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Seventh session  
La Paz, Bolivia

ECONOMIC PROBLEMS OF AGRICULTURE

Report of Committee III

Committee III on Economic Problems of Agriculture held 5 meetings between 20 and 24 May, under the chairmanship of Mr. Alejandro Hales, Chairman of the Chilean delegation. Mr. Hugo López Avila, of the delegation of Bolivia, was elected Rapporteur. Representatives of Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, United Kingdom, United States of America, Uruguay and Venezuela were present at all or some of the meetings, which were also attended by representatives of the United Nations Food and Agriculture Organization and observers from the following organizations and countries: International Bank for Reconstruction and Development, International Monetary Fund, Inter-American Economic and Social Council, International Confederation of Free Trade Unions (ICFTU), Inter-Governmental Committee for European Migration, General Agreement on Tariffs

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and Trade (GATT), Federal Republic of Germany, Italy, Japan and Rumania.

The discussions on the varied range of problems confronting Latin American agriculture, and the analysis of the measures that might facilitate a satisfactory solution of such problems to the benefit of the region's agricultural and economic progress, were carried on in an atmosphere of complete co-operation. It was evident that the Latin American republics all share the anxiety to overcome the obstacles to the more rapid development of their economies, especially those of which the removal would tend to promote progress in every aspect of the region's agricultural and livestock sectors.

Apart from the discussion of general points, the Committee devoted particular attention to the following six main topics: (1) the current situation of agriculture; (2) agricultural productivity; (3) agricultural and livestock export prospects; (4) trends in timber production; (5) uneconomic farms; and (6) coffee studies.

The following documents presented by the secretariat were used as a basis for discussion:

Economic Survey of Latin America, 1956 (E/CN.12/427),  
chapter X;

The selective expansion of agricultural production in Latin America and its relationship to economic development (E/CN.12/378/Rev.2), United Nations publication, Sales N°: 1957.II.G.4;

Economic Bulletin for Latin America  
Vol. I, N° 1: article on "Recent trends in the exports and prices of some products";

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Vol. I, N° 2: article on "Exports and prices of some products";

Vol. II, N° 1: article on "Possibilities for the expansion of wheat production in Brazil";

Prospects for Latin American trade in agricultural products (document presented by FAO);

Productivity of the coffee industry in El Salvador (E/CN.12/435);

Progress report on the study on coffee in Colombia (E/CN.12/436);

Note by the secretariat on a study of timber production trends in Latin America (E/CN.12/438);

Studies on the economic development of Bolivia, Brazil and Colombia, relevant chapters.

#### 1. Current situation of agriculture

Most of the representatives reported on the agricultural situation in their respective countries, the progress achieved in recent years and the problems that have to be tackled in order to expedite the development of this branch of economic activity.

With respect to the situation in 1956, the Committee stressed that farming in Latin America had been affected by adverse factors of both internal and external origin. In most of the countries serious losses had been registered in production on account of weather conditions, which in some cases had affected only specific crops, whereas in others all branches of farming had suffered. The uncertainty of world market prospects, attributable to competition in the disposal of accumulated surpluses as well as to unfavourable prices had compelled several of the Latin American countries to restrict

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the areas under export crops.

In 1956, agricultural production in general had fallen about 1.5 per cent below the preceding year's satisfactory level, although production for domestic consumption had increased by 3 per cent. To judge from the slight increment in per capita production in this sector, a larger volume of commodities had been available for domestic consumption than in 1955, but it had not been possible to satisfy demand for foodstuffs completely, because of the rapid growth of the population and the rise in income. Production for export had undergone one of the most serious setbacks registered since the war; it had decreased by 9 per cent in relation to 1955.

## 2. Agricultural productivity

In analysing this topic the Committee was able to establish several basic facts. Outstanding among these were the low productivity of agricultural labour, which was almost universal throughout Latin America, and the unduly slow rate of improvement characterizing its development in recent years. Stress was laid on the serious nature of this situation, since about 50 per cent of the region's active population was employed in the agricultural and livestock sectors. Furthermore, it was noted that such improvement as there had been was attributable to increased mechanization rather than to higher yields. In this connexion, attention was called to the fact that a more widespread assimilation of farming techniques would raise the productivity of land, capital and labour. Moreover, the  
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introduction of improved techniques would be the only way to control soil erosion and prevent the depletion of other renewable natural resources.

As an outcome of the discussion on this topic, the Committee welcomed with interest a draft resolution recommending that studies on agricultural productivity be continued both by the secretariat in co-operation with FAO, and by the Governments on their own account.

### 3. Export prospects

The Committee considered the FAO report on export trends for Latin American agricultural products and on the present commodity situation and prospects, as well as a statement by the representative of FAO on the current status of international discussions on commodity situations.

With regard to exports, Latin America had gained from the fact that a large part of the value of its agricultural exports derived from products such as coffee, cacao, bananas and wool, for which world demand had generally been strong and rising. As a result, the value of Latin American exports of these products, corrected for price levels, had reached far higher figures than before the war. Despite fluctuations, the overall trend registered for these commodities was expected to continue. Latin America had also improved its situation with respect to cotton by filling part of the gap left by the reduction in United States cotton exports, but the advantage thus obtained was disappearing with the development by the United States

of a more vigorous export policy. In the case of other products, such as wheat, beef, maize and linseed, low Latin American exports had coincided with a general downward trend in demand on the part of importing countries. The River Plate countries, which were currently expanding production of such commodities, thus faced less promising export markets than did the more tropical countries. Sugar, tobacco and sisal were in an intermediate position, with a moderate upward trend in demand. In the case of many of the commodities in question, a rapid increase in domestic consumption in the Latin American countries was enlarging requirements beyond the export possibilities.

In an effort to stabilize markets and prices, some countries had created special international commodity committees or study groups for a number of products, under the auspices of FAO. Among the commodity groups which would meet during the remaining months of 1957 were those on grains (bread grains and coarse grains), to be convened at Rome on 27 May; on cacao (Ibadan, Africa, 17 September); on coconut and copra (Rome at the end of the year); as well as the dairy panel, to meet during the session of the Committee on Commodity Policy (Rome, November). Cotton was handled separately by the International Cotton Advisory Committee, meeting next at Istanbul, from 20 to 28 May. Matters relating to surplus disposal were dealt with in a special FAO Sub-Committee on Surplus Disposal, meeting frequently in Washington. All countries interested were eligible to send representatives to participate in the sessions of the groups or committees

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#### 4. Trends in timber production

The Committee considered the desirability of a detailed study, to be undertaken by the ECLA secretariat in collaboration with FAO, on trends and prospects for the production and consumption of timber and derived products in Latin America.

In the course of the discussion on this point, the representatives drew attention to the important and urgent nature of such a study, in view of the wealth constituted by natural woodlands and plantations, of the increase in consumption of timber products consequent upon the improvement in the standard of living, and of the importance of forest products for intraregional trade and for the world market. It was recommended that the study should be conducted along lines which would produce immediate and medium-term results, without prejudice to the long-term forecasts which were of genuine interest, particularly for the purpose of evaluating the feasibility of forest industry projects. The representatives expressed their desire that Governments should facilitate the proposed study, by providing the full co-operation of their services, making thenceforth a special effort to improve forest statistics, and, whenever necessary, requesting technical assistance from the competent agencies.

The study would have to be integrated with a similar world-wide survey undertaken by FAO. The part relating to Europe, which had been prepared with the assistance of the

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Economic Commission for Europe, was already completed; and that on the Far East and the Pacific was in course of preparation, with the co-operation of the Economic Commission for Asia and the Far East.

The delegations of three countries, namely, Honduras, the United Kingdom and the United States, abstained from voting on this project.

The delegations of the United States and the United Kingdom expressed their substantive support for this study, but observed that it would be preferable for the study first to be approved by FAO, and that any action by ECLA in this respect be made contingent upon the decision of FAO. In addition, the United States delegation stated that it might be better to study the economic use of existing resources, and that the limited data available would considerably reduce the reliability of any forecasts of the long-term trends in future production and requirements of timber products.

All the other delegations voted in favour of the project. Some of them - Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Mexico, Uruguay and Venezuela - stated their motives for supporting it, adducing, among others, the following reasons, with which the delegation of France was in agreement:

- (a) The very high annual values represented by large-scale imports of forest products, despite the fact that 45 per cent of the total area of Latin America was forested;
- (b) The increase in the consumption of timber products and the growing demand for such products, at present partially unsatisfied, entailed by general economic development and higher standards of living;

(c) The insufficiently



- (c) The insufficiently utilized wealth constituted by the matura woodlands, the substantial earnings deriving from carefully managed forest plantations and the part played by trees in protecting the soil from erosion;
- (d) The need for each Government to collect data which would enable it to assess the importance of forests and forest products for its national economy; to ascertain the medium-term and long-term development possibilities of the primary and secondary forest products industries and of the reforestation industries; and to determine the priority to be assigned to each aspect of forestry development with a view to channelling public investment in that direction and to providing the interested private capital investors with the necessary information and facilities;
- (e) The present and future importance of timber products in the inter-Latin-American market and in world trade;
- (f) The success of the joint ECLA/FAO study on pulp and paper carried out in selected countries of the region, which constituted the best possible argument that could be adduced in favour of the proposed study;
- (g) The need for the study of timber production and consumption trends and prospects in Latin America to be integrated with a similar world-wide survey undertaken by FAO.

#### 5. Uneconomic farms

One of the delegations submitted a draft resolution in which attention was called to the problem existing in certain countries of improving conditions on farms which do not afford a satisfactory standard of living for the rural household. The committee considered this to be a problem

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of the highest importance, and it was decided to recommend to Governments that they undertake an exchange of studies and data on this point, as well as to request the ECLA secretariat that, in co-operation with FAO, it give due consideration to such requests for guidance and assistance as might be formulated by those Latin American countries that were endeavouring to solve problems of such a nature.

#### 6. Coffee studies

One delegation drew attention to the unfavourable effects on the world market of the inaccurate forecasts made by producer countries in regard to possible production and stressed that the international organizations could assist the coffee-producing countries by making available to them a methodology which would enable them to make more realistic forecasts that would have anormal effect on market quotations.

He also emphasized the desirability of assisting and guiding countries carrying out studies similar to those undertaken by ECLA and FAO in El Salvador and Colombia and of helping those two countries to keep their studies up to date.

In connexion with the foregoing, a draft resolution was adopted recommending to the ECLA secretariat and FAO that they study the possibility of organizing a relevant training centre as soon as a sufficient number of member countries so requested. This centre would be established in connexion with the study carried out in one of the latter countries.

#### /7. Draft resolutions

7. Draft resolutions adopted by the Committee

The following draft resolutions were the outcome of the Committee's deliberations:

- (a) Study of Latin American timber trends and prospects (E/CN.12/AC.37/1);
- (b) Productivity in agriculture (E/CN.12/AC.37/2);
- (c) Uneconomic farms (E/CN.12/AC.37/3);
- (d) Coffee studies (E/CN.12/AC.37/4).