

UNITED NATIONS



ECONOMIC
AND
SOCIAL COUNCIL



GENERAL
E/CN.12/AC.43/SR.2
20 May 1959

ENGLISH
ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Eighth Session
Panama City, Panama

COMMITTEE II

(Economic Sectors)

SUMMARY RECORD OF THE SECOND MEETING

Held at Panama City on Tuesday, 19 May 1959, at 3.45 p.m.

CONTENTS:

Economic problems of agriculture (in co-operation with FAO)
(E/CN.12/499) (continued)

PRESENT:

<u>Chairman:</u>	Mr. MUSICH	(Argentina)
<u>Rapporteur:</u>	Mr. SIMPSON	United Kingdom of Great Britain and Northern Ireland
<u>Members:</u>	Mr. LERENA	Argentina
	Mr. GARCIA ROSSI	Brazil
	Mr. HANNIABERGH	Colombia
	Mr. VILASECA	Cuba
	Mr. MARTY	Chile
	Mr. MURRIAGUI	Ecuador
	Mr. CABOUAT	France
	Mr. PALACIOS	Guatemala
	Mr. ORDÓÑEZ	Honduras
	Mr. ALANIS PATIÑO	Mexico
	Mr. de CASTRO	Netherlands
	Mr. VARELA	Panama
	Mr. TURNAGE	United States of America
	Mr. VALMORE ACEVEDO	Venezuela

ALSO PRESENT:

Observers from States
not members of the
Commission:

Mr. HOLLAI	Hungary
Mr. BARBOSI	Italy
Mr. MATEOS ALVAREZ	Spain
Mr. MIKHAILOV	Union of Soviet Socialist Republics

/Representative of

Representative of a
specialized agency:

Mr. EZEKIEL Food and Agriculture Organization

Secretariat:

Mr. SWENSON Deputy Director, Economic
Commission for Latin America

Mr. AQUINO Secretary of the Committee

ECONOMIC PROBLEMS OF AGRICULTURE (IN CO-OPERATION WITH FAO) (E/CN.12/499)
(continued)

Mr. TURNAGE (United States of America) said that the information in document E/CN.12/499 on the United States surplus disposal policy under Public Law 480 was in some respects faulty. The United States took great care not to disturb the balance either of internal market prices or of export prices. The situation of the beneficiary country was gone into thoroughly, and consultations were carried out with other suppliers. Sales were made only at the request of the countries concerned, and the funds obtained were used for the economic development of those countries. He would be glad to give the secretariat details of the points on which his delegation disagreed.

Mr. EZEKIEL (Food and Agriculture Organization) said that the use of surpluses for financing economic development had been carefully studied by FAO, both in the course of the proceedings of the Committee on Commodity Problems and in the enquiries carried out on the subject of the liquidation of such surpluses. For some years, FAO had been conducting a special study of that subject in India, and had reached a conclusion of capital importance on the use of surpluses.

If an under-developed country used its unemployed labour force on additional economic development projects, the persons thus employed would spend a considerable part of their new income on the purchase of foodstuffs. If surplus foodstuffs purchased abroad on credit were available at that time, some of that greater demand would be absorbed by the sale of such

/surpluses in

surpluses in the country until such time as the additional economic development projects could be financed from funds in local currency derived from the sale of the surpluses. The study that had been made in India had shown that in the circumstances prevailing in that country, if an ample variety of surplus products was available, half, or even more, of the additional demand could be absorbed or compensated by the use of such surpluses. At the same time, the beneficiary country would have to obtain new resources from abroad, in the form of grants or loans, to satisfy the new demand brought about by the greater degree of employment. Although the procurement of external financing had not normally been an essential condition for the purchase of surpluses, in many cases funds had been obtained from the International Bank, the Export-Import Bank or other sources.

Those measures, taken together, had made it possible to fulfill the necessary conditions to ensure that the sale of surpluses had no adverse effect on other transactions: in other words, to ensure that the country's total consumption increased in the same proportion as did the volume of surpluses received. In that way, the surpluses could be absorbed without disturbing the market for local producers or for the exporters who normally supplied it.

There was no doubt that in disposing of their surpluses the United States and other countries had tried to abide by those principles, so that surpluses could be used for the promotion of economic development without disturbing the normal operation of the market. Nevertheless, in

/some cases

some cases the agreements signed with Latin American countries had not provided for a broad variety of products but had related to very few products, or solely to wheat. In such cases there was more danger that the disposal of surpluses would prove harmful to trade and would not represent a real increase in consumption.

It should be recalled that at the recent "Food for Peace" meeting, held at Washington, the five large wheat exporters had agreed upon a programme designed to make better use of wheat surpluses for the benefit of economic development, and had set up a special committee to study ways and means of doing so without harming normal trade.

STRUCTURAL AND INSTITUTIONAL FACTORS OF AGRICULTURAL DEVELOPMENT:
DRAFT RESOLUTION (Conference Room Paper No. 2)

Mr. VILASECA (Cuba) submitted a draft resolution on the structural and institutional factors of agricultural development.

Mr. ALANIS PATIÑO (Mexico) supported the draft resolution.

Mr. VALMORE ACEVEDO (Venezuela) supported the draft resolution.

His Government was studying with great interest the structural factors that hampered economic development and had drafted an agricultural bill based on the same principles that had been upheld at the present meeting.

Mr. MARTY (Chile) thought that the draft resolution should be given closer study before it was discussed.

The meeting was suspended at 4.15 p.m. and resumed at 4.35 p.m.

The CHAIRMAN proposed that a working group consisting of the representatives of Argentina, Brazil, Chile, Colombia, Cuba and Venezuela

/should study

should study the draft resolution before it was resubmitted to the Committee.

It was so decided.

FOREST RESOURCES: DRAFT RESOLUTION (Conference Room Paper No. 6)

Mr. ALANIS PATIÑO (Mexico) submitted a draft resolution concerning the need for a study on forest resources.

Mr. HANNABERGH (Colombia), Mr. ORDOÑEZ (Honduras), Mr. CABOUAT (France), Mr. TURNAGE (United States of America), Mr. MARTY (Chile), Mr. VILASECA (Cuba) and Mr. VALMORE ACEVEDO (Venezuela) supported the draft resolution.

Mr. TURNAGE (United States of America) pointed out that the study in question would be based on very unreliable statistics. He thought that Governments should take the opportunity to improve their information and statistics with regard to timber.

The draft resolution was unanimously approved.

The meeting rose at 4.55 p.m.