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Fifth Session
Rio de Janeiro, Brazil

COMMITTEE V (INTRA-REGIONAL TRADE)

SUMMARY RECORD OF THE FOURTH MEETING

Held at Rio de Janeiro on Thursday,
16 April 1953 at 3:15 p.m.

CONTENTS: Establishment of drafting group
 Intra-regional trade, including
 transport and frontier trade.
 Problems affecting trade policy and
 payments

PRESENT:

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Chairman: Mr. URBIETA FLEITAS Paraguay
Rapporteur: Mr. VIIAS BOAS Brazil
Members: Mr. MARTINEZ Argentina

Mr. AMADOR France
Mr. BARLETO Mexico
Mr. CORLISS Peru
Mr. PASTORI United States
of America
Uruguay

Also present:

Representatives of inter-governmental
organizations:

Mr. TAYLOR)
Mr. HEURTEMATTE) Inter-American
Economic and
Social Council

Secretariat: Mr. IVOVICH Secretary of
the Committee

ESTABLISHMENT OF DRAFTING GROUP

After an exchange of views in which Mr. VILAS BOAS (Brazil), Mr. MARTINEZ (Argentina), Mr. MADOR (Mexico) and Mr. BARRETO (Peru) and Mr. PASTORI (Uruguay) took part, it was agreed the members of a working group to draft the Committee's resolutions and recommendations would be chosen at the next meeting.

INTRA-REGIONAL TRADE, INCLUDING TRANSPORT AND FRONTIER TRADE.

The CHAIRMAN submitted for the Delegates' consideration the first item on the agenda. With regard to frontier trade he mentioned that the Regional Conference of the River Plate had recommended special treatment for Latin America's land-locked countries.

Although an idea of the importance of that type of trade could not be gathered from the statistics, the delegates present would agree from their personal experience that there was an appreciable volume of such trade.

Due to lack of regulations, the trade was generally carried on in a haphazard fashion, which not only adversely affected the exchange control but also had a bad influence on the area in question. He intended to ask the Committee to make express recommendations, especially for Bolivia and Paraguay, the countries directly concerned, although other Latin-American countries might also be affected.

Mr. BARBOSA DA SILVA (Brazil) said his country was interested in frontier trade problems, for it had common frontiers with almost all the Latin-American countries.

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That type of trade had its origin in the remoteness of those areas where a virtual community of interests was growing up. It was difficult to find a solution applicable to the diverse situations which varied from area to area. For example, frontier trade varied greatly, depending on whether the northern or southern frontiers were involved. He offered some concrete examples of alternatives to this trade with Bolivia, Paraguay, Uruguay, Argentina and other countries. Accordingly, Governments should pay special attention to the question. His own Government would make a thorough study on which ECLA could draw for the purposes of further research.

Mr. RADRIGAN (Chile) described how frontier trade affected his country. On the one hand, frontier trade was carried on in the northern and southern areas with Peru and Argentina, respectively, for the purpose of supplying areas which for geographical reason were somewhat inaccessible. On the other hand, in the frontier zone with Bolivia there was not exactly a trade between the two countries, but a two-way traffic of goods. For that reason the Chilean Government had endeavoured to facilitate trade with Bolivia to the utmost; that object had recently found expression in an agreement concluded between the two countries.

Mr. BARRETO (Peru) appreciated the importance of frontier trade and said that the trade between his country and Chile was the subject of a special trade treaty. However, he realized the greater complexity of the trade in other

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areas, and hence hoped that ECLA would deal more broadly with the subject in later studies.

The CHAIRMAN, speaking as representative of Paraguay, said that, without prejudice to the recommendation that ECLA should prepare a technical and systematic study of the problem, he submitted for the Committee's consideration a proposal that measures should be adopted for normalizing frontier trade, especially with reference the land-locked countries and in accordance with the resolutions of the Regional Conference of the River Plate.

Mr. RADRIGAN (Chile) noted that frontier trade had been described as "haphazard"; that term did not apply to the trade carried on in his country where it was the subject of appropriate legislation.

Mr. BARRETO (Peru) said that there were insufficient data for drafting a resolution on the lines requested by the representative of Paraguay, although it was recognized that the subject was important and had to be thoroughly studied by the Secretariat in collaboration with the Governments concerned.

Mr. RADRIGAN (Chile) supported that view and proposed that the discussion on the items on the agenda should continue.

PROBLEMS AFFECTING TRADE POLICY AND PAYMENTS

Mr. Barreto (Peru) said that, before beginning the discussion, he wished to emphasize that the Secretariat's document was a study which related only to part of Latin America and hence could not be used as a basis for final
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conclusions.

The CHAIRMAN said that the Committee's work should be precisely defined; he did not believe it should be confined to comments on the document under study.

An exchange of views took place in which the representatives of Peru, Mexico, and Paraguay (Chairman) participated.

Mr. PASTORI (Uruguay) said that the preliminary discussion was over and wished to state his delegation's opinion on the particular item. He divided the Latin-American countries' trade policy into three stages: the first, the situation until 1930, was characterized by the influence of customs agreements; the second, which began after 1930, was characterized by the appearance of officially introduced instruments, such as the machinery of payments agreements, differential exchange rates, quotas and embargoes; finally, the third, which began with the inception of GATT, introduced a new element in the trade policy of acceding countries, establishing differences between those countries which had or had not adhered to GATT. That last situation had produced such adverse effects that he was inclined to support the idea that a special committee of experts be set up to study ways and means of solving the problems arising out of such situations, and, in particular, the interests of Latin-American trade.

Mr. RADRICAN (Chile) agreed with the Uruguayan delegate; he hoped that the proposed committee of experts would have the benefit of the co-operation of the GATT secretariat and of ECLA.

Mr. BARRETO (Peru) enquired what the functions of

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the proposed committee would be.

Mr. BARBOSA DA SILVA (Brazil) said Brazil was so concerned with those problems that it had requested full discussion, at the GATT meetings, concerning the disadvantages for the underdeveloped countries which were parties to it; that request had been favourably received.

Mr. PASTORI (Uruguay) said his suggestion was made with a view to the specific study of the trade problems under discussion.

Mr. BARRETO (Peru) felt that as yet there were not sufficient data to justify the establishment of the proposed committee, and suggested that action be postponed until ECLA could prepare a detailed study of the subject.

The meeting rose at 5.20 p.m.