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ECONOMIC COMMISSION FOR LATIN AMERICA  
Trade Committee  
Second Session

SUMMARY RECORD OF THE NINTH MEETING

Held at Panama City, on Wednesday, 13 May 1959, at 3.45 p.m.

CONTENTS:

Common market (E/CN.12/C.1/9) (continued)

/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. GARRIDO TORRES	(Brazil)
<u>Vice-Chairmen:</u>	Mr. PARDO HEEREN	Peru
	Mr. CHAMORRO	Paraguay
<u>Rapporteur:</u>	Mr. SALGADO	(Ecuador)
<u>Members:</u>	Mr. MUSICH	Argentina
	Mr. HAUS SOLIZ	Bolivia
	Mr. da SILVA	Brazil
	Mr. MARTY	Chile
	Mr. FRANCO	Colombia
	Mr. MOREIRA BATRES	Costa Rica
	Mr. MONSERRAT	Cuba
	Mr. GINEBRA	Dominican Republic
	Mr. YEROVI	Ecuador
	Mr. MORALES RODRIGUEZ	El Salvador
	Mr. GEORGES-PICOT	France
	Mr. FUENTES NOIR	Guatemala
	Mr. ORDOÑEZ	Honduras
	Mr. GARCIA REYNOSO	Mexico
	Mr. KAUFMANN	Netherlands
	Mr. CASTILLO	Nicaragua
	Mr. SOLIS	Panama
	Mr. BRAIN	United Kingdom of Great Britain and Northern Ireland

/Mr. RANDALL

Mr. RANDALL	United States of America
Mr. PONS	Uruguay
Mr. DIASCOLI	Venezuela

ALSO PRESENT:

Observers from States Members  
of the United Nations not  
members of the Committee:

Mr. HOLLAI	Hungary
Mr. BARBOSI	Italy
Mr. JELEN	Poland
Mr. SANCHEZ BELLA	Spain
Mr. BAZIKIN	Union of Soviet Socialist Republics
Mr. EL TAHRI	United Arab Republic

Observer from a State not a  
Member of the United Nations,  
attending in a consultative  
capacity:

Mr. ENGELS	Federal Republic of Germany
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Representatives of  
specialized agencies:

Mr. KALKKINEN	Food and Agriculture Organization
Mr. del CANTO	International Monetary Fund

Representatives of inter-  
governmental organizations:

Mr. de GERMAIN	European Coal and Steel Community
Mr. FANIEL	European Economic Community

/Mr. ROYER

Mr. ROYER

General Agreement on  
Tariffs and Trade

Mrs. de KYBAL

Organization of  
American States

Secretariat:

Mr. de SEYNES

Under-Secretary for  
Economic and Social  
Affairs

Mr. PREMISCH

Executive Secretary,  
Economic Commission  
for Latin America

Mr. IVOVICH

Secretary of the  
Committee

/COMMON MARKET

COMMON MARKET (E/CN.12/C.1/9) (Continued)

Regime for relatively less developed countries E/CN.12/C.1/9, part two  
Chapter II A, section VI.

Mr. FARDO HEEREN (Peru) stated that the fall in the prices of primary commodities as compared with those of industrial goods made it all the more necessary to seek new solutions, such as the common market, for the Latin-American countries. His delegation thought that the common market should have as wide a membership as possible and that the chances of establishing it successfully would be so much the greater if the bases on which it was founded were acceptable to all countries although, owing to special circumstances, some of them might be unable to take part at the outset. He was ready to support any formula which was acceptable to all the members of the Committee.

Mr. GINEBRA (Dominican Republic) said that his Government was prepared to give firm support to the plan for establishing a common market. He hoped that whatever formula was arrived at would take into account the problems of the economies which were in the process of developing from primary to diversified production. For the latter it would be essential to import industrial goods and in order to buy those goods it would be imperative to increase exports, both to the Latin-American countries and to the rest of the world, as much as possible.

Mr. FREERSON (Executive Secretary) stated that in 1958 the secretariat had thought it advisable to organize meetings of groups of countries to examine specific problem. The meetings of consultants held at Santiago

/and Bogota

and Bogota had been the outcome of that idea. In Santiago it had been found that the consultants shared the secretariat's desire for certain tariff and exchange reforms, which could change trade relations between the countries of the region. The meeting had shown the desirability of converting the bilateral agreements, which were about to expire, into a multilateral systems. After consulting the Governments, the secretariat had prepared a draft agreement intended to solve certain pressing problems of the southern countries. That draft, however, was limited in scope and did not represent either an alternative or a substitute for the work of the Working Group which had made in Mexico. Moreover, it was merely provisional in character, for as soon as the Latin-American States took a decision on the common market the four southern countries would join a new organization based on the principles of the Mexico report. The consultants who had met at Santiago had promised, in addition, to draw the attention of their Governments to the desirability of making it clear to the other Governments that the agreement was a provisional document which would cease to apply as soon as there were fresh negotiations. They also advised that it should be left open for signature by all countries wishing to participate during the transitional period, not with the idea of attracting as many countries as possible, but as an expression of the parties' desire to leave the door open, with no thought of exclusion.

The purpose of presenting the document for consideration by the Trade Committee was to bring to the notice of all the other

/Governments,

Governments, before those directly concerned took a decision on it, the steps that were being taken and to point out their importance, as a demonstration of operation and friendliness.

Mr. de SILVA (Brazil) agreed with what the Executive Secretary had said about the intentions of the consultants at Santiago.

Mr. FRANCO (Colombia) wholeheartedly supported the views put forward by the Executive Secretary. His delegation thought that the common market was the only aim to be pursued.

Mr. PONS (Uruguay) said that his delegation agreed with the Executive Secretary's statement.

Mr. LUSICH (Argentina), referring to the basic principles drawn up at the meeting of consultants from four South American countries held recently at Santiago, rejected in advance any insinuation that they were prompted by a desire to obtain an instrument suited to the needs of a particular area but detrimental to the other countries. The common market must be approached without any self-interest on the part of nations or groups of nations and in such a manner that none of the countries taking part in it was left at a disadvantage with respect to the others.

The free-trade area planned by Argentina, Brazil, Chile and Uruguay was intended only to give a multilateral character to bilateral agreements which had existed between those countries for many years and responded to the urgent need to cope with the unfavorable situation in those countries' balances of payments, without restricting trade.

/That meant

That meant that the proposed free-trade area did not imply the creation of a regional bloc that might vitiate or stand in the way of the general agreement sought by the Committee but that it was fully compatible with the idea of the common market. Far from departing from the basic principles proposed in the Mexican document, it could be considered complementary to that document or at the very least compatible with it in its essentials.

Mr. MARTY (Chile) said that in the opinion of his delegation the Executive Secretary's statement gave an accurate picture of the scope of the agreement between the southern countries.

Mr. GARCIA REYNOSO (Mexico) said that three of the four countries which had examined the Santiago draft agreement were members of GATT, whose statute allowed for the establishment of areas similar to that proposed. His delegation therefore considered that the countries concerned were entitled to organize themselves and that they should make a formal statement to GATT concerning their association and should keep the Trade Committee informed about it. He proposed that the secretariat should simply take note of that information.

It was so decided.

Mr. RANDALL (United States of America) made a statement.<sup>1/</sup>

Specific complementarity and specialization agreements (E/CN.12/C.1/9, part two,

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<sup>1/</sup> The full text of this statement has been circulated as Information Document No. 12.



Chapter II A, Section VIII.

The secretariat read out section VIII.

Treaties on trade or economic matters not covered by the agreement (E/CN.12/C.1/9), part two, Chapter II A, section IX)

The secretariat read out section IX.

Most-favoured-nation treatment (E/CN.12/C.1/9), part two, chapter II A, section X)

The secretariat read out section X.

Mr. da SILVA (Brazil) feared that the exception to the most-favoured-nation clause would create semi-preferential areas and give rise to incompatible situations for some countries which were members of both the common market and GATT. He would like the secretariat to study the exceptions set forth in sub-paragraphs (a), (b), (c) and (d).

Mr. MOREIRA BATRES (Costa Rica) explained that the saving clause requested by his delegation at an earlier meeting was intended to cover the agreement in general and not any specific item.

Mr. DIASCOLI (Venezuela) emphasized that the rule set forth in sections VIII, IX and X were essential if Latin America was to be able to build up its common market. They represented exceptions to orthodox principles and would help towards the achievement of the common market through the gradual application of a preferential system. Reference has originally been made to a free-trade area, but it had later been realized that it would be preferable not to use a legal form of that kind in the agreement. GATT provided for the possibility of establishing other free-trade areas, and for that reason the system of reductions that

/were to

were to be applied had been divided into two stages in the first part of the agreement. The reductions involved a number of inevitable difficulties due to the unequal economic development of the countries of Latin America. If these exceptions were not included the common market might hinder the growth of the less developed countries, which would not have the protection necessary for their industrialization. The application of strict orthodox standards might bring about the collapse of the Latin American common market.

Committee (E/CN.12/C.1/9, part two, chapter II A, section XI)

Mr. KAUFMANN (Netherlands) stressed the importance of the administering body for the proper operation of a common market. In his view, the terms of reference and functions of the Committee on Trade Policy and Payments should be given in greater detail.

Mr. da SILVA (Brazil) did not think that the Committee's terms of reference could be decided upon until the agreement had been drawn up. To decide upon them at the current stage would be premature.

Mr. D'ASCOLI (Venezuela) said that the functions of the Committee responsible for administering the agreement would vary and become more and more complicated as progress was made towards the establishment of the common market. That had been so in the case of the economic integration of Central America.

Mr. ROYER (GATT) said that his organization was greatly interested in the efforts being made to set up a system of economic integration; he outlined the principles underlying the Agreement in that respect.

/He had

He had followed the debates in the Trade Committee very closely and was pleased to see that the views of the Latin American countries were very similar to those held by GATT. In the establishment of a preferential arrangement it was essential to guarantee that the interests of third-party countries would not be harmed and that such arrangements would operate only during a first stage, for the final aim must always be a freely competitive market. Within the free-trade area there must be effective equality of treatment and care must be taken to ensure that the most-favoured-nation clause continued to be the rule and not the exception, as might be supposed from a perusal of the extensive list of exceptions appearing in the document under discussion.

He assured the Committee that the plan was to which he presented by the southern countries would be received with understanding by GATT; the same would be true of any concrete plan for economic integration which the Latin American countries might present jointly, at a later date.

The meeting rose at 7.15 p.m.

