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Economic Commission for Latin America



ASPECTS OF A LATIN AMERICAN POLICY IN THE  
COMMODITIES SECTOR

(Preliminary version)



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### Introduction

1. As part of its collaboration with the Latin American Co-ordination Meeting to prepare for UNCTAD VI, ECLA has considered it appropriate, in view of the current crisis affecting the world economy and, therefore, the commodities sector, to raise the question of what features a possible Latin American policy and strategy in this field could have.
2. To that end, this document analyses the initiatives and measures which have been devised, negotiated, agreed and implemented at the international level in order to solve the multiple problems affecting the commodities economy, with special emphasis on the negotiations which have been taking place in Geneva since 1976 in the framework of the Integrated Programme for Commodities (IPC), adopted through UNCTAD resolution 93 (IV). The results of that programme are briefly evaluated and a few conclusions are drawn which appear to be relevant in the light of the challenge provided by the current situation.
3. The document also discusses the proposals contained in the study by the UNCTAD secretariat,\* / which will be submitted for consideration by governments at UNCTAD VI, to be held at Belgrade in June 1983.
4. Finally, the document outlines a few general guidelines and identifies possible policies, programmes and measures which could be part of a new Latin American focus and strategy for this important sector, both at the regional and international levels.

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\* / See UNCTAD VI, Commodity issues: a review and proposals for further action, TD/273, January 1983.

## I. LATIN AMERICA AND THE CRISIS IN THE COMMODITIES SECTOR

5. The deep-seated economic crisis which has characterized the years 1980-1982 has been thoroughly analysed in several reports and publications of national, regional and international bodies. This document does not intend to enter into the details of the complex set of external and internal factors which caused it, or the wide range of manifestations that it had and has, and its many consequences for the developing countries.

6. It should be pointed out, however, that this economic crisis has appeared in a very particular form in the commodities sector, with a spectacular drop in prices to levels which, in some cases, are below the lowest prices of the 1930s, in real terms. The decline in prices is different from previous drops in that it has been widespread, affecting both the minerals and metals sector, agricultural raw materials and nearly the entire range of food products and beverages.

7. This excessive drop in commodities prices has had a strong impact on the economies of the countries of Latin America and has highlighted the need to seek, both at the regional and international levels, viable mechanisms for strengthening this sector, which is essential to the economic development of the region.

8. Average commodity prices (excluding those of fuels) declined, in current dollar terms, 16% between 1980 and 1981 and a further 16% between 1981 and 1982. In the case of the main export products for Latin America, which together represent a very high proportion of its total export earnings, the following were the drops recorded during the period 1 January 1980 to 31 December 1982: coffee (20%); sugar (70%); copper (32%); beef (25%); cotton (22%); iron ore (4%); soya (18%); cocoa (33%); maize (34%); fish meal (32%); wool (20%); tin (24%). The only prices which rose during the period -and then only by a very small amount- were those of bananas (5%) and bauxite (0.6%).\*/ If this price trend is considered in terms of constant dollars, the decline is seen to be even more serious. For a large number of commodities, their 1982 prices in constant terms are less than half their 1950 levels.\*\*/

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\*/ See UNCTAD, Monthly commodity price bulletin, January 1983.

\*\*/ See UNCTAD VI, TD/273, Commodity issues: a review and proposals for further action, January 1983, table 2 of the annex.

9. The contraction in demand caused by the recession in the industrialized economies (which continue to absorb around 70% of the exports of commodities from developing countries) had a negative impact on the total volume of Latin American exports, which had expanded at a high and sustained average annual rate of 8.7% between 1976 and 1981 but stagnated completely in 1982.

10. Since commodities still represent around 80% of the total value of Latin American exports (and if oil is excluded, around 40%), this drop in prices has had an important impact on the economies of the countries of the region, whose most significant manifestations, according to preliminary ECLA figures for 1982, may be summarized as follows:\*/

a) In the external sector, the value of exports of goods decreased by 10% after six years of very rapid growth.

b) The fall was even more marked in the case of the value of imports (19%) which had expanded significantly from 1975 on.

c) As a result of these changes, the balance of trade in goods underwent a substantial transformation, going from a deficit of slightly more than US\$ 600 million in 1981 to a surplus of more than US\$ 8 800 million in 1982.

d) This reversal in trade in goods was achieved despite the fact that the terms of trade deteriorated by 7% (in 1981 they had deteriorated another 7%).

e) During 1982 net payments to the exterior of profits and interests continued rising rapidly, exceeding US\$ 34 000 million, an amount equivalent to almost 40% of the value of exports of goods and nearly double that of net financial remittances transferred only two years before.

f) As a result of the surplus achieved in trade in goods, and notwithstanding the considerable increase in net payments of profits and interest, the current account deficit, which had been growing steadily larger since 1976, was reduced from US\$ 38 000 million in 1981 to US\$ 33 000 million in 1982.

g) The decline in prices was accompanied, however, by a much more drastic reduction in the net movement of capital, which fell by 55%, decreasing from US\$ 42 000 million in 1981 to only a little over US\$ 19 000 million in 1982, the lowest figure in the past five years.

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\*/ See ECLA, Preliminary Balance of the Latin American Economy in 1982, E/CEPAL/L.279, December 1982.

h) As a result of this contraction, and despite the reduction in the current account imbalance, the balance-of-payments position was radically altered from a surplus of nearly US\$ 4 000 million in 1981 to a deficit of about US\$ 14 000 million in 1982.

11. These manifestations, arising partly from the drop in prices, but also from a constellation of other factors, have had repercussions of a more general nature for the Latin American economies, such as:

a) The total gross domestic product of Latin America decreased by nearly 1% in 1982, something that had never occurred in the four preceding decades.

b) As a result of this decrease and of population growth, the per capita product, which had already slightly declined in 1981, dropped by more than 3% in the region as a whole, decreasing by varying amounts in each and every one of the 19 countries for which comparable information is available.

c) In consequence of the further deterioration in the terms of trade in 1982, the decrease in total income was even more marked than that of the product, and the terms-of-trade index for the non-oil-exporting countries dropped to its lowest level in more than half a century.

d) In addition, the loss of economic dynamism was accompanied by a rise in urban unemployment rates in most of the countries.

12. The decline in commodities prices, together with the high interest rates, the contraction in public and private credits, and the instability in exchange rates, also produced, during this period, a nearly generalized stagnation of investments in the commodities sector of the developing countries. The main cause for this has been the uncertainty and risks associated with an expansion of raw-materials-producing capacity under current conditions of crisis and depression. There is no doubt that this fact will have important longer-term consequences both for the countries which produce and those which consume these commodities.

13. The current crisis, which is also affecting the commodities sector, represents an important challenge for co-operation among developing countries, both at the regional and international levels.

14. An analysis leading to the identification of possible solutions should take into account not only past and present experiences, but also the longer-term prospects which may be visualized as a result of the specific characteristics of these products and of the evolution and dynamism of their markets. To take the

case of beverages -especially coffee and cocoa- for example, in view of the area already planted and the new plantations in progress or foreseen at the world level, a substantial recovery in their prices should not be expected in the near future. Similarly, the industrialized countries maintain the high levels of protectionism of their "high-cost" production of temperate-zone commodities (meats, cereals, sugar), an even greater contraction of those markets may be envisaged in the future for the Latin American countries which export those products. Consideration should also be given to the fact that the levels of consumption for some commodities in the most important markets of the industrialized countries have reached near saturation levels (sugar, bananas). In other cases, the replacement of natural products by synthetic or substitute products will continue to evolve (jute, sisal, henequen and sugar). The future and profitability of these products will depend, to a large extent, on efforts directed towards promotion and diversification of trade, identification of new uses and an increase in their competitiveness.

II. INTERNATIONAL MEASURES IN THE COMMODITIES FIELD:  
THE INTEGRATED PROGRAMME FOR COMMODITIES

A. GENERAL

15. The functioning of the commodities markets, whose features are well known, has caused and is causing considerable damage and problems to the external sector of the developing countries which produce and export them, some of which derive a substantial percentage of their foreign exchange earnings from them.

16. The excessive fluctuations in commodities prices and the parallel variations in export earnings, along with the long-term decline of commodity prices vis-à-vis those of manufactured products, are bringing about an important erosion of the terms of trade of the developing countries with regard to the developed countries, and this deterioration has reached disturbing levels.

17. The search for solutions to the problems confronting this sector has long been of high priority for the producing and exporting countries. Since the post-war era, the international community has made great efforts to regulate and discipline the commodities markets through international agreements between producers and consumers.

18. The background and analysis of the different commodity agreements which were negotiated since the post-war era up to the adoption of resolution 93 (IV) in 1976 on the Integrated Programme (olive oil, sugar, cocoa, coffee, tin and wheat), have been the subject of many studies; this document does not intend to enter into detail on this topic, but will indicate a few aspects which are considered to be relevant.

19. Although it is difficult to make generalizations concerning all the agreements, in view of the dissimilar features of the markets for each of the products which have been the subject of them, it can be stated that those agreements have had serious limitations, especially with regard to achieving the objectives which were being sought through them. These limitations, which are summarized below, contributed, to a large extent, to the formulation of a new approach for treating this topic at the international level, known as the Integrated Programme for Commodities (IPC):

a) The nature and scope of the objectives and measures of the various agreements were very restricted. The basic objective of all of them (with the exception of that on olive oil, which never had economic clauses) was to stabilize international prices within a range of minimum and maximum levels negotiated between

/producers and

producers and consumers. The measures used varied from export quotas to buffer stocks, or a combination of both. Price stabilization was the nearly exclusive concern and objective of these agreements. The possibility was never considered of extending the scope of the agreements to other very important problems \*/ which were affecting trade of these products and which directly or indirectly influenced prices. For example, some policies applied by industrialized countries, which were contradictory to the objectives of the agreements were not the subject of negotiation, remaining outside of the obligations and rules which the agreements imposed on their member countries.

b) There were obvious limitations with regard to the products covered by these agreements. A reading of the list of products leads to the conclusion that agreements were reached concerning only those products where the developing countries had control or a high proportion of production and world trade (cocoa, coffee, tin, sugar) and, therefore, it was in the interest of the industrialized countries to have some decision-making power in the price area through an agreement. This was also true of products where the industrialized countries were the main and nearly exclusive exporters and it was in their interest to better regulate the market among themselves (case of wheat). Many other products, highly important as a source of foreign exchange for the developing countries, had not been the subject of an international agreement between producers and consumers.

c) Despite the fact that the stabilization of prices brought benefits both to producer and consumer countries, the costs arising from the agreed international measures were absorbed by the producing countries only. This was partly due to the fact that most of the previous agreements were based on export quotas which required control of supply (and accumulation of stocks) at the level of each producing country.

d) The non-participation in some of the agreements of important producing and consuming countries, whose actions, not subject to the obligations of the agreement, could bear on the agreement's effectiveness.

e) The agreements did not include binding provisions for the members, who often acted outside of these provisions, weakening them enormously and, in a few cases, causing the agreement to be terminated.

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\*/ For a description of these problems, see paragraph 121 f).

20. The developing countries became more and more aware of these limitations and of their limited bargaining power for achieving important changes in the structure and operation of commodity markets. This awareness was strengthened by a series of events at the world level which brought back into question the objectives and mechanisms of economic relations between industrialized and developing countries, since they directly or indirectly had great influence both on the formulation of the IPC, the strategies assumed by the countries during the negotiations and in the results which were finally obtained.

21. Among those events, it should be recalled, in the first place, that the initial efforts towards formulating the IPC coincide with the adoption by the United Nations General Assembly of the Declaration and Programme of Action on the Establishment of a New International Economic Order, which recognizes the injustice of the prevailing system of economic relations and stresses, in particular, the commodities sector as being the main source of income for the developing countries. It also recognizes that in order to find a solution to the problem of underdevelopment, partial adjustments to the current system will not be sufficient, but real changes in structures and power relations are necessary.

22. Second, this period coincides with a substantial fall in commodities prices in general, following a period of record prices for most of them which had lasted from 1972 to 1974. These violent fluctuations intensified the need for finding viable solutions within the context of international agreements.

23. Third -and which probably had the most influence on the developing countries in defining a new focus for their commodities policy- was the success of the OPEC countries in controlling oil prices and the uncertainty which this had caused in the developed market-economy countries, not only concerning oil, but concerning the possibilities that this unilateral policy on the part of the producing countries could be extended to other products. It is clear, for example, that the United States Trade Act of 1975 reflects this concern by introducing the concept of "access to supplies" of raw materials as a basic element for concluding commercial agreements with other countries or for markets eligible for the SGP, as well as coercion or the possibility of retaliation which that law envisages for countries or groups of countries which might adopt measures limiting the normal flow of any product to the market.

24. This factor not only encouraged the developing countries to visualize a new type of relationship with the industrialized countries in the trade of their commodities but also modified, at least for a certain time period, the bargaining and decision-making power in the commodities field to the benefit of the producer countries.

#### B. THE INTEGRATED PROGRAMME FOR COMMODITIES

25. The IPC is a response to the series of factors which we have attempted to summarize briefly and symbolizes an important break with the previously established approaches upon which international co-operation in the commodities field had been based. As it was conceived, it constitutes an unprecedented challenge in the North-South dialogue, since the object being sought through this programme is not only to obtain a more equitable portion of the profits yielded by this trade for the developing countries, but a veritable restructuring of commodities production and trade and greater participation and power on the part of the developing countries in the rules of the game which govern it.

26. The Integrated Programme, as defined in UNCTAD resolution 93 (IV), which was adopted by consensus of the international community at Nairobi in 1976, is based on two main elements or pillars:

a) Negotiations with a view to concluding international agreements between producers and consumers on a list of 18 selected commodities.\*/

b) The creation of a new institution for financing the measures negotiated in the agreements to be concluded (Common Fund).

27. With regard to the individual commodity negotiations, it must be pointed out that the IPC defines a common list of objectives which should be pursued in all commodity negotiations; it contains a list of international measures which should be negotiated by producing and consuming countries and included in the texts of the agreements, and indicates a time frame for the realization of the preparatory meetings conducive to the negotiation of agreements.

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\*/ The 18 products are: bananas, bauxite, cocoa, coffee, copper, cotton, hard fibres and their products, iron ore, jute and its products, manganese, meat, phosphates, natural rubber, sugar, tea, tropical timber, tin and vegetable oils.

28. The most important elements of this new integrated approach are the following:

a) The possibility that commodities which have limited commercial importance but are important for the developing countries which produce them, and which have never been the subject of negotiations, could be negotiated on an equal footing with the other products.

b) The possibility of achieving international agreements which envisage solutions to all the problems affecting production and marketing of commodities. Thus, the objectives and measures of the IPC are not limited, as were previous agreements, to a balance between the supply of and demand for a product in the international market, but extend to other fields such as:

- Dynamic stabilization of prices through buffer stocks.
- Improvement of earnings from commodities, in real terms.
- Greater participation by the producers in the marketing, distribution and transport of commodities. Expansion of commodities processing activities in the developing countries.
- Improved competitiveness of natural products with regard to synthetics and substitutes.
- Better access to the markets of the industrialized countries.
- More fluid and efficient information and consultation procedures between producing and consuming countries.
- Development of the industrial infrastructure and capacity of the developing countries, through a series of international measures such as research and development, cost reduction, increase in productivity, and vertical diversification.
- More efficient management of compensatory financing facilities for the stabilization of export earnings.

29. The basic objective was to incorporate all these related measures into an international commodities agreement, based on a new system of international economic relations between the countries producing and consuming these products. There is no doubt that the focus was broad, systematic, and above all, very ambitious, but it was accepted by producers and consumers. Resolution 93 (IV) gives a mandate to the Secretary-General of UNCTAD to convene preparatory meetings on the 18 products, for negotiating this new type of international commodities agreement, which was very much in line with the concept of the New International Economic Order.

30. The first pillar of this IPC was, then, negotiations by product. The second pillar of the programme, very closely linked to the first, was the creation of a new financial institution whose basic purpose would be the financing of international measures adopted within the scope of the different agreements negotiated between producers and consumers. The Common Fund, as the financial institution was called, was conceived as the main uniting element in the Integrated Programme which had been adopted in resolution 93 (IV). The basic idea was that its establishment would facilitate the conclusion of international agreements between producers and consumers, since it would ensure the financial resources for the establishment and operation of international measures such as buffer stocks and others, according to the nature of the commodities. The lack of financing had been a serious obstacle to negotiating international agreements.

31. It was considered that a Common Fund would be much more economical than a series of individual funds for different products, since it had been observed that prices of the different commodities did not rise and fall at the same time.\*/  
Conceivably, therefore, resources obtained from the sale of certain stocks of products in the sale phase could be utilized for the acquisition of stocks of other products in the purchase phase, which emphasizes the "integrated" nature of the IPC and, as a result, the possibility of exerting real control over markets and price behaviour, linking producers and consumers of the different products in an area of common interest. Furthermore, a Common Fund backed by the entire international community would be in a good position to obtain substantial money resources through loans at advantageous terms, substantially reducing the financial burden of the countries participating in the different international commodities agreements.

32. With regard to its modalities, the Fund would be made up of two accounts:

a) The first would serve to finance international commodities stocks or national stocks co-ordinated internationally, in the framework of international commodities agreements.

b) The second would finance measures other than stocking, such as those designed to modify market conditions and improve the competitiveness and long-term

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\*/ The current crisis situation (1981-1982) differs from previous situations in that the decline in prices has been widespread, affecting all products. In this last case, had the Common Fund been functioning, it would have had to resort to the guarantee capital and other guarantees assumed by the international agreements upon becoming associated with it.

prospects of particular products. These include research and development, productivity improvements, marketing and measures designed to facilitate vertical diversification.

1. Positions and strategies during the IPC negotiations

33. For the developing countries, the basic element of the IPC was its integrated focus, which would allow them to initiate negotiations on a series of commodities of interest to them, oriented towards resolving problems affecting production and trade of those products. Furthermore, they were aiming at a substantial change in the structure and operation of the commodities markets in order to achieve greater participation and decision-making power, and a link between the measures negotiated in the agreement and the dynamic development of their economies in the sector.

34. The industrialized countries, at first, took this new challenge from the developing countries very seriously. Their acceptance of resolution 93 (IV) indicates this. This does not mean, however, that all the negotiating parties within this group of countries were fully convinced that there was need for a change in the international economic relations prevailing between producers and consumers, or of a restructuring of international commodities trade, or that the programme was economically or politically viable. Nevertheless, faced with the circumstances, they preferred to opt for a policy of dialogue instead of one of confrontation, which would have accelerated actions between developing countries which could have affected them more seriously.

35. Thus the industrialized countries decided to accompany the negotiating process, with great reluctance, with a basic strategy of limiting the damage, arising from the fact that for many of them:

a) The crisis in the international commodities situation was not structural but cyclical; that is, its solution would not depend on structural changes in the prevailing systems.

b) The power and unity of the developing countries, in force when resolution 93 (IV) was adopted, would decrease, thus weakening their actions and demands.

c) The changing international situation would be favourable to them as time went by.

36. In line with the strategy of stalling for time and preventing rapid solutions, the industrialized countries approached the preparatory meetings on commodities

/questioning resolution

questioning resolution 93 (IV) and its application to particular commodities and requesting a large number of studies on various technical aspects of the products concerned and on the viability of international mechanisms, thus delaying the negotiating process and paralysing the discussions for several years.

37. During the course of the negotiations other problems arose:

a) The commodity negotiations were gradually separated from the parallel negotiations on the establishment of the Common Fund.

b) The IPC disintegrated gradually, and from the integrated focus, there was a shift back to the commodity-by-commodity approach. Divisions between producing countries, even within developing countries, arose, both with regard to negotiations on the different products and within the framework of specific commodities. Sight was lost of what had originally been sought: the negotiation of a package of measures which, as well as representing cost and benefits for each country, would be oriented towards a restructuring of commodity trade as a whole in favour of all developing countries.

c) Undoubtedly, the economic crisis situation, which had been growing more and more accentuated at the international level during the course of these negotiations, had a determining influence on the results obtained. The recession in the industrialized countries significantly affected the demand for many commodities and brought with it an alarming upsurge of protectionist policies. This, along with the high unemployment rates and the external imbalances in the balance of payments, shifted the attention of the developed countries away from the international sphere, and made them give priority to their own domestic problems, causing stagnation and paralysis in the negotiations in progress in the framework of the IPC.

## 2. Results of the IPC

38. After more than six years of negotiation two new agreements were concluded: rubber and jute; four already-existing international agreements were renegotiated: sugar, cocoa, coffee and tin, and the Agreement establishing the Common Fund for Commodities was negotiated.

39. The rubber agreement is an arrangement of the traditional type, oriented towards the stabilization of prices within a negotiated range through the establishment of an international buffer stock. Despite the fact that negotiations arose from the IPC, no other measure within this agreement has been decided upon to date.

40. The four already-existing international agreements which were renegotiated, sugar, cocoa, coffee and tin, have also maintained their original features with regard to focusing their objectives on price stabilization. Some changes which may be attributed to the negotiation within the framework of the IPC may be observed in three of these agreements in comparison to the previous ones. For example, in the case of cocoa the export quotas disappear as a mechanism for defending prices and the agreement is only based on an international stock. In the case of tin, the international stock is jointly financed, for the first time, by producing and consuming countries. In the case of sugar, a system of national stocks internationally co-ordinated has been added to the export quota mechanisms. In the case of coffee no changes occurred.

41. In the case of jute, the results are very limited. The agreement does not have economic clauses, and the international measures provided for are limited to some projects on research and development, cost reduction and trade promotion.

42. In the case of tropical timber the phase of preparatory meetings has been completed and a negotiating conference has been convened for March 1983. The agreement being sought will not contain economic clauses either, but is quite original in its nature and scope. It is based on four elements: a research and development programme; a trade information system; a programme for increased processing of timber in the developing countries, and a reforestation and forest management programme. The agreement will be modest in its initial objectives and measures, but has a potential for developing and becoming an important instrument for the tropical timber economy, especially with respect to the last two elements mentioned.\*/

43. In the case of tea, the preparatory phase of the discussions has also been completed. Negotiations have been held on a conventional type of agreement based on an export quota system for stabilizing the prices of this product. Negotiations

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\*/ The United Nations Conference on Tropical Timber met at Geneva from 14 to 31 March 1983. It made substantial progress in preparing a draft International Tropical Timber Agreement. Out of 43 articles negotiated between producers and consumers, agreements were reached on 37 which were adopted by the Legal Drafting Committee. It is hoped that the Conference will successfully complete its work in a second session to be convened by the Secretary-General of UNCTAD, if possible before the end of 1983.

have recently been paralysed because of problems in the allocation of quotas among producer countries.

44. In the case of meat and vegetable oils, agreements were reached between producing and consuming countries during the preparatory meetings on international development programmes, which it is hoped will be financed, at least partially, by the Second Account of the Common Fund. These programmes are made up of a series of regional and international projects. Although they may be considered to be positive steps in international co-operation, they are very far from the objectives of resolution 93 (IV). The case of meat, in particular, is very discouraging, since no measure was negotiated which could alleviate the serious market situation currently affecting this commodity. The search for solutions to trade problems was transferred to the International Meat Council created within GATT as a result of the Multilateral Trade Negotiations. This Council, however, is essentially a consultative body, and since it was created little progress has been made towards expanding or liberalizing the international meat market. In the case of oils, the negotiations were limited to peanut and coconut oils.

45. In the case of bananas the same path is being followed as that of meats and vegetable oils, through an international programme of development measures. However, the basic problems still existing, such as those connected with the constant deterioration in real terms of the prices of this commodity, and the limited participation of the producing countries in the marketing and distribution systems of bananas and the profits they generate, will not give rise to co-operation between producers and consumers.

46. Results concerning the other products in the programme may be summarized as follows: in the case of cotton and hard fibres, the negotiations between producers and consumers are practically at a stalemate due to differences concerning the question of stabilization of prices. The developing countries do not accept the exclusion of this topic from the negotiations. Despite the fact that the developing countries have relaxed their position with regard to the scope of those measures, an agreement is not expected to be reached.

47. In the case of the minerals and metals contained in the IPC, that is: bauxite, copper, phosphates, manganese and iron ore, the results have been practically nil. With the exception of copper, where at least a long series of meetings between producers and consumers has taken place, in the other cases barely one or two

/meetings have

meetings have been held, in which there were great difficulties in discussing the problems affecting the production and marketing of these products, and still more concerning the possibilities of any type of international action, however limited.

48. In the case of the Common Fund an agreement was reached, the features of which are as follows:

a) The capital structure of the Fund is US\$ 470 million for the first account, of which US\$ 370 million would be emitted in the form of "Paid-up Shares" and US\$ 100 million in the form of "Payable Shares". This second quantity will serve as a guarantee for the loans of the Fund. Each member will subscribe US\$ 1 million, a proportion of which may be assigned to the Second Account, although it is specified that a quantity of not less than US\$ 70 million will be assigned to this account. The rest of the Directly Contributed Capital has been divided among the different countries in accordance with a scale based on "capacity to pay".

b) The Second Account is based on voluntary contributions, and an objective of US\$ 280 million has been set. The contributions subscribed to date have amounted to US\$ 255 million.

49. Ninety countries have signed the Agreement establishing the Common Fund for Commodities, but only 42 countries have ratified it. Ratification by 90 countries is required for its entry into force, provided that their total subscriptions of Shares of Directly Contributed Capital comprise not less than two-thirds of the total subscriptions of Shares of Directly Contributed Capital allocated.\*/

50. Chapter III gives a detailed analysis of the results and implications of the Common Fund negotiations for the developing countries.

### C. CONCLUSIONS

51. It may be concluded that the results which have arisen from these negotiations are far below the expectations which the developing countries had when resolution 93 (IV) was adopted.

52. If the discrepancy between the objectives of the developing countries and that of the group of industrialized countries is compared with the results which have been obtained, it is obvious that it is the latter group of countries that has most benefited from this round of negotiations.

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\*/ The total subscriptions of Shares from countries which have ratified the agreement represent 30.44% of the Directly Contributed Capital.

53. When the IPC negotiation began, the developing countries, perhaps too optimistically, believed that their implementation would bring about a new North-South relationship in the case of commodities. The new concept of international agreement contained in resolution 93 (IV) -that it should encompass all the problems affecting the sector and, within its measures, should contain the ingredients of a structural change in favour of the developing countries- has not materialized to date. The negotiations showed that the developing countries could not organize and bring enough bargaining power to bear in order to obtain acceptance for this new focus, while the developed countries did not have the political will necessary to change power relations which benefited them directly.

54. Many of the results which have arisen from the negotiations in the framework of the IPC have detracted from the very concept of what an international commodity agreement should be, and created dangerous precedents for the future. A specific case is the jute agreement. The benefits of the measures envisaged in that agreement, which, as has already been indicated, are development projects in certain specific fields, could have been achieved by the developing countries without the need of concluding an international agreement with the developed countries.\*/ The concessions made represent a high economic and political cost.

55. If the basic objective of the IPC was the restructuring of commodities markets and the establishment of a new dialogue -more equitable and fair- between producing and consuming countries, it may be concluded that the efforts were, to a large extent, in vain. The commodities situation is more critical today, and the position of the developing producer countries, more disturbing than before these negotiations began.

56. However, this conclusion may appear to be too negative and unfair in the light of the realities of an international negotiation, which is, by its very nature, a gradual and long process. It is obvious that the IPC, oriented towards a restructuring of the current economic order in favour of the developing countries, was an ambitious and perhaps unrealistic challenge, in view of the structure of world power. Perhaps the success of OPEC and the concepts embodied in the New International Economic Order caused the developing countries to have excessive

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\*/ For example, following the path of meat, oils and bananas, the agreed programmes and projects could be approved by the FAO Intergovernmental Groups, before being sent to the Common Fund.

illusions about what they could accomplish in the sphere of international commodities negotiations. Unfortunately, it was not possible to match these illusions with the building of real bargaining power during the negotiating process.

57. At the same time, it should be acknowledged that the reasons for such poor results in the framework of the IPC are due to the simultaneous occurrence of several factors, some directly connected with the negotiations of this programme, but others, to external factors such as the international economic situation in which the negotiations developed, which had a negative influence on the objectives, aspirations and positions of the developing countries.

58. The negotiations have also had their positive aspects. A few successes were achieved, and solutions were found to a few problems in some products. Many lessons have been learned about the terms currently governing international co-operation between producing and consuming countries, in particular regarding the limitations of this international mechanism in achieving the objectives being sought with resolution 93 (IV). It has been observed that the flexibility shown by the developing countries concerning certain commodities during the course of negotiations (cases of jute, hard fibres and, especially, cotton) was interpreted as a sign of weakness by the industrialized countries, who reacted by making their position even more negative. This clearly demonstrates that if there are to be changes in the commodities sphere, they can only be achieved through real bargaining power which will bring the developing countries out of their traditional weak position.

59. One achievement of the developing countries which deserves special mention is the fact that the negotiations did not depart from the traditional legal framework of resolution 93 (IV). It will be recalled that, concerning a few commodities, there were vigorous and insistent efforts to change the terms of reference of these negotiations, and to take them out of the UNCTAD forum.<sup>\*/</sup> It has already been pointed out that the objectives of the IPC continue to be more valid and up to date today than when the Programme was adopted in Nairobi and, furthermore, that resolution 93 (IV) should continue to be the framework for all future negotiations.

60. As a result of the rejection by the industrialized countries of several proposals made, we witness the emergence, in certain commodities, of an increasingly

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<sup>\*/</sup> See in particular the negotiations on copper and cotton.

concerted and united front among producing countries, based on their perception of a common interest; this has allowed them to negotiate with a common voice (meats, tropical woods, hard fibres, cotton and bananas). During the negotiations, the producing countries have even been able to reach agreements on creating mechanisms among themselves, with a view to solving their problems.\*/ These actions and mechanisms, alternative or complementary to those of international co-operation between producers and consumers, may be very useful for the definition by developing countries of a future policy and strategy in the commodities sector.

61. In the light of the current crisis, which is far from being resolved, and on the basis of the valuable experience and lessons learned in the field of commodities negotiations and in particular those carried out under the IPC, chapter IV gives some general guidelines which could be of use for identifying a new Latin American approach and strategy in this area.

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\*/ See the creation of the International Association of Cotton-Producing Countries, agreed upon at Kaduna, Nigeria, in April 1982.

### III. PROPOSALS BY THE UNCTAD SECRETARIAT FOR A PROGRAMME OF INTERNATIONAL ACTION IN THE COMMODITIES SECTOR

#### A. GENERAL

62. A reading of document TD/273 reveals two proposals in the form of programmes for dealing with the numerous problems affecting the commodities economy. The first contains measures which the international community should adopt immediately as a response to the serious crisis currently affecting the sector and includes:

a) The ratification by Governments of the Agreement establishing the Common Fund for Commodities, before 30 September 1983, in order for this new financial institution to begin operation in January 1984.

b) A programme of interim agreements for the commodities contained in resolution 93 (IV), oriented towards raising and maintaining prices above the depressed levels of 1981-1982, through supply management measures for these products and/or buffer stocks. These agreements, of limited scope, participation and duration, would meet the immediate needs of this sector, while the negotiations between producers and consumers under the IPC would continue in order to conclude broader and more official agreements for the commodities not yet covered by them and to strengthen already-existing international agreements.

c) The expansion and liberalization of the Compensatory Financing Facility of the International Monetary Fund oriented towards stabilization of the income of the countries exporting commodities.

63. The second proposal of the UNCTAD secretariat contains longer-term measures, designed to introduce structural changes in the commodities sector. These measures include, in particular: the establishment of a new compensatory financing facility to compensate for shortfalls in commodity export earnings, the financial needs of which are estimated at US\$ 10 000 million, and a series of other measures such as improvements in conditions of access to and transparency of markets; greater participation by the developing countries in the marketing and distribution systems for their commodity exports, and the expansion of productive capacity, especially the establishment of a financial facility of US\$ 5 000 million for the period 1984-1988 designed to finance investments in the mining sector, for the purpose of achieving greater processing of minerals and metals in the developing countries which produce them.

64. The ECLA secretariat has thoroughly analysed these two proposals and is formulating its comments and reflections for the sole purpose of contributing to the discussion which the Latin American Governments will hold on them with a view to adopting a joint position at the meetings of the Group of 77 at Buenos Aires in March 1983 and, subsequently, at UNCTAD VI at Belgrade in June 1983.

#### B. SHORT-TERM PROGRAMMES

##### 1. Ratification of the Common Fund for Commodities

65. The Common Fund which emerged from the Geneva Conference is a much weaker mechanism than the one which had been visualized at the outset. It has much less resources and power, for which reason it will not be able to play the catalytic role which had been envisaged for it in stimulating the conclusion of international commodities agreements.

66. Therefore, the results reflected in the text of the Agreement establishing the Common Fund are far below the expectations which the developing countries had when the negotiations with the industrialized countries were begun. However, it should be recalled that that text was discussed for several years and finally accepted as a useful instrument for international co-operation and as an important achievement in the negotiations within the framework of the IPC.

67. One could question the usefulness of this new institution, whose main objective is the financing of international measures concluded within the framework of commodities agreements, if, as has been seen, only two new agreements have arisen from the IPC negotiations (it is not yet clear whether they will benefit from it) and if the existing agreements have not shown at least to date, an interest in using its resources. It is obvious that the financial power and potential usefulness of the Fund will eventually depend on the previous existence of international commodities agreements which will need that mechanism and associate themselves with it.

68. Nevertheless, the Common Fund represents an important innovation in international economic relations and offers a series of interesting elements which should be given the importance they deserve in the final analysis:

a) It differs from other international financial institutions with regard to its focus by commodity rather than by countries.

/b) It

b) It establishes the principle of mutual responsibility between producers and consumers in the financing of international measures in the framework of agreements concluded between the two parties.

c) It offers the developing countries, if ratified by all of them, an important role in this new financial institution, in both the contribution of resources and in its management and decision-making process \*/ in contrast with the financial institutions created at Bretton Woods.

d) It creates the Second Account, which is a very important source of international financing for development measures and projects designed for the commodities sector in the developing countries. There are currently a large number of draft projects (research and development, trade information and promotion, increase of productivity, marketing, cost reduction, vertical diversification, etc.) concerning several products, \*\*/ which have been presented by the producing countries to preparatory meetings for the IPC, and which have been discussed and negotiated by producers and consumers and have been accepted as susceptible of being financed by the Second Account of the Common Fund. The rapid establishment of the Fund will allow the immediate mobilization of the voluntary contributions which have already been pledged by some Governments to the Second Account for the financing of such projects, contributing to the achievement of some of the objectives pursued by the IPC. In order to establish the cost/benefit ratio of their contributions to the Fund, countries should consider the fact that the projects would be implemented in the developing countries themselves -which implies a net transfer of financial resources- and the concrete benefits which would be derived from them.

e) It would establish an interesting link between the commodities sector of the developing countries and the banking and finance sector of the OECD and OPEC countries. It could eventually fulfil an important function in the mobilization of resources for the development of the commodities economy, on a product-by-product basis.

69. Together with these considerations, it should be pointed out that, in the absence of international price stabilization agreements associated with the Fund,

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\*/ The role of the developing countries in the important decisions of the Fund is limited, however, by the type of vote required (Qualified Majority).

\*\*/ Oils, meat, hard fibres, jute, tropical timber, bananas and cotton.

its importance would remain relegated to the financing of development measures through the Second Account. This would seriously weaken the catalytic role which had been assigned to the Fund in the conclusion of new commodities agreements, as well as its link with the concept and philosophy of the Integrated Programme established in resolution 93 (IV).

70. It should be recognized that the voluntary contributions to the Second Account are limited, since there is not a clear idea of whether they involve new financial resources, additional to those which the donor countries traditionally granted in their official programmes of international financial assistance, or whether they involve a mere transfer of already-existing resources from one account to another or from one organization to another. Finally, some thought should be given to the advantages and disadvantages which the criteria and voting system governing the approval and financing of projects will bring to the developing producer countries.

71. It is obvious that the Fund reflected in the Agreement establishing the Common Fund for Commodities is weak and its limitations are well known, as detailed above. However, this new financial institution specializing in commodities has a potential capacity for gradually becoming an important instrument for achieving the objectives of the IPC. These possibilities can become a reality only to the extent that the developing countries utilize it creatively and make the necessary changes and adjustments to it and, especially, to the extent that the commodities agreements which should be associated with it continue to be negotiated simultaneously.

72. In Latin America, nine countries have signed the Agreement establishing the Common Fund and only four (Ecuador, Haiti, Mexico and Venezuela) have ratified it.<sup>\*/</sup> The remaining countries have not yet taken any kind of action.

73. The developing countries have before them a decision of great responsibility: either they ratify the Agreement and work determinedly from now on so that this new financial institution will develop, taking account of and reflecting the interests of the region, or they let it die, with all the consequences this implies.<sup>\*\*/</sup>

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<sup>\*/</sup> As at February 1983, the other five are Argentina, Brazil, Costa Rica, Nicaragua and Peru.

<sup>\*\*/</sup> In particular, this is not a favourable time for initiating negotiations with the industrialized countries on possible alternatives to the Common Fund.

74. Latin America must face this question in the light of the use that the region hopes to make of this new financial institution and the real and potential benefits which could be derived from it. In the judgement of ECLA, the first alternative is the most advisable in the current circumstances.

## 2. Interim price stabilization agreements

75. Chapter II indicates that the achievements of the Integrated Programme for Commodities in the individual commodity negotiations have been very limited to date and that they are far below the expectations which had been raised when resolution 93 (IV) was adopted. In the six years of negotiations, it has been possible to add only two agreements, rubber and jute (the latter lacking economic provisions) to the list of already-existing agreements on commodities (which have been renegotiated). The prospects for concluding agreements between producers and consumers concerning the other products of resolution 93 (IV) in the near future, do not appear very favourable.\*/

76. In the face of this situation and the serious crisis currently affecting the commodities market, whose solution also does not appear imminent, it is logical for UNCTAD, the body entrusted with commodity negotiations within the United Nations system, to seek a way out by proposing the negotiation of an immediate recovery programme for the economy of these commodities.

77. The programme proposed by the UNCTAD secretariat requires urgent and effective action to check and then reverse the downward trend of prices, which are currently at critical levels. The programme calls upon producers and consumers to negotiate a series of temporary agreements for fifteen commodities \*\*/ included in resolution 93 (IV), in order to support their prices, either at the minimum levels which have been set in existing international agreements, or at the average level for the period 1979-1982, for the other commodities. To that end, the secretariat proposes as operational mechanisms supply management measures (export quotas, production controls) and/or buffer stocks.

78. The UNCTAD secretariat estimates that the cost of such supply management measures, for the fifteen commodities in question, would be of the order of

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\*/ With the exception, perhaps, of tropical timber and tea.

\*\*/ Cocoa, coffee, rubber, sugar, tin (subject to international agreements), bananas, cotton, jute, sisal, tea, tropical timber, bauxite, copper, iron ore, phosphates.

US\$ 9 000 million, not counting storage and turnover costs and interest charges on the loans negotiated.\*/

79. The proposal highlights the role which the Common Fund could play as a source of direct financing of such interim agreements, hence the urgency of its ratification by all the developing countries in order for it to enter into force promptly. Furthermore, the Fund could mobilize resources from the existing international financial institutions and the capital market. It is suggested that the IMF, through its Buffer Stock Financing Facility, should finance the cash deposits \*\*/ and guarantee capital corresponding to the producer developing countries who are members of a commodities agreement when it becomes associated with the Common Fund. To that end, it is suggested that a series of modifications should be introduced into this IMF facility in order to make it more effective and compatible with the new demands being made of it.

80. It is furthermore suggested that the World Bank and the regional banks could be additional sources of finance for the price support envisaged in these interim agreements, through loans to diversification projects related with the supply management measures negotiated in them.

81. Finally, it is suggested that a possible additional source of resources could be the collection under the interim agreements of trade levies \*\*\*/ for meeting the carrying costs of the stocks held and for the payment of the loans raised by the Common Fund.

a) A few thoughts on the proposal for interim agreements

82. This new proposal by the UNCTAD secretariat, suggesting that, in the face of the crisis affecting the international commodities economy, the Governments of producing and consuming countries should concentrate their efforts on the negotiation of interim agreements, limited to price support measures, raises the following comments:

i) Theoretical framework

83. The basis of this proposal is the interdependence of the economies of the developing countries and those of the industrialized countries in finding a way

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\*/ The UNCTAD secretariat estimates that those charges represent from 10 to 15% of the value of the stocks held, for the majority of commodities.

\*\*/ That is, the developing countries' corresponding portion of one-third of the maximum financial needs of the agreements.

\*\*\*/ A levy of 2% on the exports of the 15 commodities considered is suggested.

out of the current economic crisis. The stability and strength of the commodities sector is vital not only for the economic development of the developing countries, but as a source of re-activation for the economies of the industrialized countries. The developing countries' depressed commodity prices (which continue to represent a high proportion of their total export earnings), together with the significant increase in their external debt and the difficulties in servicing it, while public and private financial flows are being restricted, as well as the acute recession being endured by the industrialized countries, have had a great influence on the reduction of import demand from those centres, aggravating the crisis in the international economy and the vulnerability of the developing countries.

84. It is obvious that an increase in commodity prices would result in greater export earnings for the developing countries, and give them a higher purchasing power, which would be reflected in an increase in their imports from the industrialized countries, which, in turn, would be an important factor in the economic re-activation of those countries.

85. The developing countries' ability to repay their external debt basically depends on an improvement in their balance of trade and on the resumption of financial flows towards the region. Seen from this perspective, a proposal to negotiate interim agreements whose objective is to raise commodities prices above current levels could be justified as a viable way out of the world recession, which would bring benefits to the international community as a whole. The short-term temporary nature of these agreements, which, it is suggested, would cease to operate once the global economy was re-activated, should provide an extra incentive for the consumer countries to support these proposals, thus facilitating the negotiating process.

ii) The practical framework

86. In the theoretical sphere, this new proposal by the UNCTAD secretariat has two elements which deserve support. The first is recognition of the close relationship between trade, financing and economic development in any measures which might be suggested for world re-activation. The second is that, in spite of its more limited scope and nature, the proposal to conclude interim agreements is in line with the objectives being sought by the IPC, in particular with regard to price stabilization, which was always an important element of this programme.

87. It is necessary, furthermore, for the Latin American Governments to analyse the proposal thoroughly in order to evaluate its viability. It is necessary to put forward and answer a few questions regarding the impact which this type of agreement could have on the final outcome of the IPC itself, and on the possibility that UNCTAD could carry them out in a reasonable time period.

- Position of the industrialized countries

88. The idea of concentrating inter-governmental efforts on the negotiation of agreements whose sole objective is to raise international commodities prices above current levels, should take account of the frustrating experience of the individual commodity negotiations which have been carried out in the framework of the IPC since 1976 on the central topic of price stabilization. They clearly indicated, except for a few cases, the total reluctance of the great majority of the industrialized countries (both producers and consumers) to negotiate measures which would interfere with the so-called "free play of market forces", either through buffer stocks or supply management through export quotas, or other measures. There are clear examples in the cases of cotton, vegetable oils, jute, abaca, coir, sisal, henequen, bananas, tropical timber, copper, bauxite and meat. These positions have not changed. Indeed, in the case of a few industrialized countries they have been becoming even more firm.

89. Therefore, the question is raised whether the fact of convening at this time, in the framework of UNCTAD, meetings between producers and consumers oriented towards negotiating interim agreements for the same commodities, but limited in time, and oriented towards the same price stabilization measures, instead of more formal and longer-term agreements, as is the aim of the negotiations under resolution 93 (IV), is going to change the prospects and increase the political possibilities of success. At the same time, we must evaluate the risk that the discussions on price stabilization will immediately become deadlocked and totally paralysed, blocking not only the possibility of specific progress in this field, but at the same time compromising the search for possible solutions to other problems affecting these commodities, which are not directly related to those of price stabilization.

90. A second consideration concerns the topic of interdependence, on which the UNCTAD proposal is based. Interdependence assumes some symmetry of power between the parties, and an awareness and perception of common interests. In the

/commodities field

commodities field to date, there has not been a glimpse of any joint international action on the part of the consuming countries based on this conception. The thesis that through the economic recovery of the developing countries, as a result of higher earnings from greater exports, the demand for imports of goods from industrialized countries can be stimulated, thus contributing to an easing of the world recession, has not merited the necessary support. Proof of this is the growing arsenal of protectionist measures of which some of the industrialized countries have made use in recent years.

91. The interim agreements suggest that the consumer countries should co-operate in implementing measures for raising prices. It should be pointed out that the industrialized countries are taking advantage of the current situation of low prices in the international market in order to reduce their internal inflation. A sign of this is the estimate \*/ that the reduction in the rate of inflation compared with that of the two previous years, experienced in the OECD countries in 1982, is attributable, at least to the extent of one-third, to the reduction of commodities prices. At the same time, they are satisfying their import needs of these commodities for a much lower cost in foreign exchange, a factor which has contributed to the improvement of their balances of trade.

92. The traditional lack of enthusiasm of the industrialized countries for measures aimed at the regulation of commodities markets; their doubts as to the real benefits which may be derived from international agreements; their reluctance to offer the developing countries the opportunity to contribute to the recovery of the world economy, raise serious doubts that these countries will receive the proposals of the UNCTAD secretariat favourably.

93. Therefore, a Latin American position towards these proposals by the secretariat requires envisaging in advance, realistically and objectively, what the position and reaction of the industrialized countries could be.

- Other limitations

94. Apart from these considerations, it is worthwhile to think about the impact which such proposals may have on the developing countries of Latin America themselves, those of other producing regions and on UNCTAD itself as a negotiating forum.

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\*/ See OECD, Economic Outlook No. 32, December 1982.

95. Limited participation. Consideration should be given to the more limited participation of countries in these interim agreements than in agreements of a more formal type, according to the suggestion of the UNCTAD secretariat. Apart from the legal and operational problems which this would represent for associating those agreements with the Common Fund, one should question what the final cost of such limitations would be for the developing countries. For example, taking the specific case of cotton, if the interim agreement were formalized without the participation of the United States and the Soviet Union, who jointly represent around 50% of world trade in this commodity, the total cost of the measures for the regulation of supplies contained in the price support agreement (either stocks or export quotas) would fall on the developing countries. However, the objective of maintaining international prices above 1979-1982 levels would depend, in any event, on the behaviour of those two countries in the international market.\*/ What should also be considered is the fact that if the actions of the developing countries were to yield encouraging results and manage to stabilize prices above current critical levels, this would benefit the two industrialized exporting countries mentioned above at absolutely no cost to themselves. We recognize the fact that the case of cotton may be an extreme example. However, the pros and cons of the limitations which the interim agreements may bring with them should be given thorough consideration.

96. Financing. A series of concerns and questions emerge with regard to the possible sources of finance for the interim agreements suggested by the UNCTAD secretariat.

97. One of the main factors which led to the creation of the Common Fund was the lack of international financial institutions with sufficient power to offer the financial resources required by international commodities agreements for constituting and maintaining buffer stocks, on the one hand, and on the other, for directly financing or mobilizing funds for the execution of projects related to the other development measures described in resolution 93 (IV). It was also argued that it was precisely the non-existence of the Common Fund which had conspired against the conclusion of new commodity agreements and that its establishment could be an appropriate solution to this problem.

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\*/ If they were not members of the interim agreement, they would have complete freedom of action to sell at a level lower than that stipulated in the agreement, with definite possibilities of causing it to collapse.

98. Although it is true that the proposal of the UNCTAD secretariat assigns an important (although not clearly defined) role to the Common Fund for the financing of the negotiated measures in the framework of interim agreements, these functions are being weakened by the important role being played by resources from financial institutions other than the Common Fund, such as the International Monetary Fund, the World Bank and the regional banks, and by the dependence this creates, for the success of the programme, on decisions which must be made in other forums.

99. If the member Governments of a commodities agreement wish to utilize the IMF Buffer Stock Financing Facility for payment of the cash deposits and guarantee capital which they have to pay on associating the agreement with the Common Fund, they may do so without needing to negotiate this within UNCTAD or have it figure explicitly in an international agreement.

100. If it is being suggested that the IMF should cover the payment of all the developing countries that are members of interim agreements, as an instrument or mechanism for financing the measures set forth in them, it is obvious that the competence and responsibility for such a decision comes within the scope of the IMF and not that of UNCTAD, which would then be playing the role of stimulator of decisions which will, in the final analysis, be adopted in other forums, with other objectives and competences.

101. The same can be said of the changes being suggested in the IMF Buffer Stock Financing Facility, so that the facility may better meet the needs of the developing countries, as well as the suggestions with regard to the loans which the interim agreements could receive from the World Bank and the regional banks for diversification projects and which fall within the competence of those institutions.

102. If the decisions regarding the financing of the measures contained in the interim agreements remain completely outside the competence of UNCTAD, the most that can be hoped for is that they will be referred by UNCTAD VI to the relevant organizations for examination and decision in that connection. Such a solution would not appear to be very much in line with the urgency required by the crisis, which is the argument behind the proposals by the UNCTAD secretariat, and which demands immediate solutions. The final outcome could well be that the proposals for interim agreements could serve as a dilatory tactic for certain countries as a means of paralysing any action whatsoever at the UNCTAD level, which would weaken it as the competent forum for conducting international negotiations on all aspects relating to commodities.

b) Conclusions

103. It should be recognized that the current crisis situation being experienced by the commodities sector requires an immediate programme of action.

104. The UNCTAD secretariat is suggesting that interim agreements should be negotiated between producers and consumers, oriented towards raising prices, through measures for regulation of supply and/or buffer stocks, as an immediate solution to the problem.

105. In order to make an assessment of such proposals, account should be taken of a series of elements, among which the following should be highlighted:

i) The position of the industrialized countries

106. If the industrialized countries had the political will to participate in and support a programme for immediate recovery and work together with the developing countries to conclude international agreements for raising commodities prices in the international market, it would not be necessary to negotiate interim agreements in UNCTAD VI. There is already a broad mandate in resolution 93 (IV) on the IPC to remedy this situation, and the only thing that would need to be done is to implement it.

107. If this is not the case, it could be dangerous and unproductive for the developing countries to initiate a new and difficult round of negotiations of interim agreements which appear to have few possibilities of success. This would not only mean a loss of time, effort and resources, but could weaken the negotiations in progress on the IPC.

108. It continues to be valid to state that resolution 93 (IV) is the most appropriate legal framework for negotiating commodities agreements. If this principle is agreed with, the key objective of UNCTAD VI should be to strengthen it. UNCTAD should receive substantial support from all groups of countries, developed and developing, so that efforts should continue towards implementing the Integrated Programme for Commodities as it has been conceived, since the current international recession is merely reinforcing the timeliness and appropriateness of those principles. Naturally, this means a mechanism seeking a real restructuring of production and trade in commodities, oriented towards the achievement of a greater participation by developing countries in the rules of the game which govern them. While it is true that one cannot realistically expect substantive results from this programme in the short term, departing from it and seeking more practical

/alternatives would

alternatives would seriously weaken the position of the producing countries in future commodities negotiations with consuming countries. It is clear, therefore, that Latin America and the other developing regions should increase their joint bargaining power in order to convince the consumers that it is in their common interest to negotiate along the guidelines already agreed upon in resolution 93(IV).

ii) International co-operation between producers and consumers as the most suitable mechanisms for resolving the problems affecting the commodities economy

109. UNCTAD VI should evaluate the concrete results obtained to date in the commodities field and the costs and benefits generated for the developing countries.

110. It has been seen that the objectives of the IPC are continuing to be as valid today as they were when resolution 93 (IV) was adopted in 1976, but its results have been very limited. One important cause of the programme's poor results to date arises from the way in which these negotiations between consumers and producers have traditionally been approached; the non-existence of viable alternatives to that of traditional agreements for resolving the problems affecting this sector and the negotiating strategy.\*/

111. It is obvious that international co-operation in the commodities field has not responded to the needs of the developing countries. We must therefore identify the adjustments which Latin America could suggest in order for this mechanism to become useful to the interests of the region and those of all the developing countries.

iii) The role of UNCTAD in the commodities field

112. We consider that UNCTAD was, is and should continue to be the most suitable and competent international North-South negotiating forum. In the current economic situation, therefore, viable emergency plans which do not conflict with more long-term objectives should be formulated.

3. Liberalization of the compensatory financing facility of the IMF

113. This proposal, which is complementary to the price support proposal analysed above, is based on the fact that the export volumes of the developing countries are subjected, due to many factors, to wide and unpredictable fluctuations which cause instability in their export earnings. The proposal consists of effecting a mass

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\*/ See chapter IV in this connection.

transfer of liquidity, through the IMF, to the developing countries in order to compensate for the shortfalls in their export earnings. Such a measure would provide immediate support for the balance of payments of countries suffering such shortfalls.

114. The decline in the developing countries' commodity export earnings is calculated to have been US\$ 20 000 million between 1981 and 1983.<sup>\*/</sup>

115. It is therefore suggested that the existing IMF compensatory financing facility should be modified and strengthened in order to meet the needs of the developing countries in the current crisis situation, and a series of proposals in that connection are put forward.<sup>\*\*/</sup> Seen from this angle, the proposal would deserve broad support.

116. A more thorough analysis of it, raises two questions, which should receive special attention from the Latin American countries.

117. The first refers to a topic already referred to when the previous proposal was analysed. It involves the question of competence among different international bodies and negotiation strategies. With regard to competence, the proposal suggests how the IMF compensatory financing facility should be modified in order to meet the needs of the developing countries. These modifications are within the exclusive competence of the IMF and not of UNCTAD, and the most that could be hoped for in UNCTAD VI in this area would be for the Conference to decide to refer the proposal to the IMF for its consideration, with no guarantee whatsoever as to the final result, since the political compromise of analysing it in UNCTAD and implementing it in IMF is not being contemplated. It would not cost the industrialized countries anything to agree that the proposal should go from UNCTAD to the IMF, without making any decision on it and later rejecting it or simply leaving it pending in that forum.

118. The second concern relates to Latin America's already-serious external imbalance and level of indebtedness. Although the transfer of resources to the developing countries is an essential part of any strategy for overcoming the international recession, it is very risky to think that a structural problem of the periphery, such as that of its commodities trade, would be permanently solved through a formula involving greater indebtedness for the producing countries.

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<sup>\*/</sup> See UNCTAD VI, TD/273, paragraph 109.  
<sup>\*\*/</sup> Ibid., paragraphs 110 to 112.

### C. PROPOSALS FOR LONGER-TERM DEVELOPMENT MEASURES

119. This study will not attempt to analyse in detail the UNCTAD secretariat's longer-term proposals, not because they are considered to be of little interest, but for two basic reasons. The first is that the majority of the proposals are already under discussion in the framework of UNCTAD and there are specific mandates for a detailed study and eventual negotiation of them (creation of a new compensatory financing facility to compensate for the shortfalls in commodity export earnings; improvement of access to markets, processing and marketing of commodities). The second is that the implementation of many of the proposals will require a new international initiative to make it possible to mobilize the necessary financial resources, which are not inconsiderable.\*/ In view of the serious depression affecting the world economy, the scarcity of available financial resources, credit restrictions and high financial costs associated with credit, it is felt that the current economic situation is not favourable for securing large-scale financial commitments.

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\*/ US\$ 10 000 million per year for the new compensatory financing facility; US\$ 1 000 million per year for establishing investment facilities for the mineral sector excluding fuel.

#### IV. TOWARDS A NEW LATIN AMERICAN FOCUS, POLICY AND STRATEGY IN THE COMMODITIES FIELD

##### A. GENERAL

120. The observations made in chapter II indicate that the negotiations between producing and consuming countries have not been carried out on an equal footing, as a result of which international co-operation has not yet brought valid and durable solutions to the problems affecting international commodities trade.

121. There are a series of reasons for this situation. The following deserve mention:

a) The developing countries have been characterized as being more prone to show up at the negotiating table while critical price situations are prevailing than when the market is reflecting favourable conditions for their products.

b) The lack of importance which the producer countries have given, in the negotiations, to the concept of "access to supply" utilized by the industrialized countries. They always enter negotiations appealing to the concepts of "access to markets", "reduction of tariffs", "remunerative prices", etc., but despite the fact that in many cases the supplies belong to them, they have not been able to validate their position in a negotiating process. The consuming countries, on the other hand, approach the negotiations with the idea that the developing countries have little to offer.

c) Upon beginning the negotiations, the developing countries were not able to show that there is an alternative to an international agreement between producers and consumers for resolving the problems affecting their commodities. On the contrary, in many cases, the developing producing countries themselves have been the ones to demand the participation of the industrialized consumer countries in the agreements, when it could be asked whether this participation was necessary or desirable.\*/

d) Co-operation and co-ordination among producer countries in the commodities negotiations has not been as vigorous as circumstances require. Often short-term commercial interests have prevailed over the general interest of the producers as a group, to the detriment of the long-term strength of the commodity. The relatively weak bargaining power of the producing countries taken individually

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\*/ In this connection, see paragraph 127 b) of this chapter.

and their obvious lack of influence have been an important obstacle to concluding international conventions which will benefit them.

e) In many cases the developing countries have approached the negotiations on the exclusive basis of concepts such as: non-reciprocity, differential treatment and special clauses. We believe that this focus has been negative and that that strategy is far removed from the potential which the producing countries have, if they really decided to organize it and use it.

f) Until the adoption of the Integrated Programme for Commodities, the negotiations by commodity were limited to the question of price stabilization. Other important aspects were excluded, such as those relating to the nature and control of markets; the participation of the developing countries in marketing, distribution and transport systems; competition with synthetic products; the importance of local processing of commodities in developing countries; access to markets and liberalization of trade; transparency of markets; the role of commodities exchanges and their influence on international price formation; diversification; research and development; protectionism in developed countries and its repercussions on world trade, etc. This has been influential in delaying effective solutions to the many problems besetting the commodities sector.

122. In the face of this situation, it is necessary and useful to re-examine the policies and positions that the Latin American countries have been defending and practicing to date, both at the regional and international level. Experience has shown that co-operation and co-ordination among producers is an essential first step which must be taken in order to make possible just and equitable co-operation between producers and consumers.

123. This Latin American co-operation and co-ordination in the commodities field could be carried out on two parallel fronts which would reinforce each other. The first would be to establish, among the countries of the region, a framework of principles and measures which would govern their future position in the commodities negotiations with the consumer countries. The second would be to strengthen regional co-operation (and in relevant cases interregional co-operation) in the commodities field, through a re-orientation of commercial flows towards the region and other additional measures.

#### B. POSSIBLE ACTIONS AT THE INTERNATIONAL LEVEL

124. A Latin American framework of principles and measures which would govern future negotiations with consuming countries is, no doubt, a topic which deserves much thought. Elaborating such a framework would probably be a delicate but necessary process. This document will attempt to contribute a few general ideas on aspects which deserve special attention from the countries of the region.

125. A first aspect which needs to be highlighted is that, despite the importance of commodities for the developing countries, the main protagonists in world trade in these categories are the developed market-economy countries, which absorb 58% of world exports and 72% of world imports. This means that in the specific case of certain products (cereals and cotton, for example), the success of any measures proposed at the international level would depend on the extent to which the developing countries are able to organize their bargaining power, in order to balance the power held by the industrialized countries, whether as producers or consumers. To that end, Latin America would do well to classify commodities or groups of commodities according to the types of action or measure to which they lend themselves and the role that the region could play in connection with them (see table 1).

126. When analysing possible measures for international action, it is essential to bear in mind that the term commodities groups together a series of products having very different origins and features, with particular problems requiring special treatment and solutions. For example, a generalized policy of very high prices could have different consequences in the different product categories. In the temperate zone products (sugar, cereals, meats) it could stimulate high-cost production in industrialized producing countries and favour policies of self-sufficiency; in tropical products (coffee, cocoa, tea) it could foster investments in new plantations which could, at the end of two years, produce considerable surpluses and a general drop in prices; in agricultural raw materials (jute, cotton, sisal) it could stimulate substitutions by synthetic products in consumption; in annual crops it could stimulate substitutions of one product by another (wheat by cotton or soya by maize); in minerals and metals it could generate investments in new productive capacities, but the impact in the form of greater supplies would take a long time to materialize.

127. A new Latin American focus and strategy in the commodities area should take account of the following aspects:

a) The urgent need to re-validate the concept of commodities at the regional and international level. For example, it is important to ensure that, in the negotiation of agreements, the same weight should be given to the concepts of "access to supply" and "security of supply" as to "access to markets".

b) It is in any event useful for the producing countries to bring to the negotiating table viable alternatives to the approach based on traditional agreements between producers and consumers, especially in cases where price stabilization is achieved solely on the basis of limitation of supplies by the producers. This would be the case, for example, of producers' associations, where there is no guardianship by the consuming countries in guaranteeing the fulfilment of export quotas. Co-operation between producers and consumers is desirable, but it should be borne in mind that it is only one mechanism which is not necessarily either the only one or the best one under all circumstances. If there were a real perception of common interests among the producing countries and collective trust with regard to their intentions and actions, there would be no need for the participation of consuming countries for these purposes in all cases. Similarly, in the cases of certain commodities such as rubber and cocoa, where the developing countries control nearly all world production and exports, we believe that co-ordinated actions on their part could lead to the same objectives of price stabilization pursued by the agreements on these two products which have been negotiated with consuming countries.\*/

c) The Latin American countries should attempt to integrate commodities policy into the framework of their external policy, both in their individual policies and in that which must be developed and defended at the regional level. This is essential to continuity and coherence in the policies elaborated as well as in order to negotiate with industrialized countries, jointly and co-ordinatedly.

d) Experience has shown that seeking solutions to many of the problems in the exclusive framework of a commodities agreement, is probably an effort doomed

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\*/ The cost of these actions between producers could be higher than that of the agreement, since it is a question of buffer stocks and not one of export quotas, but what is important, what needs to be highlighted and put forward, is that there is an alternative to the mechanism of agreements between producers and consumers for achieving the same objectives, in specific products.

to failure. Therefore, there is an obvious need to leave the specific framework of commodities and approach the negotiations with consumer countries in a much broader framework.

- Considerations such as the following should be raised, validated and integrated into these negotiations: the importance of the developing countries (or Latin American countries separately) for the industrialized countries as effective demand in the markets of manufactures, technology, capital goods, investments, etc.

- Obviously, Latin America has a joint purchasing power which could acquire much weight at the negotiating table. In order to maintain this regional purchasing capacity, the countries of the region should be in a position to export their commodities without restrictions. If the industrialized countries wish to participate in that effective demand, they must contribute solutions to the commodities problems.

- Latin America could also bring to bear in the international solutions the distressing problem of its external debt and the related urgent need to raise the volume and prices of the region's exports. In the face of the depression in the industrialized countries' economies and its attendant protectionism, the region's capacity to meet its debt service is related to its possibility of achieving a significant increase in its export earnings, which to a large extent come from commodities. Latin America's capacity to pay its debt is vital to the health of the international financial system.

- The interdependence of all these aspects, commercial and financial, on the world economy are obvious, and, therefore, integrated solutions should be sought which take account of the interests and needs of all the countries involved.

- The suggestion of approaching negotiations with the consumer countries in a much wider framework than the traditional one, appears absolutely necessary for Latin America. It represents the only possibility of raising the regional bargaining power with respect to the industrialized countries, not for the purpose of confrontation, but for a constructive purpose which will make it possible to safeguard the legitimate interests of Latin America and contribute to a reactivation of the world economy.

/e) There

e) There is no doubt that the proposal made in paragraph d) will require a series of regional actions and agreements and the co-ordination of a common policy and strategy. It will also require the international community -especially the industrialized countries- to re-examine the topic of international co-operation and that of their long-term interests and to accept the concept that future negotiations between producers and consumers will be negotiations "between equals".

- These changes in regional thought and action will require some time, and it is quite possible that, in the meantime, in the face of the crisis and depression in the world economy, the industrialized countries will continue to impose import restrictions, apply safeguard clauses, increase their aid to "high-cost" production of commodities which compete with the sales of the developing countries, and subsidize exports, all of which causes serious damage to international trade and to the interests of developing countries.

- Faced with this growing protectionism and the increasingly generalized application of restrictive trade measures, it may be wondered whether the use of retaliatory trade measures (compensatory measures) on the part of the developing countries would not, besides being justifiable, be the only element which could have an influence on the "cessation of trade hostilities" and bring about the search for solutions reflecting the interests of all the parties concerned. For example, in the face of the unprecedented crisis currently being experienced by the world sugar sector, it is perfectly conceivable that the developing country producers of sugar might co-ordinate a joint position towards the European Economic Community in order to require it to cease its "dumping" which, in 1982, represented 5 million tons of sugar on the free market, this being one of the main causes of the critical current state of this market. If that joint position were not accepted, the region could take trade decisions affecting certain sectors or products which are of particular interest to the Community.

- There is no doubt that Latin America has an enormous potential, still unutilized, for responding to such measures and situations. The mere threat of a joint application of measures which might significantly affect the trade interests of industrialized countries or groups of countries, would give a new dimension to the negotiating process. Until the establishment of the new framework referred to in paragraph d), and given the current stagnation of negotiations, it is quite possible that Latin America will be forced to use defensive or compensatory measures, in both the multilateral and bilateral negotiations.

/C. POSSIBLE

### C. POSSIBLE ACTIONS AT THE REGIONAL LEVEL

128. Regional actions at the international level should be complemented with certain actions at the regional level. Latin America is self-sufficient in the majority of commodities, with a few exceptions (wheat, milk products, oils and some minerals, see table 2). However, little intra-regional trade takes place, despite the existence of zones and subregions having a surplus and others having a deficit. There are, therefore, possibilities for reorienting trade flows by giving priority to intra-regional supply.<sup>\*/</sup> In order to do this, we must resolve some prevailing problems which are burdening intra-Latin American trade and threatening to limit it very severely to the detriment of all.

129. A programme of action in this direction would support regional collective security, stimulate production and trade in many commodities, decrease the region's dependency on industrialized countries in the commodities field and, therefore, increase regional bargaining power at the international level.

130. Apart from a reorientation of trade flows, there are two specific fields where a collective regional effort would be very useful. The first is the implementation of joint actions for ensuring a higher degree of processing of primary products in the region. The second lies in efforts for ensuring greater participation by the Latin American countries in the marketing, transport, and distribution systems for their commodities.

131. Although it is true that these two aspects have been discussed in the framework of UNCTAD with a view to possible international co-operation between producers and consumers, we feel that they are topics which basically depend on initiatives and programmes which must be adopted by the developing producing countries themselves.

132. In certain countries in the region there are already policy precedents and measures for achieving a higher degree of local processing of their raw materials, which could be very useful in identifying joint actions by the region in this field.

133. With reference to the marketing, distribution and transport of commodities, it is a well-known fact that the producing countries have little control and participation. The price received by the country for exporting its commodities is,

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<sup>\*/</sup> Only one-fifth of the value of Latin America's total imports of primary products in 1980 (excluding oil) came from the region.

in most cases, only a small percentage of the final price at which that product is sold in the markets in the industrialized countries. The lack of transparency which characterizes commodity markets strengthens the manipulative pressures by the large transnational corporations which dominate trade in these products and by speculators, pressures which reach their culminating point in the futures market. The lack of regional co-ordination and information causes the producing countries to compete with each other, depressing the market even further. Through joint actions, the region can and must achieve greater participation in the marketing, distribution and transport systems of its commodities and gradually change, for its benefit, the rules of the game which govern these markets and which are currently adverse to them.

134. Finally, it has been seen that, while many of the solutions to the problems facing the region in the commodities field must be sought in a new context of North-South negotiations, there is a series of other problems which can only be resolved in the South-South context. Regional horizontal co-operation would be strengthened if it were supported by regional financial mechanisms contributing resources to the countries of the region during critical periods. It would be worthwhile thoroughly to study the type of measures which should be supported (examples could be commodity price support in critical situations through regional stocks; diversification programmes for those regional commodities which have chronic surpluses, etc.) and their costs and benefits for the region.

A N N E X



Table 1  
 EXPORTS OF 32 SELECTED PRIMARY COMMODITIES FROM DEVELOPING COUNTRIES AND POSSIBLE TYPES OF ACTION  
 Average value for the period, 1978-1980  
 (In millions of dollars)

SITC	Commodity	Total world exports	Percent age developing countries of total	Percent age Latin America of total	Possible types of action (product groups)					Existing producers' associations	International convention or agreement
					1	2	3	4	5		
072.1	Cocoa	3 139.4	94.6	19.0		X				INTER	YES
071.1	Coffee	11 983.0	92.3	59.1	X					AF	YES
074.1	Tea	1 817.7	76.7	2.0					X	AS	b/
042	Rice	4 193.1	43.2	5.5				X		-	NO
044	Maize	9 877.2	13.5	5.7				X		-	NO
041	Wheat and coñuna	12 789.9	6.1	4.1				X		-	NO
061.1/2	Sugar	14 803.6c/	64.6c/	50.5c/	X	X				LA	YES
011.1	Beef	7 577.0	16.4	12.8	X		X			-	YES
057.3	Bananas	1 167.3	92.5	72.2	X					LA	b/
223.1	Copra	226.3	93.4	0.1					X	-	NO
222.1	Peanuts	523.1	39.4	10.0			X			-	NO
424.3	Cacao oil	895.8	88.5	0.3					X	AS	NO
423.4	Peanut oil	406.2	73.6	38.8		X				AF	NO
424.1	Linseed oil	160.9	64.8	64.8	X					-	NO
424.2	Palm oil	1 692.6	77.3	0.1					X	-	NO
018.42	Fishmeal	990.6	49.3	41.8	X					-	NO
263.1	Cotton	6 899.5	46.2	15.6		X		X		INTER	b/
264 and 265.8	Jute and non-specified vegetable textile fibres	190.0	91.1	0.1					X	AS	YES
265.4	Sisal	116.7	99.0	45.9		X				-	b/
268.1/2	Wool	3 306.5	17.7	9.6			X				NO
232	Rubber	3 821.1	98.5	0.2				X	X	INTER	YES
245/248	Timber (non-coniferous)	7 165.8d/	94.3d/	5.3d/		X		X		AS, AF	b/
211	Hides and skins	3 037.1	15.5	1.9			X			-	NO
121	Tobacco	3 806.7	44.8	11.9				X		-	NO
287.31	Bauxite	768.6	84.3	51.2	X		X			INTER	NO
287.1 end 682.1	Copper	8 991.8	61.5	26.0		X		X		INTER	NO
287.6 end 687.1	Tin	2 659.8	81.1	12.1		X		X		-	YES
287.4 end 685.1	Lead	1 709.5	28.1	15.5			X			-	NO
287.5 end 686.1	Zinc	2 001.9	23.6	14.1			X			-	NO
281	Iron ore	6 265.6	43.1	26.0			X			INTER	NO
281.7	Manganese ore	410.0	77.8	13.4		X				-	NO
271.3	Phosphorite	1 847.6	65.3	0.1					X	AF	NO
	<u>Total 32 products</u>	<u>125 241.9</u>	<u>46.2</u>	<u>16.7</u>							
	Oil	245 234.1	86.6	7.6							
	Others	1 267 890.1	13.7	3.2							
	<u>Total exports</u>	<u>1 645 499.0</u>	<u>26.9</u>	<u>4.8</u>							

Source: First three columns, Trade Trends of and Commodities Prices, World Bank, 1982-1983 Edition. Additional columns: prepared by ECLA.

Table 1. EXPORTS OF 32 SELECTED... (concluded)

Note: Possible types of action

Group 1: Products in which Latin America could take initiatives to strengthen existing international agreements, to reorient negotiations in progress or facilitate the effective solution of certain problems outside the framework of an international agreement.

Group 2: Products where co-ordination between Latin America and other developing countries who export the same products would be desirable for achieving the objectives mentioned in item 1.

Group 3: Products where the best strategy for achieving effective solutions for the region is co-ordination of positions with developed exporting countries (market economy and/or centrally-planned economies).

Group 4: Products where the region does not have great bargaining power and where international co-operation between producers and consumers in the framework of international agreements would appear to be most viable path towards safeguarding Latin American interests.

Group 5: Products of marginal interest for the region, where no initiative by the region is anticipated. However, Latin America could support, in this commodity group, the actions and objectives of other developing countries who are the main exporters of these products, and obtain mutual support from them for Latin American proposals concerning products of interest to the region.

AF : Africa.

AS : Asia.

LA : Latin America.

INTER : Interregional.

a/ Including: 26 members of ECLA (excluding Cuba): Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela.

b/ Being negotiated.

c/ FAO Trade Yearbook, vol. 35, 1981 - covering 1980 (including Cuba).

d/ International Tropical Timber Trade Statistics, 1976-1981, covering 1980.

Table 2  
EXPORTS AND IMPORTS OF THE MAIN LATIN AMERICAN PRODUCTS  
(Thousands of US dollars)

SITC	Product	Total	Total	Total Latin	Total Latin	Latin American			
		world exports	world imports	American exports <u>a/</u>	American imports <u>a/</u>	percentage of world total	Exports Imports		
		<u>1980</u>							
011	Fresh, refrigerated + frozen meat	17 301 971	18 057 361	1 524 019	521 507	8.81	2.89		
022	Fresh, condensed + powdered milk	4 909 731	5 247 555	23 115	764 530	0.47	14.57		
	Wheat + flour, wheat equivalent	18 430 586	20 667 391	847 233	2 635 525	4.60	12.75		
042	Rice	5 100 077	5 379 744	231 351	490 396	4.54	9.12		
044	Maize	12 009 244	13 355 090	525 596	1 584 282	13.19	11.86		
045.9	Non-specified cereals	1 676 269	1 902 155	239 708	459 638	14.30	24.16		
Ex.057-3	Bananas	1 294 620	2 173 972	1 011 279	119 396	78.11	5.49		
	Total sugar (equiv. raw)	14 803 563	15 850 663	7 482 937	908 768	50.55	5.73		
071.1	Unroasted + roasted coffee	12 496 460	14 091 923	7 593 064	169 147	60.76	1.20		
072.1	Cocoa beans	3 065 386	3 293 611	436 009	6 364	14.22	0.19		
074.1	Tea	1 989 179	2 129 713	46 322	28 896	2.33	1.36		
081.31	Soya cakes	4 215 577	4 610 378	1 541 794	235 510	36.57	5.11		
081.32	Peanut cakes	178 643	260 277	34 678	4 051	19.41	1.56		
121	Raw tobacco	3 824 141	4 364 229	478 987	88 777	12.53	2.03		
222.2	Soya	7 101 767	7 820 801	1 042 595	331 882	14.68	4.24		
232	Natural rubber	4 372 602	4 858 386	8 592	292 456	0.20	6.02		
263.1	Cotton fibre	7 845 560	8 764 904	1 005 640	129 046	12.82	1.47		
268.1	Greasy wool	2 561 586	2 888 233	271 356	47 587	10.59	1.65		
268.2	Cleaned wool	1 234 566	1 248 909	127 911	4 267	10.36	0.34		
423.2	Soya oil	1 996 697	2 192 393	477 166	306 293	23.90	13.97		
423.4	Peanut oil	367 271	460 280	151 134	2 349	41.15	0.51		
424.1	Linseed oil	206 640	237 082	137 684	4 854	66.63	2.05		
		<u>1979</u>							
	Nickel	1 873 511	2 059 864	161 <u>b/</u>	57 647 <u>b/</u>	0.01	2.8		
	Aluminium	9 802 880	10 250 551	237 170 <u>b/</u>	360 178 <u>b/</u>	2.4	3.5		
	Lead	1 651 268	1 736 841	98 883 <u>b/</u>	13 314 <u>b/</u>	6.0	0.8		
	Zinc	1 419 657	1 470 629	80 209 <u>b/</u>	77 871 <u>b/</u>	5.6	5.3		
	Tin	2 637 330	2 425 100	310 580 <u>b/</u>	51 173 <u>b/</u>	11.8	2.1		
	Iron ore	5 798 976	8 036 780	1 548 171 <u>b/</u>	264 <u>b/</u>	26.7	0.00		
	Crude oil	199 129 062	204 573 875	12 459 743 <u>b/</u>	7 783 513 <u>b/</u>	6.5	3.8		
	Refined oil	54 313 228	61 729 604	8 034 366 <u>b/</u>	326 611 <u>b/</u>	14.8	0.5		
	Natural gas	14 605 821	14 605 821	162 897 <u>b/</u>	251 723 <u>b/</u>	1.1	1.7		
	Copper	11 157 133	11 263 228	2 435 495 <u>b/</u>	541 660 <u>b/</u>	21.8	4.8		

Source: 1980: FAO Trade Yearbook, vol. 35, 1981.

1979: 1980, Yearbook of International Trade Statistics, vol. II, United Nations.

a/ Antigua, Bahamas, Barbados, Bermuda, Costa Rica, Cuba, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Trinidad and Tobago, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela.

b/ Market-economy countries.