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COMMITTEE III
(Agriculture)

SUMMARY RECORD OF THE FOURTH MEETING

Held at La Paz on Thursday, 23 May 1957, at 10.10 a.m.

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Draft resolution submitted by the delegation of Ecuador
(Conference Room Paper No.20)

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PRESENT:

<u>Chairman:</u>	Mr. HALES	Chile
<u>later:</u>	Mr. LOPEZ AVILA	Bolivia
<u>Rapporteur:</u>	Mr. LOPEZ AVILA	Bolivia
<u>Members:</u>	Mr. PIGO	Argentina
	Mr. VALDIVIA ALTAMIRANO	Bolivia
	Mr. SILVA PINTO	Brazil
	Mr. MORERA BATRE	Costa Rica
	Mr. RODRIGUEZ	Ecuador
	Mr. DUARTE	El Salvador
	Mr. RICHARD	France
	Mr. ARIS	Guatemala
	Mr. MONDRAGON	Honduras
	Mr. ACOSTA	Mexico
	Mr. DORR	United States of America
	Mr. HERNANDEZ	Venezuela

Also present:

<u>Representatives</u>	Mr. EZEKIEL)	
<u>of specialized</u>)	Food and Agriculture
<u>agencies:</u>	Mr. MOSER)	Organization

Secretariat:

Mr. URQUIDI	Director, Economic Commission for Latin America, Mexico Office
Mr. TRIVELLI	Secretary of the Committee

/PRODUCTIVITY

PRODUCTIVITY OF THE COFFEE INDUSTRY (E/CN.12/435)

Mr. URQUIDI (Director, Mexico Office of ECLA) presented the study on the productivity of the coffee industry in El Salvador prepared jointly by FAO and ECLA. The study covered the year 1954-55; a further study, on Colombia, was nearing completion.

Although the technical aspects of coffee cultivation were well known to the national and international agencies concerned, the study submitted for the Committee's consideration had the merit of offering the first systematic survey of the industry in a specific country. It was based on a sample of 1,008 farms and had been carried out with the highly useful assistance of a number of governmental and private agencies of El Salvador, which he thanked on behalf of ECLA and FAO.

The study made it possible to determine the figures for input of labour, materials (fertilizers, insecticides etc.) and capital in the agricultural cycle 1954-55. The projections for production and exports for the next five-year period were based on the age of the coffee trees; the objective had been to determine not monetary costs of production but real physical costs.

The results of the study confirmed that the intensity of utilization of labour in coffee cultivation was higher in El Salvador than in any other coffee producing country in Latin America. The average utilization of labour per hectare of

/mature coffee

mature coffee plantation was 1,566 man-hours, not including labour used in the establishment of such plantations. That high labour input corresponded to an average yield of 660 kilograms per hectare - according to the data available the highest yield in the world. There was a very close relation between labour input and yield.

The study before the Committee would make it possible to formulate a more precise policy with respect to coffee cultivation.

Mr. Lopez Avila (Bolivia) took the Chair.

Mr. DUARTE (El Salvador) said that coffee was of great importance to the economy of his country, contributing 80 to 90 per cent of El Salvador's export earnings.

The study made of coffee cultivation would make it possible to gain wider knowledge of the problems and projections relating to coffee; that was of particular importance at a time like the present when some instability in market prices was apparent.

It would also be useful to determine what was the process by which increased intensity of labour resulted in declining productivity per hectare. In his view, a multiple correlation should have been made in the study between per hectare productivity and the time variable. Meteorological factors, including rainfall, had a marked influence on per hectare productivity. It would also be useful to know the effect of the use of insecticide and fertilizers on yields.

Forecasts of coffee yields in the various countries - forecasts which were often based on unreliable data - had

/important repercussions

important repercussions on world markets. It might be useful, therefore, if the specialized agencies could help the coffee-producing countries in the preparation of more reliable forecasts that would exercise a regularizing influence on international quotations.

Mr. ACOSTA (Mexico) congratulated FAO and ECLA on the study they had carried out in El Salvador. It would be useful if they could carry out a similar study in Mexico, or if they could recommend the most suitable methods for such studies to other countries.

Mr. EZEKIEL (Food and Agriculture Organization) said that in the study on El Salvador no exhaustive analysis had been made of the productivity or efficiency of coffee cultivation in that country. A more complete analysis of the factors involved would make it possible to give a fuller picture of the economies of production. For example, no correlation was made in the study between altitude and land yield. That was due to the fact that straight-line averages had been used, not a curvilinear relation. Coffee, like all other crops, was subject to the law of diminishing returns, and in the case in point there was no doubt that yields increased with altitude up to a certain limit, after which they tended to decline. A similar rule applied to fertilizers, insecticides and even labour.

The possibility of co-operation between FAO and ECLA in the preparation of forecasts would depend on the programme of work; if a large enough number of countries were interested in the

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idea of a sort of training centre on forecasting methods might be organized.

Mr. SILVA PINTO (Brazil) said that in view of the importance of the coffee industry to the economy of Brazil he wished to draw attention to a number of relevant points. In 1955-56 the Latin American coffee crop had been 13 per cent smaller than the previous year's crop, owing to the decline of production in Brazil, Colombia and Venezuela. That meant that Latin America was losing ground in the world market to Africa. He thought that the discussions to be held in the special coffee sub-committee of the Inter-American Economic and Social Council would be of considerable assistance in solving the problems of coffee marketing, as would all efforts made to improve conditions of cultivation and reduce costs of production.

So far as concerned the study on El Salvador, he expressed the view that the calculation of labour productivity in man-days instead of man-hours would have been more useful and helpful to the Latin American countries. On page ix of the study a comparison was made between the average per hectare yield in El Salvador in 1954-55 and the average yields of other countries for the period 1948-52. That was not a valid comparison.

On page xi there was an analysis of the relation between labour input and yields; the form in which the data were presented might convey the impression that there was a causal relationship between the two factors. Yet it had been found in Brazil that with the application of advanced technical methods yields could

/be increased

be increased by as much as 80 per cent with the same labour force.

Insufficient attention had been given in the study on El Salvador to ecological and soil conditions, factors which should be taken into account in any future study.

Mr. URQUIDI (Director, Mexico Office of ECLA) thanked the Brazilian representative for his remarks and promised that they would be borne in mind in preparing the final version of the study on El Salvador, which had been of an experimental nature, and in the preparation of the study on Colombia.

Mr. VALDIVIA ALTAMIRANO (Bolivia) said that the study testified to a scientific and technical ability which was a credit to its authors, and that similar studies should be carried out in other countries such as Bolivia, which while it was not among the large producers, intended to encourage coffee production. In the last seven or eight years Bolivia had tripled its coffee production, and had even exported small quantities.

Mr. HERNANDEZ (Venezuela) said that coffee was his country's main export item after oil and iron ore. The area under coffee amounted to 300,000 hectares, divided among 60,000 farms. In recent years production had tended to decline, owing to the abandonment of the plantations in the neighbourhood of Caracas and the migration of labour to the oil industry. The Government had, however, initiated a campaign to improve the technical methods of production and had applied tariff protection measures, in order to take advantage of the favourable market conditions to increase

/production in

production in the next five-year period.

Mr. Hales (Chile) resumed the Chair.

DRAFT RESOLUTION SUBMITTED BY THE DELEGATION OF ECUADOR (Conference Room Paper No.20)

Mr. RODRIGUEZ (Ecuador), presenting his delegation's draft resolution, said that the problems of land tenure were basic factors in the difficulties impeding the improvement of agricultural production. In Ecuador the existence of latifundia and minifundia, together with the lack of integration of markets, had a marked effect on yield and productivity. The purpose, therefore, of his draft resolution was to seek some guidance with regard to the appropriate methods for solving the problem, and to bring about an exchange of information on the subject.

Mr. LOPEZ AVILA (Bolivia) supported the draft resolution.

It was, of course, difficult to convert, a latifundia system into one which was economically more efficient. An example of that was Bolivia's agrarian reform, which had been initiated on 2 August 1953.

The Bolivian delegation would have liked to give some information on the progress of the reform, but it would not be fair to judge its merits at the moment, since two of the three years during which it had been in effect had been highly unfavourable owing to weather conditions. He believed that his Government would present a complete report on the subject to ECLA at its next session. He agreed with the representative of

/Ecuador that

Ecuador that the minifundia system should be studied in relation to its productivity.

Mr. SILVA PINTO (Brazil) supported the draft resolution but suggested that paragraph (a) of the preamble should be deleted. The statement in that paragraph was contrary to the experience of Brazil, where minifundia made a great contribution to the fruit and vegetable production of the country. Moreover, many of the technical difficulties of the problem had been overcome by grouping the minifundia in co-operatives. For the foregoing reasons he suggested that the words "more serious" in paragraph (b) of the preamble should be replaced by the words "politically and economically more important".

Mr. ACOSTA (Mexico) said that in his country the minifundia were organized into societies of smallholders, which were units of great importance on account of the volume of their production and the earnings they represented.

The Mexican delegation would be unable to support the draft resolution if paragraph (a) of the preamble was retained, for that paragraph showed a disparaging attitude towards minifundia. Mexico helped both large and small farmers to maintain their production.

Mr. HERNANDEZ (Venezuela) said that like the Brazilian representative he could not support the statement in paragraph (a) of the preamble, because it was in contradiction with the agrarian policy of his country. In Venezuela minifundia of from two to ten hectares were to be found round the large towns,

/and they

and they were effective units of production. Whether or not the minifundia system was prejudicial to productivity depended on the integration or the form of organization of agriculture in each country.

Mr. LOPEZ AVILA (Bolivia) declared that minifundia were such small agricultural units that they did not satisfy even the most basic needs of the peasant family.

The CHAIRMAN said that the concept of minifundia had nothing to do with the size of the property but was related to its productivity. The size was a relative factor; in some countries an area of ten hectares could be a large property, whereas in others it could be anti-economic.

Mr. RODRIGUEZ (Ecuador) agreed to the deletion of paragraph (a) of the preamble.

After further discussion on the draft resolution, in which the representatives of Argentina, Brazil, Guatemala, Mexico and Venezuela took part, the CHAIRMAN proposed that, in view of the various amendments that had been suggested, some of which changed both the letter and the spirit of the original draft resolution, a working group, composed of the representatives of Argentina, Bolivia, Brazil, Ecuador, Mexico, the United States of America and Venezuela, should be set up to prepare a new draft resolution reconciling the various ideas that had been expressed.

It was so decided.

AGRICULTURAL PRODUCTIVITY (continued)

The CHAIRMAN asked the Committee to allow him to reopen the debate on agricultural productivity in order to permit an amendment of the vote that had been taken the previous day on the draft resolution appearing in Conference Room Paper No.9.

Mr. DORR (United States of America) explained that he had some suggestions to put forward with regard to the style of paragraph 2 of the operative part of the resolution. He suggested that for greater clarity the words "at the request of the Governments concerned" should be added at the beginning of subparagraph (a) of paragraph 2 and again at the beginning of subparagraph (b). He also proposed that the words "their resources and their terms of reference" should be replaced by "their respective resources and terms of reference".

The amendments proposed by the United States delegation were approved.

Mr. DORR (United States of America) asked whether the phrase "together with FAO" implied that technical assistance was to be given by ECLA and FAO acting jointly.

Mr. EZEKIEL (Food and Agriculture Organization) explained that if technical assistance was required FAO would be asked to provide it, and that if it was a question of undertaking studies ECLA and FAO would act in concert.

The meeting rose at 12.10 p.m.