

ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

E/CN.12/AC.29/SR.3

6 September 1955

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Sixth Session
Bogotá, Colombia
29 August 1955

COMMITTEE III (International Trade)

SUMMARY RECORD OF THE THIRD MEETING

Held at Bogotá on Tuesday, 6 September 1955 at 10.30 a.m.

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General discussion (continued)

Consideration of the draft resolution presented by the delegations of Uruguay and Chile.

PRESENT:

<u>Chairman:</u>	Mr. PONCE ENRIQUEZ	Ecuador
<u>Rapporteur:</u>	Mr. LACARTE MURO	Uruguay
<u>Members:</u>	Mr. MELERO	Argentina
	Mr. ARCE	Bolivia
	Mr. CAMPOS	Brazil
	Mr. TOBON VILLEGAS	Colombia

E/Mr. GONZALEZ LOPEZ

Members: (continued)

Mr. GONZALEZ LOPEZ	Cuba
Mr. DAZA	Chile
Mr. SALGADO	Ecuador
Mr. BREITHUT	United States of America
Mr. HERRENSCHMIDT	France
Mr. JEAN-MICHEL	Haiti
Mr. RIVERA	Honduras
Mr. GATICA	Mexico
Mr. NEWTON	Netherlands
Mr. GUERRERO	Nicaragua
Mr. AIZPU	Panama
Mr. SCOTT-FOX	United Kingdom of Great Britain and Northern Ireland
Mr. GINEBRA HENRIQUEZ	Dominican Republic
Mr. BROTONS	Uruguay
Mr. MULLER)	Venezuela
Mr. BELLO)	

Observers from member States:

Mr. ALMASY	Czechoslovakia
Mr. KOTT	Poland

Observers from non-member States:

Mr. ALFARO Y POLINCO)	Spain
Mr. ROBERT)	
Mr. FIORIOLI della LENA	Italy

/Representatives of

Representatives of specialized agencies:

Mr. BOERMA	Food and Agriculture Organization of the United Nations
Mr. LASO) Mr. VERA)	International Monetary Fund
Mr. ROYER	General Agreement on Tariffs and Trade

Representatives of an inter-governmental organization:

Mr. PILVIN	Inter-American Economic and Social Council
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Representative of a non-governmental organization:Category A:

Miss KAHN	World Federation of Trade Unions
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Secretariat:

Mr. SWENSON	Deputy Director
Mr. IVOVICH	Secretary to the Committee

GENERAL DISCUSSION (continued)

Mr. MELERO (Argentina) said that the policy of his Government was to support all means of increasing the intra-regional and the foreign trade of the Latin American countries. The logical counterpart of such a policy was the adoption of measures to eliminate all the obstacles to trade expansion. One of the most urgent measures was the stabilization of prices. The terms of trade of the Latin American countries had been sufficiently favourable for them to make real progress up to 1951, but since then they had suffered from the dislocation of the international market by the appearance of large surpluses of agricultural products.

Argentina had already underlined the necessity for publishing regular technical reports on the terms of trade of the Latin American countries, as an essential starting point for the formulation of an over-all policy which would enable them to escape the adverse effects of unfavourable terms of trade or an unfavorable balance of payments.

The United Nations Commission on International Commodity Trade had been set up to study ways of preventing fluctuations in the prices of basic commodities and establish satisfactory terms of trade. ECLA was in a position to study the terms of trade of the Latin American countries and to supply the Commission on International Commodity Trade with useful information.

The elimination of restrictions and the liberalization of

/trade were

trade were points of the highest importance. Multilateral rather than bilateral agreements seemed to be the best method of regulating trade relations under a system of equal opportunities for all. Countries in the process of development needed to increase their external payments capacity, and that could only be achieved by the expansion and diversification of their export trade.

The progress made by Argentina since the adoption of the Acta de Santiago and the achievements of ECLA in the Central American countries showed that economic co-operation was one of the best methods of improving living standards in the area. The advantages that the other countries which had acceded to the Acta de Santiago had derived from it were an example of the benefits which could be expected from such a policy. A further step in the right direction was the Latin-American countries' decision to increase the tonnage of their merchant fleets.

Mr. SALGADO (Ecuador) said that the co-ordination of the export trade of the Latin American countries was one of the most effective methods of stimulating economic development. By increasing the flow of trade, it might be possible to avoid the crisis which loomed ahead.

Ecuador had made persistent efforts to increase its trade, both with Latin America and with Europe. It was anxious to market its products in Latin America, thus contributing to the economic development of the area, and

/to import from

to import from the area such articles as food-stuffs, raw materials and manufactured goods. It fully appreciated the advantages of specialization in production, but its unfavourable trade balance with both Latin America and Europe, and the resulting rigidity of its payments structure, were an obstacle to expansion in that direction. Both bilateral and multilateral payments arrangements could be a help in removing such an obstacle.

Another unfavourable factor as far as Ecuador was concerned was that it had no merchant fleet and its transport costs were consequently high. He welcomed the proposal that ECLA should continue its study of freight costs.

Co-ordination on a regional basis would be facilitated if each of the Latin American countries adopted a policy which favoured the countries of the region. It was obvious that they formed a geographical unit and would benefit from a regional approach to their trade problems, without prejudice to arrangements already concluded under the auspices of the Organization of American States or with the United States.

As had already been pointed out, one of the great weaknesses of the Latin American countries in the field of trade was their dependence on the export of a small group of primary products. Measures to prevent fluctuations in the prices of those products, such as commodity agreements, would remove many of the fears which these countries felt with

/regard to their

regard to their economic future.

He would submit a draft resolution emphasizing the need for an analysis of the market conditions and prospects of primary products.

Mr. ROBERT (Spain) said that his country was desirous of increasing its trade with Latin America. In 1952, the Instituto Ibero-Americano de Cooperación Económica had been established in Madrid to study the problems of trade with Latin America and to seek new forms of co-operation. The studies were carried out by a group of specialists with the support of private bodies. The subject of one of the most recent and important studies, was the possibility of establishing a payments union between the Latin American countries and Spain, similar to the European Payments Union. It was felt that such an arrangement would have advantages not only for the participating countries but also for other countries of Europe and North America.

Mr. GINEBRA HENRIQUEZ (Dominican Republic) emphasized the urgency of removing the obstacles which prevented the Latin American countries exporting primary commodities from expanding their foreign trade. The ECOSOC Commission on International Commodity Trade had emphasized the adverse effect of restrictive and discriminatory measures on the markets for primary products.

/The Secretary

The Secretary of the Committee had pointed out that the limitations due to existing treaties, customs arrangements, costs, rates of exchange, credit arrangements and transport prevented some Latin American countries from benefiting fully from the exportable surpluses existing in the area, which were sold on the world market instead of in Latin America. The United Nations had given considerable attention to the problem and it was clear from the studies already carried out that one country could not take restrictive measures without affecting others. The Latin American countries must abolish customs and other restrictions if they wished to expand their trade.

The Dominican Republic had always shown the greatest interest and willingness to co-operate in finding a solution for these problems. At the tenth Inter-American Conference, held in Caracas, it had sponsored two draft resolutions, one on the elimination of unequal access to markets, and the other on measures to expand inter-Latin American trade, both of which were of the utmost importance to the region.

The Dominican Republic had been proceeding with its economic development at a steady pace and had shown its respect for the principle of inter-Latin American co-operation by supporting such international instruments as the Charter of the Organization of American States and the Bogotá economic agreement.

His country needed capital equipment for its economic

/development

development programme, but its capacity to buy such equipment was limited by the difficulties it was encountering in selling its sugar on the world market.

Finally, he felt that the inter-regional consultations provided for in ECOSOC resolution 579 B (XX) could be of the greatest use to the Latin American countries if the problems discussed were concrete and well defined.

Mr. HERRENSCHMIDT (France) said that the ECLA studies on Latin American trade were of the greatest value, particularly as trade of the Latin American countries with each other and with the outside world had not developed steadily over the past few years. Inter-regional trade had grown considerably during the early prewar years but had declined after 1950. It was understandable that the countries of the area should attempt to expand their export markets by selling their products within the region. The few regional agreements already concluded were steps in the right direction.

France supported the proposal of the Chilean representative that information should be collected on the flow of trade between the different Latin American countries, and particularly on the possibility of multilateralization, and his suggestion that the most-favoured-nation principle might be generally applied.

France had always favoured inter-regional co-operation between the regional economic commissions at the secretariat level. On the proposal of the Venezuelan representative, the Economic and Social Council had adopted resolution 579 (XX), which, inter alia,

/ between experts

between experts of different regions. The Secretary-General had pointed out in his opening speech that similar arrangements might be made for inter-regional consultations also.

Important concessions had been made at the recent meeting of GATT, at the request of the under-developed countries, giving greater flexibility to the arrangements affecting them. Countries in the process of development should protect new industries and they might find it advisable, in view of the general depreciation of currencies, to impose ad valorem instead of specific duties. They might also find it necessary to subsidize essential production. All those measures were possible under the revised version of GATT.

In view of the preponderant role played by primary commodities in the trade of the area, it was of the highest importance to stabilize the prices of those products. In that connexion, commodity agreements on specific products were of the greatest value.

The need for multilateralization and currency convertibility had been stressed during the debate. Those were highly desirable goals, but they could only be reached little by little. France had already considerably liberalized its trade relations with the countries participating in the European Payments Union.

There could be no expansion of inter-regional trade without constant improvement of transport. National merchant fleets had their part to play in the economic development of the area provided that they were used without discrimination as to nationality. The improvement of the operating and handling

/arrangements

arrangements at ports and the elimination of unnecessary expenses such as port fees and similar charges also had their importance for trade expansion.

Mr. BELLO (Venezuela) stated that the problem confronting his country was one which affected any eminently importing country. Venezuela found itself in a difficult situation owing to the limited development of its agriculture. It was vitally interested in any measure that would expand trade and for that reason his delegation had accorded preferential attention to the study of proposals to that effect.

His delegation would support the resolution, approved by the Economic and Social Council, which provided for the convocation of inter-regional meetings to study means of expanding trade. Venezuela's policy was to support free trade, which it considered the basis of economic development, but the application of that principle should be carefully studied, since circumstances varied in various countries. His government was also studying the means by which Venezuela could effectively expand its trade with the rest of the area through special agreements.

With regard to the question of maritime transport, his delegation believed in the need of closer cooperation between international organizations and member states. He recalled that the Inter-American Economic and Social Council had been charged with the study of the problem of maritime transport and his delegation would like to see ECLA participate actively in that study. Venezuela faced special problems in that respect, since its main exports - oil and iron ore - required special types of ships for their transportation. Mr.

portation.

Mr. GATICA (Mexico) referring to foreign trade, explained that Mexico had found it necessary to adapt its policy to the requirements of economic development. In general, its policy was to endeavour to obtain the highest possible prices for its exports. In 1950 the lack of balance between Mexican imports and exports had led the government to take active steps to curb the inflation caused mainly by the excessive amount of available currency and a relative scarcity of goods.

The principal objective of his government was to reduce or eliminate tariffs in order to increase the flow of goods and thus force prices down.

In general it could be said that Mexican trade policy was to achieve a balanced trade; to attain a higher level of imports of capital goods; to promote and diversify exports; and to strive for better prices in the foreign markets.

His delegation hoped that the present conference would result in the adoption of practical measures to develop foreign trade. In that connection he suggested that the means should be found for a better publication and dissemination of tariff regulations and that a fuller study should be made of contractual problems arising out of agreements entered into by governments. Lack of sound knowledge of the many tariff regulations on the part of exporters and importers was a factor which impeded the development of trade. Perhaps the ECLA Secretariat might undertake the compilation and distribution of tariff regulations.

/The Secretariat

The Secretariat in its study of Inter-Latin American trade (E/CN.12/369) pointed out that the absence of any contractual technique to prevent the frequent violations of agreements provoked by difference of methods was one of the chief reasons for the repeated failure of reciprocal trade pacts between countries of the region. The Secretariat could advantageously pursue the study of contractual technique, particularly in relation to banker agreements.

Mr ROYER (GATT) pointed out that for the past fifty years there had been in Brussels an International Bureau of Customs Tariffs, which published all available information on tariff regulations in English, French, Spanish, Italian and German. The Bureau had made considerable progress in the past few years and naturally counted on the cooperation of GATT. In the circumstances he wondered whether account should not be taken of these arrangements when the suggestion of the Mexican delegate was considered.

GATT was currently meeting in Geneva to draw up a convention on the problems of price fluctuations of raw materials in general and of agricultural products in particular.

Mr. GUERRERO (Nicaragua) made a general statement on the trade policy of his country and stated that in 1955 new tariff scales had been adopted to replace those that had become obsolete. Nicaragua had been a member of GATT since 1949 and in 1955 had re-negotiated the list it had entered six years before.

With regard to the question of maritime transport, he said that in past years it had constituted a heavy burden for his country because of the need to trans-ship in Panama and for that reason private / enterprise had

enterprise had established the Nicaraguan Merchant Marine and had improved its port facilities through the help of foreign capital. In that way, freight charges and insurance costs had been effectively reduced.

The foreign trade of Nicaragua was expanding year by year and had become quite considerable with respect to Europe, but trade with Latin-American countries had remained rather restricted, owing primarily to their products and the lack of adequate means of transportation. Prospects of trade with the other Central American countries, however, were promising. In that connection he hoped that at the next meeting in Managua of the Central American Economic Cooperation Committee - an organization that formed part of ECLA - there would be an opportunity to draw up a multilateral treaty based on a list of Central American products.

His delegation shared the hopes of an increase in Inter-Latin American trade and would support the resolution to that effect.

Mr. NEWTON (Netherlands) felt that Economic and Social Council resolution 579 (Document No. E/CN.12/385) was of special interest and hoped that it would receive the attention it deserved.

Secondly, he considered that world trade could only be expanded if quantitative restrictions and discriminatory practices were abolished insofar as was possible. With that in mind, his government looked upon GATT as an instrument which might eventually bring about the abolition of trade barriers.

Thirdly, his government was of the opinion that bilateral relations tended to create stagnation and difficulties in the

/ expansion of world

expansion of world trade and it had always tried to promote the liberalisation of trade on a multilateral basis. It also favoured all measures which might result in the convertibility of foreign exchange.

Fourthly with regard to the question of maritime transport, his delegation supported the United Kingdom view that only by a free use of world tonnage could cheap and efficient transport of goods be obtained and that any deviation would cause a rise in the prices of goods which must ultimately be borne by the consumers and, of course, by the producers. That was a fact of importance to the Latin American countries, whose economies depended so much on their being able to transport their agricultural exports at the lowest possible rates.

Mr. JEAN-MICHEL (Haiti) explained that, after a careful examination of the statements made on Latin American trade, he felt convinced that the problems facing Haiti were of an altogether different nature.

Primarily, the problems of Haiti concerned domestic production, and in turn they depended on the internal structure of its economy. He enumerated the principal products of Haiti - coffee, sisal, sugar and bananas - and said that any fall in export prices inevitably affected the volume of imports. Unfortunately, Haiti had no control over the prices paid for its products since those prices were determined by the world market.

Haiti was obliged to import most of its foodstuffs and spend about nine million dollars a year on them.

/The trade figures

The trade figures for 1953/54 showed that Haiti imported very little from the South American region; most of its imports were from the North American zone, the United States in particular. The situation was similar in the field of exports, whereof nearly fifty per cent was channeled towards the northern end of the hemisphere.

In conclusion, he suggested that it would be of considerable benefit if ECLA were to undertake a complete economic study of his country, which would enable his government to lay down sound plans for an integrated economic development.

CONSIDERATION OF THE DRAFT RESOLUTION PRESENTED BY THE
DELEGATIONS OF URUGUAY AND CHILE.

Mr. BROTOS (Uruguay) submitted to the Committee a resolution drawn up jointly by the delegations of Chile and Uruguay. The principal objective of the resolution was to find concrete solutions to the problems obstructing the expansion of Intra-Latin American trade, and at the same time to relate regional efforts with the work of GATT, to the benefit of world trade as a whole.

A brief discussion ensued concerning the interpretation of some parts of the resolution, particularly with regard to the relation of the proposed committee to the Secretariat.

Mr BROTOS (Uruguay) explained that any committee would work through the Secretariat, which would be charged with preparing material for the meeting.

The meeting rose at 12:30 p.m.