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ECONOMIC COMMISSION FOR LATIN AMERICA
Seventh session
La Paz, Bolivia
15 May 1957

COMMITTEE I

(Trade)

SUMMARY RECORD OF THE FOURTH MEETING

Held at La Paz on Thursday, 23 May 1957, at 10.15 a.m.

CONTENTS:

Repercussions of the proposed European common market
on Latin America trade (continued)

Draft resolution on an intra-regional payments system
submitted by the Working Group (Conference Room Paper
N° 17)

PRESENT:

<u>Chairman:</u>	Mr. ARIOSTO GONZALEZ	Uruguay
<u>Rapporteur:</u>	Mr. BARRETO	Peru
<u>Members:</u>	Mr. MARTINEZ)	Argentina
	Mr. KORENJAK)	
	Mr. OCAMPO	Bolivia
	Mr. GARRIDO TORRES	Brazil
	Mr. PIÑERA	Chile
	Mr. GAMBOA	Cuba
	Mr. GINEBRA	Dominican Republic
	Mr. CHAVEZ)	Ecuador
	Mr. SALGADO)	
	Mr. VILAUD)	France
	Mr. POUSSARD)	
	Mr. REGINOS	Guatemala
	Mr. MATUTE	Honduras
	Mr. VILLALOBOS	Mexico
	Mr. ZIJDERVELD	Netherlands
	Mr. CLEMENT	Panama
	Mr. GONZALES MAYA	Paraguay
	Mr. BUSSALLEU	Peru
	Mr. WRIGHT	United Kingdom
	Mr. BARGER	United States of America
	Mr. CARLEVARO	Uruguay
	Mr. PINO	Venezuela

/ALSO PRESENT:

Also present:

Observers from
Member States:

Mr. CHENDOV	Bulgaria
Mr. VESELY	Czechoslovakia
Mr. VICZENIK	Hungary
Mr. MANCINI	Italy
Mr. ARAGONES	Spain
Mr. ALBU	Rumania
Mr. MANZHULO) Mr. MIKHAILOV)	Union of Soviet Socialist Republics

Observer from a
non-Member State:

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

Mr. del CANTO) Mr. KEESING)	International Monetary Fund
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Observers from inter-governmental organizations:

Mr. IRAÑETA	Inter-American Economic and Social Council
Mr. ROYER	General Agreement on Tariffs and Trade
Mr. WIAZEMSKY	Inter-Governmental Committee for European Migration

Representatives of non-governmental organizations:

Category A:

Mr. HAYSEN	International Confederation of Free Trade Unions
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Category B and Register:

Miss SAAVEDRA	International Federation of Women Lawyers
Mr. FRIEDLANDER	World Jewish Congress

/Secretariat:

Secretariat:

Mr. PREEISCH

Executive Secretary

Mr. IVOVICH

Secretary of the Committee

/REPERCUSSIONS OF

REPERCUSSIONS OF THE PROPOSED EUROPEAN COMMON MARKET ON LATIN AMERICAN TRADE (continued)

Mr. POUSSARD (France) said that the fears expressed by certain Latin American representatives concerning the establishment of a European common market, and particularly concerning the inclusion of overseas territories in the common market, were unfounded; moreover the Latin American countries would have ample opportunity to protect their interests during the transition stage. The long-term goal of the common market was not economic autarchy but multilateral and unhampered world trade.^{1/}

Mr. MANCINI (Italy), replying to the observations made at an earlier meeting with regard to Italy's position in relation to the integration of the overseas territories into the European common market, pointed out that Italy had no colonies, and that its association with Somaliland under Italian administration would cease after December 1960. Until that time, Somaliland's integration into the common market would undoubtedly contribute to the Territory's economic development, while the decision whether it would remain associated with the community after that date would rest entirely with the Government of the new State.

Mr. OCAMPO (Bolivia) said that his delegation's apprehensions concerning the effects of the European common market had been somewhat allayed by the explanations offered by representatives of the six Powers concerned. Nevertheless,

^{1/} For the full text of Mr. Poussard's statement see Information Document No. 12.

it felt that the European community remained a legitimate cause for concern, and that ECLA should continue to follow its development very carefully and report on the matter to the member Governments.

He supported the draft submitted by Mr. Garrido Campos at the previous meeting but pointed out that the questions concerning the prices of Latin American commodities consumed by the European market and the new trend which the investments of the countries signatories of the European Common Market Treaty would follow ought to be the subject of a special study.

Mr. SALGADO (Ecuador) noted that some representatives had stated that the expansion of trade and economic activity resulting from the formation of the common market would benefit the Latin American countries. But it was difficult to see how that argument could apply to Latin American exports of coffee and cocoa, for example. Exports of those products would expand only if Africa was unable to satisfy fully the increased needs of the European market, but that was unlikely in view of the fact that large investments would be made in Africa to increase production. Moreover, as levels of living in the countries members of the common market were already high, and income elasticity of demand for the two products in question low, it was highly probable that Latin American exports would decline as a result of African competition. Of course, it was open to the Latin American countries to try to meet the situation by re-adapting their economic structures to the needs of a changing world and diversifying their exports; but that would necessitate very heavy capital investment, in addition to that already required for the economic development desired by those countries.

He asked the members of the common market to consider whether their legitimate desire to develop their overseas territories might not threaten the economic development of other under-developed regions.

/The CHAIRMAN

The CHAIRMAN suggested that the membership of the existing Working Group should be expanded by the inclusion of the representatives of France and GATT, when the Group came to examine proposals relating to the repercussions of the European common market on Latin American exports. Other representatives could, of course, attend its meetings and co-operate in its work.

Mr. GARRIDO TORRES (Brazil) supported that suggestion.

It was so decided.

DRAFT RESOLUTION ON AN INTRA-REGIONAL PAYMENTS SYSTEM SUBMITTED BY THE WORKING GROUP (Conference Room Paper No. 17)

Mr. IVOVICH (Secretary of the Committee) suggested that the words "early in the second quarter of 1958" at the end of preamble of paragraph 6 should be deleted. The Secretariat would naturally hold the Working Group's second session as soon as possible but it was unwise to specify a definite time in case unforeseen circumstances arose.

Mr. BARRETO (Peru), Mr. KORENJAK (Argentina), Mr. PINO (Venezuela) and Mr. CARLEVARO (Uruguay) supported the suggestion.

Mr. GARRIDO TORRES (Brazil) also supported the suggestion and expressed the hope that the date of the meeting would be fixed well in advance, so that Governments would have sufficient time to examine the relevant documents and make the necessary arrangements.

The Secretary's suggestion was approved.

/Mr. GARRIDO

Mr. GARRIDO TORRES (Brazil), speaking as the Chairman of the Working Group, introduced and commented on the draft resolution on an Intra-Regional Payments System (Conference Room Paper No. 17). The Working Group had proceeded on the assumption that it was only competent to take note of the Trade Committee's report, although it was able to approve Resolution 1 (I). With regard to the report of the Central Banks Working Group, the Working Group had decided to take note of it, since that report would be formally studied by the Trade Committee.

He explained that operative paragraph 3 would not affect those countries with bilateral agreements which might anticipate any decisions reached at the second session of the Central Banks Working Group.

Mr. OCAMPO (Bolivia) said that Bolivia had concurred in the decisions of the Central Banks Working Group as a first step towards limited transferability and the eventual goal of multilateralism and a Latin American common market. His delegation shared the view that the draft standard agreement on payments represented only a model, which could be adapted to the special needs of countries signatories to bilateral agreements.

His delegation agreed that the compilation of accounts statistics would be a valuable first step in a gradual movement towards multilateralism. It, indeed, saw no reason why that task should not be entrusted temporarily to ECLA; it would be of great assistance to ECLA in preparing its future studies. The

/recommendation

recommendation concerning uniformity of banking procedure would also be of value in leading to greater flexibility, provided that the special needs of bilateral agreements countries were kept in mind.

Bolivia had supported the resolutions adopted by the Trade Committee and the Central Banks Working Group because it wished to participate in the enterprise of establishing closer trade relations between the countries of Latin America. In its view, those resolutions had two fundamental aims: to guide the countries of the area in a gradual movement towards multilateralism and to recommend that ECLA should continue its study of ways and means to form a Latin American regional market based on a sound payments system. It was on that basis that his delegation had supported the original Uruguayan draft resolution and now supported the draft resolution before the Committee.

Mr. ARAGONEZ (Spain) asked whether countries such as Spain, which had bilateral trade agreements but were outside the Latin American region, could participate in the Intra-Regional Payments System.

Mr. IVOVICH (Secretary of the Committee) recalled that at its sixth session, ECLA had decided to take note of a similar point raised by the Spanish observer. Thus, the Secretariat would again take note of the observer's statement.

Mr. BARRETO (Peru) said that his delegation would support the draft resolution because it was in sympathy with the efforts

/of other

of other Latin American countries to achieve the benefits of a convertible currency and multilateral trade which Peru already enjoyed.

The draft resolution was approved.

The CHAIRMAN, speaking on behalf of the Committee, thanked the Working Group and the representative of the International Monetary Fund for having accomplished a difficult task.

The meeting rose at 12 noon.