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

COMMITTEE III  
(Agriculture)

SUMMARY RECORD OF THE FIRST MEETING

Held at La Paz on Monday, 20 May 1957, at 3 p.m.

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The current agricultural situation (E/CN.12/427/Add.1)

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PRESENT:

<u>Chairman:</u>	Mr. HALES	Chile
<u>Rapporteur:</u>	Mr. LOPEZ AVILA	Bolivia
<u>Members:</u>	Mr. MARTINEZ	Argentina
	Mr. SILVA PINTO	Brazil
	Mr. RODRIGUEZ	Ecuador
	Mr. BURON	France
	Mr. ARIS	Guatemala
	Mr. MATUTE	Honduras
	Mr. ACOSTA	Mexico
	Mr. WAGENAAR	Netherlands
	Mr. MORELLI	Peru
	Mr. ALLEN	United Kingdom
	Mr. CONOVER	United States of America
	Mr. DEL CAMPO	Uruguay
	Mr. HERNANDEZ	Venezuela

ALSO PRESENT:

<u>Observers from Member States:</u>	Mr. YOSHIMIZU )	Japan
	Mr. DIMITRIU )	Rumania
<u>Representatives of specialized agencies:</u>	Mr. EZEKIEL )	Food and Agriculture Organization
	Mr. MOSER )	

Observers from inter-governmental organizations:

Mr. WIAZEMSKY	Inter-Governmental Committee for European Migration
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Secretariat:

Mr. SWENSON	Deputy Director, Economic Commission for Latin America
Mr. TRIVELLI	Secretary of the Committee. /ELECTION OF

ELECTION OF RAPPORTEUR

The CHAIRMAN, speaking as the representative of Chile, nominated Mr. López Avila (Bolivia) for the office of rapporteur.

Mr. RODRIGUEZ (Ecuador) seconded the nomination.

Mr. López Avila (Bolivia) was elected Rapporteur by acclamation.

THE CURRENT AGRICULTURAL SITUATION (E/CN.12/427/Add.1)

Mr. TRIVELLI (Secretary of the Committee) said that during 1956 agricultural activities in Latin America had felt the unfavourable impact of both domestic and foreign factors. Most countries had suffered serious losses in production on account of the weather, which had affected only specific crops in some cases and all farming and livestock production in others. The bleak outlook on the world market, due both to competition to find outlets for accumulated surpluses and to unfavourable prices, had forced several Latin American countries to limit the area under export crops.

Agricultural production as a whole had fallen off by about 1.5 per cent from the satisfactory level of the previous year, although production for domestic consumption had increased by 3 per cent. To judge by the slight increment in per capita production in that sector, a larger volume of goods for domestic consumption had been available than in 1955 but it had not been possible to satisfy fully the demand for foodstuffs caused by the rapid growth of the population

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and the rise in income. Production for export had experienced one of the sharpest downturns of the postwar period, dropping by 9 per cent in comparison with 1955. Uruguay, which only a few years earlier had become a regular wheat exporter, was an interesting case in point: the guaranteed price for wheat had decreased by 13 per cent but the farmers had reacted by improving techniques and raising yields instead of reducing production, as was usual in Latin America.

He went on to analyse the situation by commodities. Coffee production had declined by 13 per cent in comparison with 1954/55 on account of poor harvests in Brazil, Colombia and Venezuela. Latin America's share in world trade had fallen from 77 to 74 per cent from 1954/55 to 1955/56. Although aggregate production had been only 3.2 per cent higher in 1955/56 than in 1954/55, producers had been able to liquidate a substantial part of the stockpiles and to obtain a higher income from their exports. Wheat production had deteriorated by 17 per cent on account of bad weather conditions in various countries, especially in Argentina. Exports had fallen to 3 million tons, one of the lowest figures recorded in recent years, but none of the exporting countries had had any difficulty in placing its exportable surplus. Production of maize, which was one of the most important commodities in Latin American agriculture, had increased by 30 per cent in comparison with 1954/55, as a consequence of an expansion of the area cultivated rather than an improvement in yield. Following the rapid

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increase which had characterized rice production after the Second World War, it seemed to have come to a relative standstill. The 1955/56 crop had been only 1 per cent larger than in 1954/55 and had proved insufficient to cover the additional demand generated by demographic growth. Cotton had been one of the few Latin American exports which had lost ground on the world market in 1955/56 because of competition, which had been mainly in the form of the measures adopted by the United States to get rid of its surplus stocks. For the first time since 1950, the area under cotton had been reduced and Latin America's contribution to world production had dropped from 16.9 to 15.6 per cent between 1954/55 and 1955/56. Cocoa prospects continued to be unfavourable in 1955/56, world production exceeding consumption by more than 40,000 tons. Average production in Latin America had risen from 233,600 tons in 1949/50-1951/52 to 283,300 in 1955/56.

Mr. RODRIGUEZ (Ecuador) said that his country was predominantly agricultural; agriculture was responsible for 33 per cent of the national income and 95 per cent of all exchange earnings. All kinds of commodities could be produced in the country on account of the great variety of climatic zones to be found there. The main divisions were the Sierra, where most of the commodities, intended for domestic consumption were produced, and the Costa, with a tropical climate where export crops were grown. Despite the  
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expansion of agricultural production in the Sierra, it had not been possible to keep pace with the growth of the population and the deficit had to be made up with imports. The main problem in the Costa was the instability of world market prices but in recent years the terms of trade had been favourable and some branches of production, such as bananas, had expanded remarkably. At present there was even question of unmarketable surpluses.

The development achieved in different branches of production varied greatly. While dairy farming was very progressive, for example, meat production was still backward.

Ecuador also had vast maritime resources, as yet practically untapped, and forest resources, which were to be exploited in accordance with the terms of a recent law on forest conservation and development.

The main obstacles in the way of agricultural development were the limited size and over-population of some areas, the low technological level of farming, unsatisfactory soil management, which had caused serious erosion, an inadequate land tenure system, lack of integration of markets owing to deficient communications systems, lack of storage facilities, inefficient marketing and lack of cheap and timely credit for production.

To solve all the problems inherent in agricultural development Ecuador was greatly interested in agricultural programming methods and at ECLA's sixth session it had

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presented a recommendation on that subject which had met with unanimous approval.

Three years earlier the first agricultural census had been successfully held in Ecuador, with the co-operation of the National System of Development Banks, the Central Bank and FAO. The Ministry of Economy was also being assisted constantly by FAO and the Inter-American Co-operative Agriculture Service in a campaign to train farmers in farm management and animal husbandry practices.

Although the main economic problem was the lack of integration of markets, its solution presented such difficulties and complications that priority had been given to roadbuilding as the fundamental factor for improving trade and internal movements. The building of roads had opened up virgin land and thus given rise to the problem of unorganized land settlement. A land settlement plan was being prepared and the National Settlement Institute was being created with the assistance of credit provided by the United States Government.

The division of the market into isolated units also prevented the efficient marketing of agricultural commodities. Under present conditions, the farmer received the least part of the price paid by the consumer, most of it going to middlemen. That anomaly was particularly striking in the case of export products and was perhaps responsible for the lack of elasticity of supply for some of those commodities.

/Mr. SILVA PINTO

Mr. SILVA PINTO (Brazil) said that agriculture continued to play the same important role in the economy of Brazil as it had done in the past. In 1956 the quantum of agricultural production had declined by 0.4 per cent with respect to 1955, mainly on account of the decrease in the volume of production of the two main export crops: coffee and cotton. On the other hand, production of crops for domestic consumption had expanded by 3 per cent. Mention should be made of the 10 per cent increase in wheat production, 9.3 per cent in millet, 1.2 per cent in rice, 10.6 per cent in potatoes, 4.6 per cent in sugar and 9.1 per cent in bananas. Although official figures on livestock production were not yet available, he estimated that it had increased at an average rate of 4 per cent annually.

The increase in agricultural production in Brazil was almost exclusively due to the expansion of the arable area. The forty-eight crops included in official statistics had covered 22,467,000 hectares in 1956 as against 19,061,000 in 1952.

Unit yields had either increased very little or declined, and in comparison with those of other agricultural countries they stood at a low level. The situation was attributable partly to the lack of fertility of Brazilian soil but mainly to inefficient farming methods. Although some progress had been observable in recent years with respect to irrigation and /fertilization practices,



fertilization practices, much remained to be done to foster agricultural development. The adoption of irrigation, mechanization and other farming techniques was retarded by the lack of equipment and the difficulty of convincing the farmers of the advantages of more efficient farming methods. Equipment was being imported to remedy the situation and a network of experimental and agricultural extension stations had been established to provide technical assistance for farmers. Domestic manufacture of fertilizers had begun with the installation of a factory manufacturing phosphates and nitrogenous fertilizers and a programme was under way for the construction of silos and warehouses.

#### TRENDS IN TIMBER PRODUCTION (E/CN.12/433)

Mr. MOSER (Food and Agriculture Organization) wished to draw the attention of the Committee to some points in connexion with document E/CN.12/438. In the first place, he stressed the need for the survey on timber production, in view of the fact that 45 per cent of the Latin American area was covered with forests and that growth in the consumption of timber and paper products inevitably accompanied a rise in the level of living.

The question of the supply of timber and timber products should be studied in its quantitative aspects: namely, the volume of the different kinds of commodities required, whether they should be imported and whence. Timber should be

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considered in any plan for a regional common market, since there were many different kinds of forests in Latin America, ranging from the temperate zone conifers, good for pulp and paper, to tropical hardwoods suitable for cabinet-making. There were therefore ample possibilities for trade in timber products among Latin American countries.

It was safe to assume that with the necessary efforts Latin America could become an exporter of forest products. It was even possible to predict that Europe would become an importer of timber during the next decade. In the Near East demand for timber products was growing apace and prospects for domestic production were still poor.

The statistical material available for the survey was deficient; special efforts had to be made to collect the data required and he asked the Governments to collaborate with FAO and ECLA experts in gathering that material. It was because the collection of data, statistics and other material for the preparation of a complete and reliable survey would require considerable personnel that the funds mentioned at the end of the document under review had been requested for ECLA. FAO had carried out similar studies in co-operation with the Economic Commission for Europe and the Economic Commission for Asia and the Far EAST, and it now needed ECLA's collaboration to complete the study of world timber resources.

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The division of labour between the two organizations would be roughly the following: FAO, with the assistance of the Forest Commission for Latin America, would gather all technical data on forest resources, forest policy and the effect of that policy on the economic utilization of forest resources. ECLA would furnish all economic information on development plans and possibilities and general data on demographic, economic and industrial factors. Finally, a joint ECLA/FAO Committee would analyse present and future consumption trends and would study forest industries and industries producing wood by-products.

The complete survey should enable Governments to determine, in the light of national interest, what direction to impart to production (natural or artificial forests), to industry and to foreign and domestic trade in wood products.

Mr. CONOVER (United States of America) said that his delegation was in full agreement with the importance the FAO representative attached to the exploitation of Latin American timber resources. It also agreed that adequate and reliable statistics were needed and that Governments should be asked to co-operate in that connexion.

His delegation had, however, some reservations with respect to the immediate initiation of the proposed study. In the first place, the timing of such studies depended to a large  
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extent on the peculiarities of the region concerned, and in the case of Latin America even the FAO representative had mentioned the lack of reliable data. There was in fact no basis on which trends could be projected. He therefore felt that at its November meeting the FAO Council should examine the advisability of embarking upon the project at the present time, particularly as FAO was the agency which would have primary responsibility for the study.

Secondly, his delegation felt that any resources still available under ECLA's current budget should be used to further projects that were likely to produce quicker and more practical results. Greater emphasis might well be placed on improving methods for the collection of statistics, for example.

Mr. TRIVELLI (Secretary of the Committee) stated, that the joint study would entail an expenditure by ECLA of \$ 46,000, none of which was available at the present time. If the proposal were adopted, \$ 21,000 would be spent in 1959 and \$ 25,000 in 1960.

Mr. MOSER (Food and Agriculture Organization) thanked the United States representative for his implicit approval of the joint study. There was, in fact, a wide measure of agreement between the sponsors of the proposal and the United States representative, who had not only endorsed the

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need for collecting reliable data but had gone even further by suggesting that funds should be used to improve statistical procedures.

The United States representative's specific objections did not seem insurmountable, particularly as the FAO Council had already approved the joint study in principle. Furthermore, the timing of the proposal appeared to be perfect, for the Latin American countries were at a very dynamic stage of their economic development. For example, Ecuador's road-building programme, to which its representative had referred, could be used as a means of developing its timber resources. He agreed that projections, however perfect, contained a certain margin of error, but they were nevertheless useful and could be corrected from time to time. Nor did it seem that the study would be premature, for such studies had been carried out in Asia and the Pacific region, and a similar survey was planned for the Middle East.

FAO was much impressed by the economic activity of the Latin American countries and the efforts their Governments were making to co-operate with international agencies to promote their economic advancement. In the circumstances the joint study, for which there was an urgent need, would be of great value to them.

Mr. CONOVER (United States of America) emphasized the need for co-ordination between FAO and ECLA and felt that the  
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matter should be studied by the Committee of the Whole in 1958 and by the FAO Council at its November meeting.

The Latin American Governments should certainly be given assistance to improve their statistical procedures and to survey timber production and consumption trends and the extent of their timber resources; those problems required immediate attention and were something quite different from the projection of trends on the basis of unreliable data.

The CHAIRMAN, speaking as the representative of Chile, said that the success of the joint FAC-ECLA pulp and paper study was the best possible argument that could be advanced in favour of the proposed study, which his Government supported wholeheartedly. It was particularly gratifying that FAO, which had recently completed a study of timber production trends in Europe, should express such interest in embarking upon a similar study in Latin America.

The timber resources of the Latin American countries were enormous but the assistance of FAO and ECLA was necessary if they were to be developed on a sound basis. The expenditure entailed would not, in his opinion, be excessive.

Mr. PINTO (Brazil) said that the Latin American region as a whole would benefit greatly from an early and comprehensive study of its timber resources. The immediate goal should not be perfection; the countries concerned would profit from any shortcomings in their statistical procedures and learn from /their mistakes.

their mistakes. He expressed the hope that a considerable body of data could be collected before the joint study was launched.

Mr. ACOSTA (Mexico) felt that the proposed study would be of great economic value to the Latin American countries, particularly as their timber resources, which represented potential export commodities, had long been neglected. The collection of data could begin immediately.

Mr. del CAMPO (Uruguay) said that his delegation wholeheartedly supported the proposed study, which should be carried out as soon as possible.

Mr. LOPEZ AVILA (Bolivia) said that Bolivia's vast timber resources, which his Government hoped would soon constitute an important source of revenue, had never been surveyed. His delegation therefore strongly supported the proposal for a joint study.

Mr. EZEKIEL (Food and Agriculture Organization), speaking as the representative of the Director-General, explained that the implementation of any decision ECLA might take on the proposal would depend on what action was taken by FAO at its November meeting, when it would approve the 1958-59 budget. He therefore suggested that the draft resolution on the subject might specify that ECLA's decision would be contingent upon FAO's approval of the entire project.

He agreed with the United States representative that

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projections of consumption and production trends were of limited value but he pointed out that the proposed study would cover many other important aspects of the question. During his recent visit to eighteen Latin American countries he had been impressed by the extent of their unexploited timber resources and by the fact that in many of them, particularly Chile and Bolivia, the development of such untapped wealth could reduce their dependence on exports of rapidly dwindling mineral resources.

Mr. MARTINEZ (Argentina) said that his Government warmly supported the proposal, which, like the previous pulp and paper study, would probably open up vast and unforeseen economic prospects for the Latin American countries. The study should be carried out as early as possible, particularly in view of the urgent need for substitution of imports. Any technical difficulties that arose would undoubtedly be overcome by the joint efforts of FAO and ECLA.

Mr. RODRIGUEZ (Ecuador) said that in view of Mr. Ezekiel's statement, all the necessary financial arrangements should be made so that FAO and ECLA would be in a position to embark upon the study without delay when the appropriate decisions had been taken. His delegation supported the proposal for a joint study, for it felt that the Latin American countries stood in need not only of assistance for the exploitation of their timber resources but also of advice on reforestation and the prevention of soil erosion.

/Mr. HERNANDEZ



Mr. HERNANDEZ (Venezuela) supported the proposal.

Despite its vast stretches of virgin forest, Venezuela was obliged to import timber and for that reason the Ministry of Agriculture, in co-operation with FAO, had established an institute of agricultural sciences which, among other things, would survey its forestry resources.

Mr. MATUTE (Honduras) said that the study, which should be carried out as a matter of urgency, would help to increase the national income and improve the balance of payments of the Latin American countries. He supported the proposal wholeheartedly.

Mr. CONOVER (United States of America) agreed with the Ecuadorian representative that emphasis should be placed on the immediate exploitation and more economical use of the timber resources of the Latin American countries.

He feared that a misunderstanding had arisen in connexion with the cost of the proposed study: while ECLA would contribute \$ 46,000, FAO's contribution would amount to a larger sum. That being so, ECLA's decision would be contingent on FAO's approval of its share of the costs.

He proposed that the task of projecting future trends should not be included in the study.

The CHAIRMAN noted that the concensus of opinion was favourable to the proposal. He felt that the United States representative's objection could be overcome if the procedure

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suggested by Mr. Ezekiel were adopted. FAO and ECLA would in any event have the last word on the subject and favourable action by the Committee would constitute only approval in principle.

He suggested that a Working Group should be set up to prepare a draft resolution along those lines.

After a brief discussion, in which Mr. MARTINEZ (Argentina), Mr. HERNANDEZ (Venezuela), Mr. ACOSTA (Mexico) and Mr. RODRIGUEZ (Ecuador) took part, the Committee, decided to establish a Working Group consisting of the Chairman and the representatives of Argentina, Bolivia, Brazil and the United States of America.

The CHAIRMAN suggested that the FAO representative and the Secretary of the Committee should be present at the meeting of the Working Group.

It was so decided.

Mr. PINTO (Brazil) proposed that the programme of the joint study should include the question of the economic effects of reafforestation and that other delegations which had similar proposals should submit them to the Secretariat.

The CHAIRMAN said that the Brazilian representative's proposals would be taken into account.

The meeting rose at 5.40 p.m.