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Conference on Trade and Development (concluded)

Chairman and Rapporteur: Mr. G. MARTINEZ (Argentina)

Corrections to this record should be submitted in one of the three working languages of the Commission (English, French or Spanish), preferably on a mimeographed copy of the record, to the Conference Officer, Miss Juana Eyzaguirre.

LATIN AMERICAN TRADE POLICY AND THE SECOND UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (concluded)

Mr. SUMMERS (Canada) expressed the view that during the second United Nations Conference on Trade and Development to be held at New Delhi it would be advisable to concentrate on problems on which tangible results could be hoped for in the near future. Canada supported the proposal that there should be easier access to markets for the developing countries' products; Canadian tariffs on such exports were relatively low and many products were exempt from duty. Proposals on facilitating access to markets had been made during the Kennedy Round. His country supported duty-free entry for tropical products into the more developed countries without equivalent tariff concessions. International commodity agreements, such as the very successful wheat agreement, were also important. Unfortunately, the provisions of the international sugar agreement had been suspended for the moment. The new ideas emerging from the current negotiations on international trade were promising; any effort to stabilize prices, however, should take into account not only supply and demand factors but also the need to secure remunerative prices for the producer. His delegation believed that larger non-discriminatory cuts should be made in the tariffs on certain products. For some time past new preferential tariffs favouring the developing countries had been under consideration and the views expressed by a number of delegations on the introduction in all developed countries of a system of general non-discriminatory preferences for the products of developing countries deserved special attention. Like other members of ECLA, his country participated in the Commonwealth system of preferences; the adoption of a new general system of preferences would therefore involve serious decisions and his country had some reservations about its adoption.

His country accepted the UNCTAD principle that the developed countries should absorb a steadily growing proportion of the developing countries' products, including manufactures, despite the fact that there might in some cases be political or economic obstacles which some Governments were unable to overcome; in that respect his country would do its utmost to ensure the success of the New Delhi negotiations.

/Mr. O. MARTINEZ

Mr. O. MARTINEZ (Organization of American States), referring to the disappointing results of the various measures designed to promote the development of the Latin American countries, said that in his opinion chapter II of the Declaration of the Presidents of America, formulated at the recent meeting at Punta del Este, was intended to fill a gap in the Alliance for Progress. The latter's relative failure should be attributed to the lack of inter-country consultative machinery, and the general principle underlying the Declaration of the Presidents was the idea of closer co-ordination. Under the Declaration, both the Inter-American Committee on the Alliance for Progress and other agencies concerned with development plans would submit a programme to the Inter-American Economic and Social Council through which the specific bases for a plan of action could be formulated.

Mr. BALONSI (General Agreement on Tariffs and Trade) said that he was prepared to give any explanations on request at the plenary meetings. The Kennedy Round was the first series of GATT negotiations in which trade problems rather than purely tariff questions were being discussed, and agricultural commodities were not excluded, as the secretariat document seemed to suggest. The results of the current negotiations would necessitate a revision and re-evaluation of concessions, which would not be possible until the end of 1967 or the beginning of 1968, when the relevant data were available. He therefore thought it premature to express opinions in advance, which in any event would be open to controversy.

One of the main reasons why many developing countries abstained from participating in GATT negotiations, might lie in the fear of losing some of the ground they had already gained.

Mr. BARALL (United States of America) thought that in the future practical measures should be taken, through agreement between the developed and the developing countries, since it was not possible to base discussion on those prepared by only one side. He agreed that the interests of the developing countries in Latin America should be co-ordinated with those of such countries in other parts of the world, but without overlooking the existence of the other side of the negotiating table. If positions were defined specifically and if the problems hampering negotiation were analysed, it would be easier to find suitable solutions.

/Commenting on

Commenting on the failure of comply with the recommendations approved by UNCTAD, he thought that it would be advisable to prepare a document containing a list of the specific points which had not been complied with. The secretariat might be asked to prepare it. He likewise mentioned the reference to the estimated losses, expressed in terms of percentages in the ECLA document, in the volume of Latin American exports to the United States market. Those losses, expressed in terms of value, represented a figure 25 per cent higher than total exports from Africa and Asia together.

He attributed great importance to the problem posed by the representative of Jamaica concerning the compensation that would have to be given to the Commonwealth countries in exchange for waiving the advantages they enjoyed in that market.

The sub-regional agreements mentioned by the Executive Secretary of ECLA in his statement would be a constructive measures preparatory to the establishment of the Latin American common market.

If it should be possible to set forth clearly, in a brief agenda, the way in which problems already carefully studied should be approached, that would be an important step towards obtaining good results at the next session of UNCTAD. A sine qua non for increasing trade among countries that should not be overlooked was that of international liquidity.

Mr. BOS (The Netherlands) spoke of the interest which his country had always shown in the negotiations of UNCTAD and of its desire to study the matter of granting trade preferences to the developing countries. At the request of GATT, it had carried out various surveys of the products which those countries wanted to export and on the opportunities for importing them. The contributions made by his country to the international institutions established for financing development were at the same time a contribution to the expansion of those countries' trade.

Mr. BRUNEAU (France) added that France was not opposed to removing the obstacles hampering the foreign trade of the developing countries, a position which it had maintained in the Kennedy Round. He believed, however, that the main contribution that could be made to the expansion of trade of those countries would be the fixing of fair and remunerative prices for primary commodities. It was more than just a problem of volume; it was a problem of

/price instability

price instability. He thought that such an agreement on prices would be feasible, that it could be put into practice soon, and that it would benefit especially those countries that particularly needed to increase their foreign exchange receipts in order to meet their economic development needs.

Mr. FAESLER (Mexico) cited, among the recommendations adopted at the first session of UNCTAD, paragraphs 2, 3, 4 and 11 of part II of recommendation A.II.1, dealing with commodity trade, and paragraphs 9, 10 and 11 of recommendation A.III.4, dealing with trade in manufactures and semi-manufactures. They all represented commitments assumed by the developed countries in favour of the developing countries and which were not being fulfilled. The same could be said of article 37 of GATT, and that was not the only case. There was, therefore, a sufficient basis for the ECLA secretariat to draw up a substantial list of the commitments not met by the developed countries, if it was considered that such an exercise would be useful for furthering the negotiations with the developing countries in UNCTAD.

Mr. BARALL (United States of America) agreed that such a list of commitments should be drawn up, on the understanding that a clear indication was given of the nature of the alleged non-compliance of the developed countries. With regard to the United States, it should be borne in mind that the present trade legislation was due to expire in June 1967, at which time it would be reformulated, and that the UNCTAD recommendations referred to the subsequent ten years, without specifying any specific date for their implementation.

Mr. H. RODRIGUEZ (Panama) said that, although Panama's external economy was in a very special situation, it was none the less true that its trade balance was unfavourable and that, one day, the Panamanian Government would have to play an active role in the international discussions held by the Latin American countries to further their development. Although it was true that in recent years the value of United States imports from developing countries had been increasing in absolute terms, it was equally true that Latin America's relative share of United States trade had been decreasing, and the trend was extremely unfavourable, particularly when related to population growth.

/Mr. ZASSENHAUS

Mr. ZASSENHAUS (International Monetary Fund) congratulated the secretariat on document E/CN.12/773, which dealt with the subject under discussion. The document contained certain mistakes in evaluation because account had not been taken of the new compensatory drawing facilities provided by the Fund, which had originally been restricted to 25 per cent of each country's quota and had now been increased to 50 per cent without affecting the normal drawing capacity. He would furnish the secretariat with the necessary information so that the relevant corrections could be made in the document.

Mr. GARCIA INCHAUSTEGUI (Cuba) agreed that the secretariat should draw up a detailed list of the commitments agreed on by the developed and developing countries, which the former had not fulfilled satisfactorily. To that end, the secretariat should request information from the Governments of the countries members of ECLA. He had prepared a draft resolution along those lines for discussion by the Committee (Conference Room Paper N° 6).

Mr. BERTHOUD (United Nations Conference on Trade and Development) stated that the implementation of the recommendations approved at the first session of UNCTAD was a problem that had been the constant concern of the Trade and Development Board since its inception. The Board had therefore requested the Secretary-General of UNCTAD to prepare an annual report on the development of the developing countries' trade and had also requested all countries, the regional economic commissions and inter-governmental organizations to co-operate with the secretariat by furnishing it with the necessary information for that report, which would serve as a basis for implementing the recommendations already adopted or which might be adopted in the future. The first annual review had been made in 1966 and on its completion the thirty-one developing countries members of the Board had drafted a memorandum expressing their viewpoints and hopes. In addition, Governments had already been requested to provide the relevant data for the second review, which could be carried out in August 1967 so that the results would be available for the second session of UNCTAD, to be held at New Delhi in February 1968.

/Mr. FAESLER

Mr. FAESLER (Mexico) suggested that the list of unfulfilled commitments which ECLA was to prepare should not be confined to information relating to UNCTAD; it should cover all failures to comply with principles, agreements and declarations, which failures should be placed on record in the interests of the developing countries.

Mr. BARALL (United States of America) pointed out that the memorandum submitted by the thirty-one developing countries had not been accepted by the developed countries, since it did not reflect their opinion. Accordingly the inclusion of the recommendations in the report did not mean that they had been accepted.

Mr. BERTHOUD (United Nations Conference on Trade and Development) said that the report in question contained a chapter which had been endorsed by all members and set forth all the opinions expressed on the matter. In other words, the report was an information document to which a chapter summarizing all the opinions expressed had been annexed. The recommendations had been submitted to the United Nations General Assembly, which had unanimously adopted a resolution recognizing the desirability of applying the recommendations contained in the report.

+ Mr. ESTRELLA (Dominican Republic) said that during the current session an attempt had been made to depreciate an organization its statements and the documents issued by it, which reflected the position of its member Governments. He was referring to the Alta Gracia Charter, a document of the Ad Hoc Commission on Latin American co-ordination (CECLA), which was set up at the second session of the IA-ECOSOC at São Paulo. Although it was true that the original Ad Hoc Commission had been dissolved as soon as it had served the purpose for which it was established, subsequent experience had induced the group of Latin American countries to convert it into a permanent institution. Accordingly the new CECLA had been set up at Lima in the summer of 1964. The significance of that decisions, as an expression of the policy of sovereign Governments, should not be overlooked.

The CHAIRMAN suggested that, since there were two bodies using the same abbreviation "CECLA" a provisional one established at São Paulo, and a permanent one established at Lima, the secretariat should distribute the reports of both of them to the Delegations.

/ Mr. BARALL

Mr. BARALL (United States of America) pointed out that the CECLA of Lima had not been set up by any OAS body and was neither part of OAS nor a subsidiary body of ECLA. The United States was therefore unable either to attend its meetings or to express its opinions there. Again, the Charter of Alta Gracia had not been accepted at Rio de Janeiro because it represented the views of one group of countries and not of all those whose interests were at stake.

Sir Keith UNWIN (United Kingdom), referring to the implementation of the UNCTAD recommendations, said that at the last session of the Trade and Development Board the developing countries had wished to define their position and had done so in a memorandum which was for use in the preparations for the second session of UNCTAD. The memorandum consisted of two parts: in the first part they had expressed their disappointment at the lack of progress in implementing the recommendations of the first session of UNCTAD, and in the second part they had set forth what they considered to be a constructive course to follow in the future. The developed countries, for their part, had considered that the first part failed to present a well-balanced picture of the situation, since it was too one-sided. Although they had not been entirely in agreement with the content of the second part, they had recognized that it set forth some new ideas which were in some measure acceptable. However, those ideas had been formulated in terms which would have made it impossible to reach agreement. The developed countries, far from dissociating themselves from development problems, kept them well in mind. In that respect, there were no discrepancies so far as objectives were concerned and they were often prepared to accept the alternatives suggested by the developing countries, if not the methods proposed. It was doubtful whether the report which the Trade and Development Board had requested the Secretary-General of UNCTAD to prepare would actually be of practical value.

Mr. BERTHOUD (United Nations Conference on Trade and Development) stated that the terms of reference of the Secretary-General of UNCTAD included the work of reviewing and evaluating the implementation of the recommendations adopted, and the various countries should furnish the committees of the

/Trade and

Trade and Development Board with the necessary information for the purpose. Two committees had already been convened for that purpose, in preparation for the second session of UNCTAD. With regard to the dialogue between the developed and the developing countries at the General Assembly, after a series of active consultations between the two groups of countries, the General Assembly had unanimously adopted resolution 2209 (XXI) on the implementation of the UNCTAD recommendations.

Mr. ESTRANY (Argentina) explained that the fact that the Ad Hoc Committee on Latin American Co-ordination (CECLA) consisted exclusively of representatives of the developing countries in no way detracted from the significance of its activities. The developing countries, too, were denied access to other international meetings, even as observers, but that was no reason for ignoring their existence.

Mr. FAESLER (Mexico) said that when he had endorsed the proposal that a list should be drawn up of the commitments accepted in UNCTAD, and in other documents relating to the implementation of UNCTAD recommendations, he had been thinking only in terms of compiling such a list and did not wish to duplicate the studies on the implementation of UNCTAD recommendations, which were the concern of the secretariat of UNCTAD itself.

Mr. SOUTO-MAIOR (Brazil) welcomed the acceptance by the United States of the idea of preparing a list of the commitments assumed but not complied with by the developed countries.

Mr. BARALL (United States of America) reiterated that the developed countries had never been opposed to the preparation of such a list, although there was some disagreement about document E/CN.12/773. His delegation would like the extent of the violations that had been spoken of to be properly defined and the countries to express their views on the subject. A one-sided list of complaints was not enough; it might be possible to reach agreement if the analysis centred on specific cases the study of which might avert trade bottlenecks.

The meeting rose at 1.15 p.m.