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Committee of the Whole
Tenth Session
Santiago, Chile, 12 to 14 February 1964

SUMMARY RECORD OF THE THIRD MEETING

Held at ECIA Headquarters, Santiago, Chile,
on Thursday, 13 February 1964, at 3.40 p.m.

Chairman: Mr. DAZA Chile

CONTENTS: - Consideration of draft resolutions
- Statements by observers

CONSIDERATION OF DRAFT RESOLUTIONS

(a) Draft resolution on the United Nations Conference on Trade and Development (Conference Room Paper No. 1)

Mr. RAMIREZ (Honduras) supported the draft resolution and suggested that sub-paragraph (c) of the operative part should include the Centre for Latin American Monetary Studies (CEMLA) among the agencies to be invited to the meeting of the Trade Committee proposed in the sub-paragraph.

Mr. DELGADO (Mexico) endorsed the proposed amendment.

Mr. MARTINEZ PIREZ (Cuba) said that his Government had always insisted on the need for the Latin American countries to take united action in the fields of foreign trade and development to which the draft resolution referred. Cuba's experience in questions of foreign trade from 1958 to 1962 had been precisely the subject of the statement made by the delegation of Cuba at the Meeting of Latin American Government Experts on Trade Policy held at Brasilia. It was unnecessary to stress the importance of foreign trade for the developing countries and the imperative need to give it a new and vigorous policy that would provide a firm protection for the interest of the Latin American countries.

The ECLA secretariat study that had served as the working paper for the Brasilia meeting was of great value, as were the views expressed by the government experts assembled there, with whom he had found himself in complete agreement in considering the United Nations Conference on Trade and Development to be of vital importance to the Latin American countries. Although of the same opinion on that point and on the preambular part of the draft resolution, he was compelled to make some reservations with respect to sub-paragraphs (c) and (d) of the operative part. As regards the former, he was unable to endorse the invitation made in the second half of the sub-paragraph since Cuba was not a member of the organizations in question. He nevertheless supported the idea of convening a meeting of the ECLA Trade Committee for the purposes set forth in the draft resolution. In that connexion, he asked the Chairman in what capacity the organizations mentioned would attend the meeting of the Trade Committee.

His reservation with respect to sub-paragraph (d) was based on the fact that the suggestions contained in it had been made by an agency to which Cuba did not belong, and that the resolution cited had been adopted at a meeting at which his country had not been represented. Cuba was nevertheless prepared to provide any information that the secretariat might wish to request provided that it would help to create more propitious conditions for the work in which ECLA was engaged.

He concluded by expressing his agreement with sub-paragraphs (a) and (b) of the draft resolution, on the grounds that the assistance that ECLA had provided prior to the Geneva Conference and which it would undoubtedly extend during and after the Conference had been of inestimable value to the Latin American delegations.

/The CHAIRMAN

The CHAIRMAN explained, in response to the question put by the representative of Cuba, that the agencies which were to be invited under the terms of sub-paragraph (c), would attend the meeting in the capacity of observers, in accordance with the rules of procedure of the Commission.

Mr. RIOSECO (Chile) suggested that the Panel of Nine should be included among the bodies to be invited to the meeting of the ECLA Trade Committee referred to in sub-paragraph (c) of the draft resolution.

Mr. LISETTE (France) regretted that documents E/CN.12/LC.57/6 and E/CN.12/LC.57/7, had not been translated into French, and that his delegation had therefore been unable to study them to their satisfaction. Consequently the delegation again requested the secretariat to take or propose the necessary steps to ensure that the principal documents of the Commission would be made available in French.

The latest proposals of a specific nature mentioned in document E/CN.12/LC.57/6 for solving the problems deriving from trade and under-development had included the Pisani-Baumgartner Plan. He thought it would be useful to indicate the fundamental position of his country in respect to certain points in the Plan.

1. Systematic efforts should be made to transfer income from the more affluent to the developing countries with a view to lessening the disparities in the income levels prevailing in different countries, and to maintain, in each country, a certain proportion between the level of income in industrial towns and in the countryside.
2. The transfer should be effected through the medium of trade rather than direct assistance, in order to prevent the terms of trade between the affluent and the poorer countries from deteriorating at the expense of the latter, as they had done in the past decade as a result of the free play of market forces in commodity trade. The ultimate aim to be pursued was not so much to expand the volume of exports as to increase the export earnings of the developing countries and guarantee producers stable and reasonable profitable prices.
3. Prices could be influenced by means of a variable levy to be imposed on imports of raw materials by the industrialized countries. The burden of the levy would be borne by the consumers in countries with a high level of living, and the revenue accruing therefrom would be channelled into the developing countries, either directly or through an international fund. To avoid over-production the revenue in question would not be given to the producers themselves but to the Governments of the producer countries, which would allocate a certain amount for maintaining an equitable price level and the remainder for general economic development.

4. To improve the level of living in the developing countries it would be necessary to diversify and industrialize their economies as well as to organize international trade in manufactured and semi-manufactured goods in such a way as would redound to their benefit. The industries of the less advanced countries should protect themselves from competition by means of a special régime whereby they would produce not only for the domestic market but also for export to other developing countries and even to the highly industrialized countries supplying foreign exchange.

5. The Government of France was following with interest the efforts being made by Latin America to create integrated regional schemes, since the economic and political problems that under-development posed for the modern world would be extremely hard to solve without the existence of preferential economic, financial and trade systems in the developing regions.

His Government intended to endorse at Geneva the aims he had expressed and translate them into practical proposals for establishing the body of co-ordinated and effective measures that it was hoped would emerge from the United Nations Conference on Trade and Development.

Mr. VALDES (Secretary of the Commission) regretted that lack of resources had prevented the secretariat from providing a French version of the documents submitted to the Committee of the Whole.

Mr. FEIN (Kingdom of the Netherlands) said that his Government was aware of the balance-of-payments problems and trade difficulties that beset the developing countries. Consequently the Netherlands would attend the Conference on Trade and Development prepared to adopt a positive and constructive attitude in order to help to reduce those difficulties and problems. The measures necessary for that purpose included the maximum possible reduction in trade restrictions on products from the developing countries, and preferential treatment for those products. Similarly, the Netherlands Government welcomed the fact that GATT had already accepted that non-reciprocity should be the rule governing the trade relations between countries at different stages of development. He said that he would support the draft resolution under consideration.

Mr. BUSTAMANTE (Ecuador) supported the amendments submitted to the draft resolution by the representatives of Honduras and Chile.

The amendments were adopted by 19 votes to none, with one reservation concerning sub-paragraphs (c) and (d).

The draft resolution, as amended, was adopted by 19 votes to none, reservation concerning sub-paragraphs (c) and (d).

- (b) Draft resolution on activities in the field of industrial development (Conference Room Paper No. 2)

Mr. VALDES (Secretary of the Commission) said that the sponsors of the draft resolution had advised the secretariat that in operative paragraph 3 the words "be complementary to" should be replaced by "serve the purposes of", if the Committee so agreed.

Mr. DELGADO

Mr. DELGADO (Mexico) referred to operative paragraph 4, and expressed his hope that the secretariat would accelerate and give high priority to the special studies on industrial branches and sectors in Latin America. Those studies should be carried out in close and continuous co-operation with the Latin American Free-Trade Association (ALALC) and the Committee of the Central American Common Market. Without a basic industrial structure and an industrial integration of the region, no Latin American economic integration could be achieved. The third session of the Contracting Parties to ALALC showed the urgent need to undertake the studies referred to in the draft resolution, in order to accelerate industrial complementarity agreements. Those studies would also be essential to pave the way for future meetings, since negotiations by product alone did not appear sufficient.

If such studies were undertaken in good time, they could constitute an indispensable source of background material for the sectoral meetings held in Montevideo from time to time, for the various branches of industry, under the programme established by the executive body of ALALC.

In conclusion he reaffirmed, on behalf of his delegation and the other co-sponsors of the draft resolution, the need for the close and continuing co-operation, to which he had referred earlier, in relation to the special studies on industrial sectors that the secretariat proposed to undertake, and asked that note should be taken of that wish, although no amendment of the draft resolution was involved.

The draft resolution was adopted unanimously.

STATEMENTS BY OBSERVERS

Mr. MORALES (Inter-American Development Bank) declared that the word co-operation was too formal and limited to describe the close relations existing between the Bank and ECLA. Referring to the problems of planning in the individual countries, he drew attention to the importance of the work of the advisory groups from the standpoint of defining priorities and determining the programmes that were to obtain financing from the Bank. It was the view of the Bank that the advisory groups' co-operation with Governments could be augmented by an effort to define the annual programmes of the countries concerned. The Bank was also extremely interested in ECLA's moves to expedite the development of Latin America. In that connexion, the Bank had decided to open a new credit line to a value of 30 million dollars for the purpose of financing imports of capital goods manufactured in Latin America. The "domestic value" of such goods should represent at least 50 per cent of their f.o.b. value, and should be taken to include all component parts coming from any country in the region. In conclusion, the speaker informed the meeting that the Bank had decided to increase its ordinary capital from 850 to 2,150 million dollars, and its capital for special operations from 150 to 220 million dollars.

Mr. FOIT (World Meteorological Organization) said that the WMO was keenly anxious to continue giving the Latin American countries all the help it could in solving their problems in the fields of meteorology and

/water resources,

water resources. The assistance provided under the Expanded Programme had been progressively increasing during recent years. One of the most important of the indirect results of WMO's technical co-operation was that it helped the Governments to realize that State meteorological and hydrological services were emphatically not a luxury that only affluent countries could afford, but an imperative need for all countries desirous of developing their economies on rational lines. From the economic standpoint, to skimp resources where such basic services were concerned was a mistaken policy. Many were the plans for agricultural development or for the harnessing of water resources that had come to grief for want of sufficient meteorological information; in comparison with the huge sums wasted on such failures, the funds required for the maintenance of the services in question were negligible.

WMO's technical assistance programme for 1964 covered eleven countries, namely, Argentina, Bolivia, British Guiana, Colombia, Ecuador, El Salvador, Haiti, Nicaragua, Panama, Paraguay and Peru; the aid projected comprised advisory assistance in respect of meteorology, hydrometeorology, synoptic meteorology, aeronautic meteorology, agricultural meteorology, tropical meteorology and oceanography.

The Latin American countries that had expressed interest in receiving technical assistance from WMO under the 1965-66 programme were twenty-two in number. In 1965 the three major hydrometeorological projects of the Special Fund in Chile, Ecuador and Peru would be completed, and those three countries had stated a wish to receive supplementary assistance. A list of regional projects for 1965-66 had already been prepared, and the Latin American Governments would be asked to indicate which they would be disposed to support. The final list would be drawn up by the Executive Committee of WMO.

Mr. MACARIO (General Agreement on Tariffs and Trade) said that he wished, without going into details, to indicate some new types of activity undertaken by GATT that were of interest to the developing countries. At the instigation of those countries the GATT conference held in May 1963 had approved the setting up of a group of experts to study the relations between financial aid and trade. The subjects to be studied by the group included a trade insurance fund and a club for aid provided under GATT auspices. Another matter under study was a trade information centre, proposed by the delegation of Brazil, to encourage manufacturing development through promotion of exports. In the legal field, consideration was being given to a draft of a special chapter on questions of trade and development to be included in the GATT Agreement. He added that, as previously indicated by the representative of the Netherlands, there was no longer an insistence on the principle of absolute reciprocity in the relations between the developing countries and the highly industrialized countries.

Mr. LIVCHEN (International Labour Organisation) stressed the close co-operation characterizing the ILO's relations with ECLA, and in particular with the Latin American Institute for Economic and Social Planning. Its experts had assisted in the field of research and training and the ILO itself had

prepared a report, for submission to the United Nations Conference on Trade and Development, on the structural problems of employment deriving from the liberalization of international trade and increased imports of manufactures and semi-manufactures from the developing countries. ILO's co-operation with ECLA and the Institute covered mainly human resources planning, but it hoped soon to extend it to wage policies, social security, training of trade union leaders, etc. One achievement of technical co-operation between the ILO and other United Nations agencies was the Andean Programme, which covered Bolivia, Ecuador, Perú, Argentina, Colombia and Chile. He also hoped that such co-operation with ECLA would permit the inclusion of some sectoral projects, which the ILO considered of particular importance for Latin American, in the 1955-66 Expanded Programme of Technical Assistance.

Mr. MOREIRA (United Nations Educational, Scientific and Cultural Organization) informed the Committee that in 1963 UNESCO had established a regional education office for Latin America in Santiago, Chile. Its purpose was to help improve primary and secondary education and to serve as a liaison office with ECLA. UNESCO was also co-operating by making the services of three experts available to the Latin American Institute for Economic and Social Planning. An inter-governmental consultative meeting, in which UNESCO would participate, was scheduled to be held at Brasilia in March 1964. He welcomed the interest shown in the meeting, since the present situation presented some alarming features. The economic difficulties with which the Latin American countries had lately been beset were also reflected in an educational regression, such as that observed in Brazil in 1962 and 1963, as well as in Argentina and during the recession in other countries. Hence, the studies carried out by ECLA were most useful to UNESCO in its work.

Dr. SARUE (World Health Organization), speaking on behalf of the Pan American Sanitary Organization, referred to the long-established co-operation between that body and ECLA, in terms of over-all and regional plans, through such bodies as the Latin American Institute for Economic and Social Planning, and through advisory groups and joint missions. This joint work took the form of research on particular problems and on methodology, and also of training activities and courses on health planning held in the Institute. Co-operation was especially effective in El Salvador. His organization was pleased to note that the work programme of ECLA took health problems into account. He hoped that in future there would be even closer co-operation between economists and those who devoted their efforts to the field of health.

Mr. FOURNIER (International Civil Aviation Organization) gave a brief account of the technical assistance activities carried out in Latin America and the Caribbean area by his organization. The experts provided by ICAO co-operated in various types of training of personnel in relation to civil aviation carried out by training centres established in a number of countries.

/ICAO also

ICAO also provided technical assistance to several countries through experts who had participated in the planning and development of radio aids to air navigation, aeronautical telecommunication facilities, airport construction, the solution of air traffic problems, the improvement of civil aviation administration, etc.

He referred to the ICAO scholarship programme, and said that funds had been made available for sending students from various countries to study centres in the field of civil aviation that had been established in a number of countries, and also to other centres abroad to complete their training. He believed that the technical assistance provided by ICAO would increase considerably in 1965 and 1966, and that the good results achieved more than justified the proposed increase.

Mr. VALDES (Secretary of the Commission) informed the Committee of the Whole that its Chairman and Vice-Chairmen had examined the credentials of the delegations at the current session and had found them to be in order.

The meeting rose at 4.55 p.m.