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CO-OPERATION COMMITTEE

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REPORT OF THE EXTRAORDINARY SESSION OF THE CENTRAL AMERICAN TRADE SUB-COMMITTEE

(Mexico City, 6-11 January 1964)

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/INTRODUCTION

INTRODUCTION

This report summarizes the activities of the extraordinary session of the Central American Trade Sub-Committee, held at Mexico, D.F., from 6 to 11 January 1964. It was adopted at the closing meeting on 11 January 1964.

/I. BACKGROUND

I. BACKGROUND DATA

At the eighth session of the Central American Economic Co-operation Committee in 1963, a new dimension was introduced in the integration programme when it was decided that its activities would be directed not only at achieving the gradual merger of the member countries' economies, but also towards the possibilities of international co-operation between the Central American Common Market and the rest of the world.

As a first step in this new approach it was considered that future activities should be channelled towards the establishment of closer economic relations with third countries or groups of countries and that the bases of a common trade policy and the structure of a joint negotiating body should be formulated in order to increase Central America's relative share of world trade and its external purchasing power, and to satisfy the requirements of sustained development.

In the years after 1962 the Central American Trade Sub-Committee completed the phases of negotiation and formulation of the instruments constituting the Common Market, and should now focus its attention both on the study of existing trade relations and possibilities for economic complementarity between the Central American economic unit and the rest of the world, and on analysing the inevitable repercussions on the external sector which - in addition to the common market itself and the institution of a customs union - must be caused by the trade and economic relations policy established on a regional basis.

The aim of the United Nations Conference on Trade and Development was to seek specific solutions to international trade problems affecting the developing countries and it afforded the Central American Governments the opportunity of formulating a preliminary outline of their possible future common trade policy based on the regional position adopted at the Conference, and of putting forward ideas concerning the specific fields of study that would have to be covered for the purpose.

/Pursuant to

Pursuant to resolution 221 (X), ECLA convened the Meeting of Latin American Government Experts on Trade Policy, scheduled to be held at Brasilia in January 1964, to decide on a concerted Latin American position regarding the questions which should be raised at the Conference.

In compliance with the undertaking established in the economic integration agreements in force, namely to present a concerted position at all international meetings, the member governments considered it particularly desirable to meet before the Conference in order to decide Central America's position. It was with this end in view that the ECLA secretariat convened the present extraordinary session of the Trade Sub-Committee.

/II. EXTRAORDINARY

II. EXTRAORDINARY SESSION OF THE TRADE SUB-COMMITTEE

A. Membership and attendance

The extraordinary session of the Central American Trade Sub-Committee was held at the Mexico Office of the Economic Commission for Latin America (ECLA) from 6 to 11 January 1964.

It was attended by delegations from the five Central American countries and a representative of the Republic of Panama.

The Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) was also represented.

The following is a list of delegations:

(a) Delegations of member States:

Guatemala	Chairman of the delegation	Hugo Ordóñez
	Representatives	Guillermo Sáenz de Tejada José de Jesús Monteagudo Oscar Pontaza Gilberto Secaira Gert Rosenthal
El Salvador	Chairman of the delegation	Víctor Manuel Cuéllar Ortiz
	Representative	Alexánder Vásquez
Honduras	Chairman of the delegation	Oscar A. Veroy
	Representative	José B. Funes
Nicaragua	Chairman of the delegation	Gustavo A. Guerrero
	Representative	Roberto Morales Villarreal
Costa Rica	Chairman of the delegation	Rodolfo Trejos Donaldson
	Representative	Alvaro Sancho

(b) Panama

	Representative	José B. Calvo

(c) Permanent Secretariat of the General Treaty on Central American Economic Integration — Abraham Bennatón Ramos

Mr. Carlos M. Castillo, Director of the ECLA Mexico Office, Mr. Porfirio Morera Batres, Secretary of the Committee, Mr. Alvaro de la Ossa, and other officials were present on behalf of the Economic Commission for Latin America.

/Mr. Carlos Manuel Castillo,

Mr. Carlos Manuel Castillo, Director of the Mexico Office of the Economic Commission for Latin America opened the session and welcomed the delegations. Mr. Gustavo A. Guerrero, Chairman of the delegation of Nicaragua, and Mr. Rodolfo Trejos, Chairman of the delegation of Costa Rica were elected Chairman and Rapporteur of the session respectively.

B. Agenda

The following agenda (E/CN.12/CCE/SC.1/90/Rev.1) was considered and adopted by the Sub-Committee:

1. Opening meeting
2. Election of the Chairman and Rapporteur
3. Consideration and adoption of the agenda
4. United Nations Conference on Trade and Development
   - (a) General considerations
   - (b) Latin America's problems and the Conference
     - (i) Foreign trade and economic development of Latin America
     - (ii) The main obstacles to an expansion of Latin America's foreign trade
     - (iii) Future prospects and lines of action
   - (c) Consideration of proposals regarding Latin America's position at the Conference
   - (d) The position of the Central American countries

   Documents

   Provisional agenda of the United Nations Conference on Trade and Development (E/CN.12/CCE/SC.1/91)

   Agenda of the Meeting of Latin American Government Experts on Trade Policy (E/CN.12/CCE/SC.1/92)

   Latin America and the United Nations Conference on Trade and Development (ST/ECLA/CONF.13/L.2)

   Latin America's position at the United Nations Conference on Trade and Development. Note by the secretariat (ST/ECLA/CONF.13/L.3)

   El sector externo y el desarrollo económico de Centroamérica (1950-1962) (Nota informativa de la secretaría) (CCE/SC.1/R.EX/DI.2)

   Interim report of the Preparatory Committee of the United Nations Conference on Trade and Development on its first session (E/3720)

   Report of the Preparatory Committee of the United Nations Conference on Trade and Development on its second session (E/3799)
5. Formulation of recommendations to the Central American Governments
6. Consideration and adoption of the Rapporteur's report
7. Closing meeting

/C. Account

C. Account of proceedings

1. Introduction

The present extraordinary session marked the beginning of the Trade Sub-Committee's work aimed at formulating an exclusively Central American policy of trade and economic relations with the rest of the world. This was the Sub-Committee's first task within the new phase of its programme of work since, at its twelfth session, it had become clear that once the Common Market was established the Central American countries should devote increasing attention to the problems arising in the sphere of economic and trade relations with countries and groups of countries outside the area.

The importance of the United Nations Conference on Trade and Development for the continued progress of economic integration under conditions consistent with development needs became clear from a study of the trends followed by the external sector of the Central American economies during the previous decade.

The insufficient increment in the purchasing power of exports, which had characterized the early phase of the decade in question, and the decline in price of the main export items that had begun in 1955 and continued over the next few years, were responsible for the general economic stagnation in those countries and had been limiting the rate and possibilities of economic transformation sought within the Common Market.

Continued existence of those adverse external factors would maintain such limitations in the future and might even result in Central America's growth being oriented within a pattern of autarkic trends which - besides the equally restrictive effects deriving from inadequacy of the very internal foundations of the regional economic body - would have to be added to the fragmentary and distorted world structure of trade over the past thirty years.

The Sub-Committee emphasized the fact that the United Nations Conference on Trade and Development afforded an excellent opportunity - the first in more than a decade - for the industrialized and developing countries to join in adopting immediate measures and laying down the bases for a new international system of economic and trade relations which would resolve the external problems of the less developed countries and constitute a powerful

/incentive to

incentive to their future growth. In that respect the active participation of the Central American countries in the work of the Conference was of the utmost significance, in that the new system must determine how far such integration could benefit from the advantages offered by a world economic structure based on a rational division of labour between countries and areas, and at the same time constituted the framework of solutions, rules and principles in which the common market trade policy would have to be formulated.

The Sub-Committee likewise considered that the participation of the Central American countries in the Meeting of Latin American Government Experts on Trade Policy, to be held in Brasilia, Brazil, in January 1964, and in the other events preceding the Conference, would help towards a formulation of Latin America's viewpoints on those problems that would adequately reflect the area's needs and, in general, the interests of the group of countries which constituted the developing part of the world.

In concluding the extraordinary session, the Sub-Committee underlined the urgent need for member Governments to intensify their work in relation to the Conference, giving it the highest priority, and, once the Conference was over, to proceed systematically with their efforts to draw up a common trade policy, with the co-operation of the secretariat of ECLA and the Permanent Secretariat of the General Treaty on Central American Economic Integration in the relevant technical and research aspects.

As far as its own programme was concerned, the present extraordinary session marked the beginning of intensive work by the Sub-Committee in that field, which would be its major task in the next phase of its activities.

Resolution 25 (SC.1), "United Nations Conference on Trade and Development" was adopted.

2. General principles and rules

For the purpose of considering the various items on the agenda, the Sub-Committee considered and analysed the report entitled Latin America and the United Nations Conference on Trade and Development (ST/ECLA/CONF.13/L.2), prepared by the ECLA secretariat as a basic document for the Meeting of Latin American Government Experts on Trade Policy.

/Prior to

Prior to formulating recommendations on specific subjects, consideration was given to the general rules and principles that should guide the Conference's action and decisions aimed at setting up a new system of international economic and trade relations. It was pointed out that the problems besetting the world economy had been the subject of sufficient study in recent years by the United Nations and other inter-governmental organizations.

To comply fully with its objectives, the United Nations Conference on Trade and Development should, therefore, channel its action mainly towards the adoption of specific and satisfactory solutions to existing problems, and also take measures and establish rules that would in future permit orderly relations between industrial and developing countries. The object of such solutions, measures and rules could be none other than that the external sector should cease to be an obstacle to economic growth in the developing countries and should instead act as an incentive to the achievement of at least the progress envisaged in the United Nations Development Decade.

The new system of international economic relations should include not only optional machinery, but also positive measures that would permit full advantage to be taken of the possibilities offered. It would have to be an integral system based on multilateral trade expansion, financing and technical co-operation programmes.

Within that concept, the Sub-Committee stressed that the new system should be based on international trade as the principal means of satisfying the external requirements of the developing countries' economic growth. The Central American countries were concerned that otherwise, foreign commitments - already considerable - might reach proportions wholly detrimental to their growth needs.

In addition to the internal efforts the countries of the area must make, it was essential that the more developed world centres should take measures which, both in number and scope, would be such as to result in satisfactory increases in the flow of goods from the Central American countries, under the head of both traditional basic commodities and new exports of services and manufactures, as part of a trend towards a diversified and balanced foreign trade structure. The result of such measures would have to be the elimination of the quantitative and other tariff restrictions currently imposed by the industrial nations on exports from the developing countries.

/That, however,

That, however, would not be enough. The industrialized countries would also have to take steps to encourage the growth of the developing countries, on the basis of a new concept of the principle of reciprocity and the application of the most-favoured-nation clause. Thus, the concessions they accorded would not necessarily entail the granting of reciprocal advantages by the less developed countries, nor the extension of such concessions - as well as those granted by one developing country to another - to the more advanced centres.

It was considered that the new system of world trade should include such rules as might facilitate the integration of groups of developing countries, with a view to helping to bring about conditions which, instead of isolating them economically, would permit them to make full use of the advantages offered by a proper division of labour on a world-wide scale.

Lastly, in order to ensure its stability, the new system of international economic relations should operate wholly on a multilateral basis and include not only industrial and developing countries, but also those with different economic systems.

In relation to the foregoing considerations, the Sub-Committee recommended the member Governments, in resolution 25 (SC.1), to support the statement made by the developing countries at the second session of the Preparatory Committee of the Conference.

The conclusions and recommendations adopted by the Sub-Committee in connexion with the various specific matters to be dealt with by the United Nations Conference on Trade and Development, and most closely related to the problems affecting the Central American countries' external sector, are set out below. During the course of the discussions, the Sub-Committee further considered the question of exports of temperate-zone products, agricultural commodities, mineral ores and fuels, and maritime transport, and recommended the Governments to give their unreserved support to any proposals that might be put forward to solve the problems concerned in the interests of the Latin American countries and, in general, of the developing countries most directly affected.

/3. Problems

3. Problems relating to exports of basic commodities

In the predictable future, the Central American countries' traditional exports of basic commodities - coffee, bananas, cacao, cotton and sugar - would continue to constitute the determinants of their capacity to import. It was therefore of the utmost importance that the necessary measures should be adopted to develop those exports sufficiently for the bottleneck affecting the economic growth of the Central American countries to be eliminated. Since the major cause of the bottleneck in question had so far been the depression of price levels on external markets, efforts should be mainly concentrated on the establishment of satisfactory conditions in that respect. Attention was also drawn to the importance attaching, from the standpoint of Central America, not only to the recovery of reasonable price levels, but also to their long-term stabilization with due regard to the trends followed by the prices of imports, since external purchases were an essential requisite if the economic development and integration of the area were to proceed at the rate and in the directions to be desired.

In relation to the specific measures that should be adopted for the attainment of the foregoing ends, the Sub-Committee was agreed as to the expediency of organizing traditional export markets on the basis of commodity agreements to which both producer and consumer countries were parties. The provisions of the existing agreements of that type would have to be amended and, in particular, the procedures for their application improved. In addition, such instruments would have to be extended to cover those markets which were as yet unregulated, in all cases where such a step was feasible and really likely to promote the more satisfactory operation of the markets in question.

In the same context, it was suggested that the use of the instruments available might not suffice to secure the recovery and stabilization of prices at appropriate levels, and that, moreover, there was a manifest lack of mechanisms whereby the efficacy of those instruments could be evaluated in terms of quantitative targets. One of the major tasks incumbent upon the institutions emanating from the Conference should therefore be the study and formulation of measures that would enable prices to be fixed by international negotiation in future, whether for direct application in

/international transactions,

international transactions, or for use as points of reference in the evaluation of such measures as might be adopted and the determination of what others were needful.

The Sub-Committee recognized that the elimination of the restrictions and discriminatory treatment affecting imports of tropical products in the industrialized countries would also do much to strengthen prices. Moreover the importance of that question for Central America was increasing, inasmuch as the discriminatory measures adopted by the industrialized countries in recent years had combined with the problems already existing to jeopardize the continued access of exports from the area to the markets of many of the countries concerned.

The Central American Republics should advocate, as a key element in the decisions to be adopted at the Conference, the assumption by the more developed centres of a commitment to eliminate at the earliest possible date - not later, it was suggested, than 31 December 1965 - customs duties and excise taxes on tropical products, as well as to abolish other forms of discrimination, particularly the subsidies, quotas and long-term contracts currently used as means of artificially protecting domestic production and channelling imports to the advantage of other geographical areas.

Furthermore, the support given by specific industrial countries to certain developing countries ought not to redound to the detriment of the economic and trade interests of other members of the less advanced group. If discriminatory preferences were eliminated, the industrial countries could maintain their support in the form of positive programmes of equivalent effect, for example, in the fields of financing and technical assistance.

The industrialized countries should reconstruct the import tariffs applicable to final goods manufactured from tropical raw materials, so that there might be no obstacles to the development of such manufactures in the Latin American countries. In the case of items for which the necessary raw materials were not produced in the more developed countries, such reforms should consist in the total liberalization of imports, both of raw materials and of the goods manufactured from them.

/4. Expansion

4. Expansion of exports of manufactures and semi-manufactures

It was made clear in the course of the discussions that the diversification of the Central American countries' foreign trade, in terms of increasing flows of exports of manufactures and semi-manufactures, was a matter for the early attention of the Governments concerned. In connexion with internal growth possibilities, it was pointed out that the Central American economic unit would still be too small for the establishment of certain basic industries, whose installation was necessary for the attainment of a rate of development in manufacturing industry that would be conducive to economic growth, even if only on a modest scale. It was therefore indispensable to seek ways and means of establishing such branches of activity on the basis of exports to countries outside the area. The creation of conditions designed to facilitate exports of industrial products would do much to promote the formation of a more efficient and more highly productive structure of manufacturing industry than would result from the unilateral pursuit of import substitution.

Accordingly, the Sub-Committee endorsed proposals to the effect that the industrialized countries should establish duty-free quotas, up to an amount equivalent to 5 per cent of their domestic consumption, in favour of exports of final manufactured consumer goods from the developing countries.

With reference to intermediate products, it was recommended that everything possible should be done to procure the elimination of import tariffs by the developed countries, within a reasonable time limit. The countries in question should not discriminate against imports of manufactured goods from the developing countries and in favour of the raw materials they produced, either by means of the tariff instrument or through quantitative and other restrictions. Similarly, steps should be taken forthwith to eliminate those discriminatory preferences granted to other countries which limited Latin America's opportunities of selling its products on the developed countries' markets.

All the measures referred to should be adopted in accordance with the new principle of reciprocity previously defined, and should therefore not be contingent upon reciprocal concessions on the part of the developing countries.

/Although the

Although the above-mentioned measures, and others likewise suggested in the ECLA secretariat document, would help to establish a favourable climate, they would not suffice to expand real flows of industrial exports from developing countries like those of Central America. To attain that objective, it would be essential for general concessions to be supplemented by selective measures, in relation to specific export lines, and, above all, by international financing and technical assistance programmes which would enable the less advanced countries, on the basis of concrete achievements, to take full advantage of the possibilities thus created. In such programmes priority should be given to the smaller developing countries and, in particular, to those in process of economic integration. In the latter case, the co-operation of the industrialized countries should be channelled primarily through the specialized regional agencies of the integration movements concerned.

5. Financing of trade and development

The Sub-Committee stressed that the external financing of the trade and of the economic development of the developing countries constituted a single problem, and that although it presented different aspects, they all demanded the same approach. Obviously, in so far as the expansion of exports and the terms of trade followed satisfactory trends, the external credit requirements of the countries concerned would be modified and their borrowing capacity would improve. Thus an organic inter-relationship existed between the measures adopted in the fields of trade and of financing, and it should be recognized that if any of them were to prove inadequate during specific periods there ought to be a possibility of promptly and flexibly applying others that would fill the breach.

In view of the importance of the external sector for the expansion of economic activity in developing countries and of the above-mentioned inter-relationships, the Sub-Committee deemed it highly desirable that appropriate measures should be adopted to remove those obstacles to internal development efforts which derived from uncertainty as to the predictable evolution of external trade and financing. Such measures might be crystallized in an over-all programme drawn up by the industrialized

/countries of

countries of the world to meet the external financing requirements of developing countries through the promotion of their export trade and through actual financing programmes.

That was a principle which the Latin American countries had been trying to establish as one of the cornerstones of the Alliance for Progress, and which seemed a reasonable co-operation formula that might be adopted by the advanced countries in general.

With reference to the external financing of development, the Sub-Committee pointed out that the sums required could be determined on the basis of planning, after quantification of the funds that could be raised by means of a maximum internal effort. The amounts to be contributed could then be established as a specific percentage of the national income of the economically advanced countries.

It was also considered essential that existing external credit terms should be brought into line with the requirements of the developing countries as regards time limits, rates of interest, and financing of pre-investment studies and of expenditure in local currency, beginning with an adjustment of the terms of the external debt already contracted.

The Sub-Committee expressed its appreciation of the efforts that had been made by various international agencies to devise systems of compensatory financing to recoup the developing countries for losses of income deriving from the deterioration of the terms of trade. In the case of the International Monetary Fund, the outcome had been the establishment of a special mechanism in 1963.

The opinion was voiced, however, that none of the efforts in question had fully met the needs of the developing countries, either because the amount of the financing proposed or available was too small and the period covered too short, or, above all, because the requirements stemming from the very nature of the problems it was hoped to solve were not really satisfied.

In that connexion, the Sub-Committee contended that measures designed to compensate for downward movements in the terms of trade should not, strictly speaking, be conceived of as credit programmes, but as direct transfers of income from the countries that had benefited to the countries

/whose interests

whose interests had suffered. From that point of view, credit facilities should be made available under such programmes only in the case of losses of external income caused by an abnormal reduction of the quantum of exports from countries at a relatively less advanced stage of economic development.

Another of the recommendations adopted by the Sub-Committee, in the context of solutions for basic commodity problems, concerned the need for the developing countries to have access to adequate financing facilities for their programmes relating to the turning over of areas used for traditional export crops to new productive activities which would provide alternative sources of foreign exchange.

In relation to the financing of exports of manufactured goods, it was thought essential that the industrialized countries should establish standard financing and credit insurance practices, based on criteria relating to the nature of the goods and the scale of the transactions concerned, which should meet the requirements of the export trade only, and should no longer be used as instruments for the financing of development programmes - which should be covered by other means - and for the distortion of normal trade flows.

6. Geographical diversification

The Sub-Committee discussed the possibilities for geographical diversification of international trade. As far as trade with the centrally-planned economies was concerned, available information seemed to suggest that their markets offered significant opportunities for expansion. In view of the characteristics deriving from their organization under systems different from those of the market economies, the determination and exploitation of these possibilities would call for different instruments and procedures. Thus, for example, it would be necessary to define reasonable trade prospects on the basis of commitments assumed by the countries in question in

/respect of

respect of quantitative targets for trade with the developing countries. Such targets would have to be incorporated in their long-term plans and in their immediate decisions concerning foreign trade. In the agreements eventually concerted, reciprocally satisfactory conditions should also be stipulated with regard to prices, settlement of accrued balances, quality of goods, re-exports, etc. Again, the same principles as had previously been formulated in respect of the industrialized market economies should be applied, through equivalent procedures, in relations between the developing countries and the industrialized countries with centrally-planned economies.

The expansion of economic and trade relations between developing countries in different continents would also meet an important need in connexion with the geographical diversification of trade. There again it was likely that the development of such relations would call for measures and mechanisms unlike those on which trade policy had traditionally relied. The dissimilarities would arise firstly from the dynamics of the developing countries' own growth and secondly from the need to differentiate adequately between the procedures linking them with one another and with the more advanced economic centres.

It was essential that sufficient background data on the foregoing problems should be available, and the regional economic commissions of the United Nations would be called upon to take a decisive part in the carrying out of the studies in depth that were required.

The Sub-Committee also requested the ECLA secretariat and the Permanent Secretariat of the General Treaty on Central American Economic Integration to include the analysis of the real possibilities for trade between Central America and the centrally-planned economies among the studies they prepared in connexion with common market trade policy.

7. Institutional media

For the efficacious implementation of decisions adopted at the Geneva Conference, and in order to ensure the well-regulated development of world trade in the future in conditions adapted to the needs of the developing countries, the Sub-Committee endorsed the proposal that had been formulated

/in various

in various circles to the effect that a specialized international organization should be set up within the framework of the United Nations. Such an organization would have to be universal in character, and should possess the requisite means and mechanisms not only to cover tariff questions, but also to tackle other important problems affecting the foreign trade of the developing countries and the expansion of their economic activity, as indicated throughout the present report.

Bearing in mind that the establishment of such an organization would take some time, and that many of the relevant problems confronting the countries of the region were clamouring for solution, the Sub-Committee recommended the creation of mechanisms for immediate action pivoting upon the United Nations Conference on Trade and Development. The mechanisms in question might consist of three ad hoc committees to deal with matters concerning, respectively, relations between developed and developing countries, between countries where State trading was the rule and countries with market economies, and among developing countries.

Similarly, GATT would continue to operate within the sphere of its jurisdiction, in relation to its existing members and on the basis of the broad guiding principles approved by the Conference, as well as of those established in its own statutes.

8. Expressions of thanks

At the closing meeting, the Sub-Committee congratulated the Chairman of the session on his conduct of the proceedings and the Rapporteur on the report presented, and also passed a vote of thanks to the ECLA secretariat for its hospitality, for the background documents it had presented and for its effective co-operation during the session.

/III. RESOLUTION

III. RESOLUTION ADOPTED

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

25 (SC.1) Resolution adopted on 11 January 1964

(E/CN.12/CCE/SC.1/93)

The Central American Trade Sub-Committee,

Convinced that the United Nations Conference on Trade and Development, to be held at Geneva during the second quarter of 1964, offers the countries of the world an opportunity for joint discussion of the chief problems relating to international trade and of their repercussions on the level and tempo of development, for adopting immediate solutions and for laying the foundations of a system of economic relationships based on principles of co-operation and solidarity among the participants and capable of meeting the needs of the developing countries,

Bearing in mind that before the Conference a Meeting of Latin American Government Experts on Trade Policy, convened by the Economic Commission for Latin America (ECLA), is to be held at Brasilia with a view to preparing, for submission to the Latin American Governments, recommendations concerning opinions and solutions that might be propounded at Geneva with reference to the various problems to be discussed at the Conference,

Considering that the formulation and adoption of a policy for the whole area in respect of trade and economic links with the rest of the world is one of the main objectives pursued by the Central American economic integration process at its present stage, in the light of the targets already attained and of existing requirements,

Trusting that the decisions to be adopted at the United Nations Conference will help to construct an appropriate framework of solutions, rules and principles within which Central American trade policy can be defined and channelled, and that, in this connexion, the Meeting at Brasilia affords a favourable opportunity for putting forward suggestions and points of view concerning the needs of Latin America in general and Central America in particular,

/Having considered

Having considered the ECLA secretariat document entitled Latin America and the United Nations Conference on Trade and Development (ST/ECLA/CONF.13/L.2) of which it takes note with satisfaction,

Declares that the United Nations Conference on Trade and Development is of the utmost importance for the Central American countries, inasmuch as the measures and decisions adopted at the Conference with a view to the prompt and effective solution of the external economic problems facing the developing countries might establish more favourable conditions for their trade and financial relations and exchange of technical knowledge with the rest of the world, and might thus facilitate the subsequent continuance of the economic integration and development process which the Central American countries have been jointly promoting for more than ten years;

Decides:

1. To recommend to the Central American Governments:

(a) That they intensify their activities in connexion with the United Nations Conference on Trade and Development, the Meeting of Latin American Government Experts on Trade Policy, and the other events to take place at the Latin American level prior to the Geneva Conference, giving them top priority;

(b) That to this end they follow the lines advocated by the Sub-Committee with respect to the general rules and principles and the specific topics that should be discussed at the Conference, as indicated in the text of the report of the present extraordinary session, with special emphasis on the peculiar characteristics of those developing countries which, like the Central American Republics, are in process of economic integration, since within the framework of the guiding principles suggested, these characteristics call for specific solutions appropriate to the cases in question;

(c) That they endorse the joint statement formulated by the representatives of developing countries at the second session of the Preparatory Committee of the Conference, the text of which is given as an annex to the present resolution;

/(d) That

(d) That in formulating the views and proposals to be put forward at the Geneva Conference, they bear in mind the recommendations emanating from the Meeting at Brasilia;

(e) That the delegations of the five countries, as representatives of the Central American economic unit, should co-ordinate their action, both at the Meeting of Government Experts and at the United Nations Conference on Trade and Development;

2. To request the ECLA secretariat and SIECA to co-operate energetically in the activities contemplated under point 1 (a) above, as well as in the work of co-ordination mentioned in paragraph 1 (e).

/Annex

Annex

JOINT STATEMENT MADE BY REPRESENTATIVES OF DEVELOPING COUNTRIES AT THE SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

At the closing of the second session of the Preparatory Committee, the representatives of Argentina, Brazil, Colombia, Ethiopia, Federation of Malaya, India, Indonesia, Jordan, Lebanon, Madagascar, Nigeria, Pakistan, Peru, Senegal, United Arab Republic, Tunisia and Yugoslavia made the following joint statement, which the Committee agreed to include in its report:

I

The developing countries consider that the United Nations Conference on Trade and Development should represent an outstanding event in international co-operation conducive to the development of their economies and the integrated growth of the world economy as a whole. They believe that the full attainment of even the modest targets of the United Nations Development Decade will depend on the concrete decisions taken at this Conference and their effective implementation. They are already making, and are determined to continue making, great efforts for their economic and social advancement through full mobilization of domestic resources, agricultural development, industrialization and diversification of their production and trade. But this task can be accomplished only if these domestic efforts are supplemented and assisted by adequate international action. The developing countries look to the United Nations Conference on Trade and Development to help them reach the stage of self-sustaining growth.

II

International trade could become a more powerful instrument and vehicle of economic development not only through the expansion of the traditional exports of the developing countries, but also through the development of markets for their new products and the general increase of their share in world exports under improved terms of trade. For this purpose, a new international division of labour, with new patterns of production and trade,

/is necessary.

is necessary. Only in this way will the economic independence of the developing countries be strengthened and a truly interdependent and integrated world economy emerge. The development of production and an increase in the productivity and purchasing power of developing countries will contribute to the economic growth of the industrialized countries as well, and thus become a means to world-wide prosperity.

The existing principles and patterns of world trade still favour mainly the advanced parts of the world. Instead of helping the developing countries to promote the development and diversification of their economies, the present tendencies in world trade are frustrating their efforts to attain more rapid growth. These trends must be reversed. The volume of the developing countries' trade should be increased and its composition diversified, the prices of their exports should be stabilized at fair and remunerative levels, and international transfers of capital should be made more favourable to them so as to enable them to obtain through trade more of the means needed for their economic development.

To achieve these objectives, a dynamic international trade policy is required. This policy should be based on the need for providing special assistance and protection for the less developed parts of the world economy. The removal of obstacles to the trade of the developing countries is important but the accelerated development of the parts of the world which are lagging behind requires more than the unconditional application of the most-favoured-nation principle and the mere reduction of tariffs. More positive measures aimed at achieving a new international division of labour are essential to bring about the necessary increase in productivity and diversification of economic activity in the developing countries. The measures taken by developed countries to promote the development of the relatively backward areas within their national boundaries provide a guide for the purposeful and dynamic action which needs to be taken in the field of international economic co-operation.

III

The fundamental trade problems of developing countries are well identified. What the world is lacking today is, therefore, not awareness of the problem, but readiness to act. Many constructive proposals were advanced during the second session of the Preparatory Committee. The representatives of developing countries making this statement recommend to all States Members of the United Nations that they give earnest consideration to these proposals and that they explore, before the beginning of the Conference, all practical means for their implementation, so that at the Conference basic agreement can be reached on a new international trade and development policy. This policy, in accordance with resolution 1785 (XVII) of the General Assembly, should lead to the adoption by the Conference of concrete measures to achieve, inter alia, the following:

1. Creation of conditions for the expansion of trade between countries at a similar level of development, at different stages of development and having different systems of social and economic organization;

2. Progressive reduction and early elimination of all barriers and restrictions impeding the exports of the developing countries, without reciprocal concessions on their part;

3. Enlargement of the volume of exports of the developing countries in primary products, both raw and processed, to the industrialized countries, and stabilization of prices at fair and remunerative levels;

4. Expansion of the markets for exports of manufactures and semi-manufactures from the developing countries;

5. Provision of more adequate financial resources at favourable terms, so as to enable the developing countries to increase their imports of capital goods and industrial raw materials essential for their economic development; and better co-ordination of trade and aid policies;

6. Improvement of the invisible trade of the developing countries, particularly by reducing their payments for freight and insurance and the burden of their debt charges;

7. Improvement of institutional arrangements, including, if necessary, the establishment of new machinery and methods to implement the decisions of the Conference.

/IV

IV

The developing countries look forward to more stable and healthy international economic relations in which they can increasingly find from their own resources the means required for self-sustaining growth. They are confident that the United Nations Conference on Trade and Development will not only be able to contribute to the acceleration of their economic development, but will also be an important instrument for promoting stability and security in the world.

The developing countries expect that the Conference will offer an opportunity for the manifestation, in the field of trade and development, of the same political aims that were responsible for the San Francisco Charter and the creation of the United Nations. They are confident that, in this spirit, the decisions of the Conference will bring about fuller international co-operation, and that greater progress can be made towards the attainment of collective economic security. International trade will thus become a strong guarantee of world peace and the Conference will be a landmark in the fulfilment of the United Nations Charter.