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COMMITTEE ON INTERNATIONAL TRADE AND ECONOMIC INTEGRATION

Report of the Rapporteur

The Committee on International Trade and Economic Integration, began its work on 9 May 1963 with Mr. Alejandro Silva Davidson, representative of Chile, as Chairman. Mr. G. B. Summers, representative of Canada, acted as Vice-Chairman and Mr. J. Antonio Palacios, representative of Guatemala, as Rapporteur. The Committee had as its Secretary Mr. Jorge Méndez, Director of the Trade Policy Division of the ECLA secretariat.

The Committee held six meetings. In addition, the Chairman appointed two Working Groups which studied draft resolutions.

For the discussion of the items assigned to the Committee the Chairman subdivided the agenda as follows:

1. The United Nations Conference on Trade and Development;
2. Latin America's relations with other international trade groupings;
3. The economic integration of Latin America:
  - a) Progress of the Latin American Free-Trade Association (ALALC);
  - b) Progress of the Central American Economic Integration Treaty; and
  - c) Study of the prospects of a link between ALALC and the organs of the General Treaty on Central American Economic Integration.

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1. The United Nations Conference on Trade and Development

With reference to the United Nations Conference on Trade and Development, the Latin American countries, as well as several of the **observers**, expressed their firm support for the Conference. The Latin American delegations were unanimously agreed as to the importance of the Conference, and expressed their confidence that, as a result of frank discussion on the causes and effects of the present situation of world trade, it would be possible to arrive at procedures which were closely linked to the under-developed countries' aspirations towards economic and social development, and might result in greater progress and well-being in the different developing communities.

In view of the importance attached to the Conference during the present debate, and for the guidance of the Governments members of ECLA, the secretariat reproduced the agenda approved at the first session of the Preparatory Committee of the Conference (E/CN.12/682), giving indications of the steps that are being taken to carry out studies relating to certain items.

In view of the importance of the United Nations Conference to the Latin American countries, attention was drawn to the desirability of seeking ways and means of solving the foreign trade and development problems of the countries in question, for which purpose the secretariat was requested to carry out specific studies, as indicated in the draft resolutions approved, as well as on agenda item 1 - 5 ("Principles governing international trade relations and trade policies conducive to development"). This suggestion was unanimously approved by the Committee when put to the vote.

Stress was also laid on the need for these studies to enable the Latin American countries to devise procedures for joint action, and on the importance of holding a Latin American seminar to prepare for the Conference.

The discussion on this topic led to a draft resolution which was approved by 18 votes to none, with one abstention.<sup>1/</sup>

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<sup>1/</sup> Resolution 221 (X), 16 May 1963.

## 2. Latin America's relations with other international trade groupings

On the basis of documents E/CN.12/631 and E/CN.12/632, the delegations expressed their views on the possible impact and effects that might be produced on Latin American trade by other international groupings outside the region, especially the European Common Market. In addition to the representatives of members of the Committee, the observers from GATT and the European Economic Community and the representative of FAO took part in the discussion. The views they expressed appear in the documents that were circulated.

The delegations, in a draft resolution, request the secretariat to continue studying the formation and development of multi-national groupings in other regions, and to suggest possible ways and means of finding solutions to the problems that such groupings might create in respect of Latin America's foreign trade and development.<sup>2/</sup>

## 3. The economic integration of Latin America

At the outset of its proceedings, the Committee heard statements describing the progress achieved by the States members of ALALC and the contracting parties to the General Treaty on Central American Economic Integration in their respective integration programmes.

With regard to ALALC, the basic document presented by the secretariat was E/CN.12/658, and, in respect of Central American economic integration, the background documents were E/CN.12/672, E/CN.12/666, E/CN.12/658 and E/CN.12/683.

An important part of the discussion on this topic centred upon problems relating to the links between the two free-trade areas and upon the possibility of accelerating Latin America's integration process.

The delegations of the Central American countries endorsed the aims of the other ECLA delegations in ~~that~~ respect, but with the reservation that any link established should be compatible with the terms of reference

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<sup>2/</sup> Resolution 222 (X), 16 May 1963.

laid down in resolution 120 (CCE), adopted by the Central American Economic Co-operation Committee on 28 January 1963, the text of which was reproduced in document E/CN.12/672.

In discussing the studies that the ECLA secretariat should carry out, attention was drawn to the need to seek suitable fields for complementarity among industrial sectors, as a dynamic factor of integration.

Various delegations pointed out the difficulties that might derive in the immediate future from the method of annual selective negotiations, particular stress being laid on the need to carry out studies that might induce the countries members of ALALC to adopt a more automatic and mandatory procedure for annual tariff reductions. Note was also taken of the importance of devising ways and means of co-ordinating the national development programmes of the individual ALALC countries, in order to seek out the prospects and opportunities opened up by the integration process. In addition, one delegation requested that, in view of the interest attaching to the question, a specific study should be made of the transport problems impairing trade, and also stressed the need to identify the internal and external factors militating against the integration process and the expansion of trade in Latin America.

Another delegation said an endeavour must be made to promote the rapid elimination of **restrictions** and tariffs in respect of basic groups of **commodities**, such as foodstuffs, construction materials and medicines and health equipment, so that the possibility of opening sectoral free markets within the Latin American Free-Trade Area might be considered.

The suggestions put forward were incorporated in the aforementioned draft resolution.

In connexion with Central American integration, the delegations from that area announced that preparations are under way for launching a capital integration process to facilitate industrialization on a basis of complementarity.

Taking part in the discussion besides the accredited delegations were observers from ALALC, SIECA and IDB. The IDB observer said that the Bank had been playing an outstanding part, and would redouble its efforts to further the integration movement.

On the same subject of economic integration, the Committee discussed the text of two draft resolutions which were not approved. The first, submitted by the delegation of Colombia, on the need to undertake studies for the economic integration of Latin American frontier areas, was withdrawn by its sponsor in view of the fact that several delegations declared that they were unprepared to discuss its full scope. The other draft resolution before the Committee was submitted by the delegation of Chile, and related to integration problems. After an exchange of views, it was withdrawn by its sponsor.

