

Mr. BASCIALLI (Argentina) replied that, as his delegation had stated at the 1954 FAO Conference in Buenos Aires, it believed that agricultural production should be expanded only in accordance with the natural capacity of the country concerned to produce the item contemplated, in order to permit of economical production and to stimulate inter-American trade. He therefore proposed the insertion of the words "in accordance with the ecological conditions of each country" after the words "Latin America's agriculture" in the second paragraph of the preamble of the resolution.

Mr. SACO (FAO Secretary of the Committee) thought that a specification of that kind would be more appropriately included in a resolution under the item, "Agricultural programming".

Mr. BOERMA (Food and Agriculture Organization) agreed; the ecological factor was but one of many factors to be taken into consideration in the application of the principle of selective expansion to a particular country. To single it out for special mention in the present resolution would be to give it undue importance.

Mr. BASCIALLI (Argentina) had no objection to the listing of all the pertinent factors.

Mr. SCHATAN (Chile) and Mr. BUENO (Brazil) felt that the hands of ECLA and FAO should not be tied in the continuation of their studies on that subject. They therefore proposed the approval of the resolution as it stood.

The Brazilian resolution on selectivity in agriculture was approved by a majority vote.

Mr. LARA BORRERO (Colombia) explained that he had voted for the resolution as it stood because he felt that the two Secretariats' studies were sufficiently comprehensive to render the amendment proposed superfluous.

Mr. GRAZIANO (Argentina) thanked the representative of Colombia for his explanation and said that the intention of the amendment had been to make the resolution more practical and less academic.

/SELECTIVITY IN

Selectivity in agriculture: Chilean resolution (Conference Room Paper No. 10)

Mr. SCHATAN (Chile) referred to the Chilean resolution on the selective expansion of agricultural production (Conference Room Paper No. 10) which had been adopted at the previous meeting, and asked the Committee to approve the incorporation both in the preamble and in the operative part of the resolution of a reference to the offer of assistance of the technical staff of the International Bank for Reconstruction and Development.

The Committee unanimously agreed to amplify the resolution accordingly.

Products of animal origin (Conference Room Paper No. 13)

Mr. CALE (United States of America) said that his delegation had no objection to the draft resolution, but he wondered whether it was appropriate for the Fourth Committee to attribute a degree of priority to its request for a study, and if that task ought not properly be left to Committee VI, which would be considering the future work programme of the Commission as a whole.

Mr. SACO (FAO Secretary of the Committee) said that in their joint activities the Commission and FAO normally welcomed an indication of the degree of priority to be attached to a request, for resources were very limited. In the present instance the urgency of the problem was so obvious that priority would in any case be accorded it.

Mr. CALE (United States of America) withdrew his objection.

The resolution in Conference Room Paper No. 13 was unanimously approved.

Coffee

Mr. de ANDRADE-LYRA (Brazil) said that his delegation fully endorsed the statement of the representative of El Salvador at the previous meeting (E/CN.12/AC.30/SR.5). Coffee was the principal agricultural product of eight, and played an important part in the economy of fourteen, Latin American countries. Those countries
/were now

were now confronted with the prospect of a period of uncertainty foreshadowed by the erratic behaviour of the international coffee market and a number of delegations were seriously concerned at the danger of a catastrophic decline in the price of coffee.

After reading out the text of the ten-Power draft resolution contained in Conference Room Paper No. 26, and apologizing for the fact that shortness of time had prevented an approach to several other delegations equally interested in the question, he pointed out that since the Second World War the international community had sought to overcome the pattern of cyclical depressions that had characterized the capitalism of the last century and to achieve stability in fundamental sectors of the world economy. The establishment of the International Monetary Fund and the International Bank for Reconstruction and Development, as well as the existing international agreements on some commodities, were indications of that trend.

Coffee was a typical example of a commodity subject to cyclical depression. Relative stability of demand and constant changes in supply, coupled with the operations of speculators, gave rise to exaggerated fluctuations in the world price. In Brazil, when prices rose, there was a rapid expansion of coffee planting; during the period of falling prices plantations were abandoned, with colossal losses to producers.

It was all too clear from available statistics that a period of over-production was approaching. Perhaps a year, or two, was left to the international community to prevent another ruinous depression in the coffee industry. Wide fluctuations were in the interests of neither the producer nor the consumer and there was every reason why producing and consuming countries should join forces to forestall the evil.

The draft resolution he had presented was designed to support the efforts to solve the problem initiated at the meeting of the Latin American Ministers of Finance or Economy at Quitandinha in November 1954. Any solution would require the support of regions other than Latin America, since the major consumer of coffee was

/the United

the United States and 20 per cent of the world supply came from Africa. In that connexion, the participation of the United States and France in ECLA made the Commission particularly suited to the task of assisting the Inter-American Economic and Social Council in finding a solution to the problem.

Mr. LARA BORRERO (Colombia) expressed his support, as the representative of an important coffee-producing country, of the statements that had been made by the representatives of Brazil and El Salvador. The Federación Nacional de Cafeteros de Colombia had achieved considerable success in its efforts to minimize fluctuations in the coffee industry, but certain international factors were beyond its control. It was to be hoped that the studies being promoted at the international level would produce formulas of mutual benefit to both producers and consumers.

It was often said that at the present time the price of coffee was high. The representative of El Salvador had shown that in relative terms the rise since 1929 had been only 18 per cent and it was difficult to speak of high prices when the coffee-producing countries were so poor that they could not provide their peoples with the ordinary necessities of life.

The Banco Cafetero of Colombia had recently completed an investigation of the cost of coffee production in the Department of Caldas. The results showed that the gross profit to the producer amounted to 14 per cent of the export price, no allowance being made for payments of rents and interest on invested capital. In order to assist ECLA and FAO in their study of the technical and economic aspects of coffee production, he was presenting a copy of the results of the investigation to the Secretariat in the hope that it would contribute to the achievement of a goal that was dear to Colombia: the harmonization of the interests of coffee-producing and coffee-consuming countries.

Mr. SACO (FAO Secretary of the Committee) thanked the representative of Colombia on behalf of both the ECLA and the FAO Secretariats for his valuable contribution to the study on coffee.

/Mr. CALE

Mr. CALE (United States of America) recalled that one of his official duties during his last fourteen years with the Department of State had been to follow the coffee situation. After reviewing the major fluctuations since 1940 in the New York price of coffee, which had been as low as 7 and as high as 96.5 cents per pound, he said that the policy of the United States Government was to favour a free market and to avoid, whenever possible, entering into international commodity agreements.

In the case of coffee, the United States still felt that the problem of price instability could be met by measures short of a coffee agreement, such as improved marketing techniques and stimulation of consumer demand. The United States was taking an active part in the investigation conducted by organs of the Inter-American Economic and Social Council and, should those studies demonstrate that some action involving countries outside the continent was desirable and feasible, his Government would participate in such action. The United States was well aware of the fact that prosperous Latin American countries made good customers for United States products.

Mr. de ANDRADE-LYRA (Brazil) observed that during the Second World War there had been an international arrangement to stabilize the price of coffee and that it had proved to be of great value. He paid a tribute to Mr. Cale on his work with the Special Commission on Coffee.

Mr. LARA BORRERO (Colombia) noted that the prices mentioned by the United States representative were absolute prices. A more realistic way of gauging the present price would be to compare past and present prices in terms of their power to purchase the products that coffee-producing countries had to import.

Mr. DELGADO-ROVATI (Venezuela) announced that his delegation would vote for the joint draft resolution. Venezuela took an active part in the deliberations of the Special Commission on Coffee. He described some aspects of the Commission's work, such as quotas and assistance to small producers, in which his

/Government was

Government was particularly interested, and added that Venezuela felt that a stabilization agreement was necessary.

Mr. MARTIN (Cuba) said that his country had formerly been a regular exporter of coffee, with an export quota of 160 thousand bags under the Washington Agreement. A combination of unfavourable factors, including climate, the attraction of a more productive crop like sugar-cane and the weak commercial position of coffee producers, had led to such a decline in the coffee crop that it had been scarcely possible to meet domestic requirements.

The people of Cuba were confirmed coffee-drinkers and the Cuban Government had refrained from taking steps to discourage consumption in order to create an artificial surplus for export. Indeed, it had strictly enforced the laws against the adulteration of coffee and in the past had even authorized some imports to meet demand. In the last decade a number of official measures, applied with the assistance of the Asociación Nacional de Caficultores, had brought about a considerable improvement in production, enabling Cuba to replenish its coffee stocks, which had now risen to a point far in excess of the reserves ordinarily required for domestic trade. The present situation could be relieved only by export and Cuba had begun to sell abroad some of the estimated 300 thousand bags of its exportable surplus.

Cuba's recovery as a coffee exporter would have the effect of expanding the consumer potential of certain countries with which his country had established commercial relations and, therefore, the export trade of other Latin American nations should not be adversely affected. At the same time, Cuba was interested in the stabilization of the coffee market and would co-operate sincerely with other exporting countries in the achievement of that goal.

The CHAIRMAN announced that he would defer the vote on the ten-Power draft resolution to the next meeting since it had not been circulated in writing.

Other commodities

Mr. RODRIGUEZ MORALES (Ecuador) drew attention to resolution 67 (V), which had recommended a study of the economic and technological problems of the banana industry. For certain /reasons the

reasons the study had not been made. In view of the vital importance of the banana industry to the economy of his country, he expressed the hope that the study would be made in the coming year.

DEVELOPMENT OF THE AMAZON BASIN

Colombian draft resolution (Conference Room Paper No. 5/Rev.1)

The CHAIRMAN drew attention to the revised text of the resolution regarding the Amazon Basin, as agreed upon by the sub-Committee at its meeting the previous day.

Mr. BOERMA (Food and Agriculture Organization) expressed doubts as to the value of the resolution in its existing form. Its wording appeared to him to be too vague to give a clear indication to his Organization of the exact work expected of it.

Mr. TRIVELLI (ECLA Secretary of the Committee) explained that the earlier draft (Conference Room Paper No. 5), had been revised because it had been felt that the proposal for the setting up of an institute for the investigation of the Amazon was premature. The new draft simply asked for a preliminary joint study of the topic in general, which might serve later as the basis for detailed research and specialized studies.

Mr. CALE (United States of America) and Mr. WEST (United Kingdom of Great Britain and Northern Ireland) had no objection to the resolution, but reserved their delegations' right to comment on it in plenary meeting.

Mr. BOERMA (Food and Agriculture Organization) was obliged to make a reservation on behalf of his Organization; he still felt that the intention of the resolution was not made clear in its wording and would be difficult to carry out.

After some discussion the representative of Colombia, supported by the representatives of Peru and Ecuador, suggested the insertion of the words "should, so far as possible", after the words "specialized international agencies" in the first operative paragraph of the resolution.

It was agreed to amend the first operative paragraph accordingly.

The resolution, as amended, was approved.

The meeting rose at 6:10 p.m.