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ECONOMIC COMMISSION FOR LATIN AMERICA
Sixth Session
Bogota, Colombia

COMMITTEE III (International Trade)

PROVISIONAL SUMMARY RECORD OF THE FOURTH MEETING
Held at Bogota on Thursday, 8 September 1955, at
3.30 p.m.

CONTENTS:

- Discussion of the draft resolution submitted by Chile and Uruguay (Conference Room Document No. 4)

PRESENT:

<u>Chairman:</u>	Mr. PONCE ENRIQUEZ	Ecuador
<u>Later:</u>	Mr. SCHIOPETTO	Argentina
<u>Rapporteur:</u>	Mr. BROTONS	Uruguay
<u>Members:</u>	Mr. SCHIOPETTO	Argentina
	Mr. ARCE	Bolivia
	Mr. CAMPOS	Brazil
	Mr. REYES	Colombia
	Mr. GONZALEZ LOPEZ	Cuba
	Mr. DAZA	Chile
	Mr. SALGADO	Ecuador

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

/Mr. BREITHUT

Mr. BREITHUT	United States of America
Mr. HERRENSCHMIDT	France
Mr. RIVERA	Honduras
Mr. GATICA	Mexico
Mr. GUERRERO	Nicaragua
Mr. NEWTON	Netherlands
Mr. AIZPU	Panama
Mr. SCOTT FOX	United Kingdom of Great Britain and Northern Ireland
Mr. GINEBRA HENRIQUEZ	Dominican Republic
Mr. MULLER	Venezuela

Also present:

Representatives of member States:

Mr. KAREN	Czechoslovakia
Mr. PAWEL	Sweden

Representatives of non-member States:

Mr. ROBERT	Spain
Mr. FIORIOLI della LENA	Italy

Representative of a specialized agency:

Mr. VERL.	International Monetary Fund
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Representative of an inter-governmental organization:

Mr. ROYER	General Agreement on Tariffs and Trade
Mr. AMADOR	Inter-American Economic and Social Council

Representatives of non-governmental organizations:

Mr. CARDENAS	International Confederation of Free Trade Unions
Miss KAHN	World Federation of Trade Unions

Secretariat:

Mr. BREBISCH	Executive Secretary
Mr. IVOVICH	Secretaries of the Committee
Mr. MALLON	
Mr. ROBINSON	UNICEF
	/GENERAL TSCHESTON

GENERAL DISCUSSION

Mr. REYES (Colombia) expressed the hope that the Sixth Session of the Commission would result in the adoption of effective measures for an expansion of trade. The policy of self-sufficiency could lead to the solution of immediate problems but might, on a regional basis, bring about an unnecessary and costly duplication of effort, as was the case, for instance, when a steel industry was established in countries possessing neither the raw materials nor the technical facilities which other countries in the same region were in a position to supply. A thorough examination should be made of the possibilities of each country in order to achieve the integration of the Latin American economies.

Although he was not sceptical about the prospects of expanding inter-Latin-American trade, he did wish to point out that a careful preliminary study was necessary. In 1953, when Colombia had signed an agreement with the United States including the most-favoured-nation clause, its tariff, established in 1931, had already been inadequate as a protectionist measure for agriculture and industry. Before Colombia could enter GATT, it was necessary to adjust the tariff and therefore the United States and Colombia had agreed to terminate the 1953 agreement. The 1950 tariff revision had served to foster a sound import substitution policy.

DISCUSSION OF THE DRAFT RESOLUTION SUBMITTED BY CHILE AND URUGUAY (Conference Room Document No. 4)

Mr. GONZALEZ LOPEZ (Cuba) stated that Cuba's trade policy had never been aimed at serving only Cuba but had always been international in spirit, as was proved by the restrictions Cuba had imposed on sugar production pursuant to international agreements.

/ He believed

He believed that exhaustive studies of all the countries in relation to trade problems should be completed before a standing committee such as that proposed in the draft resolution could be established. In the absence of such studies, the committee would not be in a position to make general recommendations on trade policy.

He recommended that a working group be appointed to study the draft resolution, taking all points of view into account.

Mr. GATICA (Mexico) thought that the terms of reference should be clearly indicated; otherwise, there would be some risk of duplicating ECLA's work. The structure of the group and method of work should also be given careful consideration. A point which was not clear was the legal standing of the committee in relation to the United Nations and ECLA and he also asked for further information on the relationship with GATT, particularly as to whether articles XVIII and XXIV were already in force.

Mr. ROYER (General Agreement on Tariffs and Trade) explained that GATT, as an international instrument, had the force of law for countries such as Brazil, Cuba, Chile, France, the Netherlands, the United Kingdom and the United States, which had signed the provisional protocol, and Haiti, the Dominican Republic, Nicaragua, Perú and Uruguay, which had signed the subsequent protocol of adherence. Those countries, which accounted for approximately 85 per cent of world trade, were consequently bound by the commitments they had undertaken.

So far as GATT's relationship to the United Nations and ECLA was concerned, he recalled that GATT was the offspring of the Havana Conference, that it exchanged information with the United Nations and that GATT and the United Nations had arranged for mutual representation. Hence GATT was

/regularly invited

regularly invited to United Nations meetings, including the General Assembly and the Economic and Social Council, and the latter had often requested it, in formal resolutions, to study certain questions. Accordingly, there existed sufficient jurisprudence to show that GATT was considered to be, if not de jure at least de facto, a kind of specialized agency.

No basic alternations had been made in article XXIV at the last session of GATT; the article therefore retained its full validity. Section A of Article XVIII had entered into force with the approval of the Contracting Parties, while the rest of the article awaited the endorsement of the required number of member governments.

Paragraph 2 of the draft resolution seemed to imply a certain flexibility in the text of GATT, but it should be remembered that GATT was a legal instrument duly subscribed to by the Contracting Parties and that a good case had to be advanced before exceptions could be made to its provisions.

Mr. GINEBRA HENRIQUEZ (Dominican Republic) shared some of the misgivings expressed by the representative of Mexico and particularly stressed that paragraph 1 of the resolution should clearly state how the committee was going to work. The time had come for ECLA to pass from the stage of theory to the study of practical solutions, but the new institution created for that purpose should rest on a solid foundation.

Mr. DAZA (Chile) supported the establishment of the working group. As to the points raised by the representative of Mexico, he said, first, that the intention of the sponsors of the resolution had been that the Committee should be composed of government representatives, and secondly, that, since ECLA had already gone beyond the theoretical stage, the Committee was necessary in order to arrive at practical arrangements or agreements which governments could ratify later.

/ Mr. SCHIOPETTO

Mr. SCHIOPETTO (Argentina) stated that all Latin American countries concurred with the fundamental objective of the committee, to wit, the expansion of inter-Latin American trade, but the expansion of trade with the rest of the world should also be considered. He agreed with the representative of Mexico that there was some doubt as to the constitutional basis of the project.. If the committee were to have executive powers, as he had understood the representative of Uruguay to say, it would be an institution on a higher plane than ECLA. If all members of ECLA were to form the committee on a permanent basis, it would be costly and the organization would be complex. He suggested the possibility that the Secretariat might call meetings of the members interested in specific problems and that plenary meetings should be held only occasionally. Conclusions, however, should always be submitted to ECLA.

The inclusion in the resolution of the reference to GATT was unnecessary inasmuch as that organization was authorized to consider only concrete proposal of a different type from those to be studied by the projected committee.

There would be no great difficulty in reaching an agreement on the terms of reference, but the working group should consider this aspect.

Mr. SCHIOPETTO (Argentina) took the chair

Mr. BROTOS (Uruguay) stressed that Latin American trade, particularly that of Uruguay, had faced serious difficulties in the postwar period owing to the inconvertibility of currencies. That had led to restrictions on foreign trade which had been removed only partially through bilateral trade and payments instruments. A complete solution of the problem could be reached only at the international level. Uruguay was greatly interested in that project, and he felt sure that any difficulties would be solved by the working group.

/Mr. BREITHUT

Mr. BREITHUT (United States) stated that his government favoured the expansion of Inter-Latin American trade, as it had already made manifest at the Rio de Janeiro Conference of Ministers of Finance or Economy, but further study was necessary and he believed that the IA-ECOSOC report to be issued in December would be of great value.

The creation of the committee, however, would present real constitutional difficulties and also policy difficulties since his government was opposed to the creation of new permanent organizations.

Some features of the draft resolution such as the stress laid on tariff protection, were disquieting. Though that was one means of fostering the establishment of new industries, he considered that bilateral and multilateral commitments should be given strict consideration. The elimination of discriminatory treatment was also a source of difficulty since long-standing relationships of that kind could not be removed at once. The transport clause could also give rise to dubious consequences which would not be in the interest of lower transport costs.

However, the position of his delegation was to wait for specific proposals to be evolved. He expressed concern that no budgetary or organizational problems be created for the United Nations.

Mr. SCOTT FOX (United Kingdom) associated himself with the United States statement and said that the exact functions of the Committee should be defined more exactly. He hoped that consideration of the expansion of inter-Latin American trade would not be at the cost of that with the rest of the world.

He suggested that the English text of the draft resolution could be made clearer by adding the words "between the latter" after "common regional market" in article 2, paragraph b).

/Mr. RIVERA

Mr. RIVERA (Honduras) said that, while he welcomed all efforts to expand inter-Latin-American trade, the Central American Economic Co-operation Committee had adopted resolution 11 (CCE) on the same subject and Honduras would accordingly have to reserve its position with regard to the joint draft resolution.

Mr. GUERRERO (Nicaragua) shared the Honduran representative's concern and expressed some doubt about the advisability of establishing a permanent body. It might be preferable to set up an ad hoc committee consisting of representatives of Governments to formulate suggestions for the consideration of ECLA and to study whether countries which were, as a group, attempting to achieve closer co-ordination.

Mr. REYES (Colombia) had certain doubts about the constitutionality of the proposed committee. He understood that a similar committee already operated under the auspices of the Economic Commission for Europe and asked the Secretariat for further information.

Mr. Ponce Enriquez took the Chair

Mr. IVOVICH (Secretary of the Committee) remarked that the trade committee would be similar to the Committee of Experts of ECE and would report directly to ECLA. He then drew attention to the description of the ECE Committee of Experts on page 25 of the study of inter-Latin-American trade (E/CN.12/369).

Mr. REYES (Colombia) concluded that the question of the constitutionality of the trade committee was settled. The experience of its ECE counterpart was an indication of its usefulness. If the trade committee was to operate effectively as a permanent body, it should consist of representatives of Governments.

Mr. HERRENSCHMIDT (France) added that the Committee of Experts was

/ a direct

a direct subsidiary of ECE designed to promote inter-European trade. Experience had shown, however, that its main effect had been to promote trade between eastern and western Europe.

Mr. AIZPU (Panama) suggested, in view of the remarks by the Honduran and Nicaraguan representatives, that the working group should consider whether the trade committee might not duplicate that authorized at the V Session of ECLA. He agreed with the Nicaraguan representative that an ad hoc committee might be preferable to a permanent one.

Contrary to the Cuban representative he considered that the committee should have specific terms of reference.

Certain points had still to be clarified: there was no information concerning the time and place of the trade committee's meeting. Moreover paragraph 4 of the draft resolution stated that the committee should submit an annual report to ECLA, whereas ECLA met only every second year.

Mr. SCOTT FOX (United Kingdom) felt that the sponsors of the joint draft resolution visualized a committee altogether different from the Committee of Experts of ECE, which was a group of specialists meeting under special circumstances. He asked the sponsors to explain whether they contemplated a group of experts or an assembly of governmental plenipotentiaries.

Mr. GOYECHEA (Uruguay) replied that he had originally visualized a kind of compromise between the two classifications mentioned by the United Kingdom representative; the members of the committee should be well versed in inter-Latin American trade and, at the same time, although not authorized to commit their Governments, they should be qualified to reflect faithfully the views of their respective countries.

/ With regard

With regard to the use of the word "permanent" with reference to the committee, it had been intended to give an idea of the continuity of the work of the commission on this subject.

He hoped that the Secretariat would tell the Committee what formulae were available to it for establishing the proposed committee within the terms of reference and rules of procedure of ECLA and of the Economic and Social Council.

Mr. DAZA (Chile) agreed with the Uruguayan representative.

The provision, in paragraph 2 of the draft resolution, that the trade committee should pay due regard to other bilateral and multilateral commitments of the Governments concerned should dispel some of the misgivings experienced by the Nicaraguan, Panamanian and Honduran representatives.

As stated in paragraph 5, the trade committee was recommended to make full use of the relevant studies by the Inter-American Economic and Social Council.

The CHAIRMAN considering that there was general agreement on the need to form a working group to examine the initial text of the joint draft resolution in the light of the comments and suggestions advanced at the current meeting. He suggested that the working group should consist of the following countries: Argentina, Brazil, Colombia, Chile, France, Mexico and Uruguay.

Mr. GOYECHEA (Uruguay) proposed the addition of the United States.

Mr. BREITHUT (United States of America) said that, while his delegation would do all in its power to co-operate, it desired to reserve its position with regard to direct participation in the working group.

Mr. GONZALEZ LOPEZ (Cuba) proposed that Honduras should be included in the working group.

/ It was

It was so agree.

Mr. DAZA (Chile) proposed Cuba as an additional member.

It was so agreed.

The CHAIRMAN announced that the Working Group would thus consist of representatives of Argentina, Brazil, Colombia, Cuba, Chile, France, Honduras, Mexico, Uruguay and, possibly, the United States.

It was agreed.

The meeting rose at 5.50 p.m.