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COMMITTEE I

PROVISIONAL SUMMARY RECORD OF THE NINTH MEETING

held at the Palais de la Nation, Leopoldville
on Tuesday, 26 February 1963, at 3.20 p.m.

Chairman : Mr. Bomani (Tanganyika)

Secretary : Mr. Nomvete

CONTENTS : Monetary, financial, trade and commodity problems.

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MONETARY, FINANCIAL, TRADE AND COMMODITY PROBLEMS
(E/CN.14/174 and Corr.1 and Add.1 and 2, 190, 205, 206 and Add.1, 207)

The CHAIRMAN invited the Committee to turn to item 10 of the Commission's agenda : Monetary, financial, trade and commodity problems. Since time was running short, he asked representative to make their comments as brief as possible.

Mr. EWING (Secretariat) said that probably the most important events of the past year for Africa were the agreement on a new Convention of Association between African countries and the European Economic Community, and the breakdown of negotiations between the United Kingdom and the Community. Another important event was the adoption of resolution 1785 by the United Nations General Assembly, for the convening of a Conference on Trade and Development in 1964.

The developing countries needed the industrial countries to import more of their current or prospective manufactures and to have their foreign earnings protected from excessive price fluctuations. The existing trade régime, based on reciprocity and non-discrimination, had favoured economically strong nations to the disadvantage of the others.

The Conference on Trade and Development was expected to consider four major aspects of trade expansion for the developing countries : principles for increasing, diversifying and financing their trade; measures for ensuring fair and stable prices for exports; removal of barriers in the industrial countries; and measures of implementation.

It was disturbing that trade between African countries still only represented about 8 per cent of Africa's total trade. Only co-ordinated industrial development could, in the long run, provide the basis for a major increase. The secretariat was working to promote intra-African trade on a sub-regional basis, which presented fewer difficulties of transport and communication. Determined efforts should be made to develop coastal

shipping. It was best to tackle practical problems first, and to try to find common denominators in technical work of limited scope. An Expert Panel on Transit Traffic in West Africa had met and had adopted six recommendations on particular aspects of transit traffic (E/CN.14/206 and Add.1).

The deficiencies of the sub-regional approach were realised, however, and a study of intra-African trade in an all-African framework was being prepared; the secretariat hoped to present a preliminary paper on the subject to the second session of the Standing Committee on Trade.

The Convention of Association between the European Common Market and certain African States appeared to leave it open to associated States to conclude trade and tariff arrangements with non-associated African countries, even if the arrangements involved discrimination against the Six. Further elucidation of that vital point by the Community would be desirable.

In regard to African trade relations with other continents, a study had been prepared on trade with centrally planned economies; another on trade with Asia was being prepared. If African countries were to create viable economies, markets outside the traditional markets of Western Europe and North America had to be found. Trade with Asia had been stable recently, but trade with centrally planned economies had shown significant increases. In such trade policy matters African countries ought to act together.

The necessary reorientation of trade would involve changes in African commodity exports, also in world transportation since the shipping routes were mainly from Africa to Western Europe and North America, and seldom to other under-developed regions.

The Information Paper on Recent Developments in Western European Economic Groupings (E/CN.14/207), which the Committee had before it, described the Convention of Association of the European Economic Community and its implications. The need for liberal outward-looking commercial

policies by the Community was stressed, and it was submitted that the long-term economic objectives of African countries could not be achieved through exclusive arrangements, which often disrupted relations between producers of the same commodities and between neighbouring countries.

The Report of the African Meeting on Commodity Stabilization (E/CN.14/205) showed that broad world-wide agreements were preferable to limited arrangements. That had been recognized in Commission resolution 57 (IV), which recommended the extension of regional organizations' activities. The Note on that resolution (E/CN.14/190), before the Committee, indicated ways in which the recommendation might be followed.

In technical trade promotion, the secretariat had so far concentrated on providing African governments with information through its Trade Newsletter. A bibliography of current publications of potential use to national trade intelligence services had been circulated. The fact that an up-to-date information service was vital for an official trade policy had been recognized by the Standing Committee on Trade, which had recommended that the secretariat assist African countries in improving their intelligence units (Report of the first session of the Standing Committee on Trade, document E/CN.14/174 and Corr.1 and Add.1 and 2). A questionnaire on existing facilities in Africa had been circulated. The Standing Committee on Trade had asked that a study be made of problems connected with arrangement for an African Trade Fair and the financial implications of the Fair were set forth in addendum 1 to the Standing Committee's report.

Mr. MENSAH (Ghana) said that developing countries' external trade problems were caused by a basic imbalance in the structures of production and demand. In developed countries, foreign trade only satisfied marginal needs, or corrected imbalance in the complex of natural resources; most industrial and agricultural needs were supplied from within. In the case of developing countries, on the other hand, external trade was preponderant and absorbed

a great part of the national income. It affected crucial sectors of the economy: basic commodities like foodstuffs and fuel, as well as textiles, also capital goods vital for development, came from outside.

The elasticity of import demand in developing countries was greater than the developed countries' elasticity for absorbing those countries' exports. A rise of 5 per cent in incomes in African countries, would entail a 7-10 per cent increase in imports; a similar income rise in industrialized countries would only entail a 2-3 per cent increase in imports from Africa.

Diversification had been suggested as a possible solution by the Director of the ECA Division for Economic and Social Development in his introductory statement at the first session of the Standing Committee on Trade (E/CN.14/174, Annex V). But if total commodity demand in advanced countries increased by only 2 per cent per annum, while the African countries aimed at raising exports by, say, 5 per cent per annum by the end of the sixties, diversification would hardly suffice. If Ghana and the Ivory Coast increased their production of cocoa and coffee against a basic lack of demand, they would simply beggar themselves. It was argued that priority should be given to expanding production of a particular commodity. But what commodity would achieve a 6-7 per cent annual rise in exports?

Supposing that a 2-3 per cent annual expansion in world consumption of primary commodities, were to be attained, then Africa might indeed increase its share of world markets. But at whose expense would that expansion be achieved: at Latin America's, or Asia's?

To a developing country whose aggregate imports were growing faster than national income, whether the imports came from developing or from developed countries was hardly relevant; what mattered was increasing export outlets. Ghana had once enjoyed comfortable surpluses; that was a transient phase experienced by most developing countries.

Ghana's best hope was an increased rate of growth in developed countries, for example the European Economic Community. Until there were more expansionary trends in developed countries, the developing countries would continue to have trade and balance of payment problems.

It was generally agreed, in connection with the United Nations Development Decade, that developing countries should have a growth rate of 5 per cent per annum by the end of the sixties; but the United Nations and its subsidiary organs had never worked out the consequential growth rate entailed for developed countries. Without dynamism in providing greater export markets, such pious hopes would come to nothing.

The present borrower position of developing countries was likely to remain unchanged for a long time to come, unless their adverse trade balance could be corrected; they were in danger of becoming a "bottomless pit" for the lenders.

A co-ordinated approach to trade and capital transfers ought to be adopted in national economic policies: the developed countries must make provision for the capital exports required to keep developing countries solvent. Short-term external imbalance could be mitigated by commodity arrangements. However, when it came to the point it would be found that many of those who had advocated commodity agreements in general had not themselves furthered agreements for particular commodities. His delegation hoped to submit a resolution calling for practical action on specific commodity problems.

Many member countries of ECA were also members of the International Monetary Fund. The Fund considered commodity problems to be outside its province; but there would be a permanent problem of short-term currency fluctuations unless the commodity situation altered, and, if the Fund dissociated itself from commodity problems, member countries would not be

deriving the advantages that they expected from their membership of it.

The developed countries had given their blessing to commodity agreements that were lacking in sinew; the agreements could not be effective unless the withholding of supplies were possible, and for that finance was necessary.

The problem of inadequate growth in developing countries was basically attributable to backward-looking policies of quotas and tariffs. The United Kingdom had lowered purchase tax on cars, while raising that on chocolate to 15 per cent. The impact in the United Kingdom might be marginal, but in Western Nigeria and the Ivory Coast it had been considerable. Industrialization on the basis of existing products had been recommended for the developing countries. Yet such industrialization was discouraged by steeply ascending rates of duty on processed products such as cocoa butter, cocoa cake and cocoa passed through oil mills. It would be valuable if the secretariat were to produce and circulate statistical evidence regarding that problem, in the form of a table showing discrimination against the industrialization of poor countries, to be placed before GATT and the forthcoming United Nations Conference on Trade and Development.

Much lip service was paid to the aim of securing the industrialization and development of developing countries, but too few concrete measures were taken.

His country was seeking answers to a variety of questions from GATT, the European Economic Community and other organizations, and was looking forward to the outcome of the forthcoming talks on the Kennedy plan.

Mr. MOLYNEUX (United Kingdom) said that, at the first session of the Standing Committee on Trade, the United Kingdom had promised to prepare a paper on the working of the sterling area system; the paper had since been circulated, and he hoped it would show that the system was not a barrier to trade expansion. He pointed out that the United Kingdom was far from

possessing as abundant natural resources as the Ghanaian representative had implied. Trade was vital to it. Aid without trade was useless; both were necessary to development. The United Kingdom would make an effort to meet the needs of the African developing countries, but it had obligations to Asia and other parts of the world as well as to Africa. Its aid to and trading with countries in other parts of the world was of direct benefit to Africa, because if those other countries developed their potential they could be trading partners of Africa.

The United Kingdom was determined, too, to play its part in Committee III of GATT and hoped the forthcoming talks on the Kennedy plan would be fruitful. The United Kingdom was a party to all the commodity agreements. It had played a leading part in trying to secure an agreement on cocoa, and it did not consider that its record in that respect was anything to be ashamed of. It felt that the commodity-by-commodity approach was the most practical and fruitful, but he agreed with the Executive Secretary that there should be flexibility in the operation of commodity agreements. His country recognized the need, which had been emphasized in GATT, that special provisions were necessary if the developing countries were to reach their potential on the world trade scene. It had therefore started to reorganize certain British industries. In some cases the reorganization might be a painful process, but it was necessary if the developing countries were to get a fair share of world trade.

The United Kingdom had been impressed by the strong desire on the part of the developing countries that the United Nations should convene a Conference on Trade and Development; it had accordingly supported the plan, and it would play its full share in the preparatory work for the Conference.

Many delegations were worried about the effects of regional economic groupings on their trade. He understood their fear, but wished to point out that regional groupings were not confined to Europe: they existed in South

and Central America, in parts of Africa and in Asia. Provided regional groupings aimed at raising the standard of living of their people, followed liberal trade policies, and opened their working system to public inspection, they were acceptable. The United Nations Yearbook for 1961 showed that in 1960 Western Europe had taken more than two-thirds of Africa's exports. It would appear, therefore, that regional groupings in Western Europe had benefited Africa.

Mr. SYLLA (Mali) said that history had shown that political power was always accompanied by the right to coin money. In the opinion of his delegation control over currency and national sovereignty were inseparable: political power and monetary power were the complementary aspects of one and the same thing, national sovereignty. However, money was first and foremost a tool and, however perfect it might be, a tool was worth no more than the hand that used it. A national currency was not a panacea for difficult financing problems : a country lived off what it produced and earned. In Mali monetary measures would not be used to wipe out the budget deficit. In banking matters the Treasury would be treated in exactly the same way as private persons; in other words, it could not overdraw its account. The country needed budgetary and financial austerity, accompanied by a planned control of foreign trade, since such control was the only way of preserving its balance of payments. The control would mean a reduction in imports of luxury goods or superfluous consumer goods, which often competed with national products. The essential purpose of controlled planning was to give priority to imports of capital goods, without which a country could not build up its economic potential. But if control measures were not reinforced by a nation's confidence in its own currency, they would not be sufficient to ensure monetary stability.

There was no reason why monetary independence should be considered a hindrance to African unity. Bilateral compensatory agreements could gradually be transformed into multilateral compensatory agreements, which would be the forerunners of an African Payments Union; and such a Union would constitute a positive step towards African unity.

African unity could be achieved only by Africans, for Africans and by truly African means. Monetary problems of themselves should not serve as an excuse for a foreign power to gather a group of States under its cloak and set itself up as being the saviour and restorer of African unity. Experience had proved that Africa could not be built out of prefabricated parts or on imported models.

Trade, which was now the principal sector of colonial exploitation, ought, instead, to contribute to countries' general development. In the opinion of his delegation it should supply the people with necessities, supply the country with capital goods and stimulate national savings. Support prices, artificial prices and sole rights to markets were disguised forms of dependence. The multilateral action permitted by the Convention of Association with the European Economic Community seemed to his delegation to be the surest way of freeing their trade.

The Report of the FAO Council on its 39th Session had stated that one of the main obstacles to development was the persistent decline in the price of agricultural exports on which most developing countries relied for their foreign exchange earnings, and had gone on to say that there was little hope of the situation's improving in the near future.

Examination of all those factors had led Mali to opt for a planned socialist economy. State intervention was the surest way of ensuring that all sectors of the economy contributed to the country's development. In Mali an agency had been set up which controlled both imports and exports. In that way middlemen had been eliminated and the State had been able to

ensure that only capital goods were imported. It had also enabled the State to bring its export prices into line with world market prices.

Mr. KHOURI (Algeria) said that Algeria was faced with a difficult trade situation. The Government had taken steps to free the economy from the colonial system. Algeria's economic potential was great and its infrastructure was well developed. Trade development depended on diversification of products and on a good transport system. In that respect the southern part of the country was less favoured than the north. The Government had taken steps to modify customs tariffs and to promote the import of capital goods. Algeria's great need for foreign exchange had led it to adopt an austerity budget. Its motto was "Produce and export", but capital was necessary to production and markets were necessary to exports. To succeed, therefore, Algeria would have to diversify its economy and to process its own resources before putting them on the world market. Algeria and Africa alike ought to endeavour to satisfy local needs out of their own resources. By developing their industries they could expand foreign trade and accumulate foreign currency reserves.

Algeria had set up an Office national de commercialisation, which had unified its trade policy vis-a-vis industrialized countries. Africa was looked upon as a poor relation, and its products were being used just to feed the industrialized countries' factories. African countries must unite and make the world realize that their natural products - such as oil, phosphates, leather, and uranium - were essential to it.

An African Fair organized under the auspices of the United Nations would stimulate African trade. It was the duty of all Africans to preach political union, customs union and economic integration. Those objectives might be attained by establishing a free trade area, by developing communications across the Sahara, by setting up a supra-national arbitral body, and by concluding a payments agreement between African countries. A

satisfactory customs union would facilitate the expansion of African trade; it would be valuable if ECA were to produce a document showing the advantages and drawbacks of a customs union.

Mr. TEKLE-HAMAINOT (Ethiopia) said that Africa's basic exports were subject to economic fluctuations in other parts of the world, and seemed to be particularly vulnerable to downward trends. There was a need for international concerted action, particularly since the Bretton Woods, Havana and Geneva agreements which had ushered in the post-war era had not been designed to meet present-day difficulties. The commodity-by-commodity approach as a means of price stabilization was unsatisfactory; all it did was to maintain the existing structure of the world market: it did little to increase the share of the developing countries. His delegation therefore welcomed the forthcoming United Nations Conference on Trade and Development, because it would give African countries the opportunity to take concerted action to correct the existing situation. He hoped the ECA secretariat would contribute to the preparations for that Conference by submitting documents giving unbiassed and clear descriptions of Africa's real trading position.

Mr. RAZAFINDABRE (Madagascar) observed that Africa's export trade was declining, while the price of primary products was falling. Price stabilization was rendered particularly difficult by the existence of export commodities identical to those produced in Africa, or directly competing with them. The effects of a liberal trading system on the primary producing countries, therefore, required careful study. He hoped all delegations would take note of Commission resolution 57(IV), on the incidence of European economic groupings in intra-African trade. His delegation had great hopes of the forthcoming Conference on Trade and Development.

Mr. SHIH (Observer for the General Agreement on Tariffs and Trade), speaking at the invitation of the Chairman, said that the GATT welcomed any supplementary effort at liberalizing and expanding trade, and was accordingly participating in the preparation of the United Nations Conference on Trade and Development. A multilateral, non-discriminatory system of international trade, in his view, remained the best; it was difficult to think of any other which would function as effectively in a world composed mostly of market and mixed economies.

GATT had attempted to stabilize primary commodity markets, and had noted with satisfaction the conclusion of the Coffee Agreement and the progress being made with regard to cocoa and other products.

One of GATT's basic objectives was to contribute to the raising of standards of living, which meant helping the economic development of the less-developed countries. The text of the Agreement had been revised in 1955, primarily to take account of the views and interests of the less-developed countries, and in 1958 new mechanism had been set up to consider positive ways of expanding the less-developed countries' exports. The Declaration on the Promotion of Trade of the Less-Developed Countries, which laid down the principles governing trade relations with such countries and advocated the removal of trade barriers affecting their exports, had been adopted in December 1961. Since September 1962 there had been a thorough review of achievements in the implementation of the Declaration, and new improved procedures had been adopted. Action relating to tropical products had been accelerated, the question of reducing tariff and other barriers through a new round of tariff negotiations had been considered, and it had been decided that a meeting at ministerial level should be convened, to discuss trade problems requiring decisions at the highest level.

Considerable progress had been made in the removal of trade barriers affecting exports of the less developed countries. The industrialized countries were applying quantitative restrictions on only a few of the products which had been specifically examined by GATT. Renewed pressures

would undoubtedly be brought to bear on the countries which still maintained restrictions. Some progress had been made in the reduction of customs tariffs and of fiscal charges in the form of revenue duties or internal levies.

Most GATT countries had accepted the principle that tropical products should be granted duty-free entry. Six members of the GATT secretariat had completed study tours in Senegal, Nigeria, Somalia and other African countries and the information they had gathered would be examined at a meeting of the Special Group on Trade in Tropical Products in March 1963. He hopped that the African countries associated with the European Economic Community would be able to participate in the work of the Special Group.

One of the generally accepted principles in GATT was that in tariff negotiations there should be flexibility regarding the degree of reciprocity to be expected of the less-developed countries. It had also been agreed that high tariffs and disproportionately discriminatory tariffs which had the effect of discouraging processing industries in the less developed countries should be reduced and eliminated. GATT was working out detailed procedures for another round of general, comprehensive, multilateral tariff negotiations. The negotiations of 1960-1961 had produced only moderate results because the technique used had been somewhat out of date, and because certain important trading nations had not, at that time, possessed the constitutional authority to engage in negotiations to an extent which would make it worth while for other nations to give serious consideration to the opening up of their markets in certain important sectors. Those drawbacks had been remedied notably by the bold action taken by the legislature of one member of GATT. It was difficult to overstress the importance of the proposed Tariff Conference for less-developed countries, especially since the Conference's procedures would be designed to meet those countries' requirements and to take account of their limitations. He hoped that as many countries as possible would take part in the Conference.

In view of the number of important questions requiring consideration at the highest level GATT had decided that a ministerial meeting should be held from 16 to 21 May 1963. The purpose of the meeting would be to

give directions for the effective liberalization and expansion of trade in primary and secondary products, to consider arrangements for the reduction and elimination of tariff barriers, and to consider measures relating to access to markets for agricultural and other primary products. The ministerial meeting technique was used very sparingly in GATT, and on each occasion upon which such a meeting had been held decisions of fundamental importance had been taken. He hoped that the voice of Africa would make itself heard effectively and forcefully at the meeting, and that it would be as fully heeded as that of other continents.

U TUN WAI (International Monetary Fund) said that the Fund had participated in the work of the United Nations Commission on International Commodity Trade, where the problem of compensatory financing of export fluctuations of primary producing countries had been considered; and it had submitted to that Commission a study explaining its policies and procedures in that field. The main point made in the study was that provision of foreign exchange to Fund members in compensation for short term fluctuations in balance of payments was a legitimate use of Fund resources. Balance of payments deficits were, however, financed by the fund only when the member's policies were such as to eliminate its difficulties quickly. Many African countries, including Ethiopia and Ghana, had drawn on the fund's resources or had made stand-by arrangements with it.

The United Nations Commission on International Commodity Trade had invited the Fund to submit a report on whether and in what way the Fund might arrange increased compensatory financing of export fluctuations of primary exporting countries. The Board of the Fund was discussing the problem, and hoped to submit its new report shortly.

Mr. LAVRITCHENKO (Observer for the Union of Soviet Socialist Republics), speaking at the invitation of the Chairman, observed that all the representatives of African countries who had spoken had stressed the importance of the expansion of foreign trade for the independent economic development of their countries. The USSR was anxious to develop trade relations with the young nations, and had concluded a series of trade

agreements with a number of African countries. Well-known characteristics of colonialism in economics and trade matters were the subjection of colonies to monopolies, and the buying of primary products at very low prices and the selling of industrial products at high ones. The USSR, on the other hand, was prepared to develop trade relations with the African countries on a basis of equality and mutual profit.

Difficulties encountered in establishing direct trade links with the USSR could be overcome. Trade with his country and the other socialist countries would assume increasing importance in African economic development and in the establishment of African national industries. The African countries could buy capital goods and fuel, inter alia, from the socialist countries on advantageous terms. In 1961, such items had constituted over 80 per cent of Soviet exports to Africa. As Soviet economic power increased and African economies grew stronger, there would be still greater opportunities for fruitful co-operation and trade expansion.

The Soviet Union considered that international trade should develop without discrimination, and it understood African anxiety about the unfavourable consequences of the European Economic Community for Africa. That anxiety found expression in the Report of the first session of the Standing Committee on Trade and in other documents before the Commission. Association with the European Common Market was the internal affair of each country, but he took leave to question Mr. de Seynes' statement that the new Convention of Association between the Community and certain African countries might be described as a new economic solidarity between the industrial and the under-developed countries. The African countries appeared interested in developing intra-African trade and in establishing an African Common Market to preserve them from the pillaging policies of foreign monopolies.

His country considered that the United Nations Conference on Trade and Development would be of value for developing international trade. The Conference would, moreover, give the under-developed countries an opportunity to protect their interests against the united forces of

international monopoly capitalism. The valuable observations made by Guinea and other African countries should be given due weight in connexion with the preparations for the Conference.

Mr. REES (Kenya and Zanzibar) said that, in Africa, higher incomes led to higher imports of consumer goods from overseas. Kenya had introduced a "Buy Local" campaign to counter that trend. Developed countries ought to be prepared to accept less buying of consumer goods and more of capital goods by the developing countries. Diversification was no panacea, though, it might be some help. Kenya was actively seeking new markets and was exporting, for example, to the Persian Gulf area. It was encouraging foreign capital to set up factories in Kenya to manufacture consumer items inside the country. Foreign monopolists in wholesale and retail trade tended to export their profits rather than devote them to capital formation in Kenya; was important that Africans should find employment in those sectors, instead of simply constituting a cheap labour force.

Tables of imports for African countries should be compiled, showing the proportion of consumer and capital items respectively. That would indicate what imports might be replaced by home products.

The Kenya Government favoured the proposal for an African Trade Fair, if costs could be satisfactorily met. Kenya was anxious to find new markets, and was interested in the possibilities of trade with Asia and centrally planned economies.

Mr. FAHMY (United Arab Republic) said that Africa's share of international trade was very small; African countries traded to a very large extent with the former metropolitan countries in Europe, while intra-African trade was insufficiently developed. Decline in the prices of the African countries' primary commodities had offset increases in their production and resulted in a loss of export earnings. The African continent had lost more through unfavourable terms of trade than it had received in aid. Thus Africa was assisting the industrialized countries. The solution to the problem for the African countries lay in diversifying production through industrialization and in diversifying export and import markets.

The instability of the prices of many African commodities was a matter of concern to the Commission; he hoped that as a result of the African Meeting on Commodity Stabilization, held the previous year, the situation would be improved.

The impact of economic groupings on African economies was a serious problem. The United Arab Republic would do everything in its power to pave the way for an African Common Market. He asked that the secretariat should keep members informed regularly of the results of negotiations taking place on the establishment of regional Common Markets, and that it should undertake a detailed study on the subject of the establishment of an African Common Market.

The lack of adequate means of transport between the countries of the African continent was a major obstacle to trade. Concerted action was required to establish a wide network of land, sea and air transport. His delegation was of the opinion that there should be a special Standing Committee on Transport, since the matter was of vital importance to African countries.

Inter-African trade was hampered by the existence of diffe ent monetary areas. His delegation proposed to submit a resolution requesting the secretariat to study the possibility of establishing a clearing system or payments union between African countries.

In regard to the proposed African Trade Fair, his Government had pleasure in inviting the Commission to organize the first African Trade Fair in Cairo.

With a view to removing certain obstacles hampering trade with African countries the United Arab Republic had established regular shipping and air lines to both Eastern and West Africa. Trade centres had been opened in some eleven countries to take charge of the Un ted Arab Republic's commercial transactions there.

Lastly, he said that he hoped the Committee would endorse all the recommendations adopted by the Standing Committee on Trade.

Mr. KOTSCHNIG (Observer for the United States of America), speaking at the invitation of the Chairman, said that he had been struck, listening to the debate, by the extent to which the United States' trade policy was in harmony with the aims of the African States. The United States believed in certain types of commodity agreements, but thought that tropical products exported by Africa ought to be granted duty-free entry. He agreed with the observer for GATT that complete reciprocity should not be demanded of the developing countries. Under certain conditions the developing countries were justified in enjoying benefits without according reciprocal advantages.

Those were matters which would be discussed by the United Nations Conference on Trade and Development. He hoped that the ECA secretariat would participate fully in the preparation of that Conference; it should submit documents showing clearly what the needs of Africa really were.

Mr. CARNEY (Sierra Leone) emphasized the need for direct trade with capital supplying countries. Attachment to one external grouping limited the scope of trade with the rest of the world and thus the possibility of earning capital imports. Trade with capital supplying countries would be a step towards the liberalization of world trade. He sounded a warning about the execution of State trading agreements: When such agreements were being arranged care should be taken to exclude the possibility of sales to third countries. He doubted the value of international agreements for halting the downward trend of commodity prices; the results of past international agreements had been disappointing, and no particular advantage was to be derived from appeals to the industrialized countries. One way to correct that trend was to restrict quantity sales on the world market by fixing prices paid to the producer at a lower level than world prices, while at the same time fixing domestic prices at a level higher than world prices.

In that way the well-known relative inelasticity of demand for agricultural commodities could be counted upon to maintain high prices on the world market and to increase foreign exchange earnings, without interfering with increased production for industrialization on the domestic market.

<u>The meeting rose at 6.40 p.m.</u>