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ECONOMIC COMMISSION FOR LATIN AMERICA

Trade Committee

Fourth Session

Santiago, Chile, 9 to 13 November 1964

SUMMARY RECORD OF THE TWENTY-SIXTH MEETING

Held at ECLA Headquarters, Santiago, Chile,
on Thursday 12 November 1964, at 10 a.m.

CONTENTS: United Nations Conference on Trade and Development
Consideration of draft resolutions

PRESENT :

<u>Chairman:</u>	Mr. SEOANE	(Peru) (First Vice-Chairman)
	later, Mr. SECAIRA	(Guatemala) (Second Vice-Chairman)
<u>Rapporteur:</u>	Mr. LOZADA	Venezuela
<u>Members:</u>	Mr. BECERRA	Argentina
	Mr. TETTAMANTI	Argentina
	Mr. BOTELHO	Bolivia
	Mr. DA FONSECA	Brazil
	Mr. SUMMERS	Canada
	Mr. PINTO	Chile
	Mr. MADRINAN	Colombia
	Mr. SANCHO	Costa Rica
	Mr. GARCIA INCHAUSTEGUI	Cuba
	Mr. MARTINEZ	Dominican Republic
	Mr. YEROVI	Ecuador
	Mr. CABRERA	El Salvador
	Mr. BRUNEAU	France
	Mr. MOLINA	Honduras
	Mr. HENRIQUEZ	Kingdom of the Netherlands
	Mr. GARCIA REYNOSO	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:

Observers from States Members of the United Nations, not members of the Commission, attending in a consultation capacity:

Mr. MERAN	Hungary
Mr. NEGRETTI	Italy
Mr. SILSKI	Poland

/Observer from

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. SCHATAN Food and Agriculture Organization of the United Nations

Representatives of inter-governmental organizations:

Miss DELHAYE European Economic Community

Mr. FRAGUIO Inter-American Committee of the Alliance for Progress, Organization of American States

Mr. GONZALEZ Inter-American Development Bank

Mr. OPAZO Latin American Free-Trade Association

Representative of a non-governmental organization

Category B: Mr. YAÑEZ Centre for Latin American Monetary Studies (CEMLA)

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

CONSIDERATION OF DRAFT RESOLUTIONS

Mr. SUMMERS (Canada) said that he wished to present his delegation's views on a number of points that had been discussed by the Trade Committee, although since it was not possible to cover all points, those views could not be regarded as final, exhaustive or inflexible.

Canada considered that the best means of assisting the developing countries to expand their exports, in order to accelerate development, was a positive programme to improve market access, similar to the GATT Action Programme, and to the suggestions made at the Geneva Conference for the abolitions of tariff and other barriers that restricted sales by the developing countries of commodities and tropical products. He referred to the Kennedy Round, in relation to the possibility of a preference system that would favour the manufactures and semi-manufactures of the developing countries without full reciprocity for the benefits received. There should be a general removal of the quantitative restrictions on imports of manufactured goods from the developing countries, and such a move would not lead to any market disruption. International commodity agreements had an important role to play in establishing equitable and remunerative commodity prices; Canada was a party to all the major agreements in that field, and was prepared to explore the possibility of additional agreements on commodity-by-commodity basis. However, Canada did not favour unduly high commodity prices under long-term commodity arrangements, since that might overstimulate production, and conduce to unsaleable surpluses and to reduced consumption through the use of natural or synthetic substitutes. He believed that despite any contribution that improved trade conditions could make, the international community would have to continue to assist the efforts of the developing countries to accelerate their growth rates. At Geneva, Canada had supported the proposal that the International Bank for Reconstruction and Development should study how multilateral assistance could relieve long-term price declines. It was important to economic development to find markets for the growing industries, and consequently a general reduction of tariff and non-tariff barriers must be the aim. He was doubtful whether in the long run new discriminatory patterns of trade, based on preferences granted by the industrial countries to the developing

/countries, would

countries, would greatly benefit the latter, but Canada was prepared to join other countries in examining the question.

The above remarks were made in response to the suggestion made by the Executive Secretary at the opening meeting that it would be interesting to hear the views of countries outside Latin America on the results of the Geneva Conference. However, the present meeting was not the place to continue the confrontation that had begun at Geneva, which could be taken further in the General Assembly. Although Canada was a member of the Commission, it considered that on the present occasion, when the Trade Committee was preparing recommendations to the Latin American Governments, Canada's detailed views on all the points covered by the various resolutions would be out of place, although Canada would be prepared to speak on other occasions when ECLA was making recommendations to Latin American Governments.

For the foregoing reasons Canada would abstain from voting on any of the draft resolutions, not through any lack of interest, but because at present it wished to reserve its position.

With respect to the Geneva Conference itself, he did not share the views of those who had expressed disappointment with its results, because they had hoped for the adoption of special measures to improve the terms of trade and accelerate the economic growth of the developing countries. He understood that disappointment, but he preferred to share the more optimistic view taken by Mr. Prebisch and other speakers who had stressed what the Conference had been able to achieve. A number of the ideas that had been accepted at Geneva had long been regarded as controversial, and in some cases ran counter to long-established attitudes and opinions in many parts of the world. It must not be overlooked that government representatives, with the best will in the world, could not commit themselves to new and controversial courses of action unless they were sure that their Parliaments would pass the necessary legislation, and that those who had elected the Parliaments could be sufficiently convinced of the wisdom of such courses to re-elect the representatives that had taken the decisions concerned. In the light of those factors, and of the very complex nature of the problems involved, he felt that both the developed and developing countries at Geneva could feel that the Conference represented a notable effort at international co-operation in solving economic and social problems.

/He agreed

He agreed with earlier speakers who wished to lay less stress on confrontation between two groups of countries, and more on a united effort to achieve certain aims for the benefit not only of certain countries, but for mankind in general. While it was true that every country or group of countries must consider its own interests, they must also harbour good will to the needs, interests and views of others. It was in that spirit that Canada would participate in the debates of the General Assembly, and play a constructive role in relation to the Trade and Development Board.

Mr. WEINTRAUB (United States of America), explaining his Government's policy with respect to commodity trade, expressed the hope that his statements might also be of some value to the Governments represented at the present Trade Committee Session. The basic tenets of United States policy on commodity trade were still essentially the same as those expounded by the late President Kennedy in a statement made on 13 March 1961 with respect to the formation of the Alliance for Progress. The late President had made it clear at the time that the United States was ready to co-operate in serious case-by-case negotiations on commodity market problems, since sharp fluctuations in commodity prices had an adverse effect on the Latin American economies by draining their resources and hampering their growth. To the United States Government, commodity agreements were simply one of many kinds of commodity approaches that might be appropriate, such as study groups, the reduction or elimination of tariff and non-tariff barriers, and the use of compensatory financing. Its approach to the question of commodity trade had been expressed at the Geneva Conference.

With specific reference to the question put to him regarding coffee, he pointed out that the United States had played an important part in the negotiation of the Coffee Agreement. The United States Senate had subsequently ratified the Agreement but Congress had not yet passed implementing legislation. The United States position had been made clear by President Johnson, when he had said on 14 October 1964 that the United States would seek ways and means of stabilizing the prices of the tropical products that were all-important to a number of countries and would press for implementing legislation on the international coffee agreement. The United States Government had arranged to be fully represented at all meetings concerned with the coffee agreement,

and made regular financial contributions to it. The problem of re-shipment of coffee from the United States was also being dealt with. Thus, in effect, even without further legislation the United States had taken administrative steps to carry out the essentials of the agreement.

The United States understood the serious commodity trade problems with which many of the developing countries were grappling, and sympathized with their aims as reflected in the resolutions adopted at the Geneva Conference, and the draft resolution on commodity trade (Conference room paper N° 4) before the present meeting. He wished, however, to point out in relation to the use of the word "commitment" in paragraph 2 of the draft resolution that the United States had not entered into any legal commitment at the United Nations Conference, although it accepted various undertakings and would no doubt carry them out. As regards the suggestion of "consultation machinery" in the same paragraph, he remarked that many such organs already existed and were frequently approached. The United States could not agree that such consultation - with respect to commodities or other matters - would necessarily take place within the United Nations machinery.

His delegation intended to adopt the same position as Canada in the voting, but he hoped that he had made it clear from his statement that, in abstaining, his country was not disagreeing with the aims set forth in the draft resolution, but was fully aware of the problems faced by the Latin American countries and as far as possible intended to co-operate in seeking a solution to them.

The CHAIRMAN invited the Committee to consider the draft resolution on joint action with respect to trade negotiations (Conference room paper N° 6) submitted by the delegations of Chile, Colombia and Peru.

Mr. GARCIA INCHAUSTEGUI (Cuba) said that he objected to certain phrases in the preamble to the draft resolution.

Mr. DA FONSECA (Brazil) said that since in most cases the preambles to the draft resolutions only repeated what was already contained in recommendations of the Geneva Conference, and the Trade Committee was now interested mainly in lines of action, he proposed that the preambles of all the draft resolutions should be dropped, and only the operative paragraphs voted on. If the Committee wished, it could incorporate the substance of the preambles in a general statement, as the representative of Uruguay had suggested at an earlier meeting.

/The CHAIRMAN

The CHAIRMAN put to the vote the Brazilian proposal that the preambles of all the draft resolutions should be deleted.

The proposal was adopted by 9 votes to 3, with 8 abstentions.

Mr. PJINTO (Chile), speaking on behalf of the sponsors of the draft resolution, said that it was being withdrawn, and resubmitted in another form as part of a resolution on future action in the field of trade and development (Conference room paper No. 9), which would be considered by the Committee later.

The CHAIRMAN invited the Committee to consider the draft resolution on evaluation of the results of the United Nations Conference on Trade and Development submitted by the delegation of Cuba (Conference room paper No. 2).

Mr. DA FONSECA (Brazil) agreed with many of the views expressed in the draft resolution, but pointed out that they were embodied in paragraph 8 of Conference room paper No. 4.

Mr. GARCIA INCHAUSTEGUI (Cuba) said that paragraph 8 of Conference room paper No. 4 referred to primary commodities only, and to trade practices in force between countries with centrally-planned economies and under-developed countries. The draft resolution in Conference room paper No. 2 went further, its aim being that the under-developed countries should take full advantage of the offer made by a number of socialist countries at the conclusion of the Geneva Conference. The under-developed countries had expressed a wish that the socialist countries should take their products into account in preparing their import plans. It was in support of that wish and in response to an offer on the part of the socialist countries that was beneficial for the developing nations that the draft resolution requested the Governments of the developing countries to adopt all necessary measures to take advantage of the potential market which the socialist countries represented.

Mr. AGUIRRE (Uruguay) said that his delegation had consistently advocated the diversification of trade flows and trade with the centrally-planned economies, and that the willingness of the Latin American countries to take action in both respects had been clearly manifested in a number of documents; Conference room paper No. 2 therefore seemed to him to be

/unnecessary. Furthermore,

unnecessary. Furthermore, he neither considered it was incumbent upon the developing countries to take steps to facilitate such trade, or that a satisfactory and specific offer had been made in that respect by the centrally-planned economies.

Mr. SECAIRA (Guatemala) pointed out that imports by the centrally-planned economies of manufactures and semi-manufactures from the developing countries were contemplated in paragraph 11 of Conference room paper No. 10, which also had the advantage of referring specifically to the Governments of the Latin American countries.

Mr. BECERRA (Argentina) agreed with the remarks made by the representatives of Brazil and Guatemala. The concern felt by Cuba was adequately covered by the other draft resolutions before the meeting.

Mr. YEROVI (Ecuador) said that it was inadvisable to recommend that the Latin American Governments take measures of a political nature; furthermore, he considered that the position adopted at Geneva by the developed countries with centrally-planned economies was not satisfactory.

Mr. GARCIA INCHAUSTEGUI (Cuba) insisted that the offer made by the centrally planned economy countries was made in earnest, and should be taken up. He was prepared to entertain any suggestion or amendment regarding his draft resolution, which was of a general nature and could not be included in any recommendation referring to particular products.

The CHAIRMAN, in response to a suggestion by the representative of Argentina, proposed that all the resolutions of the Trade Committee should be consolidated in a single document, in order to avoid duplications such as those now being discussed. He asked the representative of Argentina to submit his proposal formally.

Mr. BECERRA (Argentina) said that the Chairman had correctly interpreted his suggestion.

Mr. DA FONSECA (Brazil) suggested that there should be a single resolution on each item of the agenda. With respect to the Cuban draft resolution, he thought that the single paragraph left after the deletion of the preamble was covered by the draft resolutions on commodities, and on manufactures and semi-manufactures.

/The CHAIRMAN

The CHAIRMAN invited the Committee to consider the proposal, embodying the suggestions of a number of representatives, that the Committee should continue voting on the separate draft resolutions, and that a drafting group be appointed to consolidate them in a single document.

The proposal was adopted by 14 votes to none, with 6 abstentions.

Mr. SECAIRA (Guatemala) Second Vice-Chairman, took the Chair.

The CHAIRMAN suggested that the drafting group should consist of the representatives of Argentina, Chile, Colombia, Costa Rica, Mexico and Venezuela. In reply to a question by the representative of Cuba, he said that any representatives interested in particular draft resolutions could also attend the meetings if they so wished.

He invited the Committee to consider the draft resolution on regional economic integration submitted by the delegations of Colombia, Peru and Venezuela (Conference room paper No. 5) and the amended version of the same draft resolution submitted by the delegations of Chile, Colombia, Peru and Venezuela (Conference room paper No. 5/Rev.1).

Mr. PINTO (Chile) said that all the sponsoring delegations were completely agreed on the vital importance of regional integration for Latin America. To take the necessary political decisions to accelerate the process of integration, it was essential for the Governments to have full and up-to-date technical information at their disposal on the specific ways in which the region might move towards integration. ECLA had done much valuable work in that respect in the past and he hoped it would supply the Governments as soon as possible with the results of the studies on which it was now engaged in the same field.

The CHAIRMAN invited the Committee to consider the draft resolution on maritime transport submitted by the delegations of Peru and Uruguay (Conference room paper No. 7).

Mr. AGUIRRE (Uruguay) proposed that the words "on the part of the shipping conferences" be deleted from paragraph 3, line 6.

Mr. REY (Peru) requested that paragraph 2 (ii), lines 5 and 6, be amended to read "...will be able for that purpose to call on the advice..."

/The CHAIRMAN

The CHAIRMAN explained that the draft resolution on internal measures (Conference room paper No. 8) was being modified, so as to include part of the preamble in the operative paragraphs and would therefore be considered at the next meeting.

He invited the Committee to consider the draft resolution on future action in the field of trade and development (Conference room paper No. 9) submitted by the delegations of Chile, Colombia, Mexico and Uruguay.

Mr. MADRIÑAN (Colombia) explained that he had been one of the sponsors of the draft resolution on joint action with respect to trade negotiations (Conference room paper No. 6), which had now been incorporated in toto in the draft resolution now under discussion. He had no objection in principle to the content of the new draft resolution, but since it was much wider in scope than the draft resolution he had originally joined in sponsoring, he preferred to withdraw as sponsor.

Mr. PINTO (Chile), introducing the draft resolution, said that the original draft resolution on joint action with respect to trade negotiations had been incorporated without any change into the draft resolution now under discussion. The operative part of the earlier draft resolution had now become sub-paragraphs 2 (a) and 2 (b) of the new version, supporting continued joint action by the developing countries, and calling for the expediting of Latin American economic integration as a means of strengthening the region's position in international negotiations. It was not possible for Latin America to draw a clear line between its negotiations with the developed countries on free trade, access for manufactures, refinancing of the external debt when servicing became an excessive burden, and the various problems relating to the trade in invisibles. Integration affected all those questions, and the Latin American countries would need to find some form of collective representation in their dealings with the developed countries, as explained in the preamble to the draft resolution.

In addition, the new draft resolution expressed dissatisfaction with the results obtained at Geneva, and drew attention to the return to a protectionist attitude on the part of certain countries since the Geneva Conference.

/The CHAIRMAN

The CHAIRMAN invited the Committee to consider the draft resolution on exports of manufactures and semi-manufactures submitted by the delegations of Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico, Peru, Uruguay and Venezuela, together with the amendment to the same draft resolution (Conference room paper No. 10 and 10/Add.1).

In the absence of any comment, he invited the Committee to consider the draft resolution on trade measures taken by developed countries after the United Nations Conference on Trade and Development submitted by the delegations of Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Peru, Uruguay and Venezuela (Conference room paper No. 11).

Mr. SANCHO (Costa Rica) explained that the resolution had been inspired by the fact that after the Geneva Conference the attitude of some of the industrialized countries had been manifested in three ways, all of which had violated the spirit of the resolutions adopted at that Conference. Firstly, some trade agreements on primary commodities had been eliminated, while others had not been ratified and others again were not being enforced; secondly, new tariff barriers had been established to products of interest to developing countries and, thirdly, quantitative restrictions were still being applied to such products. The position of the industrialized countries had been referred to in the operative paragraphs of Conference room paper No. 9 but as the references concerned tariff barriers in particular, he suggested a single draft resolution mentioning all measures of a discriminatory kind and that the references to the new protectionist position adopted by some of the developed countries in operative paragraph 2 (a) of Conference room paper No. 9 be deleted and included in Conference room paper No. 11.

The CHAIRMAN asked the meeting for a decision on the proposal made by the representative of Costa Rica. The new resolution could be prepared by the working group to be set up.

Mr. PINTO (Chile) seconded the proposal.

Mr. MADRIÑAN (Colombia) endorsed the remarks made by the representative of Costa Rica. The sponsoring delegations had felt that the draft resolution in question would bring home to the Governments the full force of such discriminatory measures and the need for strong opposition on the part of the developing countries.

Mr. DA FONSECA (Brazil) fully agreed with the view put forward by the last two speakers, and by the representative of Uruguay at a previous meeting.

The CHAIRMAN invited the Committee to consider the draft resolution on intensification of trade among the developing countries and regional integration (Conference room paper No. 12), submitted by the delegations of Argentina and Brazil.

Mr. BOTELHO (Bolivia) said that he regretted that he had not been able to take a more active part in the Committee's work, but he had only recently received instructions from his Government. For that reason he had not been in a position to co-sponsor the draft resolution now under discussion, but he wished to support it.

Mr. DA FONSECA (Brazil) introduced the draft resolution and said that in the time available it had not been possible to seek additional sponsors.

Mr. BECEFERA (Argentina) said that his country fully supported regional integration, and had been doing so within ALALC. Consequently it was in favour of the resolution.

Mr. YEROVI (Ecuador) said he was gratified by the reference in paragraph 6 to the problems of the relatively less advanced countries.

Mr. VALDES (Secretariat) said that in view of the large number of draft resolutions that the Committee still had to deal with, it might wish to take action under rule 34 of the rules of procedure to waive the requirement that draft resolutions must be circulated to representatives twenty-four hours before they were discussed and voted upon. That would enable the Committee to deal at the next meeting with whatever other resolutions were available.

The CHAIRMAN said that if there were no objections, the Committee would proceed to a vote at the next meeting on the draft resolutions available.

It was so agreed.

The meeting rose at 12.50 p.m.

