

CEPAL Review

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Turning page in relations between Latin America and the European Communities

Elvio Baldinelli

The decisive factor which set Europe on the road to unity was a political one and not the result of a calculation about economic convenience. The absence of this factor explains the failure of the efforts made in Latin America to achieve effective co-operation in intra-regional trade or to unite national efforts around something more effective than joint statements.

The author argues that if it is to change its trade relations with the European Economic Community and with the rest of the industrialized world, the region will have to diversify its exports, especially by incorporating manufactures. This requires a policy of import substitution which takes that final goal into consideration, effective co-operation in intra-regional trade, and disciplined use of joint imports to improve access to world markets.

Up till now the region has believed that the export of raw materials would be sufficient to cope with its growth problems and to provide industry with the input and machinery it needs for its operation. However, the increasing difficulty of placing commodities in the industrialized countries, together with the heavy burden of external debt, has undermined the growth strategy based on this approach. Therefore, unless Latin America establishes a financial and trade relationship with the developed countries which satisfies its development requirements, very profound political changes may be brought about. Or perhaps, as in Europe, these upheavals may produce the necessary energy for the adoption of a new growth strategy based on regional integration.

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There is no lack of opinions —very respectable ones indeed— which hold that it is not worth the trouble to return once again to the relations between Latin America and the European Communities since these relations are beset with insuperable obstacles such as the common agricultural policy. Without denying the validity of this viewpoint, it is worth exploring, on the basis of this reality, the road which Latin America should take now that the post-colonial stage in its relations with, the Old World has been completed.

The issue goes beyond farming, since for some years now it has not been only the countries exporters of foodstuffs which have been encountering difficulties in placing their products and indeed in obtaining reasonable prices; instead the problem has extended to almost all raw materials, including now oil. Nor are the disappointments limited to trade, for Latin America is concerned about, and even hurt by, the knowledge that Europe gives the region the lowest of priorities in its relations with the rest of the world.

Whereas the United States has never discriminated in its imports of tropical farm products, Europe does do so in favour of its recent colonies in Asia, Africa, and the Caribbean, although it was from Europe that the colonizers of Latin America set out and it was Europe which for many decades provided the main market for our region's exports. In contrast, the United States for better or for worse has always maintained its relations with Latin America at a high level.

I

The creation of the European Communities

The unification of Europe at the end of the Second World War inspired Latin America to do the same. The failure of this initiative did not lead to a better understanding among the parties: in the EEC Commission it is often said that one of the difficulties of communicating with Latin America is that it does not speak with one voice.

The reasons which made possible the establishment of the European Economic Community on 1 January 1958 were political. The emergence in the postwar period of two superpowers, the Soviet Union and the United States, relegated the European nations to the second rank. The fact that for centuries Europe had led the world in political, trade and military matters underlined the need to overcome old hostilities and forget the bloodshed in order to advance towards a unity which would restore the lost importance. To this was added the fear that communism would spread from Eastern Europe to the rest of the continent.

Another motive for European unity was the concern that, acting individually, each country would seek in a bilateral alliance with the United States a guarantee against the communist threat. The countries would thus become aligned, some with the USSR and others with the United States, and this bipolarity would increase the danger of a new war. In contrast, if Europe made itself into a third power capable of speaking as an equal with each of the sides, it would be able to act as a moderator in the conflicts, a role which it has in fact played all these years.

It was the desire for peace and not for economic advantages which produced the European common market. The reason for the repeated failure of similar initiatives in Latin America is precisely that the only driving-force has been an interest in the commercial benefits which might result from an expanded market.

The fundamental purpose in Europe was, on the one hand, to negotiate on an equal footing with the USSR with an eye on the advance of communism and, on the other, to make an alliance with the United States —which explains why that country from the outset supported the formation of the European Economic Community.

That the creation of the Community was not viewed with disapproval by the United States can be seen from the speech made by President Kennedy on 4 July 1962 when he proposed an association between "... the new union now emerging in Europe and the old union founded in North America 175 years ago". He added: "The United States views this vast undertaking with hope and admiration. We do not see a strong and united Europe as a rival but as an ally.

To co-operate in this undertaking has been the basic goal of our foreign policy for 17 years". For the Soviet Union, however, the European Economic Community has never ceased to be the commercial arm of NATO and, although this is quite contrary to its interests, it has still not recognized the Community's existence nor has an agreement been signed with COMECON.

An essential condition for a country to be a member of the European Economic Community is that it must have a democratically elected government. Although Article 237 of the Treaty of Rome establishes the right of all European countries to join the EEC, once the admission agreement is approved by the parliaments concerned, a doctrine is applied which corrects what the Treaty provides and gave birth to the so-called "Birkelbach Report" which states, *inter alia*, that "States whose Governments lack democratic legitimacy and whose peoples do not participate in the decisions of the Government either directly or through freely elected representatives may not seek to join the Community".

The application of this doctrine prevented Greece, Spain and Portugal from joining the EEC for many years, for their Governments were not democratic even though they were of the right. Here again can be seen the different weight of the political element in the integration process of Latin America, for not only has Latin America not demanded that a government be democratic as a qualification for entry but also, on the occasion of the rejection of Cuba's request for admission to LAFTA, the arguments brandished about were not political but related to the technical incompatibility of the centralized Cuban economic system with the system of tariff preferences which operated in LAFTA.

Latin America has never had the purpose of achieving true integration nor has it had political objectives in view, in contrast to what happened in Europe where the United Kingdom refused to join the Coal and Steel Community when it could not accept the supranational powers conferred on that body. In other words, compromises were made on many points in order to achieve a united Europe and the various parties yielded in their positions in order to reach agreement, but no dealing was accepted whenever vital considerations were at stake, such as the supranationality of the authorities of the integration organs

which is designed to make Europe one day into a single country or the political systems of the countries of Europe, which had to ensure respect for human rights.

Two aspects of the creation of the European Economic Community were negative for Latin America: the common agricultural policy and the special link with the old colonies. However, the creation of the EEC would not be thought necessarily to have harmed Latin American

interests. On the contrary, a world controlled by a single superpower is an inhospitable one for medium-sized and small countries, for it leaves them no other choice than to align themselves with it. The existence of two superpowers compels bipolarity, while the emergence of a third great trading force such as the EEC gives these countries greater mobility and brings the world closer to effective multilateralism.

II

The colonial legacy

The desire to give priority to its relations with its former colonies in Asia, Africa, and the Caribbean (ACP countries) offers a partial explanation for the European Economic Community's lack of interest in Latin America. This attitude originated in the concern of France, when the discussions about the formation of the Community began in 1957, that the colonial empire which it had at that time should have some access to the united Europe that was coming into being. France then possessed territories in Africa; Belgium had the Congo and administered Rwanda and Burundi, under a trusteeship agreement with the United Nations, in the same way that Italy administered Somalia.

France argued successfully in the EEC for a system under which in exchange for financial and trade advantages granted by the colonies to the new united Europe, Europe would contribute to their economic and social development with cash subventions, technical assistance and tariff preferences for the import of certain products, and these terms remained in place when shortly afterwards the colonies achieved their independence.

Early in the 1970s, when the United Kingdom joined the European common market, similar treatment was obtained for a part of what remained of its colonial empire, together with a guarantee that the preferences would be maintained for some imports from former colonies, such as beef and butter from New Zealand. This

being the case, when Spain began to negotiate for entry the Commission of the European Community requested it to clarify its relationship with Latin America, in order to prevent obstacles from arising later to the application of the common trade policy. In other words, the Community made sure that Spain would not request, as France, Belgium and the United Kingdom had done, special treatment for countries which once formed part of its empire.

The first convention between the EEC and 18 of its former colonies was concluded at Yaounde on 20 June 1963 and the second at Lomé on 28 February 1975 with the signature of 46 former colonies. The next convention was ratified on 30 October 1979 with 64 former colonies. The convention in force since 1985 covers 65 former colonies.

One of the benefits enjoyed by the signatories of the Lomé Convention is that the greater part of their exports enter the EEC tariff-free, an exception being made in the case of products covered by the common agricultural policy. In this latter case the advantages are limited by quotas. These preferences have helped to improve the economic situation of the former colonies; it may be noted, for example, that rice enters the EEC on payment of a very low import duty, less than half the duty levied on other countries, including those of Latin America.

However, the preferences do have limitations which impede a greater improvement in

the economies of the countries concerned. For instance, there is no preferential treatment for raw materials and fuels since they are not taxed in the EEC; generally speaking, the growth of exports of foodstuffs is limited by quotas, and the treatment accorded to manufactures is not very favourable: for example, imports of cocoa butter is subject to a duty of 16% when they come from the ACP countries, whereas grain enters duty-free.

This colonial relationship has had a strong influence on the low priority which Europe accords to Latin America, for it reserves its best efforts for the 65 ACP countries. France is particularly zealous in this respect, to the point of making it a rule to prevent any funds being furnished or efforts being made with respect to non-ACP countries. Some weight also seems to be given to the idea that co-operation with Latin America amounts to competition with the United States and that therefore Europe should keep its distance. It is often not clear whether this is done out of respect for what is considered to be the sphere of influence of the United States or out of fear of giving the United States grounds for intervening in the affairs of the 65 ACP countries.

For example, in September 1980 the Community's Directorate General of External Affairs proposed to the Commission a revision of the EEC's policy towards Latin America. In support of this change it prepared a lengthy document stressing Latin America's importance now and up to the end of the century, stating: "The Community would be letting slip one of the great opportunities of the past quarter of a century if it did not give due attention to its relations with Latin America". It then presented a fairly modest plan for establishing links which did not go so far as to recommend more staff members to deal with the problems, although it did suggest some plans for visits and meetings. After examining the proposal the Commission rejected it despite its low cost.

A second example of discrimination against Latin America is provided by an initiative taken by the region and supported by some Europeans, mainly Italians, with a view to finding some fruitful area of co-operation between the EEC and Latin America. The chosen area was the campaign against foot-and-mouth disease. In May

1979 the diplomatic missions of Argentina, Brazil, Colombia and Uruguay submitted a report on this topic, subsequently supported by Bolivia, Ecuador, Paraguay and Peru. This report stated that foot-and-mouth disease affected the meat-producing countries, mainly beef producers (but also producers of pork and lamb), blocking their access to main world markets for fresh, chilled, and frozen meat and limiting it in the others; this means a reduction of 25% in production, both of meat and of milk, and that the export prices of beef are usually, every time supply exceeds demand, up to 50% lower than those for other countries free of foot-and-mouth disease. The report added that, since the EEC countries had made great progress in the eradication of foot-and-mouth disease from their own territory and in so doing had acquired very valuable experience (from specific vaccines for each case to effective inspection systems), there were broad possibilities for co-operation between the EEC and several countries of Latin America.

The Commission decided that the programme provided a suitable working basis and it decided that six experts should visit the countries concerned during the period October to December 1980 in order to produce a report and propose appropriate measures. The Commission's veterinary services then convened a meeting with diplomatic representatives of the countries interested in examining the results of the mission to discuss the methods which should be pursued. After this preliminary stage an actual anti-foot-and-mouth programme was to begin. As time was passing and there was no news, enquiries were made at one of the periodic meetings of the Heads of Mission of the Latin American countries with the Commission's services. The reply was that the Community would not undertake a major programme with Latin America in this or in any other area.

Reference was made earlier to the importance of the help which the former colonies of the EEC receive for their export products, but in fact almost the only thing which they can export without restrictions is raw materials. For this reason, as has happened with Latin America, their share in the Community's imports is declining: from 8.3% in 1970 to only 5.5% in 1984.

This experience of the ACP countries in their relations with their former metropolitan coun-

tries merely confirms the conviction that the time has come for Latin America to try to achieve a turnaround in its co-operation with the EEC. This does not mean that the assistance which the Community furnishes at times of disaster or to very poor regions is not appreciated, but when the amounts used for these purposes

—between US\$ 50 and US\$ 150 million over the years— are compared with the US\$ 30 000 million which the Latin American countries paid out in 1985 in interest on their external debt, it can be understood that this is not a matter which warrants the attention of governments.

III

Agriculture

The difficulties experienced by the EEC countries with other foodstuffs exporters, including those of Latin America, could have been avoided if at the time of the formation of the Community farm products had been excluded from the Treaty, as was later done by the countries which set up the European Free Trade Association. This did not happen because of France's great desire, supported by Italy and the Netherlands, to be able to export its agricultural production to the rest of the Community and because all the parties recognized the need to prevent a situation in which very large differences in food prices would have a different effect on the labour costs of industries which were supposed to be free from inter-community competition.

Article 39 of the Treaty of Rome states the purposes of the common agricultural policy: to increase production; to promote a fair standard of living for the rural population; to establish markets; to guarantee supplies; and to ensure reasonable consumer prices. It can be said that the EEC has achieved all its proposed objectives except for the last one, for the prices which consumers pay are somewhat higher than those prevailing in other countries, such as the United States.

From the strategic standpoint it is argued that it is not proper for Europe to depend excessively on overseas supplies, in the light of its bitter experience in the two world wars. During both wars Germany suffered food shortages as a result of the British naval blockade and it put the United Kingdom in the same situation with its submarines. For these past reasons and to avoid

future difficulties, the Europeans think it necessary to have a degree of self-sufficiency where food supplies are concerned.

There are also economic arguments in favour of agricultural subsidies. Although it is true that in Europe food costs more than in the international market, it is equally true that this did not have any social repercussions when in January 1961 the common agricultural policy was set in motion, for at that time all the industrialized countries were enjoying economic expansion unprecedented both in its intensity and in its duration. During the 1950s and 1960s living conditions in Europe improved to the point that the consumer could absorb the price increase without feeling it. It may be that now, when Europe's unemployment level shows no signs of declining because of its high labour costs, the price of food has some economic importance, but the public has already accepted it and in any event the governments are not taking action either with respect to the other reasons for the very high wages.

The common agricultural policy might have been established at lower prices if the Federal Republic of Germany[^] whose agriculture is less efficient than that of France and other EEC countries, had not succeeded in 1964 in increasing the grain prices contained in the Mansholt Plan. Now that the EEC would like to reduce grain production it was again West Germany which, in May 1985, vetoed a small reduction in the guaranteed price to farmers and obliged the Community to abandon a policy of discouraging surplus production.

The great industrial expansion which Europe experienced from the end of the 1950s up to 1973-1974 required large numbers of workers in the towns. It was feared at that time that the countryside would be depopulated and efforts were made to prevent this, at whatever cost, for it was believed that the countryside had a stock of human values not always found in the towns. One of these values is connected with the fact that, as the European producer usually owns his land, his outlook is more conservative than that of the industrial worker; it is therefore thought that keeping the largest possible proportion in the countryside enhances political equilibrium.

Another consideration taken into account in the policy is that neither in Europe nor anywhere else do consumers usually react in an organized manner against price increases. The agricultural producer, in contrast, protests when his remuneration is not what he expects, and in Europe they know how to do this very effectively by blocking the highway with tractors, tipping produce on to the roads, conducting a cow into the Commission building and also using their votes with determination to ensure that parliamentarians attend zealously to their interests. It is thus understandable that European politicians should be more concerned with the agricultural vote in their districts than with what is thought of the excesses of the common agricultural policy in the United States or Latin America.

With guaranteed and increasingly high farm prices, in a continent with good rainfall, with efficient machinery, with high quality chemical inputs and, above all, with the revolutionary seeds which genetics has made possible, it is natural that over these years capable producers like the Europeans should have exceeded all supply forecasts and should have achieved self-sufficiency in many cases, obliging the Commission to store the surpluses which it later dumps on the international market at subsidized prices.

At first the problems caused by the common agricultural policy affected almost exclusively the producers of milk and beef, so that they harmed the interests of only a few Latin American countries: Argentina, Paraguay and Uruguay; but when the subsidies transformed the EEC into a large-scale exporter of sugar and grain the damage spread.

Of course grain, excluding rice, is an important export only for Argentina, but the competition in the grain-based food markets is so fierce that it influences other products exported by Latin American countries, such as oil seeds and soya. Many countries are affected by the decline in the price of sugar; they are usually very poor countries with tropical climates which have few possibilities of cultivating other crops. The international price has declined in recent months to barely a third of production costs, with the result that the most efficient countries are being displaced from the international market despite the fact that the EEC pays its farmers five times the international price and the United States four and a half times that price.

An example of the damage caused by these subsidies is provided by Brazil, the world's principal sugar producer and the third exporter after Cuba and France. Brazil's production price is approximately half that of the EEC, but owing to the fall in prices resulting from the subsidies paid by the industrialized countries, it has not been able to increase the volume of its exports. Brazil's foreign-exchange earnings on the sugar account declined from US\$ 1 266 million in 1980 to US\$ 570 million in 1983-

Despite these conditions Latin America will continue to export farm products, for it has no other alternative. In doing this it has the unenviable advantage of desperation, whereas the protectionist farm policies of countries such as the United States, the EEC, Canada and Australia are a response to electoral demands rather than to a foreign-exchange problem. For several Latin American countries agriculture is the only means of economic development and they need to export their harvests in order to survive. This will lead in all probability to a considerable expansion of the production of certain grains, especially soya and maize in Brazil and Argentina, and of wheat in the latter country.

The decline in international prices is producing very important changes in the supply structure in the developing countries. For example the international price of beef in recent years has reached such a low level that Argentina's producers have opted to put their best land under cereals, the prices for which are also declining but still more profitable than for livestock. The gap left by Argentina in the international beef market has been filled by other countries, such as

Brazil and Uruguay, where the land is not always suitable for grain production. It might also happen, if grain prices fall even further, that the relationship between mean and grain will be reversed, and the cattle will return to the pampas.

In its economic relations with the EEC up till now Latin America has focussed its efforts on trade negotiations designed to avoid or circumvent the barriers erected by the Community against Latin American exports of farm products. Nothing effective has been achieved despite the considerable efforts made, which to a large extent have impeded the development of

much more realistic political and economic relations.

These claims are just, for the Community measures have interrupted the development of a commercial relationship which might be much more agreeable for Latin American interests, and they are causing the collapse of international prices. Since they are just, these protests will certainly continue to be made, but it should not be forgotten that they are hardly likely to be of any use since the Community's common agricultural policy has proved to be irreversible. The solution will therefore have to be sought through other channels.

IV

The export of manufactures

The basic economic difficulty of the countries of Latin America is that only Brazil and Mexico have managed to become relatively important exporters of manufactures, and these countries do not find their main advantage in technology, novelty or monopoly but in their low labour costs. Up to the 1970s the situation was much more favourable, for the industrialized countries were enjoying unprecedented economic expansion. The developing countries, including those of Latin America, benefitted from this growth with its increased demand for raw materials, foodstuffs, energy and even light manufactured goods. During those years the most important thing was the hope, almost the certainty, that it would be possible to emerge from poverty towarded by the very intense and apparently endless prosperity of the developed countries.

Since that time the world has been turned upside down: the boom times have not returned, the demand for raw materials has ceased growing and their prices have declined. In addition, consumers in the industrialized countries instead of opting for more goods, prefer to have more services, such as holidays, health and education, the production of which requires few metals or other commodities. Something similar is happening with the rapid expansion of the electronics industry which is creating incomes

and jobs but with a weak demand for what the developing countries export. Agriculture offers an even more gloomy picture, as was seen above. The principle that when the industrialized countries grow the other countries do likewise has thus ceased to operate.

In addition to concentrating on its opportunities to export farm products, raw materials and fuels, Latin America will have to press for a reasonable policy of substitution of industrial imports and promote its regional economic integration. However, if it is effectively to overcome problems of the external sector, it will have to become a major exporter of manufactures, primarily to the industrialized countries.

Goods for export should include first and foremost those which involve technology, novelty or monopoly, although it must be acknowledged that in no circumstances can our peoples produce goods which can be sold on their manufacture or design merits, for that requires conditions which only flourish when there is sufficient political stability, observance of the law by governors and governed, proper order in economic and administrative matters, serious cultural and technological training and a minimum accumulation of public and private capital, conditions which do not always obtain in the region.

V

The problems of the EEC

One of the largest markets which Latin America could have for its manufactures is the European Community. However, the main economic problem now affecting the countries of the Community is unemployment, so that imports of industrial goods are not always welcome.

A high level of unemployment is not peculiar to the EEC, for the United States is suffering the same misfortune. But the average unemployment rate in the Community is 11% of the labour force, while in the United States it is only 7%. This difference is due to the unequal creation of new jobs, for between 1972 and 1983 wages in the United States declined by 37% in relation to the cost of capital, whereas in Europe there was no change. This is why European companies seek whenever possible to replace workers with larger capital investments and they have thus achieved a large increase in industrial productivity with very low employment growth. This high rate of unemployment leads to forms of protectionism which limit and to some extent eliminate the possibility of exports of industrial goods from countries such as those of Latin America.

In justification of protectionism it is argued that certain manufactures from the third world are very competitive because they are produced with very low labour costs combined with simple technology. In the developed countries these imports cause greater unemployment among poorly qualified manpower and they most affect those sectors of industry with the more obsolete machinery and working techniques. It is also asserted that in Europe workers enjoy good protection of their interests, whereas many enterprises in developing countries do not even apply the international rules adopted by the International Labour Organisation.

Of course those who think that labour is too cheap in the developing countries have some justification; but the great differences in the prices of some products also result from the fact that the wages and social benefits of European workers are quite out of keeping with their productivity.

Some developing countries have been successful in exporting simple manufactures, and this has prompted the industrialized countries to adopt doubly restrictive measures in comparison with the ones which hinder trade among these countries themselves; but there are reasons for these differences of treatment. The industries in which the developing countries have achieved efficiency are those which in Europe and the United States employ large numbers of workers with little specialized training. When a factory closes in the electronics sector, the workers and technicians who worked in it have the training which makes it easy for them to find work in other businesses in the same sector, which is expanding throughout the world. But this does not happen when workers in the textiles or footwear industries find themselves without work, for employees here are very numerous and their poor qualifications make it difficult for them to relocate. The fact that the people who lose their jobs are very numerous and poorly trained only increases the political pressure on the government to provide protection.

Another reason for the increase in protectionism is the generally widespread geographical distribution of the simpler industrial activities. As they are operating in various areas of a country, businessmen and trade unions are able to bring pressure to bear on a larger number of deputies and senators than can a more specialized industry located in only one place in the country. Nor should it be forgotten that big importers such as the United States and Japan have a greater capacity than individual developing countries to take counter measures against protectionism. In addition, the European countries have succeeded in organizing themselves in an economic community which gives them a combined strength which they would never have had acting alone, whereas the developing countries always act individually, so that they are hardly in a position to call for understanding on the part of purchasers.

VI

Latin America as a unit

Just as the EEC has acquired great weight in international trade discussions by virtue of the fact that 12 countries speak with one voice, Latin America could also improve its negotiating capacity if its nations joined forces. This would not be so important if GATT recovered its former standing, but since the beginning of the 1970s cases of transgression of its rules have multiplied, and the worst thing is that those most guilty of this are its founding members.

In November 1985 the United States and the EEC reached an agreement under which the EEC "voluntarily" agreed to limit its steel exports to the United States. However, the United Kingdom rejected the part of the arrangement which obliged the EEC to reduce its exports of semi-finished steel by half. The United States, in an attempt to overcome the resistance of the United Kingdom, announced that unless the United Kingdom accepted its position it would close its market for this product completely by the end of the year. In turn, the EEC threatened the United States with reprisals if it did not restore the original quota.

Trade reprisals, as a means of obtaining advantages in international trade, are not used only between the big countries but also against the others. Last year Canada decided that its beef imports from the EEC should be cut from 23 000 to 2 700 tons per year. The Community made different calculations which gave it 10 668 tons and it convinced Canada that the Community's arithmetic was better, threatening it with an increase in import duties for several products, including processed foodstuffs and whisky.

This is the world in which the countries of Latin America are trying to solve their problems by means of individual arrangements, either appealing for understanding or trying to make up for their lack of economic weight by talking louder.

The region had an opportunity to remedy this situation when its governments decided in SELA to convene a meeting to deal with relations between Latin America and the EEC. They also

arranged to hold a meeting of experts at Punta del Este from 20 to 24 November 1978 to make preparations for the ministerial meeting which was to take place the following year in Caracas.

At this meeting the Argentine delegation submitted a proposal that Latin America, or some of its countries, should consider a method of reacting jointly whenever the EEC requested "voluntary" restrictions or some other procedure which violated the spirit or letter of GATT. The fundamental reason for the proposal was that on 29 June 1978 the permanent representatives of the EEC countries and of the Latin American countries accredited to the Community had approved a series of conclusions, including the following: "If the evolution of the imports of agricultural products from the EEC is taken into account, Latin America would be able to increase its share in the total of Community imports only by diversifying its exports, especially of industrial products".

This was the first recognition of the need to turn the page in the relations between the EEC and Latin America, put an end to the claims of a past which would not return, and initiate a relationship in which trade in manufactures would occupy a relevant position.

However, protectionist pressures in the EEC continued to limit the export opportunities for industrial products, and this affected textiles, clothing, iron and steel products, footwear and shipbuilding. It was also clear that the resistance of Latin American countries acting in isolation was not sufficient to halt the advance of protectionism. In the period 1975-1977 the country with the largest imports from the EEC (Brazil) accounted for only 1.58% of the Community's total exports to the world. In contrast, the combined exports of the EEC to Latin America were large, as can be seen from the following table:

EEC exports to Latin America (5.7% of the total) were equal to almost half of the EEC exports to the United States, and almost three times its exports to Japan. It was also thought that, while it was desirable for a larger number of

EEC: EXPORTS BY COUNTRY

(0975-1977 average)

Countries	Millions of dollars	Percentage
Latin America	9 463	5.7
United States	19 321	11.7
Soviet Union	6 184	3.7
Japan	3 110	1.9
Developing countries (excluding Latin America)	51 071	30.9
Rest of the world	76 078	46.1
Total	165 227	100.0

Source: IÚROSTAT.

"These are exports to countries outside the EEC by the nine-member European Economic Community (before the admission of Greece, Spain and Portugal).

Latin American countries to join together, it was not essential for each and every one of them to do so, for six countries (Argentina, Brazil, Colombia, Mexico, Peru and Venezuela) accounted for 80% of the exports of the EEC to Latin America.

The proposal, which was given the name of "symmetric treatment" provided that when the EEC requested the self-limitation of some industrial products exported from the countries of Latin America or wished to extend an agreement beyond the expiry date, the countries should agree to enter into negotiations but announce that at the same time they would choose one or several of the Community's exports to Latin America which, taken together, had a similar value in the base year as well as a similar rate of

growth; and the countries of Latin America would request a self-limitation of the export of these products on the part of the EEC similar to the limitation which the Community was requesting from them. It was explained that if the region or part of it approved such a policy towards the EEC it would have to do likewise with respect to any other of the world's developed countries in similar circumstances.

In the following year the Latin American Council of SELA approved Decision 44 which included the concept of symmetric treatment, not in the precise and direct language of the original but in a diluted version and accompanied with requests for co-operation and assistance that had nothing to do with the protection of the region's exports. The Decision thus dropped into oblivion, despite the fact that protectionism continued to spread in the industrialized countries and the situation of Latin America continued to deteriorate.

It was not possible to adopt any useful decision because in SELA any decision requires the agreement of all the member countries, and this often leads to application of the lowest common denominator method. If there had been the will to adopt an effective procedure, at least a group of countries could have tried this approach at the margin of the system. It is clear that, with respect both to economic integration and to the possibility of Latin America speaking about its interests with a common voice, even the requirements of political necessity which once prompted Europe to abandon its national positions to advance towards unity are still not present in Latin America.

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