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Trade Committee

Fourth Session

Santiago, Chile, 9 to 13 November 1964

SUMMARY RECORD OF THE TWENTY-SECOND MEETING

Held at ECLA Headquarters, Santiago, Chile
on Tuesday, 10 November 1964, at 9.50 a.m.

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PRESENT:

<u>Chairman:</u>	Mr. SEOANE	(Peru) (First Vice-Chairman)
<u>Second Vice-Chairman:</u>	Mr. SECAIRA	Guatemala
<u>Rapporteur:</u>	Mr. LOZADA	Venezuela
<u>Members:</u>	Mr. BECERRA	Argentina
	Mr. DA FONSECA	Brazil
	Mr. SUMMERS	Canada
	Mr. PINTO	Chile
	Mr. MADRIÑAN	Colombia
	Mr. SANCHO	Costa Rica
	Mr. GARCIA INCHAUSTEGUI	Cuba
	Mr. MARTINEZ	Dominican Republic
	Mr. YEROVI	Ecuador
	Mr. PALOMO	El Salvador
	Mr. BRUNEAU	France
	Mr. MOLINA	Honduras
	Mr. HENRIQUEZ	Kingdom of the Netherlands
	Mr. APODACA	Mexico
	Mr. NAVAS	Nicaragua
	Mr. JIMENEZ	Paraguay
	Mr. REY	Peru
	Mr. FORD	Trinidad and Tobago
	Mr. KENNEDY	United Kingdom of Great Britain and Northern Ireland
	Mr. WEINTRAUB	United States of America
	Mr. AGUIRRE	Uruguay

/ALSO PRESENT:

ALSO PRESENT:

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

Mr. MERAN

Hungary

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

Mr. MEWES

Federal Republic of Germany

Representatives of a
specialized agency:

Mr. Hernán SANTA CRUZ)	Food and Agriculture
Mr. SCHATAN)	Organization of the
	United Nations

Representatives of inter-
governmental organizations:

Miss DELHAYE

European Economic
Community

Mr. FRAGUIO

Inter-American Committee
on the Alliance for
Progress/Organization of
American States

Mr. GONZALEZ

Inter-American
Development Bank

Mr. OPAZO

Latin American-
Free-Trade
Association

Secretariat:

Mr. MAYOBRE

Executive Secretary, Economic
Commission for Latin America

Mr. Alfonso SANTA CRUZ

Deputy Executive Secretary,
Economic Commission for
Latin America

Mr. VALDES

Secretary of the Commission

Mr. MENDEZ

Secretary of the Trade
Committee

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

(a) EVALUATION OF THE RESULTS OF THE CONFERENCE (continued)

(b) LATIN AMERICA'S TRADE POLICY AFTER THE CONFERENCE

COMMODITY TRADE

Mr. AGUIRRE (Uruguay) referred to the twofold purpose of the present meeting, as indicated in ECLA resolution 241 (AC.57), and congratulated the ECLA secretariat on the documents it had prepared to help the Committee in its work. The first of those documents (E/CN.12/C.1/21) should not, however, be accepted without reservation, or without any mention of the political position taken by each of the countries present with respect to the results of the Conference. As far as his own country was concerned, he wished to express the dissatisfaction of his Government with those results and to explain the reasons for its attitude. Uruguay had voted in favour of the resolutions adopted at the Conference and would support them again at the forthcoming General Assembly, but it had felt impelled to do so by the need to support the creation of a permanent United Nations organ to guide and regulate international trade. It would fail in its duty to the proposed Trade and Development Board if it did not point out that those resolutions should be given greater binding force and, at the same time, be made more specific. Their shortcomings had been thrown into relief at the previous meeting by the Secretary-General of the United Nations Conference on Trade and Development, when he had pointed out that the Geneva Conference should be regarded as the beginning of a long and difficult process of change and as the occasion on which a seemingly artificial unity of purpose among the developing countries was transformed into a reality. The Executive Secretary of ECLA had also made it clear on the previous day that the new concepts of trade adopted at Geneva had not been matched by the assumption of specific commitments on the part of the developed countries. But the first step had been taken and the stage upon which the Latin American countries were about to embark entailed the actual construction of the new order that had been visualized at Geneva.

The task of the Latin American countries was, however, made more difficult by the fact that in the interval between the Geneva Conference and the present session conditions had obviously tended to become worse

/rather than

rather than better in some cases, while in others the standstill policy prevailing at the time of the Conference had been maintained. At Geneva, the need to compromise with the developed countries in the hope of obtaining support for the creation of a permanent trade organ had prevented the developing countries from expressing their full concern over the continuation of the status quo. Such a state of affairs was far from reflecting the aims pursued at Geneva, as Mr. Mayobre had pointed out, and should be strongly opposed by the Latin American countries.

One example of the status quo was the fact that semi-manufactures and manufactures were having as much difficulty as before in entering the industrialized markets, although the sale of such goods was vital for the development of Latin America. The first step taken by the new Government of the United Kingdom had been to place a 15 per cent tax on imports, with the exception of a number of primary commodities. Although not affecting the status quo, this measure discouraged Uruguay from attempting to sell manufactured goods to the United Kingdom. The United States Congress had fixed import quotas for meat of various kinds, again to the detriment of Uruguay. Moreover a recent trade agreement between France and the Soviet Union had included commodities that were traditionally exported by the developing countries, thus limiting the latter's markets. In citing such examples he urged the Latin American countries not to accept the results of the Geneva Conference as the ultimate expression of their aims and ideals but to realize the full width of the gap separating those results from the recommendations that had been made at Alta Gracia, and, in such appropriate organs as the ECLA Trade Committee, attempt to bridge it in the most practical way possible.

Specifically referring to the chapter on general considerations in document E/CN.12/C.1/21, he thought that it should include some mention of the difficulties encountered by the developing countries in awakening the industrialized countries to the urgency of their problems. Specific commitments in the resolutions on quantities, preferences or time limits could not be obtained from either the market economies or the centrally-planned economies, nor was full approval obtained even for the GATT Programme of Action in connexion with the sale of manufactured goods in the market economies. Mention should also be made of the general unwillingness
/to accord

to accord the same treatment to manufactures as to primary commodities, and of the fact that the centrally-planned economies made reciprocity a condition for increasing their trade with the developing countries. The document might also give more space to the question of the magnitude of the financial assistance which the developing countries might expect, for which the figure of one per cent of the national income had been suggested, since that was one of the most concrete points that had emerged from the Conference. As regards compensatory financing, the document should make it clear that the resolutions fell far short of the developing countries expectations.

He concluded by stressing the concern of his Government that the course of events had not revealed the policy revision expected of the developed countries after the Geneva Conference, and that the hopes of the Latin American countries for a new and more rational organization of international trade rested with the permanent United Nations organ to be established by the General Assembly

Mr. BECERRA (Argentina) congratulated the ECLA secretariat on the useful documentation it had provided on the results of the Geneva Conference, but said that his delegation preferred not to go over old ground by rediscussing the course of the Conference. It seemed more constructive to use the conclusions of the document as a starting-point for the second stage on which the developing countries were about to embark. In order to do so, the meeting should agree on the exact nature of the evaluation that they were called upon to undertake. From the technical point of view it was very difficult, as Mr. Prebisch had so clearly indicated on the previous day, to assess the nature of the trade gap, and he hoped that the regional economic commissions and specialized agencies concerned would continue to investigate the problems involved. There remained the political aspect of the question, which his delegation regarded as fundamental. That aspect had already been dealt with to a certain extent at Alta Gracia, inasmuch as the position of the different Latin American countries had been embodied in the principles of the Charter of Alta Gracia. Their unity of purpose did not of course cease with the conclusion of the Geneva Conference. It should be maintained and strengthened since that was the only way in which Latin America could hope to make its point of

view carry weight in the developed countries. In pursuing the aims laid down at Alta Gracia, the Latin American countries should, however, maintain a certain amount of flexibility and pay due heed to the wishes of the other developing areas, since the Geneva Conference had made it clear that the objectives of all the developing countries were essentially exactly the same.

Mr. FRAGUIO (Organization of American States and Inter-American Committee on the Alliance for Progress) said that Latin America's development problems and their close connexion with foreign trade and economic integration had been studied by a number of agencies for some time. ECLA, the Inter-American Development Bank, the Latin American Centre for Monetary Studies, the Organization of American States itself and its Inter-American Economic and Social Council had been working intensively, and frequently in co-operation, in that field, and had recently been joined by the Inter-American Committee on the Alliance for Progress (ICAP) and the OAS/ECLA/IDB ad hoc Committee on Co-operation. The contribution of the OAS mainly consisted in technical assistance to the different commodity, study and action groups and special committees set up by IA-ECOSOC at its annual meetings. In that way it kept in contact with the trends of Latin America's commodity exports, and many of the measures taken to help such trade were first discussed and approved in those groups and committees.

In co-ordinating the efforts made by the OAS member countries to attain the targets set by the Charter of Punta del Este, ICAP had paid special attention to the external sector and, in view of the need for diversifying exports, to the economic integration of the region as well. Both ICAP and OAS fully endorsed the attempts of the Latin American countries to agree on common trade policies, and it had been at the recent IA-ECOSOC session at Sao Paulo that the political principles which had permitted those countries to take a concerted stand at the Geneva Conference had been laid down. Those principles, which heralded a new era in foreign trade, were embodied in the Charter of Alta Gracia. The Conference of Alta Gracia had been the first occasion on which the Latin American region had made common cause with the other developing areas in the field of trade policy. Their single line of policy had been followed at the Geneva Conference, and should be again upheld at the meeting of Latin American Governments which was to take place at Lima during the forthcoming session of IA-ECOSOC.

/s/ Mr. Fraguio

Mr. Fraguio then raised the question of regional integration, with particular reference to the work of the Latin American Free-Trade Association, since it was currently facing the greatest problems. Those problems fell into two classes and called for different solutions.

The first and most serious type derived from the institutional structure of the Montevideo Treaty and required policy decisions on the part of the different Governments. The second type concerned the expansion of trade within the ALALC area. The member countries of ALALC had reduced customs duties on some 8,000 products but intra-area trade was limited to between 2,000 and 3,000 of them. Moreover, the member countries were still importing from third countries goods that were on tariff reduction schedules and which they could have obtained at a competitive quality and price in the Area itself. That was a consequence of their traditional foreign trade structure and had not yet been properly remedied. From the studies undertaken by the OAS Secretariat it was clear that tariff reductions were inadequate for the development of new trade flows and that intensive trade promotion was necessary. In that respect the dearth of information on markets was one of the main handicaps. Only a few entrepreneurs in each country knew of the possibilities offered by ALALC, and the bulk of importers and exporters continued to work on traditional lines.

Transport, communications and export financing also presented serious problems. IDB had done much to help by financing exports of capital goods, but the credit guarantees required of exporters continued to be a stumbling-block to trade expansion. It was essential for a system of credit insurance covering all risks to be set up within ALALC.

ALALC had many positive contributions to its credit, but they were merely the first steps towards the attainment of the minimum development targets set for Latin America. The only way to avoid the complete stagnation of ALALC was to take the necessary political decisions without delay, despite the apparent indifference towards the Association that prevailed in high government circles. It was in the hope of changing the prevailing attitude that a group had been formed in ICAP to study the problem and to make constructive suggestions.

/Mr. YEROVI

Mr. YEROVI (Ecuador) said that an attempt had been made at Geneva to improve the present unsatisfactory system of international trade, but most of the amendments submitted there had had the effect of weakening the original proposals. Further negotiation was required before the developing countries could feel they were approaching a level they could regard as satisfactory. It was too early to make a final evaluation of the results, and later events, in particular the meeting of the General Assembly, would have a further effect. At least an international organization had been established to study the question of trade and development; that must be regarded as the objective result of the Conference. To change the existing systems, and to change the positions, ideas, and above all the interests, of the various countries, would inevitably take time. Another achievement had been the solidarity demonstrated by the Latin American countries; even though the results obtained were not satisfactory, the right path was being pursued, and those results might yet be the basis for a later improvement.

Mr. SECAIRA (Guatemala), speaking on behalf of the States members of the Latin American Common Market, said that those countries felt it was their duty to support any political action to open up international markets to the products of the developing countries. However, productive capacity in the Central American countries would not be able to respond immediately to the opening up of new markets for commodities or manufactured goods. The main need there was for money, to raise productivity by means of improved technology and imported capital goods, but funds were needed on easier terms than those normally obtainable.

There was a considerable gap between the aims set forth at Alta Gracia and what had been achieved at Geneva, particularly as regards compensation to developing countries for losses due to falls in the prices of commodities on the world market. The invitation to the International Bank for Reconstruction and Development, in recommendation A.IV.18, to study the feasibility of a compensation scheme, did not imply any urgency. If the Latin American countries could not be sure the study would be carried out, it might be better to ask their own experts to undertake it. Development plans were always in danger of being brought to a halt if there was a sharp fall in

/commodity prices,

commodity prices, and thus for the Latin American countries some form of compensation was vital. The Central American countries had achieved much by their own efforts; trade among them had now been made completely free, and 90 per cent equalization of tariffs on imports had been achieved. Thus they could feel that they had indeed done their part.

Mr. WEINTRAUB (United States of America) said that the United States was anxious to co-operate fully in the work of ECIA. However, he did not believe much progress could be made in improving the structure of trade if the approach was confined to a confrontation between the developed and developing countries, as if the interests of the two groups must necessarily be exclusive. The Alliance for Progress showed that the United States believed in mutual action by groups of countries to the benefit of all. It did not believe that the wealth obtainable from trade was limited, so that if one country took a larger share, another must take less. The aim must be for every country to get more, as world resources expanded.

It was important to examine the trade problem from the standpoint of the specific difficulties of the individual countries, to study, for example, what was the shortfall of foreign exchange, in terms of the debt burden and of development needs, in each country. The Inter-American Committee on the Alliance for Progress was already working on those lines for the Latin American countries. Specific studies of that type would be needed in relation to other recommendations of the Geneva Conference, if they were to have any real effect, since the differences between the problems of individual countries might preclude any single solution suitable for all countries. It did not appear, for example, that there had been any analysis thus far of what the preference issue meant to individual countries, or even to Latin America as a whole. Further information was needed on what the duties were in the developed countries, whether they were decreasing, what products and what countries were affected, and what the competitive position was in specific countries. The United States favoured such a pragmatic approach, and hoped studies would be undertaken on those lines. The United States had voted for the major recommendations put forward at Geneva, and they had been accepted by the bulk of the developed and developing

/countries. Now

countries. Now those recommendations must be followed up by action. Exports of manufactured products from Latin America must be encouraged, but it would have to be decided what was the best approach - preferential arrangements, promotional measures, technical improvements, advertising, or technical assistance. Specific action rather than further repetition of generalities must be taken to follow up all the Geneva recommendations.

COMMODITY TRADE

Mr. SCHATAN (Food and Agriculture Organization of the United Nations) said that since the Geneva recommendation on removal of obstacles to trade contained a limiting clause referring to products of particular interest to developing countries, a list needed to be drawn up for each country, before a consolidated list could be prepared. In addition some of the agreements reached were expressed in very general terms, referring to "substantial" reductions in internal charges, for example, or a "fair and reasonable share" of world markets, terms that would need to be more clearly defined before any action could be based on them. With respect to the removal of obstacles to trade, he referred to the saving clause in the general provisions in part II of recommendation A.II.1, and said that some machinery would have to be established for the consultation with the developing countries there provided for. Similarly, although the Geneva Conference had not accepted the developing countries' plea for the abolition of export subsidies, the way had been left open for countries seriously affected by such subsidies to seek relief through some consultative machinery, which would have to be devised.

The formula referred to under the heading of transitional arrangements, providing for measures to compensate countries for the loss of preferential treatment, was very general, and specific compensatory measures would have to be studied. With respect to the disposal of surpluses of minerals, the "internationally determined criteria" mentioned in recommendation A.II.1 would have to be worked out, as well as a financial formula to enable the developing countries to dispose of their primary commodity surpluses on an equal footing with the developed countries that had special programmes in that field. The proposal that international commodity agreements should have due regard for the purchasing power of the exports of the developing

/countries posed

countries posed the technical problem of how that purchasing power was to be measured, a matter that would have to be studied by existing or new agencies.

In order to avoid excess of supply over demand, there would have to be co-ordination of production, but for temperate-zone agricultural products agreements would have to be reached between developed and developing countries, whereas most tropical products were produced mainly by the latter group. It had also been suggested that funds should be made available to help the developing countries to diversify their production, as Brazil and Colombia were already doing, but the sums involved were large, and a fund would have to be established for the purpose.

Under the auspices of the Food and Agriculture Organization, and of the Inter-American system, a number of study groups had been established to deal with particular commodities, and other such groups would need to be set up.

Since the Geneva Conference some steps had been taken by developed countries that would make it more difficult to sell certain commodities on the world market. For instance, the Coffee Agreement had run into serious difficulties; cacao prices were now very low, and efforts were being made by producer countries to protect them; sugar prices, after having risen sharply, had now fallen again to levels equal to those of eighteen months ago; the United States had taken steps to introduce quotas on imports of meat, and was making efforts to increase its exports of meat to Europe. All those steps had the effect of restricting world markets for the commodities of the developing countries, especially Latin America, rather than expanding them.

Mr. MADRIÑAN (Colombia) said that, as suggested at the meetings at Brasilia and Alta Gracia, it was important to adopt a different approach for the three different types of commodity - tropical products, temperate-zone agricultural products and mineral products. With respect to coffee, Colombia greatly regretted that the United States, had endangered the agreement by refusing to pass enabling legislation, thus contravening the spirit of the Final Act adopted at Geneva.

/Mr. WEINTRAUB

Mr. WINTRAUB (United States of America) said that at present no meat import quotas were in force in the United States and it was quite possible that quotas might never be imposed. A bill had been passed providing for such quotas if imports rose above a given level, that is, they would apply only if there were a substantial increase in the volume of imports. In fact imports had risen rapidly prior to the passing of the bill, and prices had declined to a point that represented difficulties for stockmen, although admittedly the rise in imports, while important, was not the sole price decline.

Mr. DA FONSECA (Brazil) said he would submit at the next meeting a number of specific proposals amending or adding to the possible lines of action set forth on pages 43-45 of document E/CN.12/C.1/21. His suggestions would include a time limit for each country to draw up a list of the commodities important to its economy, participation by some of the developing countries in the actions proposed under items (e) and (g), and measures to implement the work programme suggested for the Commission on Commodity Arrangements and Policies. In connexion with the proposal to set up new commodity study groups, he referred to recommendation A.II.8, on the establishment of an ad hoc working party on the international organization of commodity trade.

Mr. BECERRA (Argentina) said that he would also submit specific proposals at the next meeting.

The Chairman suggested that the meeting should adjourn to permit the representatives who wished to do so to submit proposals in writing.

It was so agreed.

The meeting rose at 11.30 a.m.

1. Introduction

The first part of the paper discusses the importance of understanding the underlying mechanisms of the observed phenomena. This section provides a comprehensive overview of the current state of research in this field, highlighting the key challenges and opportunities for future work. The authors argue that a deeper understanding of these mechanisms is essential for developing effective interventions and policies.

In the second part, the authors present a detailed analysis of the data collected from the study. They use a combination of qualitative and quantitative methods to explore the patterns and trends in the data, providing a rich and nuanced understanding of the phenomena under investigation.

The third part of the paper focuses on the implications of the findings for practice and policy. The authors discuss the potential applications of the research and provide recommendations for how the findings can be used to inform decision-making and improve outcomes.

Finally, the authors conclude the paper by summarizing the key findings and discussing the limitations of the study. They also provide a brief overview of the future research agenda, highlighting the areas that need further exploration and the potential for future breakthroughs.

The paper is organized as follows: Section 1 provides an overview of the research, Section 2 presents the data analysis, Section 3 discusses the implications for practice and policy, and Section 4 concludes the paper.

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