

TRANSPORT AND COMMUNICATIONS COMMISSION

Third session, 21 March 1949

Item 5 on the provisional agenda

TRANSPORT IN LATIN AMERICA

Problems of maritime shipping, including freight  
rates, affecting Latin America

The Economic and Social Council, having considered  
the resolution adopted by the Transport and Communications  
Commission at its second session (Geneva, April 1948) on inland  
transport and

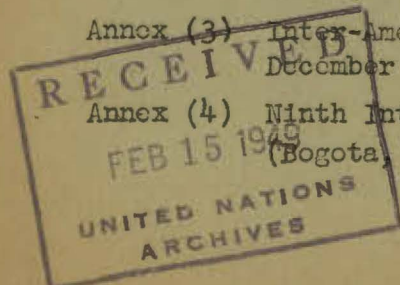
the resolution adopted by the Economic Commission for  
Latin America at its first session (Santiago, June 1948)  
on Transport and Communications,

requested inter alia at its seventh session (Geneva, 19 July -  
29 August 1948) the Transport and Communications Commission "... to make  
a further study of problems of maritime shipping, including freight rates,  
affecting Latin America, in order to facilitate consideration of these  
matters as soon as possible by the Economic Commission for Latin America."

The Secretariat presents herewith pertinent extracts from the  
discussions which took place at the meetings of the first session of the  
Economic Commission for Latin America, and of the Economic Committee of  
the Economic and Social Council during its seventh session, as well as at  
other international meetings, which will provide the Transport and  
Communications Commission with background information on the problem involved.

This information is contained in the following annexes:

- Annex (1) Economic Commission for Latin America, first session,  
(Santiago, June 1948)
- Annex (2) Economic Committee of the seventh session of the Economic  
and Social Council (Geneva, July-August 1948)
- Annex (3) Inter-American Maritime Conference (Washington, November-  
December 1940)
- Annex (4) Ninth International Conference of American States  
(Bogota, March-May 1948).



ANNEX (1)

MEETINGS OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

(First session - Santiago - June 1948)

1. Extract of speeches delivered by members of the  
Commission during the first session

Dr. Natalio Pangrazio Ciancio, Paraguayan Representative (document E/CN.12/34)

".... The problem of foreign transport is alarming, since the heavy freights received by the shipping companies, upon which we depend so much, works against the National economy. Praiseworthy efforts are being made by the Government to create our merchant marine. They are intending primarily to construct ships in the national shipyards; the law relating to domestic shipping has been passed, giving advantages to the Paraguayan navy, but a fleet has not been formed with national capital, nor has foreign capital been attracted for such a purpose....."

Dr. Carlos A. d'Ascoli, Head of the Delegation of Venezuela (document E/CN.12

"...Particularly regarding Transport, we wish to add that our Government is very much interested in its solution, and in developing intense activity in this respect, especially in connection with the development of maritime, fluvial and air transport, as well as of highway systems and the reorganization and enlargement of our deficient railway system....."

"...It is also necessary to improve transport services and lower the fares from one country to the other throughout the continent, and the rest of the world. We propose, echoing Mr. Owen's suggestion and giving to it a more concrete and practical shape, that this discussion should also lead to the establishment, within the Commission for Latin America, of a sub-commission for the study of transport problems, and particularly for the lowering of freight rates which are overwhelming to foreign trade in all our republics...."

Dr. Teodoro Alvarado Olea, Head of the Delegation of Ecuador (document E/CN.12/33)

"....The greater Colombian countries are already enjoying the benefits of their united efforts in the operation and maintenance of a jointly owned merchant fleet. We would like - and we are ready to co-operate in it - to see a Latin American Merchant Marine which would be controlled by a central body. This body would be in charge of all Latin American shipping. It would greatly benefit us if we could apply some of the basic principles governing North American interstate commerce, especially those dealing with freight rates in relation to the kind of products rather than to the distances between the production centres and consumer markets.

"The democratic principles of equal right to compete between producing and consuming markets has come to fill a great need in commercial relations in Latin American countries. This enables countries to enjoy the same privileges, regardless of the distance which separates them. We believe that the Secretariat of this Economic Commission, so alert in all matters concerning the study and analysis of problems which concern us, could if the other Honorable Representatives agree, undertake the interesting task of throwing more light on the subject, giving us more information on related problems, such as the democratic and fair co-ordination of freight rates, thus enabling us to find solutions to strengthen Latin American commercial unity..."

".... In concluding, may I be permitted, Mr. Chairman, to sum up the ideas of the Ecuadorian Delegation in the following terms:

"That the Secretariat of the Economic Commission be entrusted to present at the next meeting, a detailed study of the possibilities of co-ordinating the prices of the manufactured and of the primary products, as well as the co-ordination of applicable freight rates to the products coming from and destined to Latin America...."

## 2. Summaries of Discussions

### Ninth meeting (document E/CN.12/SR.9)

In order to deal with the economic problems of Latin America, the delegation of Ecuador suggested that for the next session the Secretariat should be asked to prepare a detailed study of the possibility of co-ordinating the prices of raw materials and manufactured goods, and a study of freight rates to and from Latin America.

### Sixteenth meeting (document E/CN.12/SR.16)

The draft resolution on transport and communications (document E/CN.12/AC.1/9) was considered at this meeting and reads as follows:

"THE ECONOMIC COMMISSION FOR LATIN AMERICA

TAKING NOTE

that the problems of inland transportation in Latin America are of exceptional importance for the economic development of the region and that these problems have already been considered in part by the Transport and Communications Commission and that a report prepared by that body (document E/CN.2/35) will be submitted to the Economic and Social Council for its consideration at its seventh session in July 1948:

DECIDES

to await the results of the deliberations of the Council before undertaking any action on this problem."

/Mr. d'Ascoli

Mr. d'Ascoli (Venezuela) stated that, in accordance with the views expressed in the working party, he reserved his position on the resolution on transport because it postponed consideration of a vital matter. Although he recognized the advisability of awaiting the report of the Economic and Social Council, the Venezuelan Delegation felt that certain questions, such as freight rates, which would not be covered in the report, should be studied by the Economic Commission for Latin America without delay.

Mr. Gonzales (Uruguay) expressed the opinion that the draft resolution on transport should be rejected because it served no logical purpose.

Mr. d'Ascoli (Venezuela) did not agree with the position of the representative of Uruguay.

Mr. d'Ascoli felt that it was illogical for the Economic Commission for Latin America to postpone action on other well-known aspects of the problem. He therefore proposed the deletion of the word "inland" in the first paragraph and the addition of a second paragraph as follows:

"Considering also that freight rates paid on Latin American import and export products constitute a heavy burden which impedes the economic development of those countries;

"Recommends that the Transport and Communications Commission should give special attention to the problems of maritime freight rates paid in the international trade of Latin American countries; and

"Decides that the entire problem of Latin American inland and external transportation should be considered at the next session of the Economic Commission for Latin America."

Mr. Pangrazio (Paraguay) did not agree with the Uruguayan proposal and endorsed the Venezuelan draft which foresaw the study of the question without delay.

Mr. Muller (Chile) disapproved the Uruguayan proposal to reject the draft and stated that while in general agreement with the Venezuelan draft his delegation opposed the use of the terms "heavy" burden to characterize freight rates. It was illogical, in his opinion, to prejudge the question and determine in advance whether the rates were excessive.

Mr. d'Ascoli (Venezuela) accepted the Chilean suggestion to delete the word "heavy" although he could not agree with the reasons given. It was common knowledge that current freight rates were excessive.

Mr. Fowler (United States of America) stated that it was questionable whether freight rates constitute a burden on Latin American economy. Referring to the cost of transporting goods, Mr. Fowler indicated that the strong language used in the Venezuelan text was unjustified until a study had been made and the results determined.

/In recommending that

In recommending that the Transport and Communications Commission should study maritime freight rates, the Venezuelan proposal neglected all other types of freight rates as well as other important transport problems. Referring to the last paragraph of the Venezuelan draft, the United States saw no reason why the Economic Commission should limit action on its second session.

Mr. d'Ascoli (Venezuela) mentioned that he was prepared to accept the softening of the language of his proposal and stated that his principal aim was to call attention to the important aspects of the problem and have an objective study undertaken.

The Uruguayan proposal which aimed at the rejection of the draft resolution was not adopted and after further discussion on the proposal of the United States a small ad hoc group, composed of representatives of the following countries: United States of America, Venezuela, Argentina, United Kingdom and the Rapporteur, to draft the final text, was approved.  
Seventeenth meeting (document E/CN.12/SR.17)

The resolution on transport and communications submitted by the working party in document E/CN.12/AC.19/Rev.1, was adopted. The text of the resolution has already been given above.

N.B.

The rapporteur of the Economic Commission for Latin America, when presenting the report of the Commission to the Economic and Social Council (208th meeting: document E/SR.208, 20 August 1948) mentioned that:

"With regard to transport and communications, the Commission had not thought it appropriate to ask the Council to take action at that stage, but instead had decided to recommend that the Transport and Communications Commission be asked to make a survey of the relevant questions."

ANNEX (2)

MEETINGS OF THE ECONOMIC COMMITTEE  
OF THE ECONOMIC AND SOCIAL COUNCIL

(Seventh session, July-August 1948)

at which the report of the second session of the Transport  
and Communications Commission was discussed

Summaries of discussions

Nineteenth meeting (document E/AC.6/SR.19)

Mr. d'Ascoli (Venezuela) expressed the opinion that the report had one serious defect, because it did not attach the same importance equally to all means of transport, and in particular that maritime transport was almost completely neglected. He considered that the problem of maritime freight-rates was of first rate importance and that the Commission might have devoted a resolution to it.

Mr. Phillips (United Kingdom) considered that the impression conveyed by the representative of Venezuela that maritime problems, particularly the question of freight rates, was being left entirely on one side of the United Nations, could not be substantiated. He reminded the Committee in particular that a maritime conference had been convened by the Secretary-General of the United Nations in compliance with resolution N.35 adopted by ECOSOC on 28 March 1947 to consider the establishment of an Inter-governmental Maritime Organization, and further, that in the Convention of that Organization the question of freight rates was by implication mentioned in it.

Mr. d'Ascoli (Venezuela) considered that the conference studied only technical questions relating to navigation and in fact made no general study of the influence of shipping freight charges on trade.

Mr. Morozov (Union of Soviet Socialist Republics) was of the opinion that the question of freight rates was one of paramount importance since the present system of freight rates reacted on the whole economic structure and favoured highly developed countries through the pressure of commercial monopolies. He considered that maritime questions should have been kept within the Commission's field of activity. After further discussion Mr. d'Ascoli (Venezuela) said that the Transport and Communications Commission should clearly have devoted greater attention to the study of a question which had not been sufficiently studied by the maritime conference.

Twenty-first meeting (document E/AC.6/SR.21)

As regards the specific question of freight rates and how and by which organ this question has to be dealt with, Mr. Valenzuela (Chile) referring to the United Kingdom draft resolution by which the Secretary-General was requested to bring the question of freight rates before IMCO, pointed out that his government considered that the body in question had abandoned any claim to competence in the matter of freight rates and was not in a position to deal with commercial problems. In his opinion the Maritime Organization could not intervene except to make a study of the problem.

In short, the delegation of Chile considered the United Kingdom's proposal unacceptable and proposed that in the text of the draft resolution it was mentioned that the Transport and Communications Commission in its deliberations pay special attention to the problem of sea freight rates affecting Latin America.

Mr. Muniz (Brazil) supported the proposal of the Chilean delegation and stressed the disadvantages of the United Kingdom proposal. He was of the opinion that the proposal of the Economic Commission for Latin America should be retained and that the Secretariat of the Transport and Communications Commission should assist in the study of the question of freight rates and of discriminatory practices. He considered that the maritime organization was not competent to deal with such a far-reaching problem of economic policy as freight rates.

Mr. d'Ascoli (Venezuela) emphasized the considerable importance of the question for all Latin American countries and proposed to amend the Chilean amendment in order to make it conform with the text of the resolution of the Economic Commission for Latin America.

Mr. Phillips (United Kingdom) said that in the conference which set up the IMCO, the question of how far freight rates could be discussed internationally had been considered and that freight rates could not be considered as falling outside the terms of reference of IMCO, even though its competence was limited to the technical field, because even if freight rates had an economic aspect they had also a highly technical one. Referring to the Chilean amendment, he mentioned inter alia, that the suggestion that the Transport and Communications Commission should study only the problem of sea freight rates seemed unfortunate, to say the least, as it completely overlooked the fact that freight rates formed only one aspect of the whole transport problem.

Mr. Stinebower (United States of America) stated that he was willing to accept the United Kingdom resolution although inclined to prefer

references in the last paragraph to the Transport and Communications Commission rather than to the IMCO.

After further discussion, a proposal that the Committee consider forthwith resolution 5 and the resolution of the Economic Commission for Latin America simultaneously, was put to the vote and was adopted.

Twenty-second meeting (document E/AC.6/SR.22)

Mr. Stinebower (United States of America) recalled that it has been his aim to ascertain the feeling of the Committee as to whether or not the discussion was to be confined to the field covered by the draft resolution of the Transport and Communications Commission.

Mr. Phillips (United Kingdom) explained that his delegation had felt that, in view of the specific request contained in the resolution adopted by the Economic Commission for Latin America on 25 June 1948 for assistance from the Transport and Communications Commission, it might appear a little ungracious not to authorize such assistance in the Council's resolution.

The Committee continued to discuss drafting of the resolution in the light of the various texts proposed.

Mr. Muniz (Brazil) said that the question of maritime freight rates was of vital importance to Latin American countries and comparing the United Kingdom and United States of America drafts he considered that the United Kingdom draft resolution envisaged the best approach to the problem whereas the draft of the United States of America attributed less importance to the maritime freight rates as applied to Latin American countries.

Speaking on the subject of the relative importance of the problems of inland transport and those of sea freight rates, Mr. d'Ascoli (Venezuela) mentioned that the reason why so much interest had been shown in the problem of sea freight rates at Santiago de Chile was that inland transport was regarded by most of the Latin American governments as a domestic problem, where international co-operation did not play so decisive and important a part as in the case of sea freight rates.

Twenty-third meeting (document E/AC.6/SR.23)

Mr. Morozov (Union of Soviet Socialist Republics) pointed out that the discussion had shown that the question of sea freight rates was an extremely important one for all members of the United Nations and particularly for under-developed countries. He mentioned that in the speeches delivered in Committee, two tendencies had been seen: On one hand the South American countries were relying on the assistance which the United Nations might give in their defense against powerful

/monopolies;



monopolies; and on the other hand, other speakers had taken up the defense of the monopolies and tried to reduce the importance of the role the United Nations should play in the solution of the sea freight rates problem. He considered that the latter tendency was to be seen in the proposal submitted by the United Kingdom in which it was planned to bring the freight rate problem before IMCO, a solution which he will not support.

The Chilean and Venezuelan delegations were equally opposed to the mention of IMCO in the draft resolution.

Mr. Willgress (Canada) proposed that in referring the study of the question to the Transport and Communications Commission it could be mentioned that this study could be conducted in consultation with IMCO. This proposal was not accepted and after further discussion the final text of the draft resolution was adopted by 10 votes with 7 abstentions.

ANNEX (3)

Inter-American Maritime Conference  
(Washington, November - December 1940)

At the Inter-American Maritime Conference held in Washington in November-December 1940, the ocean freight rates problems were discussed and a resolution on that particular subject was adopted. It was included in the Final Act and reads as follows:

"OCEAN FREIGHT RATE PROBLEMS

Having given extended consideration to the subject of ocean freight rate problems, as set forth under item 4 of the agenda approved by the Inter-American Financial and Economic Advisory Committee;

Having considered the detailed information relative to these problems, submitted by various delegations attending the Conference;

Having discussed at length various aspects of the subject as developed in individual problems of freight rates and the making of rates;

And having considered proposals of various delegations relative to the considerations which these delegations have emphasized as being of importance in the determination of freight rates,

The Inter-American Maritime Conference

AGREES:

1. That the problems of freight rates, the bases on which they should be determined, including the needs and costs of the service as well as the position of the shippers, and the extent of desirable governmental supervision of their determination, are problems exceedingly delicate and complex.
2. That among the many considerations which have been suggested to the Conference for special attention in the determination of freight rates, there are included considerations which, when standing alone, appear to be incompatible, but the relative importance of which become significant according to the circumstances of the particular commodity, route, and service.
3. That therefore, no single criterion or list of criteria can be formulated for equal application in all circumstances in the determination of freight rates; but that in the determination of the factors considered in the establishment of freight rates it is essential that every endeavour be made to accord the fullest possible consideration to all of the important interests concerned; that the fullest practicable hearing be accorded each such interest; and that when freight rates are established, particular attention be given to the desirability of avoiding arbitrary differentials not based on normal and equitable trade considerations; and

/RESOLVES:

RESOLVES:

That the Inter-American Financial and Economic Advisory Committee be requested to suggest to the governments of the Republics of America that they endeavour, through all appropriate means that may be available, to assure that in the establishment of inter-American rates full consideration be given, among all other pertinent considerations, to the requirements of the countries affected and that the system under which merchant marines are operated should not, in any event, act as a restraint on the normal development of trade."

ANNEX (4)

Ninth International Conference of American States  
(Bogota, March-May 1948)

In the Final Act of the Ninth International Conference of American States, held in Bogota in March-May 1948, it was stated, under Article 18:

"TOPICS FOR THE AGENDA OF THE  
INTER-AMERICAN ECONOMIC CONFERENCE

WHEREAS:

It is desirable to include on the agenda of the forthcoming Inter-American Economic Conference matters relating to transportation and communications,

The Ninth International Conference of American States

RESOLVES:

1. That topics on maritime and river transportation, railways, and communications in general be included in the agenda of the forthcoming Inter-American Economic Conference.
2. That the Bolivian proposal on Freedom of Transit and the Peruvian proposal on Transportation and Communications, presented to the Ninth International Conference of American States, also be included and that the application of the principle established in Chapter IX of the Economic Agreement of Bogota be regulated.
3. That, for the purposes of the preparation of the aforesaid agenda, the Governments of the American countries transmit their points of view to the Inter-American Economic and Social Council."

Therefore, the forthcoming Inter-American Economic Conference, which according to the decision taken by the Ninth International Conference of American States is to be held in 1949, will include in its agenda maritime problems, and questions of freight rates may be discussed.