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REPORT OF THE RAPPOREUR OF COMMITTEE NO.3

Committee No.3, which was responsible for the consideration of international trade problems, was organized in a meeting held on 7 June 1950. The proposal of the Chairman of the Commission to appoint General Gomes (Brasil) as Chairman and Mr. Senior (Netherlands) as Rapporteur of Committee No.3 was unanimously accepted.

After approval of documents (E/CN.12/165) and (E/CN.12/168) presented by the Executive Secretary, as working papers, Committee No.3 proceeded to a general discussion of the conclusions and recommendations contained in those documents and of the procedure to be followed to facilitate the task of the Committee.

There was unanimous agreement to organize the work around two groups of problems: a) those related to trade between the Latin American countries and Europe, and between Latin America and other non-American areas; b) those related to trade within the hemisphere. The discussion of the problems of trade with Europe and other non-American areas was placed under the responsibility of Working Group No.1 and the discussion of all the other questions under the responsibility of Working Group No.2.

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During the course of the general discussion special emphasis was given to the necessity of concentrating efforts in the search for concrete solutions for the most urgent problems. The Guatemalan Delegation pointed out the importance of the close connections between producers and consumers of the different countries to the development of intra-Latin American trade and the urgency to solve maritime and air transportation problems which are affecting trade between these countries. The remarks of the Guatemalan Delegation were embodied in two draft resolutions which were presented for the consideration of the Committee.

Working Group No.1 was made up of the Delegations of Argentina, Brazil, Bolivia, Cuba, Chile, El Salvador, France, Great Britain, Netherlands and Uruguay. Mr. Valdés-Rodríguez (Cuba) and Mr. Senior (Netherlands) were appointed Chairman and Rapporteur respectively.

Working Group No.2 was made up of the delegations of Cuba, Chile, Guatemala, Honduras, Mexico, Panama, Paraguay, United States and Uruguay. Mr. Mora (Mexico) was appointed Chairman and Mr. Pane (Paraguay) was elected Rapporteur.

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In the course of the discussions in Group No.1 the general opinion was expressed that for the time being the efforts of the Commission should be concentrated on the study of the problem of how to expand trade with Europe, but at the same time recognizing the importance of trade with other non-American areas. However, it was not considered advisable to state in a resolution a strict order of priorities. A number of Latin American and European delegations expressed the desire of their Governments to co-operate in a programme of expansion of trade between the two areas and also expressed confidence in the possibilities of the success of an effort in that direction.

It was unanimously agreed that one of the most serious obstacles to the development of trade with Europe is currency inconvertibility. In this connection it was understood that in his investigations the Executive Secretary would consider the possibilities of avoiding the obstacle through the establishment of a system of multilateral compensation of payments. However, it was recognized that efforts to expand trade between the two areas should not be limited to the establishment of that system. For this reason it was proposed to grant the Executive Secretary ample authorization to prepare and propose to the governments concerned, in co-operation with

/the Executive Secretary

the Executive Secretary of the Economic Commission for Europe, practical recommendations which might lead to the objective in view.

The Delegation stated that the examination by international trade experts of the recommendations and conclusions of the study to be prepared jointly by the Executive Secretaries of the Economic Commissions for Latin America and Europe, may contribute to expedite the decisions of the Governments concerned. Consequently it was agreed to recommend the acceptance of the proposal of the Executive Secretary contained in document (E/CN.12/168) requesting authorization to convene informal meetings of international trade experts, if and when he considers it desirable.

Finally, the usefulness of analytical studies on the commercial policies of individual countries, such as those presented by the Executive Secretary on Argentina, Brazil and Chile in Document E/CN.12/165 was discussed. It was agreed that these studies contribute to the clarification of the problem of the degree of effectiveness of the various instruments of commercial policies which are available and of the indirect consequences. It was also stated that they constitute a helpful source of reference.

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In the course of the discussion on intra-Latin American trade there was general agreement with the conclusion of document E/CN.12/165 which suggests that the relatively small magnitude of intra-Latin American trade is partly due to the competitive nature of the economies of the Latin American countries and that, in turn, their competitive nature is, to some extent, a consequence of the present stage of their economic development. If it were possible, as it seems to be, to coordinate, step by step, the economic expansion of Latin America, the degree of competition among the various countries might be reduced, permitting them to benefit from the advantages of mass production.

It was recognized, furthermore, that the expansion of intra-Latin-American trade is also hindered by inadequate information and economic ties between producers and consumers of the different countries of the area; transport problems are also a hindrance to closer economic relationships.

The discussion on transport problems originated a resolution (Document E/CN.12/AC.3/7/Rev.1) requesting the Executive Secretary to offer his cooperation to the Executive Secretary of the Inter-American Economic and Social Council for the preparation of studies currently being undertaken by that body.

/The delegations

The delegations expressed their agreement with the opinion of the Delegation of Panama regarding the importance of "free zones" as a useful institution to facilitate the expansion of international trade.

Committee No.3 approved in a plenary session the draft resolutions of the working groups. The suggestion to combine the resolutions on foreign trade approved by Committee No.3 (except that relating to transportation), with the draft resolution presented by the Delegation of Bolivia to Committee No.1 on the same subject, was rejected.