STATEMENT BY THE REPRESENTATIVE OF CUBA AT THE MEETING OF COMMITTEE II

In view of the important part played by sugar cane exports in the Cuban economy, our delegation was naturally most keenly interested in the investigations so painstakingly carried out by Committee II under its terms of reference. The fact that, in the ordinary course of things, Cuban sugar participates to a very large extent in the volume of international trade is not the only reason for our particular interest in this investigation: it is motivated, to an even greater degree, by the fact that of all commodities, sugar is probably the most adversely affected by the protectionist measures being applied by a number of countries, most of which, moreover, are contracting parties to the General Agreement on Tariffs and Trade. Our interest in this question is tinged with some misgivings and concerns, which undoubtedly are shared by the delegates of other countries who are as anxious as we are for plans to be implemented which would help to provide easier outlets, devoid of undue restrictions, for their domestic production.

Despite the leading rôle played by Cuba as the largest exporter of sugar cane, we obviously cannot be content, in the present circumstances, with this distinction, flattering as it may be. The world's consumption of sugar is not what it should be, our production capacity is not being fully absorbed, the conditions under which we are selling our sugar are far from being satisfactory, and above all we have not reached a stage of economic development such as would allow us to slacken, to the detriment of the interests of the Cuban people, our efforts towards greater expansion.

The restrictions, both old and recent, which are impeding exports of sugar cane are well known to all members of the Committee. We deem it opportune, however, to restate and re-assess them, in order to gain a better understanding of the steps required to correct the harm which they are causing. They cover, in fact, the entire range of trade restrictions: total prohibitions, exclusive quotas, quantitative restrictions, excessive customs duties, surtaxes, subsidies, guaranteed prices to producers, high-price differentials and other sundry regulations and prescriptions. The difficulties experienced in general by countries whose economy is dependent on agricultural exports become even more critically momentous in the case of sugar exports.
It should be mentioned that restrictive measures affecting sugar imports, whether they are or not related to tariffs, are still more harmful when they are applied by highly industrialized countries. Nor can it be left unsaid that some of the governments that are most emphatic in asserting their willingness to assist countries in a lesser stage of economic development do not always act, where sugar is concerned, in accordance with such declarations of intentions.

The data gathered by the Committee as a result of its consultations with various contracting parties shows that the international sugar trade tends to shrink more and more. Some of the industrialized nations are apparently striving to expand their production of beet sugar in order to reduce their imports of cane sugar. Obviously, the only way they can achieve this is by resorting to protective measures, which they often try to justify by invoking reasons of social, political or even military nature. While it is not our intention to discuss the motives underlying the agricultural policies of those countries, we do want to underline that, whatever they may be, they are bound to result in restricting international trade. It is quite apparent from the information in the hands of Committee II that some of the existing control systems, such as government intervention in the distribution, the fixing of prices, the practice of discretionary issuance of licences, etc. are intended to protect at any cost domestic production of beet sugar. Not only are they instrumental in reducing imports, but they are often designed to promote exports of surplus production. It is claimed by some of the countries concerned that they are not attempting to increase domestic production, since they are limiting the area under cultivation; the fact remains, however, that their volume of production is actually increasing. Nor is it justified to place unqualified faith in the well-known theory that an increase in production does not necessarily reflect on the volume of international trade, since a concurrent increase in consumption enables the volume of imports to be maintained at its usual level.

On the other hand, my delegation fully appreciates the efforts which have gone into the preparation of the conspectus contained in document COM.II/112; my delegation considers it as its duty, however, to point out that the information appearing in column 8 on page 129 has lost all practical value insofar as our country is concerned. Since the middle of 1960, the Government of the United States has suspended the application of the sugar quota attributed to Cuba under the pretext that the Agrarian Reform introduced in our country would lead to a reduction in agricultural productivity likely to result in Cuba's inability to fulfill her international obligations. Thereafter, when the United States Government found that its pessimistic predictions did not materialize, it claimed instead that Cuba would not be capable of supplying the North American market with the specified quota of sugar by reason of the fact that my country had started to develop its trade with other nations. Since then, the outlook has grown still worse, again as a result of unilateral measures taken by the Washington authorities. My Government wishes to expose such misdeeds before the competent international institutions.
While the international sugar trade is immediately and considerably affected by any one-sided action on the part of a highly industrialized country which has traditionally been an importer of sugar, it is likewise adversely affected when a regional group of economically advanced countries decides to initiate preferential measures directed against other countries from whom they normally drew their sugar supplies.

A conference on tariff negotiations with the Commission of the European Economic Community is at present being held not far from here; it may be opportune, therefore, to point out once again the considerable adverse effect which the common agricultural policy of the EEC will have on Latin American sugar exports as a result, among others, of the implementation of a common external duty rate of 30 per cent, as well as the confirmation of the privileged status granted to so-called "overseas" territories in the markets governed by the Rome Treaty. There can be no doubt that the outcome of all these measures will be to practically shut out the very large outlets for sugar exports formerly enjoyed by Cuba and other Latin American countries in the territories included in the Common Market.

Much could be added to the comments brought to mind by the distressing picture presented today by the sugar trade; it is an undeniable fact that present conditions have brought about a shrinkage of the possibilities for expansion. While I have no wish to unduly prolong my remarks, it will not be out of place for me to briefly lay before you the preliminary conclusions arrived at by our delegation at this juncture.

1. In the opinion of the Cuban delegation, the unsettled conditions prevailing in the international sugar trade have reached such a peak that this Committee should not consider that it has brought to a successful completion the task it has undertaken in this connexion; it should rather decide to hold a further meeting with a view to arriving at clearcut, and above all constructive, results. For one thing, document Spec(61)73 issued by the secretariat implies that the structure of the sugar market is not yet clearly defined. For another, it should be borne in mind that an United Nations conference on sugar is scheduled to take place in Geneva, starting in September; this conference will undoubtedly draw up a fresh international agreement, taking into account the latest factors which have exerted an influence on the operating framework of the sugar markets of the world. This should provide an ideal opportunity of collecting the necessary data to bring to a successful conclusion the investigations undertaken by Committee II in the sugar sector.
2. In addition, the Cuban delegation expresses the wish that, in the final documents embodying the outcome of the present proceedings, special attention be given to the inclusion of factors other than the purely economic reasons which affect the international trade in this sector. We stress this point because we contend - and the draft report which we are reviewing supports our contention - that it would not be proper to overlook, in order to correctly gauge the repercussions of agricultural protectionism, the concurring impact of strategic and political circumstances which are taken into consideration by some countries in evolving their agricultural policies.

That this is a fact unfortunately is beyond all question, and we believe that if this Committee deems it proper to refer to it officially, it should do so not merely to record the existence of these factors, but also to indicate that, in their material results, they are detrimental to a continued expansion of world trade.

3. The implementation of the agricultural plans which are at present being drawn up by the European Economic Community is bound to very seriously affect the interests of countries which are engaged in export of primary commodities and are not called upon to join the Common Market. For this reason, the Cuban delegation is of the opinion that this Committee should initiate steps with the authorities responsible for the implementation of the Treaty of Rome to recommend moderation in their decisions. In fact, the best solution would be to have the Commission of the European Economic Community agree to a discussion of its agricultural policies before this Committee.

4. The Cuban delegation considers that the strict controls imposed on imports of cane sugar in the highly industrialized countries - which controls often take the form of actual or practical monopolies - are an accomplished fact; we entertain hardly any illusions as to their eventual relaxation. However, if, despite this dire reality, there is a sincere desire to co-operate with a view to safeguarding the legitimate interests of insufficiently developed countries, it should nevertheless be possible to make use of such controls to maintain, rather than to restrict, the volume of traditional imports. It is our considered opinion, therefore, that this Committee should decide, in order to achieve this end, to undertake an analysis of cane sugar exports from the cane-producing countries to the industrialized nations, based on statistics for a normal year, or on the yearly average of a normal three-year period. From the results of such an analysis, it might be possible for Committee II to submit to the CONTRACTING PARTIES, in a relevant report, proposals designed to ensure the maintenance of the level of traditional exports.