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INTRODUCTION

1. This twentieth annual report of the Economic Commission for Latin America (ECLA) covers the period from 26 April 1968 to 23 April 1969.^{1/} It is submitted to the Economic and Social Council for consideration, in accordance with paragraph 12 of the Commission's terms of reference, which states that the "Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies".

PART I

ACTIVITIES OF THE COMMISSION SINCE THE TWELFTH SESSION OF THE COMMITTEE OF THE WHOLE

2. Of primary importance among the secretariat's tasks in recent months has been the preparation of a programme for the second United Nations Development Decade. It has been established that Latin America's economic growth during the nineteen-sixties has been decidedly sluggish and irregular with an annual average increase of the domestic product of less than 4.5 per cent in the region as a whole, or a mere 1.5 per cent per capita each year.

3. Accordingly ECLA has renewed the search for strategic guidelines and measures which, in addition to setting specific growth targets, will contribute to accelerating development at the national and regional levels.

4. With these purposes in mind, ECLA convened and participated in several regional meetings and prepared a programme of action for discussion at the thirteenth session (E/CN.12/826). In this programme, ECLA indicates the institutional measures and machinery which should be adopted in the industrialized countries and in international trade and finance in order to render the Latin American economies less vulnerable and reduce external bottlenecks. At the same time it examines the strategy and the most important objectives and policy measures which should be adopted by the Latin American countries for the second Development Decade.

5. Along with this work, increasing attention was paid to problems of regional integration, particularly in the Central American Common Market, where efforts were concentrated on electric power and transport problems;

^{1/} For the nineteenth annual report of the Commission, see the Official Records of the Economic and Social Council, Forty-fifth Session, Supplement No. 4, (E/4499).

in the LAFTA secretariat, where ECLA has been helping to find technical solutions to some of the problems standing in the way of full implementation of the Montevideo Treaty; in the Joint Commission of the Andean Group; and in the newly formed Caribbean Free Trade Association (CARIFTA).

6. It should be recorded that the Government of Trinidad and Tobago provides office space and local staff for the Office for the Caribbean. The Government of Colombia provides office space and supplies, local assistance and one economist for the Bogotá Office, while another economist is provided by the Government of Venezuela. More recently, agreement was reached with the Ministry of Planning in Brazil concerning the establishment of a joint office to replace the former ECLA/BNDE Centre for Economic Development, with the Ministry providing premises and local staff, and financing for the operating costs.

7. Despite its increased responsibilities, including those connected with the Andean Group and CARIFTA, the secretariat received no increase in staff in 1968 and was therefore obliged to limit the programme to the work that could be done within available resources; this was directed preferentially towards research for an economic development strategy and policy for Latin America, at the global and the sectoral levels; assisting Latin American Government in the field of trade policy and economic integration; and for operating in technical assistance activities, including seminars and courses.

8. As usual, ECLA continued its programmes of co-operation with other inter-American bodies concerned with accelerating integration movements and achieving goals of well-being in the region. Thus, in May the Executive Secretary attended a meeting of the Ministers of Foreign Affairs of the River Plate Basin, held at Santa Cruz de la Sierra, Bolivia, at which he read a message from the United Nations Secretary General. In this message, the Secretary General expressed his willingness to study the meeting's recommendations with a view to providing all possible assistance from the United Nations.

9. The visit to ECLA headquarters of Mr. Galo Plaza, the new Secretary General of the OAS, at the end of July provided another opportunity for the discussion of common plans between the two organizations. At the end of a series of meetings, emphasis was laid on the importance of co-ordinated action between ECLA and his organization, in a spirit of mutual co-operation for the achievement of common goals and the acceleration of development in Latin America.

10. The ECLA secretariat was visited from 6 to 13 August 1968 by the Committee of Seven on the Reorganization of the Secretariat, under the chairmanship of Mr. C.V. Narasimhan, Under-Secretary General for General Assembly Affairs and Chef de Cabinet of the Secretary General. The members

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of the Committee were Manuel Perez Guerrero, Luis Ignacio Pinto, Bernard de Menthon, Platon D. Morozov, Andrew A. Stark and W.H. Ziehl. Informative material of different kinds was prepared and placed at the disposal of this Committee.

11. Then, in the first week of November, a Canadian Trade Mission, headed by three members of the Cabinet, paid a visit to ECLA in order to meet senior officials and discuss ways of strengthening Canada's links with Latin America.

12. ECLA provided facilities in June for the Regional Seminar for Latin America on Techniques and Procedures of United Nations Technical Assistance. It was the first of a series organized by the United Nations Institute for Training and Research (UNITAR) to replace its former centralized Group Training Programme in Techniques and Procedures of Technical Assistance. Panel discussions on all the major aspects of the question and briefings by the regional representatives of the specialized agencies were included in the seminar, in which fifteen officials from twelve Latin American countries, six representatives of UNDP, and ECLA participated.

13. Similarly, ECLA provided facilities for the seventh OPI Editor's Round Table, convened in September by the Office of Public Information for the purpose of providing a forum in which leading personalities of the ECLA region and policy-making United Nations officials could discuss some of the important problems confronting the United Nations. The meeting was attended by a total of forty-five participants and observers from twenty-three countries and international organizations, including José Rolz-Bennett, Under-Secretary-General for Special Political Affairs, Agha Abdul Hamid, Assistance Secretary-General for Public Information, and ECLA's Executive Secretary. A series of recommendations was approved on ways of improving the dissemination of information regarding United Nations activities, stressing the important role played by information media in guiding public opinion.

14. From 3 to 12 March, the Regional Meeting of Resident Representatives for Latin America and the Caribbean took place at ECLA headquarters. It provided an opportunity for an exchange of views on the work being done in the region by the United Nations Special Fund and the Development Programme in general. The Executive Secretary of ECLA made a statement in which he described some of the secretariat's recent work and indicated the main areas of interest which he envisaged for the future activities of the Commission. Other speakers at the general sessions included Mr. David Owen, Deputy Administrator of UNDP, Mr. Gabriel Valdés, Minister of Foreign Affairs of Chile, Mr. Galo Plaza, Secretary General of the Organization of American States, Mr. Paul-Marc Henri, Assistant Administrator and Associate Director of the Bureau of Operations and Programming of UNDP, and Mr. Patricio Silva, Under-Secretary for Foreign Affairs, Chile.

15. Three issues of the Economic Bulletin for Latin America were published. Vol. XIII, N°1, contains an article on "Latin America and the second session of UNCTAD", the text of the Charter of Tequendama, adopted by the countries members of the Special Committee on Latin American Co-ordination (CECLA), and the Charter of Algiers adopted by the Ministerial Meeting of the Group of 77 on 24 October 1967, and a report on recent ECLA activities. Vol. XIII, N°2, contains the following articles: "Twentieth anniversary of ECLA", "Investment in the petroleum industry in Latin America", "Social policy and social change", "Social security and development: the Latin American experience"; "Integral local development programmes in Latin America", "The urbanization of society in Latin America", and "Recent activities of ECLA". Vol. XIV, N°1, was also published. The contents were as follows: "Regional development financing"; "International organizations in export promotion in Latin America"; and "The transfer of technology and its relation to trade policy and export promotion in Latin America".

/A. ACTIVITIES

A. ACTIVITIES OF SUBSIDIARY BODIES

16. This section of the report covers the activities of the Trade Committee and of the Central American Economic Co-operation Committee (CCE). The former has not met since the eleventh session of the Commission; consequently the secretariat's work on trade is described in the section of this report dealing with the Trade Policy Division (see paragraphs 74-87).

17. The Central American Economic Co-operation Committee has not met since its ninth session, held in January 1966, but its sub-committees and working groups have. Their activities are described below.

Committee on Electrical Standards

Second session: Tegucigalpa, 2 to 6 May 1968

Chairman: Mr. Omar F. del Cid (Honduras)

Rapporteur: Mr. Mario Hidalgo (Costa Rica)

18. The Regional Committee on Electrical Standards, established by resolution 19 SC.5 of the Central American Electric Power and Water Resources Sub-Committee at its third session (September 1966), met for the first time at Managua in December 1966. This technical agency is responsible for guiding and directing a regional programme for the standardization of electrical equipment and material, as one of the new tasks within the integrated development of electric power in Central America. At its second session the Committee examined the progress made in carrying out the work requested in the resolutions adopted at its first session, and approved the programme of work for 1968-69; this requires the preparation of provisional standards for distribution voltages and a first terminology list for the electric power industry, based on a glossary drawn up by a group of Latin American experts. It also defined the procedural relationships between the Regional Committee and ICAITI in relation to the establishment of Central American standards.

Third session: Panama City, 18 to 23 September 1968

Chairman: Mr. Rafael Ayax Moscote (Panama)

Rapporteur: Mr. Noel Espinosa Chavarría (El Salvador)

19. At its third session the Regional Committee on Electrical Standards examined the progress made by the standardization programme during May to August 1968; one expert had been engaged especially for the programme and financed by the six countries, and the Mexican Federal Electric Power Commission (Comisión Federal de Electricidad - CFE) had provided a technical

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specialist. In addition, the Committee approved the proposed standards for definitions of electric power units, the terminology used by the electrical industry for its generating, transmission, distribution and consumption activities, symbols for electric power plans and diagrams, and a standard nomenclature for distribution materials. The Committee considered that it was necessary to expand the analysis of standard coding systems for the materials and equipment used by the electric power industry, and to continue with the programme of work adopted at its second session.

Working Group on Electricity Interconnexion

First session: Tegucigalpa, 6 to 9 May 1968

Chairman: Mr. Ernesto Crespo (Honduras)

Rapporteur: Mr. Octavio Salinas (Nicaragua)

20. At its third session, the Central American Electric Power and Water Resources Sub-Committee stressed the need for the Central American Common Market to have legal instrument of a general nature on Standards for developing the programmes for the interconnexion of electric power systems between countries, and requested that the technical and organizational bases needed for the preparation of a multilateral study of such interconnexions should be formulated.

21. Pursuant to this recommendation, the Working Group on Electricity Interconnexion was set up and at its first meeting, held at Tegucigalpa from 6 to 9 May 1968, it approved the general outlines of a regional agreement on the exchange, purchase and sale of electric light and power and recommended the preparation of a draft agreement to that end by SIECA. It also requested the ECLA secretariat to prepare, with technical assistance from SIECA and financial aid from BCIE, a general study on the possibilities of electric power interconnexion in Central America.

Regional Group on Electricity Rates

First session: Tegucigalpa 2 to 6 May 1968

Chairman: Mr. Mauricio Mossi (Honduras)

Rapporteur: Mr. Enrique Aguiluz (Guatemala)

22. The Regional Group on Electricity Rates was established by the Central American Electric Power and Water Resources Sub-Committee at its third session (Tegucigalpa, September 1966). Its terms of reference were to examine the factors which determine the cost of electric power, and to prepare a comparative analysis of regulatory policies and rates structures in the Central American countries with a view to harmonizing the rate systems.

23. At the Group's first meeting a start was made at the technical level with the regional programme for the harmonization of the rate systems by studying the methods and procedures used to calculate electricity rates and prepare schedules. Other aspects which were also considered, included electric power regulation and market development, which can affect the structure and level of rates.

24. The Regional Group explored the factors determining the price levels of electric power, its cost components, each country's experience in questions of rate structure, and general aspects of electric power regulation. It also formulated some general guidelines on financial aspects, price levels and rate policies; outlined a research programme for rate regulation, market development and rural electrification; and approved uniform bases for factors which should be taken into account in fixing electricity prices, and the glossary of administrative, financial and accounting terms used in the electric power industry. Through this combination of measures it is hoped to bring about the gradual harmonization of rates in Central America.

Working Group on Maritime Transport and Port
and Harbour Development

Second session: Guatemala City, 9 to 13 September 1968

Chairman: Mr. Marco Antonio Cuevas (Guatemala)

Rapporteur: Mr. Edmundo Rostrand (Nicaragua)

25. When this Working Group, a subsidiary body of the Central American Transport Sub-Committee, met for the first time (San Salvador, 13 to 18 November 1967), it indicated that it was necessary to promote the regional planning of port works and shipping, to pursue activities conducive to the establishment of a Central American merchant marine, to modernize and raise the productivity of port services and to establish the necessary regional machinery for gradually attaining these objectives.

26. At its second session, the Working Group recommended the formation of a Central American Port Authorities Commission which would serve as a technical and advisory body to facilitate the formulation and execution of the regional ports policy. The Working Group also reaffirmed its support for efforts designed to set up shipowners' associations and shippers' councils, and to establish port authorities of national scope, since all of these are necessary for the adequate development of shipping activities in Central America. It examined the practical problems which arise at terminals as a result of the large number of shipping documents required, and laid down some guidelines for overcoming them. In addition, it approved the bases for a uniform system of accounts and statistics, and established the main lines for calculating costs and fixing the rate structure as part of a co-ordinated and rational system of information, which is considered to be an essential factor in the development and effective control of activities at port terminals.

/Central American

Central American Statistical Co-ordination
Sub-Committee

Second special session: Guatemala City, 28 to 30 November 1968

Chairman: Mr. Edgardo Nájera Ochoa (Guatemala)

Rapporteur: Mr. Carlos Raudales (Honduras)

27. The second special session examined the 1970 census programme. The Sub-Committee agreed that the programme should be conducted in a co-ordinated manner so as to be more economical and beneficial for the countries concerned. Measures were adopted concerning the regional financing of the programme, technical assistance requirements and the training of census personnel in the different countries, as well as specifically technical aspects requiring immediate attention.

Other meetings connected with the work of the Central American
Economic Co-operation Committee

28. Under the Central American Economic Integration Programme, the ECLA secretariat collaborated with and participated in the following meetings:

Thirty-first and thirty-second meetings of the Central American Executive Council

SIECA/BCIE/ECLA Inter-agency Meetings on Co-ordination

Second and third ODECA/BCIE/SIECA/ECLA Inter-agency Meetings on Co-ordinated Development of the Economic Infrastructure

First and second ODECA/SIECA/ECLA Inter-agency Meetings on Statistical Co-ordination

Joint Meeting of CIAP and the Central American Economic Council

Eighth and ninth meetings of the Co-ordinating Committee on Marketing and Price Stabilization in Central America

Regional Committee on Water Resources for the Central American Hydrometeorological Project

Central American Meeting of Experts on National Accounts

Fifth session of the LAFTA Advisory Commission on Monetary Questions

Special Technical Committee on Compensatory Mechanisms of the Governors of Latin American Central Banks

Working Groups of Government Experts of the Inter-American Economic and Social Council

Fourth session of the Board of Directors of the Inter-American Productivity Association

/B. ACTIVITIES

B. ACTIVITIES OF THE SECRETARIAT

29. This and the following sections deal with the activities of the Commission that are not directly related to the proceedings of its subsidiary bodies.

ECONOMIC DEVELOPMENT AND RESEARCH DIVISION

30. During the period covered by this report the Division was concerned with the work undertaken by the secretariat in preparation for the second United Nations Development Decade; consequently research on the current economic situation has centred on the position of Latin America's economy at the end of the first Development Decade; and the mobilization of resources for the second. The first part of this research has been included in the Economic Survey of Latin America, 1968, and the second forms a special study for presentation at the thirteenth session of the Commission (E/CN.12/827). Work has also gone forward on the studies of income distribution and human resources, the latter under the arrangements made with the ILO in relation to the Ottawa Plan.

Economic Survey of Latin America

31. The Economic Survey of Latin America, 1968 (E/CN.12/825) was completed in time for presentation at the thirteenth session of ECLA. It consists of two main parts, one of which describes the situation of the Latin American economy at the end of the nineteen-sixties while the second analyses economic trends in 1968. The principal conclusions suggested by the second part are summarized below:

32. In 1968, the economic development of Latin America was much more satisfactory than in 1967. The aggregate gross domestic product of the region grew at a rate of 5.4 per cent, compared with 4.5 per cent in 1967 and an average of 4.6 per cent over the period 1960-1966.

33. Most of the countries in the region followed this general trend. Argentina, Brazil, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua and Uruguay raised their economic growth rates; Bolivia, Chile, El Salvador and Haiti maintained theirs at levels similar to those of 1967; while those of the Dominican Republic, Ecuador, Panama, Paraguay, Peru, and to a lesser extent Venezuela, declined compared with 1967.

34. This progress was achieved despite the fact that in many countries the performance of the agricultural sector was relatively poor owing to adverse climatic conditions in large areas of Latin America - Argentina, Brazil, Chile and Ecuador being the countries most affected. In contrast, manufacturing industry grew very rapidly, increasing by 8.1 per cent

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in the region as a whole, quite the opposite of what occurred in 1967, when agricultural growth far outpaced industrial growth. Much of this was attributable to the recovery of the industrial sector in Brazil, which increased output by 12 per cent, while there were fairly high growth rates in Argentina, Bolivia, Colombia, Mexico, Peru and the Central American countries.

35. In several countries there was a very pronounced upturn in construction and public works, especially in Argentina, Brazil, Colombia, Mexico and Venezuela.

36. Another important feature of economic development in 1968 was the growth of exports and the marked rise in the value of imports. Exports, measured in terms of the current value of external sales of goods and services, reached the unprecedented figure of 13,720 million dollars, an increase of 5.6 per cent over 1967, while imports of goods and services totalled 13,380 million dollars, an increase of 7.3 per cent.

37. These trends meant that several countries recorded higher trade figures in 1968 than ever before. Particularly striking in this respect were imports by Brazil (over 2,300 million dollars), Chile (1,050 million), Mexico (2,600 million), Bolivia, Costa Rica, Guatemala, Honduras and Panama. There were some important exceptions, however: the current value of imports of goods and services declined sharply in Peru, and to a lesser extent in Argentina, Nicaragua and Uruguay.

38. The foregoing considerations, which reveal a considerable expansion of Latin America's foreign trade, make it necessary to add some observations in order to assess more accurately the significance of this external sector trend. To some extent, it can be evaluated differently according to the standpoint from which it is viewed, in particular, that of Latin America's position in world trade, or that of the relationship between internal growth and external limitations. Viewing the trend from the first standpoint, it should be borne in mind that the recent advances noted have taken place in the context of an exceptional boom in world trade, and that in spite of the higher absolute values of its sales abroad, Latin America has been unable to prevent its share in total world exports from continuing to decline. On the other hand, there is no doubt that in many countries of the region there is now a much more comfortable relationship between the external sector and the growth of the domestic product. In other words, the traditional obstacle to growth deriving from the highly inflexible nature of the external sector has in several cases had little or no influence on recent development. A comparison of imports at 1960 and 1968 prices shows increases of over 100 per cent in Bolivia, the Dominican Republic, Honduras and Nicaragua, and over 50 per cent in Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Panama, and Peru; thus only Argentina, Haiti and Uruguay recorded a decline in the volume of imports between the first and last years of the period concerned.

39. Even so, some caution must be exercised in interpreting these facts, in view of the existence of other important factors. First, the characteristic feature of Latin America's foreign trade has been its instability, and there have been no radical changes either in the policy of the industrialized countries or in Latin America's ability to change the structure of its exports which might be considered sufficient to protect it from this instability and ensure that the recent upward trends will continue. Secondly, it is imperative to remember that the larger increase in the last few years is attributable to imports, while the evolution of exports has been much less favourable, which has resulted in rising external indebtedness. The gross inflow of foreign capital increased substantially in the last two years, including a marked rise in short-term financing. Meanwhile, foreign capital servicing - amortization, interest and remittances of profits on direct investment - has come to represent very high proportions of the total value of exports of goods and services: not less than 35 per cent for the region as a whole, and well over 40 per cent in several countries, including Mexico, Brazil and Chile.

40. In 1968 the increase in imports meant that the supply of goods and services for internal use in the whole region grew faster than the product, which favoured the expansion of consumption and, in particular, of investment. This trend was observable in Brazil, Chile and Colombia, while in El Salvador, Nicaragua, Peru and Uruguay the opposite occurred as a result of the less favourable evolution of the capacity to import or of measures to restrict imports.

41. In several countries - Argentina and Mexico, for example - there was a sharp rise in public investment, which involved appreciable changes in the composition of final demand.

Mobilization of resources

42. As part of the secretariat's preparations for the second United Nations Development Decade, a study on the mobilization of domestic resources has been prepared (E/CN.12/827), the preliminary results of which will be presented at the Commission's thirteenth session. The subject will be kept in the Division's work programme to expand some aspects of it and explore them in greater depth.

43. Taking as its starting point the fact that savings and investment coefficients are relatively low in most countries in the region, and that no appreciable improvements have been observed in the nineteen-sixties, the study tackles the problem from two main angles: the real potential for capital formation, and the accumulation and channelling of financial resources. In addition, the recent experiences of some Latin American countries in mobilizing private savings (personal and corporation) are reviewed.

44. In analysing the real expansion potential, special attention has been paid to current and potential sources of real available resources and the way in which they are used. In particular, the degree of dependence of fixed investment is analysed in connexion with the capacity to import machinery and equipment, and the probable trend of the latter in the light of the prospects of the over-all capacity to import or changes in the structure of imports which will free more resources for capital formation. A similar examination is made of domestic production capacity, particularly in relation to idle capacity in national capital goods industries and the flexibility of certain production lines - mainly durable consumer goods - which could be adapted so as to increase the supply of production equipment. Finally, there is a fairly detailed discussion of the scale of the contribution which might be made to capital formation by more efficient use of Latin America's extensive productive reserves, such as some basic resources and above all the large proportion of the labour force now unemployed or underemployed (approximately a quarter of the economically active population).

45. The second part of the paper deals with the accumulation and channelling of financial resources. Some of its conclusions indicate that despite the serious problem of under-consumption which affects just under half the population, the income of the rest allows for a fairly considerable margin of potential savings. At present the income of the higher groups is less than that of their counterparts in the developed countries but their consumption "basket" is the same and higher in price. Comparatively, then, their savings are lower. There are also problems involved in channelling savings into investment; the financing of purchases of durable consumer goods absorbs a large proportion of savings, and financial resources of differing origin, even external credits, are earmarked for these ends instead of for capital formation. It is recognized in the paper that under present Latin American conditions, private institutions serving as financial intermediaries are not the only instruments for channelling resources from surplus units towards real investment, since public agencies still tend to be the only intermediaries linking savings and investment.

46. Finally, the paper describes some recent experiences in Latin America in mobilizing private savings. In relation to personal savings, the lack of adequate intermediaries has been recently remedied by technological innovations which enable banks to handle small accounts. A high degree of liquidity, however, appears to be a fundamental condition for personal savings. Interest rates have no influence on most personal savings in countries with a high inflation rate, such savings depreciate less if placed in a deposit account than if held as cash whatever the inflation rate may be.

47. One method used to encourage personal savings has been the periodic adjustment of the principal by a price indicator, but the refusal of entrepreneurs to pay an undisclosed rate of interest has restricted the use of such funds to personal loans. Savings tied to home purchase have

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proved to be the strongest incentive to personal savings in Latin America, provided that seed capital is made available in advance to help finance the system.

48. The frame of reference for the promotion of personal and entrepreneurial savings is also discussed in this part of the study. As efforts made in this respect are not part of a coherent plan, most of the experiences are mutually competitive, thus leading to unnecessary duplication and the proliferation of financial intermediaries. Several important institutions which act as intermediaries have been copies of others in the industrialized countries but with the elements that made them effective eliminated, as in the case of savings and loan associations. There are two kinds of financial intermediaries: those that attempt to strike a balance between available and loan resources and those seeking to finance productive investment for development purposes. The predominance of the former is the cause of the savings-investment gap in Latin America. However, the latter are increasing in number and importance, although their operations are still severely curtailed by outdated financial legislation and contradictory economic policy objectives.

Income distribution

49. The study on income distribution in Argentina ^{2/} is one of a series on the general subject of income distribution in Latin America, which is being published by the ECLA secretariat. It has been possible to make a study of the Argentine economy in greater depth because advantage has been taken of an earlier statistical study, jointly sponsored by ECLA and the National Development Council (Consejo Nacional de Desarrollo) of Argentina.

50. The study begins by a brief historical sketch of the development of the Argentine economy, in order to summarize some background information which helps to explain the income distribution structure which now exists. This analysis is particularly important in the case of Argentina, where some aspects of the historical growth and consequently of the income pattern, were quite different from what they were in most of the other Latin American countries.

51. The second chapter analyses the income distribution structure in 1961 - the most recent year for which estimates are available. This is done in considerable detail, beginning with the general distribution of personal income and its structure in terms of the various socio-economic groupings. From this the principal factors underlying the prevailing inequality can be determined, and the analysis then proceeds to a more specific consideration of each of these through the functional distribution, sectoral distribution and regional and urban-rural distributions.

2/ United Nations publication, Sales No: E 68.II.G.6.

52. The third chapter contains an analysis of the changes which have occurred during the post-war period, both in the over-all distribution and in the structure of the distribution by socio-economic groups. This can be done more thoroughly for the three years for which the detailed statistical estimates were made - 1953, 1959 and 1961 - but total and average income data for the socio-economic groupings for other years make it possible to extend the analysis of the central aspects of the distribution.

53. The second and third chapters are concerned only with the distribution of monetary income, and while this is the most important determinant of the distribution of economic welfare, it is not the only one. Chapter IV extends the analysis to other major aspects which limit the applicability of the estimates to a welfare analysis: definition of the income concept applied, effects of fiscal policy, relative prices and economic mobility. The discussion is still limited to economic welfare, but even so is of course less precise than the numerical money income estimates.

54. Chapter V makes a broader analysis of the changes in income distribution discussed in the preceding chapters. While those chapters, and chapter III in particular, refer mainly to 1953, 1959 and 1961, for which full data are available, this chapter is based on the annual data which provide supplementary information on the functional, sectoral and regional distribution of the product.

55. Chapter VI analyses the role of public policy in the changes in the distribution of income and its structure. Policy measures have been of particular importance in the changes which have occurred in the post-war period, and the policy measures themselves have been of different sorts. This makes it possible not only to discuss what was done and how it affected the distribution, but also to appraise the relative impact of the different types of policy measures.

Regional development

56. Research on this subject has been mainly directed towards an analysis of the regional distribution of economic activity (by areas within each country), the factors that have determined this pattern of regional development, its consequences in relation to the main problems of Latin American development (including the utilization of basic resources, income distribution and the growth rate of the over-all product) and the experiences of several Latin American countries in their efforts to influence development trends in different regions. In this last aspect: the main aims are two-fold: support for particularly depressed areas, in which a large proportion of the national

/population lives

population lives in conditions which are far inferior to those elsewhere in the same country; and the creation of new centres of growth in regions that are exceptionally well-endowed with resources of which little use is being made and where development could have a decisive influence on the expansion of the national economy as a whole.

57. A summary of the progress made so far in this research work is included in Part One, chapter II of the Economic Survey of Latin America, 1968.

Problems of relatively less developed countries

58. As part of the follow-up to the Meeting of the Problems of Regional Integration of the Relatively Less Developed Countries (Guatemala City, October 1967) a Regional Adviser has been appointed to assist these countries in dealing with certain problems.

Human Resources

59. Work on this subject has mainly consisted in a detailed diagnosis of employment problems in the context of economic development as a whole. Special attention has been given to the relationships between the rate and forms of technical assimilation on the one hand, and the growth of employment opportunities and the different levels of labour productivity on the other.

60. The continuing evaluation of employment trends and structure which the secretariat had kept up for a long time now forms part of the work of the regional group organized by the ILO as part of the Ottawa Plan.^{3/} ECLA plays an active role in this programme, together with other international agencies; it has assigned one staff member on a permanent basis to it and collaborates in the establishment of general guidelines for the work.

^{3/} Ottawa Plan for Human Resources Development, adopted by the Eighth Conference of American States Members of the International Labour Organisation, on 22 September 1966 (see International Labour Office, Official Bulletin, vol I, N° 1 (Geneva, January 1967), pp. 73-77).

SOCIAL AFFAIRS DIVISION

61. During the past twelve months, the Social Affairs Division has advanced further in its research on social problems, and the findings have been embodied in the study presented to the thirteenth session on "Social change and social development policy in Latin America" (E/CN.12/826). The study consists of two parts, dealing respectively with social trends and social development policy. The first part describes general trends and population trends, presents a typology of Latin American countries in relation to social policy problems, puts forward some general considerations on social structure and mobility, and discusses urban and rural social change, employment, changes in consumption patterns, and youth. The second part deals with general problems of policy delimitation and approach, levels of policy and planning, and the major sectors of public social action, and certain strategic approaches to social development policy. Some guidelines are given for solving the social problems to be faced by Latin American countries during the next decade since the results of this research indicate that, unless serious efforts are made to channel social changes, there is little prospect of an advance towards a dynamic society.

62. Under normal conditions, the population of Latin America will increase from 284 million in 1970 to 379 million in 1980. The greatest drop in rates of increase would not decrease the latter figure by more than 14 million. Moreover the whole of the population that will have reached working age by 1980 has already been born, and will rise from 153 million in 1970 to about 205 million in 1980. The population in 1980 will be predominantly urban, with from 50 to 55 per cent living in centres with 20,000 inhabitants and over; from 25 to 30 per cent will be living in centres of 50,000 and over. Predictions concerning population are the only ones that can be made with any confidence, since most other factors are subject to a number of possible variables. As far as quantitative indicators can measure, the educational level of the population in 1980 will be much higher than at present, primary education will be universal and secondary and higher education accessible to much wider strata; the information media will also be playing their part in bringing education to the whole of the population. All of this could mean a population much better equipped to take part in a striving for development and for more equitable and democratic social order; at worst, it could mean a population explosively frustrated and divided by the failure of maldistributed, inappropriate and low-quality schooling to produce the status and occupational rewards for which it was sought.

63. Health protection for the population in 1980 will be better than at present, since in health more than in any other sector of public social action, scientific progress permits measurable and relatively unambiguous advances. So far the result has been a speeding up in the rate of population increase.

/64. Whether

64. Whether the population is better fed or better housed in 1980 will depend on the strategy adopted in development policy. Nutritional and housing levels may well remain stationary or continue to deteriorate unless effective policies bearing on the structural causes of the deficiencies are found. Whether the physical environment will be more conducive to human well-being is problematical. At present the urban environment is deteriorating through congestion, unplanned urban sprawl and a number of other factors; while the rural environment is increasingly affected by wasteful land use, deforestation, erosion and water pollution. Further irreversible damage is only too likely as pressure on the land increases. The number of people who will be employed or seeking to enter the labour market in 1980 will depend on the structure of the economy at the time and will be influenced by public policy concerning such areas as education and social security; nevertheless, it can be roughly estimated that gainful employment will be needed for about 120 million persons (80-90 per cent of the men and 30-40 per cent of the women of working age) as compared with 77 million in 1965. Unless more satisfactory sources of income, associated with contributions to production, can be found and the marginal strata trained to take advantage of them, countries in the region will be faced with demands for direct subsidies to support minimum levels of living at costs far beyond the resources they can mobilize. In such circumstances, moreover, continuous growth of the "modern" high-productivity sectors of the economy, already hampered by the narrowness of domestic markets, would presumably be increasingly crippled by the burdens placed on the economic sectors for support of the hypertrophied bureaucracies and for the cost of subsidies which would not prevent the serious social tensions that would arise, and rightly so. The urgent need for different patterns of employment and income distribution is making wider changes necessary in the structure of the economies and the societies.

65. The answers to the questions raised must point towards clear conceptions of the kind of society towards which development policy and planning are directed and of the limitations within which public policy must operate under defined national conditions and in pursuit of defined societal objectives. While each country will have to pursue its own path, certain requisites for success are suggested:

(a) Clearer images of the future societies towards which the striving for development is directed need to be built up, through the combined efforts of political leaders, social scientists, planners and the people in general.

(b) National capacity for autonomous policy formulation and applications needs to be greatly enhanced, and authentic opportunities for participation in policy by the different population strata need to be widened and equalized.

/(c) The

(c) The need for autonomous national policy-making informed by an image of the future society does not necessarily imply that policy-making should seek a maximum of rationalization and central control. At best, the State is going to be faced with more responsibilities than it can handle efficiently; the more it can devolve on local and popular initiative the more capable it should be of bringing coherence into its major decisions on lines of policy.

66. The role of international co-operation is discussed; it is pointed out that a great deal of social policy advice focuses upon institution-building and upon the stimulation of change in human motivations, in relationships between different groups or classes, or in patterns of family and community life, and in this area the applicability of expertise acquired in one society to the needs of another can never be taken for granted. On the other hand, research and training at the regional level promise to continue to be one of the most valuable forms of international co-operation during the coming decade.

67. The benefits and drawbacks of financial aid are also discussed. In general, it can be affirmed that external financial and material aid can play a valuable complementary role to national efforts, to the extent that these are governed by clear conceptions of policy and effective planning and administrative machinery, but that it would be illusory to expect it to assume a major part of the burden of support for national levels of living and social services.

Other work

68. Three short studies were published in the Economic Bulletin for Latin America, vol. XIII, N°2: "Social security and development: the Latin American experience"; "Integral local development programmes in Latin America"; and "The urbanization of society in Latin America". They were brought together with a brief introduction on social policy and social change. All of them had previously been submitted as working papers to technical meetings held in 1967.

69. A paper entitled "Development as a social phenomenon and its implications for social policy and programmes at the regional level" was presented at the Seminar on Sociology of Regional Development, organized by the United Nations Research Institute for Social Development (UNRISD), in Geneva, in November 1968.

70. The study on housing costs, undertaken with financial support from the Inter-American Development Bank, was completed and the final report, consisting of five case studies, was delivered to the Bank in September 1968. The central themes were the level and composition of housing costs in Latin America.

71. Work on housing policies was undertaken mainly for the study on the second United Nations Development Decade (E/CN.12/826) and was based on earlier research related to the preparation of teaching materials for the course on housing programming held in 1966. No further research on housing problems will be undertaken by the ECLA secretariat for the time being, because of the need to concentrate resources on other high-priority work. Some assistance in finding solutions to specific housing problems will continue to be given to governments, upon request, but ECLA's work in future will be directed more towards urban and regional development, which incorporates activities relating to community development.

72. The Division provided a staff member to lecture at the sixteenth ordinary course organized by the Regional Fundamental Education Centre for Community Development in Latin America (CREFAL) at Pátzcuaro, Mexico, in 1968; lectures were given on national development, popular participation and community development.

73. Advisory missions on community development problems were undertaken to Ecuador (March and April 1968) and to Uruguay (November 1968). In the first case, advice was requested by the Government in connexion with the work of the Andean Mission, while in the second, the Government had requested assistance concerning development of the urban community in Montevideo.

TRADE POLICY DIVISION

74. The ECLA secretariat provided assistance and advice to the Latin American group at the second session of the United Nations Conference on Trade and Development (New Delhi, February and March 1968) and liaison services with the conference secretariat. ECLA was subsequently represented at the seventh session of the Trade and Development Board. Since then the Division has concentrated on evaluating the results of the conference from the Latin American standpoint, and on helping governments in the region to assess the possibilities of future action.

75. Discussions took place with the LAFTA secretariat on current projects and future collaboration, and advisory services continued to be provided to governments on specific problems of trade policy and integration. Comments were prepared on a number of reports of experts relating to trade and integration, with particular reference to export promotion.

76. The Third Regional Course on Trade Policy took place at ECLA headquarters from 1 July to 15 August (see paragraphs 321 and 322).

77. More recently, the Division has been engaged in preparing, for the thirteenth session of the Commission, a document on trade and integration in connexion with the second United Nations Development Decade (E/CN.12/833). This study includes a revision and reformulation of strategy for Latin America's trade policy and of practical measures for implementing it, with special emphasis on the need for new strategies for industrial and development policies as well. It describes and evaluates the recent trends and experience of different Latin American integration efforts, including LAFTA, the Andean Group, the Central American Common Market and CARIFTA, and also analyses problems requiring solution and the future prospects for integration in Latin America.

Trade and development

78. Following the second session of the United Nations Conference on Trade and Development, the Special Committee on Latin American Co-ordination (CECLA) convened its Fifth Meeting at the Expert Level and its Fourth at the Ministerial Level; these meetings took place at Santo Domingo from 17-21 and from 22-26 June, respectively. Resolutions adopted at these meetings, which were attended by the secretariat in an advisory capacity, dealt with the strategy of Latin American action and the future activities of the Group of 77; they urged that the ECLA secretariat should undertake specific tasks in that connexion, within the general terms of ECLA resolution 264 (XII). Prior to the Meeting at the Expert Level, the secretariat had prepared working material which provided a basis for discussion. Following it, and in accordance with ECLA resolution 262 (AC/58), the secretariat brought together a group of experts, which met at ECLA headquarters from 12 to 16 August 1968 to help the Trade Policy Division in preparing a document containing proposals on possible

/formulas for

formulas for agreement in connexion with a scheme of general non-discriminatory and non-reciprocal preferences. Subsequently the secretariat helped and advised the Latin American countries at the Inter-Governmental Meeting of CECLA experts held at ECLA headquarters from 23 to 26 September 1968 to consider those proposals.

79. In line with the resolutions adopted by CECLA at Santo Domingo, a meeting on supplementary financing was held at ECLA headquarters from 19 to 23 August 1968 to make proposals for improving a supplementary financing scheme, which is to be considered at the next meeting of Governors of Latin American Central Banks and will then be a main plank in the Latin American platform at the fourth session of the expanded UNCTAD Inter-governmental Group on Supplementary Financing. The Division collected and transcribed all the pertinent documentation in collaboration with IDB, CIAP and UNCTAD, and helped to draft the final report.

Export promotion

80. An article on the role of international organizations in promoting Latin American exports was prepared for publication in the Economic Bulletin for Latin America, vol. XIV, N° 1. This number also includes an article on the transfer of technological know-how in relation to trade policy and export promotion in Latin America.

81. The first draft of a Handbook for Latin American Exporters has been completed, containing information on problems encountered daily by exporters in the different stages of export trade, and suggestions on export practices to be adopted. A bibliography to accompany the Handbook is in course of preparation.

Integration

82. The ECLA and LAFTA secretariats agreed on a programme of collaboration in 1968, covering several aspects of trade policy relating, in particular, to the common external tariff and the origin of goods. Three experts, on customs procedures, tariff policy and the origin of goods respectively, have been collaborating with the LAFTA secretariat. The ECLA secretariat participated in the LAFTA Study Group on the Common External Tariff, which met at Montevideo from 18 to 23 September 1968, and examined at length the questions of the methodology and criteria to be used in drawing up a common external tariff. A note on the subject is being prepared.

83. First drafts of two studies have been circulated for comment. One deals with the co-ordination of trade policy and the other with the origin of goods in LAFTA. In view of the forthcoming negotiations among developing countries under the auspices of the GATT Trade and Development Committee, and the concern expressed by a LAFTA member at the meeting of the Standing Executive Committee on 17 September 1968, the Division has prepared a note on the subject. This indicates whether the concessions negotiated by LAFTA member countries with other developing countries and

/not extensive

not extensive to developed countries are subject to the most-favoured nation clause, and whether the LAFTA rulings concerning the reinstatement of preference margins resulting from tariff reductions negotiated among the Contracting Parties to the Montevideo Treaty are applicable in such cases.

Advisory services

84. Advisory missions on institutional aspects of export promotion were undertaken at the request of the Governments of Bolivia, Peru, Nicaragua, Honduras, Guyana and the Dominican Republic, and a project on the subject was prepared for the latter. Similar services were extended to SIECA and exploratory missions were sent to Honduras, Panama, St. Lucia and Trinidad and Tobago. In Bolivia, assistance was also given in connexion with monetary planning, while in Peru the Central Bank was helped with problems of monetary and credit programming. A similar mission was sent to assist the Central Bank of Uruguay.

85. Advice was given to Chile's Development Corporation on the promotion of footwear exports, and an exploratory mission on export promotion was undertaken in Venezuela.

86. The secretariat collaborated with ILPES and IDB in organizing the Trade Policy Course for Central America sponsored by SIECA. Lectures were given by ECLA staff on financial and institutional aspects of trade policy. Similarly, lecturers were provided for an ILPES seminar on economic policy, and for the sections of the basic course dealing with monetary, fiscal and exchange instruments. For its course on annual operative plans, assistance was provided in such subjects as monetary policy and budgets, and programming of the external sector.

87. Finally, the secretariat helped the International Trade Centre UNCTAD/GATT to select Latin American candidates for its training courses.

Special studies section

88. As from the beginning of 1969, this Section was transferred to the Industrial Development Division.

Purchasing power parity exchange rates

89. The series were brought up to date for main expenditure sectors and the results, covering the years 1955-1966, were sent to other United Nations offices and to selected international agencies.

90. Collaboration continued with the Brookings Institution on the project being carried out by research institutes of the Estudios Conjuntos de la Integración Económica Latinoamericana Group along lines similar to those adopted by ECLA in 1960-1962. The secretariat participated in an advisory capacity in meetings of that group (Rio de Janeiro, July 1968

/and Santiago

and Santiago, Chile, December 1968), while members of the Section carried out test-checks of data received from each country. Contacts were also made with the University of Pennsylvania, which will be carrying out a similar project on a world-wide basis, in conjunction with the United Nations Statistical Office. Advice was also given by correspondence to the Economic Commission for Africa, which is contemplating a similar type of study.

Joint ECLA/ILO study on labour costs and productivity

91. Tabulations and questionnaires received from Venezuela and Bolivia were examined in order to assess the consistency of the data and to determine a methodology for the final elaboration and computation of the material. Meantime, similar data are expected from Brazil, Colombia, Mexico and Peru, where the field work is well advanced. In two other countries - Argentina and Uruguay - financing difficulties have been overcome and the collection of data is expected to begin shortly.

Prices of industrial goods

92. Owing to staff shortages, little progress was made on this project; discussions have taken place with the Brookings Institution, concerning the possibility of it undertaking a similar or complementary study.

JOINT PROGRAMME FOR THE INTEGRATION OF INDUSTRIAL DEVELOPMENT

93. For a number of reasons, the secretariat's activities in the field of industry progressed more slowly than was anticipated in 1968, and some projects had to be modified while others were postponed. The principal reason was the lack of staff owing to recruitment difficulties, which has meant that the resources actually available for the Joint Programme in 1968 were 30 per cent less than in 1967.

The industrial economy

94. The Programme prepared a study on Latin American industrial development (E/CN.12/830) as part of the work undertaken by the secretariat with a view to framing a strategy for the second United Nations Development Decade. In this study, alternative industrial development objectives and policy instruments are explored so that an industrial development strategy can be formulated for 1970-1980.

/Export promotion

Export promotion

95. Work continued on the series of studies on short- and medium-term prospects for exports of manufactures, and the study on the Central American Common Market countries (TD/B.C.2/61), prepared in collaboration with the UNCTAD Division of Manufactures, was completed.

96. A programme of technical co-operation with the Government of Brazil has been drawn up as a sequel to the study on the promotion of exports of manufactures undertaken in that country (TD/B.C.2/35). Areas have been selected for technical assistance activities, as follows: the metal-transforming industries (machine-tools, machinery and equipment for other industries and for roadbuilding and similar activities); electrical domestic appliances and similar products, such as sewing machines; steelmaking (special steels), leather and leather manufactures (tanned hides and footwear) and textiles (unbleached cotton yarns and fabrics and finished goods of cotton and ramie). Although the ECLA secretariat has held talks with UNIDO and UNCTAD concerning the final form this project will take, since both these organizations will be participating in it, further progress has been impossible for lack of staff.

Technological research

97. Two projects on the transfer of technology are being prepared and agreements are being concluded with the different organizations which are to participate in them. The first project relates to the transfer of technology on the basis of agreements among enterprises, and will be carried out in Brazil through an agreement with IDB, the United Nations Institute for Training and Research (UNITAR) and the United Nations Division of Public Finance and Financial Institutions, as a contribution to the world-wide project being undertaken by UNITAR.

98. The second project, also to be carried out in collaboration with IDB, is concerned with technology from the sectoral standpoint. It will be carried out partly in Brazil and partly in other countries of the region.

99. As a result of the meeting of the Latin American Regional Group of the Advisory Committee on the Application of Science and Technology to Development (see paragraph 320), the secretariat is collaborating in the preparation of the report to be presented to the Committee in connexion with the World Plan of Action.

100. The Regional Adviser on Technological Research took an active part in the meeting and maintains regular contacts with the Advisory Committee. He has continued to advise Governments, at their request, on the establishment and operation of industrial research institutions.

/101. In

101. In November, work started on a project for technological research in the Latin American steel industry, to be undertaken on a joint basis with the Organization of American States and the Latin American Iron and Steel Institute (ILAFI). A mission from the three organizations has begun to visit steel mills and laboratories in the region as well as some of the main steel users in order to examine the situation of steel research.

Steel industry

102. Two papers were prepared for the Second United Nations Interregional Symposium on the Iron and Steel Industry, at which the ECLA secretariat was represented. One dealt with the present status and future prospects of the iron and steel industry in the Latin American countries (ID/WG.14/42), and analysed production and consumption of steel in Latin America as well as the capacity of the different production departments in the region's integrated steel mills. The second presented at the same meeting stressed the influence of the scale of operations on investment and production costs in steel mills operating in Latin American conditions (ID/WG.14/43). Minimum and optimum economic sizes were defined, and the situation of several Latin American steel mills was examined in relation to them.

103. A study was begun in 1968 on the steel industry in the relatively less developed countries, in particular, Central America, Ecuador, Bolivia and Paraguay. An examination was made of demand trends existing resources for steel manufacture, the situation and characteristics of installed industry, alternative technical structures for the development of the industry, plans and projects, and so forth.

Forest industries

104. The ECLA/FAO/UNIDO Forest Industries Advisory Group for Latin America has continued to send advisory missions to countries in the region. They included one to Honduras, in connexion with the Olancho forest industry project; one to Cuba to evaluate afforestation and pulp and paper development programmes; one to Venezuela to define and formulate follow-up action to the FAO study on the construction of a pulp mill in Venezuelan Guayana; one to Brazil in connexion with the possibilities of obtaining aid from United Nations organizations for forest industry development projects; and one to Central America to advise SIECA on development prospects for the pulp and paper industry.

105. Preparations are being made for a Latin American Conference on Forest Industries, to be held in 1970 in Mexico. Some studies for it have been started, including one on the situation of packing paper in the region, another on development prospects for newsprint production and others on manufacture of paper board and the sawmill industry in Latin America.

/Chemical industries

Chemical industries

106. A number of advisory missions were undertaken to the countries of the Andean Group, LAFTA and Central America. The last mission was requested by the Central American Research Institute for Industry for a study on the trends and development of the chemical industry in the Central American countries, with a view to examining the future prospects for and relations between the Central American Common Market and the rest of Latin America.

Basic equipment and metal-transforming industries

107. Advisory services continued to be provided, especially to the countries of the Andean Group.

108. The first draft of a study on the manufacture of machinery and equipment for basic industries in some Latin American countries was finished in November 1968. This had originally been planned as a regional study, but owing to the difficulty of completing the arrangements with certain countries, it was restricted to four, namely Argentina, Brazil, Chile and Colombia.

109. The difficulty of obtaining basic data and recruiting the necessary technical staff has prevented the study of the motor-vehicle industry which is being carried out in conjunction with IDB, from progressing as fast as had been anticipated. In 1968 work was concentrated on an analysis of the motor-vehicle market and projections of future demand.

Small-scale industry

110. A project is being drawn up with UNIDO and the co-operation of the ILO, regarding the establishment of a regional centre for small-scale industry, and will then be submitted to the United Nations Special Fund. It is hoped that this Centre will bring together the resources, information and experience available inside and outside the region to ensure that they will be used more rationally. It will be a regional centre, open to all the Latin American countries, and will have four main functions: (a) research; (b) information and publications; (c) technical co-operation; and (d) training.

TRANSPORT PROGRAMME

111. During the period covered by this report, the Transport Programme concentrated its activities on studies and projects dealing with maritime, rail and road transport and with problems of regional integration. In addition, preparations were made for the Seminar on Statistics, Accounting and Costs of Railway Enterprises (see paragraphs 323 to 328). For the thirteenth session of the Commission, the Programme prepared a document entitled "Los transportes en la década de 1970" (E/CN.12/832) as part of a series designed to provide background information for the formulation of the strategy for the second Development Decade. The Organization of American States (OAS) continued to supply two experts for joint studies on maritime transport, but this arrangement came to an end at the beginning of 1969. Contacts were maintained with the secretariats of UNCTAD and LAFTA and with some non-governmental bodies such as the Latin American Railways Association, the Latin American Association of Shipowners and the Latin American Road Transport Association.

Maritime freight rates

112. A study on freight rates in Latin America's external trade (E/CN.12/812) was completed in 1968 under the joint programme with the OAS. It is part of a broader programme of basic economic studies on maritime transport a subject in which UNCTAD has been showing increasing interest.

113. The model used to study the structure of freight rates contained the following variables: value per ton of goods transported; handling costs (loading and unloading at ports); possibilities of damage or spoilage during the voyage; proportion of the total tonnage transported over a given route represented by each product and the stowage factor of each product. Very satisfactory results were obtained, indicating that this particular combination of variables provides the most reasonable explanation of the freight rate structure. In most cases only the value of the product and the stowage factor need to be considered, since the former shows the status of demand while the latter indirectly reflects costs.

114. In the analysis of the level of freight rates the following factors were taken into account: the number of regular lines serving the different routes; the age of the ships; unbalanced traffic flows; distance; port costs, and tonnage transported. Although less satisfactory results were obtained than in the study of the structure of freight rates, the factors examined did help to explain the level of freight rates, and three of them - number of regular lines, distance and port costs - are almost always of special importance.

/115. The

115. The study indicates that, while exports of manufactures and goods containing a high degree of processing can withstand the highest freight rates in absolute terms, they represent a lower proportion of the value of the product than other less processed goods. This would seem to indicate that it is unlikely that freight rates as such limit export prospects to any significant extent, although it was found that many freight rates were too high.

116. An analysis of other factors showed the degree of monopoly power of the shipping conferences, as a result of which the level of freight rates is, in general, higher than it would be if there were more competition. Nevertheless, it was found that the degree of monopoly often varies considerably among the different services used for the region's external trade, and in some cases is relatively insignificant.

117. Many freight rates are fixed outside the region, and regional lines have only a minority role in the conferences and other agreements; this is hardly surprising since only 17 of the 118 regular lines serving Latin America are registered in the region. The conferences have achieved uniformity in some important aspects, such as the monetary unit for expressing rates - the United States dollar - and the system of classifying freight rates by goods and not by classes or categories. There are specific rates for nearly all raw materials on all routes, and for 71.5 per cent of semi-manufactures, but for complex manufactures this proportion is only 54.2 per cent. In other respects the different rates have no common denominator. Rates are sometimes expressed by weight and sometimes by volume, and in many cases the carrier can choose between the two. Moreover, in the ninety-eight freight tariffs analysed, there were more than thirty different systems for surcharging abnormally heavy or bulky goods. Different systems of weights and measures seem to be used for no apparent reason, and considerable progress could be achieved if efforts were made to standardize them.

118. So far, only a few conferences have fixed rates for container shipments; those that have, however, have generally made transport in containers more expensive.

Port costs and efficiency in Latin America

119. Work on this topic, the second most important in maritime transport started in mid-1968, but had to be postponed owing to lack of resources.

Road transport

120. The analysis of the main features of road transport has acquired added importance in view of the tripartite agreement on road transport of June 1966 between the Governments of Argentina, Brazil and Uruguay (later joined by Chile and Paraguay), and, in particular, the efforts of

/LAFTA in

LAFTA in mid-1968 to promote a multilateral agreement on road transport, and it has been agreed with LAFTA that the ECLA secretariat will undertake a study of the main features of road transport. In May 1968 a fact-finding mission visited Colombia, Ecuador, Mexico, Peru and Venezuela, and subsequently completed a provisional report on the rules and regulations governing the commercial motor transport of passengers and vehicles. The report is a compilation of the main national regulations governing the commercial transport of passengers and goods in the LAFTA countries, based on replies by national authorities to an ECLA questionnaire. It forms the first part of a three-part study, and was presented as a working paper at the fifth session of the LAFTA Transport Advisory Commission (Montevideo, 12-16 August 1968).^{4/}

121. Some work has been done on the second part of the study, which deals with the present situation of road transport and its main problems, in respect of Argentina, Brazil and Ecuador. Considerable material has also been collected for the third part of the study, which will deal with international road traffic.

122. The secretariat will participate in a working group of the Transport Advisory Commission, which will meet in May 1969 to discuss the framework for a draft multilateral road transport agreement, to be submitted to the Advisory Commission at its sixth session (July 1969).

Other work

Regional organizations

123. The secretariat participated in regional meetings organized by several organizations, including the fourth General Assembly of the Latin American Railways Association (Santiago, Chile, October 1968); the first Inter-American Seminar on Ports (Bogotá, March 1968) organized by the OAS; the third Inter-American Port, and Harbour Conference (Viña del Mar, 15-23 November 1968); and the LAFTA Working Group on Simplification of Shipping Documents (Montevideo, 27-30 May 1968) to which ECLA submitted its comments on the draft proposals for a uniform bill of lading.

Advisory services

124. The Programme participated in a mission which visited Bolivia between 21 October and 3 November to determine the technical assistance programmes needed for a number of projects designed to promote the economic and social development of the country. In the transport sector, stress was laid on the need to develop road links between the Altiplano and the northern and eastern regions, and to use inland waterways to open up new territories.

^{4/} See "Asuntos reglamentarios del transporte comercial por carretera" (ALALC/CAT/V/dt/2) (12 August 1968).

125. An exploratory mission to the Caribbean was undertaken in order to examine, in conjunction with the staff of the ECLA Office for the Caribbean transport problems in the CARIFTA area and in the Caribbean Basin as a whole. A draft project for maritime transport in the area was drawn up.

126. Exploratory discussions were held with the staff of IDB and its Institute for Latin American Integration concerning transport projects for the development of the River Plate Basin.

127. In response to a request from United Nations Headquarters, comments were prepared on a draft report on the co-ordination and perfecting of the United Nations system on transport (E/4509-E/AC.51/21); comments were also prepared on a draft report on tourism, stressing the importance of tourism for the Latin American countries and the desirability that ECLA should undertake research on its economic aspects.

128. The Programme prepared proposals on transport for a report on the main scientific and technological advances which require further study before they can be applied in Latin America; this was a contribution to the World Plan of Action, and developed out of the meeting of the Latin American Regional Group of the Advisory Committee on the Application of Science and Technology to Development which was held in July 1968 (see paragraph 320).

129. As in the past, the secretariat continued to co-operate closely with UNCTAD's Division for Invisibles. A report on ECLA's activities in maritime transport has been prepared for the third session of the UNCTAD Committee on Shipping, to be held in April 1969. The secretariat also helped to prepare material on some Latin American countries for another study based on a sample of the imports and exports of the developing countries, and dealing with the effects on the trade of the developing countries of contracts with c.i.f. or f.o.b. or other types of condition which give sellers or buyers greater or lesser influence on maritime transport.

130. An evaluation was made of the results of the second United Nations Conference on Trade and Development, in relation to maritime transport in Latin America which was submitted to the Fifth Meeting at the Expert Level of CECLA (Santo Domingo, 17-26 June 1968).

131. The Programme participated in the Eighth Seminar on Ports and Navigation, organized by UNDP in collaboration with the Government of Denmark, in particular with respect to problems relating to the time spent by ships in port.

/JOINT ECLA/FAO

JOINT ECLA/FAO AGRICULTURE DIVISION

132. With the completion in 1967 of the studies on agricultural inputs, activities during the period under review have concentrated on two main projects: studies of agricultural integration among the LAFTA countries, and a study on agricultural prospects in Latin America during the second United Nations Development Decade.

133. In addition, the Joint Division has represented ECLA and FAO at a number of regional meetings, including, in particular, the tenth FAO Regional Conference for Latin America (see paragraph 329). As it has always done, it prepared the chapter on agriculture for the current Economic Survey of Latin America, and material for the FAO publication The State of Food and Agriculture.

134. In recent months, an agreement was reached with FAO under which the Agriculture Section of ECLA's Mexico Office became part of the Joint Division. This will ensure better co-ordination of work with FAO, particularly in so far as co-operation with the integration programmes of the Central American countries and the Caribbean is concerned. The Section's activities during the period covered by this report were directed mainly towards an evaluation of land reform in Latin America for the Economic Survey of Latin America, 1968, a study of land tenure and working conditions in Central America, and another study, on agricultural and livestock development in Mexico.

Agricultural development and planning

135. The Joint Division prepared a study for ECLA's thirteenth session on the prospects for agriculture in the region during the second United Nations Development Decade entitled "Agricultural Development in Latin America" (E/CN.12/829). This forms part of the general work being done by the secretariat on prospects for economic and social development in 1970-1980. Work on this study is being closely co-ordinated with the preparation of the FAO Indicative World Plan.

136. The Division has made a thorough examination of the factors which hamper or retard agricultural development, and has tried to define policies and strategies which would help to increase the rate of progress, at both the sectoral and the general levels. The document starts by emphasizing the critical state of agricultural development in Latin America, and the reasons for it, which are summed up as follows: (a) a slow rate of increase of production, especially in the livestock sectors in relation to the rate of population growth; (b) little improvement in unit yields of a large number of products and, as a general rule, inadequate technological progress in most countries; (c) an unsatisfactory structure of production, characterized by under-diversification; (d) over-concentration of ownership

/of land

of land and agricultural income, with the result that the income living levels of vast numbers of the rural population are deplorably low; (e) under-utilization of available land and labour, giving rise to high unemployment and under-employment figures in rural areas and to substantial and increasing population shifts from the countryside to the towns; (f) low levels of food consumption in most countries in both rural and urban areas, despite the steady growth of imports; (g) slow expansion of agricultural exports, and a progressive decline in the prices of Latin America's chief agricultural exports; (h) lack of integrated agricultural development planning aimed at removing the existing obstacles and solving the above-mentioned problems through the adoption of continuing and consistent policies and appropriate administrative and institutional reform.

137. Should agricultural development in most Latin American countries continue along the same lines, the average annual per capita income of the rural population - now standing at some 100 dollars - would rise by only 30 or 40 dollars annually over the next twenty years, whereas that of the small group owning most of the land would rise by more than 1,000 dollars. Yet, with more even distribution and more rational exploitation of the vast natural resources of Latin America, and sufficient technical resources and capital, the rural population could enjoy much higher levels of nutrition and income than they do at present.

138. On the other hand, prospects for some Latin American agricultural exports do not seem very encouraging, except for a few products, such as beef. The reasons for this situation are given in the study, together with supporting data. Nevertheless, there will be more intra-regional trade, since the progress to be expected in economic integration, whether at the regional or the sub-regional level, will necessarily help to bring national production plans into line with each other and to promote specialization. Recent advances in agricultural technology should make it possible to raise unit yields considerably, providing that suitable production methods and techniques are used. This assumption is supported by experience in various parts of the world, including some Latin American countries, where increases were in average national yields, which cover a large number of farmers and a wide range of situations.

139. What is needed, then, is the formulation and application, in all countries, of a deliberate policy of technological improvement, including the strengthening of the research and extension services, intensive training of specialized staff at both the university and the secondary levels, increasing the production of inputs and lowering their prices, the use of new varieties on a larger scale, increasing the area under irrigation and making better use of water, improving the control of crop diseases and pests, and so forth. On the other hand, whether or not the cattle population can be increased during the next decade largely depends on the extent to which the birth rate can be stepped up, mortality reduced and the rate of extraction kept within normal limits. There is no real

/reason why

reason why pig and poultry production should not increase more rapidly than in the past, although sheep production is not expected to develop very much.

140. Stress is laid in the study on the need to weigh carefully the different problems that need to be solved in applying any programme of land reform. This holds true both in the planning of agrarian reform in traditional agricultural areas and in the organization of new farm enterprises in areas recently brought under cultivation. Otherwise there might be a risk that the final outcome of the process would be the expansion of subsistence farming on a gigantic scale, and that the benefits of technical progress would be reaped almost entirely by a small minority of farmers.

141. The study points out that the agricultural development process, including agrarian reform, should be self-financing. Since, however, the heaviest investment will have to be concentrated in its initial stages, a potent injection of capital from other sectors of the economy or from external financing institutions will be needed.

Agricultural integration

142. The Division's work during the early part of the period under review was concentrated on the study of factors influencing current trade flows for a large group of commodities, and of future prospects for this trade among the eleven LAFTA countries. An analysis is being made of the current situation concerning production, productivity, consumption, external trade and policies for prices and marketing of these commodities in each of the countries concerned, projections of demand, both internal and external, are being prepared and an estimate made of probable flows of intra-regional trade in these commodities. Draft reports on wheat, maize and sugar have been completed and distributed among member Governments and the LAFTA secretariat for appraisal and comment. The report on wheat was presented at the fifth meeting of the LAFTA Advisory Commission on Agriculture (Montevideo, May 1968) and later at the first meeting of the LAFTA Agricultural Policy Council, held in June. Work is proceeding with the studies on beef, rice, cotton, coffee, cocoa, dairy products, tobacco and wool.

143. The statistical information and guiding principles in these studies should be very useful to the LAFTA member Governments and secretariat in designing the policies for intra-regional trade in agricultural commodities after 1973 - that is, the year when the transition period of the Montevideo Treaty expires. It has been recognized that the complex socio-economic situation of agriculture in all these countries and the dissimilar conditions of productivity, costs and prices existing among them make it very difficult for the establishment, over a short period, of any automatic liberalization system for trade in agricultural commodities. Instead, it would be preferable to reach specific agreements by commodities or groups

/of commodities,

of commodities, taking into account each country's particular circumstances and seeking better co-ordination and harmonization of national policies and plans and a specific definition of the volumes and terms of intra-regional trade in agricultural commodities without unduly hampering the prospects for the agricultural development of each country.

Studies undertaken in the Mexico Office

144. In collaboration with the FAO Advisory Group on Central American Economic Integration (GAFICA), a preliminary version was prepared of a study on the advance in regional trade in agricultural commodities, for discussion at the joint meeting of the Central American Economic Council and the Ministers of Agriculture of Central America, to be held in the first quarter of 1969.

145. Research was continued on the development of Mexico's agriculture, aimed at determining how far it has advanced in recent years and at evaluating as far as possible the effectiveness of the main agricultural policy measures. A study on stockbreeding in Mexico was also started, on the basis of a joint research programme. At present this work is concentrated on the north and north-west of the country. In addition, some material was collected on the evaluation of agrarian reforms in Latin America.

146. A study on the development of beef cattle farming in Central America and Panama has been prepared in collaboration with SIECA.

147. Several notes on specific problems of land use and distribution were prepared by the FAO/CIDA/IICA/ILO/SIECA/ECLA Working Group. They included notes on land development projects in Honduras, El Salvador, and Costa Rica, which were distributed for comment to the agrarian institutes of the respective countries. The staff of the Joint Division at the Mexico Office also helped the Working Group to prepare a study on land tenure and development of the rural sector in Central America, the final version of which should be available shortly. It will be submitted to the Special Meeting of Executives of Agrarian Reform being convened by the Inter-American Institute of Agricultural Sciences (IICA) in May 1969.

Advisory services

148. Through the FAO officer stationed at Montevideo, who forms part of the Joint Division, advisory services are provided on a continuing basis to the LAFTA secretariat and member Governments. During the course of 1968, missions were undertaken to countries of the Andean Group.

/NATURAL RESOURCES

NATURAL RESOURCES AND ENERGY PROGRAMME

Energy

149. In connexion with the second United Nations Development Decade, a document was prepared entitled "Energy in Latin America" (E/CN.12/828). In this document it is pointed out that serious distortions have occurred in the economies of the region, not only because of lack of unity in planning and programming throughout the sector, but also because policies on this question have in several cases been rather unstable and prone to change with the circumstances of the moment.

150. Policies for exploring natural resources, and mainly the non-replenishable resources, have also shown variations. Electricity rates, and prices for petroleum products and coal, are usually fixed independently, without the necessary co-ordination, so that the use of these forms of energy is often very inefficient, and at times runs counter to the lines of more general policies.

151. The study on petroleum resources made slow progress for reasons beyond the control of the Programme, but it is hoped that these difficulties will be overcome in 1969. The work was concentrated mainly on revising the preliminary versions of the studies submitted to the Latin American Electric Power Seminar, held in February 1967, and incorporating the comments subsequently received from governments. At the same time, the statistical information is being brought up to date. The article entitled "Investment in the petroleum industry in Latin America" was completed for publication in the Economic Bulletin for Latin America, vol. XIII, No 2.

152. Staff of the Programme undertook missions to Ecuador in response to a request from the Government for assistance in connexion with electric power development. The missions worked in co-operation with the Ecuadorean Electric Power Institute.

Water resources

153. The group of water experts undertook field studies in order to advise the Government of Brazil on the more efficient use of water in the Paraíba valley. This valley runs between the states of Rio de Janeiro and São Paulo, and conflicts arise between the two states on questions of authority and water uses. These conflicts are likely to become more serious in the future unless immediate and adequate steps are taken.

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154. In line with the policy of disseminating the results of research as broadly as possible a number of papers dealing with ECLA's experience of water problems were prepared for submission to different seminars and meetings. One of these papers, on sanitary engineering and multiple use of water resources, was submitted to the eleventh Inter-American Congress on Sanitary Engineering (Quito, July 1968); a second paper, dealing with some aspects of water legislation and management in Latin America, was presented at the first International Conference on Water Law (Mendoza, Argentina, September 1968); and a third paper, on legal and administrative requirements for multinational projects and waterworks in Latin America, was submitted to the Latin American Seminar on International Law, convened by the United Nations Institute for Training and Research (Quito, 13-25 January 1969).

Other natural resources

155. Work has continued on the different mineral deposits, exploratory work in progress, and the mining, processing and marketing of ores.

156. A document was prepared on mining in Latin America and its prospects for the nineteen-seventies (E/CN.12/837), which shows that, besides providing raw materials for certain industries, minerals will continue to be the most immediate source of foreign exchange for some countries. Among the problems impeding development in this sector, the following are mentioned: lack of a suitable institutional and juridical structure; slow progress in knowledge of geology and mining; shortage of domestic financial resources and lack of entrepreneurial organization; insufficient vertical integration and inadequate modernization in certain mining sectors. As a corollary, some suggestions are made for a strategy that would enable the sector to make a more effective contribution to the economic and social development of the region.

Other activities

157. Contact has been maintained with the Headquarters Resources and Transport Division, particularly in connexion with the five-year programme for the development of natural resources, with various specialized agencies, and with some regional organizations, such as the Regional Electricity Interconnexion Committee and the Latin American State Oil Companies Mutual Aid Association (ARPEL). Consultations continued also with the Special Fund component of UNDP, IDB, and the Governments concerned on plans for the development of the River Basin.

158. Comments on projects of various kinds connected with natural resources and energy are prepared on a continuing basis in response to requests made by governments to the Special Fund component of UNDP.

159. During the period under review, the sections on energy and mining were prepared for the Economic Survey of Latin America, 1968.

/STATISTICAL DIVISION

STATISTICAL DIVISION

160. Preferential attention continued to be given to the preparation of statistical series relating to industry, external trade, national accounts, demographic and social statistics, agriculture and prices. Most of this work is used for studies prepared by the different substantive divisions and programmes and, in particular, the Economic Survey of Latin America and the two numbers of volume V of the Statistical Bulletin for Latin America published during the course of the period under review.

161. Preparations were made for the Seminar on the Organization and Conduct of Population and Housing Censuses (see paragraphs 315 to 319).

162. There was continuous collaboration with the United Nations Statistical Office, particularly in connexion with technical assistance projects. The final draft of the statistical study on the situation of children and youth in Latin America, which was undertaken in close co-operation with UNICEF, is well under way. Occasional assistance was given to the Latin American Institute for Economic and Social Planning, and contacts were maintained concerning the latter's statistical projects. Information was exchanged with the Inter-American Statistical Institute on pending projects and, whenever possible, there is mutual participation in meetings. The ECLA secretariat continued to advise the LAFTA Advisory Commission on Statistics, with which permanent contact is maintained. Working contacts are also continued with the Latin American Demographic Centre (CELADE).

Advisory activities

163. The work of the regional advisers on statistical problems is a particularly important feature of the Division's programme, and a brief resumé of their main activities is given below.

Economic statistics

164. From 15 April to 14 May 1968, a mission was undertaken to the Dominican Republic. An integrated programme of industrial statistics was suggested, and effective co-ordination established among different public offices. For industrial census purposes, a sampling programme was proposed which would meet the needs of a number of organizations. Some special questionnaires were examined, and suggestions were made on the work of compiling industrial statistics carried out by the national statistical office, and on draft questionnaires for general and specific surveys of manufacturing industry.

/165. From

165. From 22 May to 2 June advisory services were made available to the state of São Paulo, Brazil, concerning the establishment of a system of basic information for state policy. From 5 to 16 June a mission to Paraguay followed up earlier work on the collection of information through industrial sample surveys and the preparation of an industrial output index.

National accounts

166. The Planning Office of Bolivia requested a mission to provide assistance in reorganizing the national accounts unit which was transferred to the Department of Statistics. A brief course was given for new staff, and discussions were held on the possibilities of improving existing series and the need to change the base year from 1958 to 1966. Estimates on income distribution were revised and recommendations made for to bring them into closer line with United Nations standards.

167. From 14 to 21 May and again from 1 to 7 June, work was done with the staff of the Central Statistical Office at Port-of-Spain, on the preparation of a methodology for making calculations at constant prices, deflating the series to current gross domestic product prices by type of expenditure. A detailed list of possible deflators was drawn up with the aid of the statistical material available in the office.

168. Short visits were paid afterwards to Grenada, Barbados and Grand Cayman to establish contacts with local officials and draw up, at the request of the respective Governments, some indications on ways of preparing future estimates of national income.

169. The next two missions were to Peru, from 5 to 17 August and from 29 September to 20 October 1968. Their purpose was to provide technical assistance to the national planning institute in calculating the gross domestic product at the regional and departmental levels. During the first visit, some methodological notes were drafted on the main sectors of economic activity, statistical sources were identified for use in provisional estimates for 1963 and 1965, and local staff were trained in methods of preparing them. The preliminary results were examined during the second visit, and some adjustments and corrections were made. Some indications were also given for completing the calculation for the services sectors and refining estimates that had already been prepared. In addition, preliminary tables were drawn up for publication, with the results already obtained.

Sampling

170. In view of the important part that sampling may play in reducing the cost of the 1970 census programme, the work in this area is described rather more extensively. So far, there has been a relative dearth of statistical undertakings based on sampling in the region, no doubt

/largely because

largely because of the lack of trained and experienced sampling statisticians. For various reasons the formation of technical cadres well versed in applied sampling has been disappointingly slow in Latin America, but there are increasing signs that this situation will take a sharp turn for the better during the next five years. For the time being it is clear that the uses of scientific sampling in Latin America are a mere fraction of what they ought to be if the statistical needs of the different countries are to be met. In this connexion, a paper was prepared on "Some applications of sampling to population and housing censuses" (ST/ECLA/Conf.32/L.19) for the Seminar on the Organization and Conduct of Population and Housing Censuses for Latin America mentioned earlier.

171. The 1970 census programme offers a golden opportunity for increasing the use of sampling methods in the region. Not only could sampling procedures bring about substantial reductions in the time and cost of producing census results, but as a by-product, hundreds of young technicians would gain experience in the use of such methods and their first understanding of the practicalities of statistical sampling procedures.

172. During 1968, missions on sampling were undertaken to Argentina, Brazil, Chile, Colombia and the Dominican Republic. Each of these countries, except Brazil, was visited two or three times during the year. The missions are described in the order of importance of the work done.

173. In Colombia, a course on sampling applications was given at the Universidad Nacional, Bogotá, and assistance was provided in carrying out a sample survey of internal trade, which marked the culmination of work done during earlier visits. Field work was undertaken throughout the country in 1968, with 1967 as the reference year. The sample covered 20,000 establishments in seventy-eight cities and towns, and is important in that the same methods can be used in other countries, as the information gathered is needed everywhere for the compilation of national accounts.

174. Other activities included the drawing up of plans for placing household surveys on a continuing basis in 1969, and participation in the programme of industrial statistics.

175. In Argentina, assistance was given to both the National Development Council and the Ministry of Public Health with household surveys. The latter is preparing the first national household sample in Argentina's history for the purposes of a major and continuing programme of surveys on public health, and outside assistance in designing the sample was found to be essential. During the adviser's last visit in November 1968 second-stage sampling was reached, and it is expected that the entire sample will be ready for the first national survey in mid-1969.

176. Other activities included discussions on the establishment of a centre on sampling applications, participation in work on household surveys in the province of Buenos Aires, and recommendations to the Federal Investment Council on the design of a household sample for a study on illiteracy in one of the northern provinces.

/177. In

177. In the Dominican Republic, a report was issued with the results of the first samples of industrial establishments in 1964-1965, and late in the year all was ready for the publication of the report relating to 1966 and 1967, also based on samples. This was the result of earlier advisory missions, which had made it possible to update the series through the introduction of sampling procedures, which sharply reduced the volume of work. Other uses of sampling were developed as a result of the national education survey, for which the adviser designed the sample. A sub-sample was selected from the large sample survey for use in a family budget survey to be started in January 1969. Detailed discussions were held on other possible surveys, including one on the characteristics of the unemployed.

178. The principal activity in Chile was the designing of a sample of small industrial establishments to be combined with the manufacturing census, which covered all the larger units. Work on the sample was completed during the first half of 1968, and the field work has since been carried out. Assistance has been given to other groups in Chile, in, for instance, a sample of secondary school students and a study on mortality in infancy and childhood. Furthermore, a paper was prepared on measures for increasing the use of sampling by Latin American statistical agencies for the symposium on sample research in Chile, organized by the Centre for Statistical and Mathematical Studies (Centro de Estudios Estadísticos-Matemáticos) of the University of Chile (21-25 October 1968).

179. Assistance was given to Brazil in the selection of samples of registered workers in all types of establishments requested to submit detailed reports for 1968. The programme consisted in the tabulation of samples, which covered about 300,000 employees in all. The sampling plan was agreed upon during a fifteen-day visit in October-November, and work is now in progress.

LATIN AMERICAN ECONOMIC PROJECTIONS CENTRE

180. Over the past twelve months, the Centre has concentrated on completing the first drafts of its country studies, with a view to providing material for the secretariat's work in relation to the second United Nations Development Decade. Some of the results of these studies are presented in "The trade and domestic savings gaps and structural unemployment in Latin America" (E/CN.12/831).

/Economic projections

Economic projections and planning

181. A general model has been constructed to show relations between the over-all variables of the external sector and capital formation, and the variables involved in the economic development of the Latin American countries in 1950-1966. On the basis of this study, numerical values were obtained for the main macroeconomic variables in the ten South American countries, the five Central American nations, Panama and the Dominican Republic in the nineteen-seventies, and the years 1975 and 1980 in particular.

182. Among the exogenous variables of the model, exports stand out because of their direct incidence on trade balance estimates and their influence on the other variables. The possible effects of terms-of-trade trends have also been examined, because of the impact of any deterioration on the developing economies. The identities presented in the external financing model are sufficiently explicit; a distinction has been made between profit remittances and interest payments on the current and new external debts. New debts have been classified on the basis of explicit assumptions, according to rate of interest, amortization terms and periods of grace, and other assumptions have been made on depreciation and the amortization of external capital.

183. Once the coefficients or parameters of the relationship forming each country model had been estimated, and the initial values and trends of exogenous or predetermined variables established, average rates of 6, 6.5 or 7 per cent were taken for most countries in order to examine the effects of such targets on the trade, payments and domestic savings gaps. The model was divided into two distinct submodels for this purpose: the first, or import model, is useful for analysing the trade gap, and the second for determining the savings gap.

184. The values of these gaps were projected for each country on the basis of a high and a low rate of exports, so as to gauge the possibility of achieving the growth targets represented by the three growth rates of the product given above. When the estimated gap for a particular rate is not unduly large in absolute figures or as a percentage of total savings, of exports or of the product, and when the residual or implicit behaviour of the relationship which is not included in the basic submodel is reasonable, it can be accepted that the projections are based on a reasonable framework in so far as those criteria are concerned.

185. In the next stage, certain changes were made in the above projections which are considered feasible to bring about through economic policy measures. These changes were introduced in some numerical coefficients

of the relationships, in order to study their effect on the general behaviour of the model during the nineteen-seventies. The object of modifying structure is to see whether the new projections give more satisfactory results in terms of the growth of the product and the absolute and relative magnitude of the gaps. This model should therefore be viewed as an economic policy model, and the parameters of its relationships must be treated as instrumental variables in that they allow changes in order to achieve a higher growth rate for the product, which presupposes the adoption of appropriate economic policy measures.

186. These projections, with their corresponding comments and conclusions, are preceded by an introduction which reviews the trends, current situation and main characteristics of the economy of each country, and shows some of the main factors limiting growth, the prospects for import substitution and exports, and sectoral and regional aspects.

187. Finally projections were made of the sectoral product at factor cost as a function of consumption, total investment and exports or of the over-all product, as appropriate, in order to obtain numerical values for sectoral manpower needs in 1975 and 1980. In doing so, it was assumed that the postulates put forward would be confirmed.

188. Apart from the estimates indicated above, a detailed study has been made for each country of supply and demand prospects for the more important goods and services on the external market; this has helped to determine the growth rates for the second Development Decade, which are amalgamated into two average rates of growth for exports as a whole (one high and one low).

189. The rates established are of course conjectural and subject to revision, because of the shortcomings in the data on probable international trade trends and even on each country's productive and competitive potential.

Techniques and methods of projection

190. A special study has been undertaken to solve the problems that arise in the preparation, calculation and analysis of the projections.

191. One of the main points dealt with is the model or models to be adopted in different circumstances, and the relationships which constitute them. As previously indicated, during the stage prior to calculation of the projections, the parameters of functions not included in the final model were estimated. In this way, tests were made of production functions with incremental capital-output ratios, in which some variation

/over time

over time must be allowed for. In particular, an effort was made to express the conditioning effect of exports on utilization of installed capacity in the previous year by introducing an output-capital coefficient which varied with the ratio between purchasing power in a given year and in the previous year. In addition, several import-saving functions were studied by using the same ratio to indicate the results of import substitution, not in an inflexible way but by taking advantage of development possibilities that would increase the capacity to import, and by showing in the domestic saving function how the marginal propensity to save in relation to income varies in accordance with the upward impact of an increase in the purchasing power, of exports on expenditure by the public sector and some private sectors on purchases of capital goods and equipment. Other variations and tests have not yet yielded useful results.^{5/}

5/ The modification of the numerical values of the parameters, which was mentioned in relation to economic projections and planning, presupposes a study of the sensitivity of projections to the changes introduced. It would be useful to systematize these tests in a broad simulation model. It would also be useful to extend the analysis to the methods estimation, which would take into account the interdependent and simultaneous nature of the relationships forming the model. Another point to consider is of the possible influence of the autocorrelation of residuals on the projections and the desirability of correcting any such effect.

Particularly difficult problems are the use of factors for obtaining constant values and the use of exchange rates which would yield homogeneous results which could be aggregated for the different countries in the region. There are also problems of compatibility between global and sectoral results, which arise, for instance, when non-linear relationships are employed to project sectoral products and manpower requirements.

These difficulties and problems together with others which have not been referred to here, have been handled provisionally solved in a more or less satisfactory way, but are still in need of constant and deeper research.

Statistical and technical information
required for preparing projections

192. The appendix to the country studies contains basic statistical tables, which were drawn up after examining available sources of information and reconciling possible discrepancies, in order to make estimates of the parameters in the relationships of the model. Other auxiliary numerical tables have been incorporated in the text of the introductory studies, to support and supplement the prior analysis of the economies of the different countries. Graphs have also been prepared which help to indicate the trends of the major variables, over time, the interdependence of some, and the relative participation of certain factors in an aggregate effect.

193. Although the studies carried out for sectors or regions are still of a preliminary nature, they have underlined the need to complement technical knowledge in the field concerned by consultations and discussions with experts on the different subjects. It would also be interesting to try to bring out the basic information required for the purposes of projections in order to compensate for gaps in information and improve the statistical quality of the basic data.

194. Another point meriting special consideration within this project is the availability of journals and bibliographic works and references for consultation. Given the nature of the information available, this is in itself a subject for research.

Compilation and analysis of projections
prepared by other organizations

195. During the stages preceding the preparation of projections, that is, during the study of statistical and technical information, the information that has served as a basis for projections made by other organizations is sometimes compiled and analysed. These compilations and analyses are mainly useful for evaluating the results of intermediate and final stages. Particular attention is paid to the results issued by the Centre for Development Planning, Projections and Policies at United Nations Headquarters, UNGTAD, FAO, CLAP and national planning organizations.

Short-term projections

196. The work on short-term projections has been confined to occasional references in the introduction on the trends and economic situation of the different countries. The preparation of this type of projection will depend on the recruitment of a suitably qualified staff member for the Centre.

PUBLIC ADMINISTRATION UNIT

197. During the period under review, the report and selected papers of the United Nations Seminar on Administrative Aspects of Plan Implementation, held at ECLA headquarters in February 1968, were prepared for printing.^{6/} The Spanish edition has already appeared (United Nations publication, Sales N° S 69.II.G.2), and the English version will be sent to the printer in 1969.

198. ECLA co-sponsored the United Nations Seminar on Central Services to Local Authorities in Latin America (Rio de Janeiro, 20-28 May 1968), which was organized by the United Nations Public Administration Division and Office of Technical Co-operation, with the collaboration of the Brazilian Municipal Administration Institute and the German foundation for developing countries. A paper entitled "La planeación municipal en el proceso de desarrollo latinoamericano" was prepared by a regional adviser attached to ECLA.

199. In addition, ECLA participated in the United Nations Interregional Seminar on Development of Senior Administrators in the Public Service of Developing Countries (Geneva, 19-29 August 1968). The Seminar was organized jointly by the United Nations Public Administration Division and Office of Technical Co-operation.

Advisory services

200. Further to its participation in the seminars mentioned above, ECLA carried out advisory missions, through its regional experts in public administration, at the express request of Governments in the region. These missions cover a wide range of subjects and problems which are summarized below.

Administrative reform

201. ECLA gave high priority to its participation in the United Nations project for collaborating with the Brazilian authorities in reforming the administration of the state of São Paulo. In 1967 and 1968 the Unit's

^{6/} A brief description of the Seminar may be found in the last annual report (Official Records of the Economic and Social Council Forty-fifth Session, Supplement N° 1 (E/4499), paragraphs 261-265) and in the report of the Seminar (E/CN.12/307).

/experts in

experts in public administration - and those of ILPES - carried out frequent missions to São Paulo. The Unit has also co-operated with the Governments of Colombia and Panama in their plans for administrative reform.

Administrative aspects of economic integration

202. Missions in this field include both the participation of ECLA experts in the course on administration for integration, organized by the Central American Institute of Public Administration at San José, Costa Rica, in April 1968, and advisory assistance to the English-speaking countries of the Caribbean in their efforts to achieve subregional economic integration.

Advisory services in other fields

203. The Commission also undertook the following activities in the field of public administration: assistance in formulating the programme of work of the Development Administration Division in the Planning Office of Paraguay; advisory assistance to Peru's National Office for Rationalization and Training in Public Administration (ONRAP), in municipal financial administration, and Empresa Petrolera Fiscal, in connexion with its reorganization and administrative reform; assistance to the Government of Trinidad and Tobago in solving organization and methods problems; advisory assistance to Venezuela in connexion with the administration of government property.

UNITED NATIONS DEVELOPMENT PROGRAMME

Technical Assistance Component

204. ECLA's Technical Assistance Co-ordinating Unit is in charge of some forty regional advisers and subregional experts attached to the Commission; among them there are eight experts financed by UNIDO, one by WMO and another by WHO/PAHO, an associate expert on public administration provided by the Government of Sweden and another on community development financed by the Government of the Netherlands. The rest are financed through the United Nations Office of Technical Co-operation (OTC).

205. The activities of these experts cover the following subjects: economic, industrial, regional and community development; trade policy; energy and water resources; transport; ports and navigation; fiscal policy; national accounts; economic statistics and sampling; public administration and social welfare.

206. In line with the recommendations made at the Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries,^{7/} joint missions were undertaken to Bolivia, Ecuador and Paraguay by regional advisers and staff members of ECLA, in order to determine what technical assistance programmes should be given priority, especially in the industrial sectors, as a complement to the international co-operation which these countries are already receiving. During the next few months similar missions will be undertaken to other relatively less developed countries in the region.

207. During the period covered by this report, the subregional experts in various special fields attached to ECLA's Mexico Office and those assigned to SIECA worked with the staff of both offices on the following projects: a study on balanced development in Nicaragua, and another concerning prospects for economic co-operation between British Honduras (Belize) and Central America; a research project relating to Central America's short-term monetary policy; the final draft of a SIECA study on the convergence of LAFTA and the Central American Common Market; the continuation of a study dealing with the basic economic characteristics of the countries and territories in the Caribbean Basin; a study of Central America's relations with GATT, with a view to the participation of the Central American Common Market in that organization in connexion with research on problems of the Central American customs union; a survey of industrial profiles for Mexico; a study of the prospects for establishing certain export industries in Panama; and the collection of preliminary data for a study on road standards and specifications. Many of these studies and research assignments have been completed, and the rest will be finished in the next few months.

208. The regional advisers on trade policy provided technical assistance to nearly all the countries in the region. Their work was directed towards the establishment of national institutes for export promotion; the evaluation of priority needs for technical assistance in trade policy matters; the promotion of exports of specific commodities; the study of schemes for providing support and financial incentives for exports; and to participation in international meetings on the subject and the drafting of documents on export promotion and fiscal incentives for exports at the regional level.

^{7/} See the "Report of the Meeting on the Problems of Regional Integration of the Economically Relatively Less Developed Countries" (E/CN.12/798), held at Guatemala City from 23 to 28 October 1967.

209. Two regional advisers helped the LAFTA secretariat with studies on the co-ordination of different aspects of customs procedures, particularly the uniform interpretation and application of the common tariff nomenclature, and with a study on new approaches and standards relating to the determination of the origin of goods.

210. Regional advisers forming the ECLA/OTC/WMO/WHO survey group on water resources continued, with the aid of subregional experts from the Mexico Office, to collect the necessary basic information in Central America and Panama for the study on water resources in that area. The Group collaborated with the authorities in Brazil in drawing up a basic plan for the integrated use of the water resources of the South Paraíba River (see paragraph 153).

211. The regional advisers attached to ECLA's Office for the Caribbean advised the Governments of the English-speaking territories of the Caribbean on such questions as training personnel for community development, the formation of youth camps, pilot projects for developing communities, the establishment of planning mechanisms in some territories and the study of fiscal policies in the area. Several visits to the area were paid by regional advisers attached to ECLA headquarters at Santiago, to provide advisory services in export promotion, national accounts, financing of housing and public administration.

212. The regional advisers on national accounts, economic statistics, sampling, social welfare, community development and public administration undertook numerous short-term missions to countries in Central and South America.

213. Similarly, the UNIDO regional experts seconded to ECLA provided advisory services to Latin American countries in technological research for industry, pulp and paper production and the chemical industry.

214. At the beginning of 1969 special regional and local development activities were started. The regional adviser in this branch, together with others assigned to ECLA, not only provide direct technical assistance at the request of governments in the region but also prepare training courses on the subject, which form part of the regional technical assistance programme for 1969 and 1970. These experts have also begun to study local and community development programmes in Latin America.

215. The Technical Assistance Co-ordinating Unit co-operated with the United Nations Institute for Training and Research in the preparations for its Regional Seminar on Techniques and Procedures of Technical

/Assistance, held

Assistance, held at ECLA headquarters from 3 to 21 June 1968. Furthermore, it helped with the arrangements for the UNDP Regional Meeting of Resident Representatives for Latin America and the Caribbean, the general sessions of which took place at ECLA headquarters, from 3 to 12 March 1969. The ECLA secretariat was particularly concerned with the agenda items on programming problems and on ECLA/UNDP co-operation in regard to subregional integration programmes, regional advisers and regional/interregional technical assistance projects.

216. The Technical Assistance Co-ordinating Unit helped in the preparation of the following courses and seminars organized by ECLA with OTC financing which are described in paragraphs 315-328 of this report: Third Regional Course on Trade Policy; Seminar on Statistics, Accounting and Costs of Railway Enterprises and the Seminar on the Organization and Conduct of Population and Housing Censuses in Latin America.

217. The Fifth Central American Intensive Training Course on Development Planning and Trade Policy took place (San Salvador, 20 May to 20 July 1968) with the participation of forty-two officials of the Central American Governments and one SIECA staff member. The course was held under the joint auspices of the Government of El Salvador, ECLA, OTC, ILPES and IDB, and several regional advisers and subregional experts attached to the Commission gave lectures at it.

Special Fund Component

218. During the period covered by this report, the ECLA secretariat continued to give firm support to the Latin American Institute for Economic and Social Planning, which is a regional project financed by the United Nations Special Fund, IDB and the Latin American governments.

219. As from 1 June 1968, certain operational and administrative aspects of another important Special Fund regional project - the Latin American Demographic Centre (CELADE) - were decentralized to ECLA.

220. The ECLA secretariat helped UNIDO to prepare a regional project for creating a Latin American Centre for Small-Scale Industry, to be set up at Quito. The establishment of this Centre, which is to be financed by the Special Fund and Governments in the region, was first proposed at the Seminar on Small-Scale Industry in Latin America, held at the end of 1966 at Quito under the auspices of ECLA, OTC, and the former United Nations Centre for Industrial Development, now UNIDO.

/MEXICO OFFICE

MEXICO OFFICE

221. During the period covered by this report, the Mexico Office assigned a greater proportion of its resources than in the past to work relating to Mexico and Panama and to the countries of the Caribbean Basin. Nevertheless, the major effort has still been concentrated on the Central American Economic Integration Programme and in particular on preparations for meetings of subsidiary bodies of the Central American Economic Co-operation Committee (see paragraphs 17-28).

Economic development

222. Revision is proceeding on the preliminary version of the study on Nicaragua's economy and its comparative position in the Central American Common Market (CEPAL/MEX/68/16), which was undertaken at the request of the Central American Economic Co-operation Committee and the Central American Economic Council. The main causes of Nicaragua's trade gap with the rest of Central America are analysed, and some measures are indicated for speeding up this country's participation in the regional integration process.

223. The study entitled "Possibilities of economic co-operation between British Honduras (Belize) and Central America" (E/CN.12/809/Rev.1) was finished. This analysis indicates that for the first few years no significant increase in exports to the countries in the region could be expected from the adherence of British Honduras (Belize) to the Central American Common Market, nor would there be any great expansion of local industries directed towards that market. The geographic location of British Honduras (Belize) places it far from the main consumer centres in the region; transport facilities are poor and the incipient stage of the country's development limits production; all of these are adverse factors and as a result the integration of this country with its Central American neighbours cannot be conceived exclusively in terms of intra-regional trade. The best solution would seem to be to reach co-operation agreements under which British Honduras (Belize) would participate in the development of regional industries directed mainly towards overseas markets.

Trade

224. The secretariat helped to give final form to a study initiated by SIECA on the convergence of the Central American Common Market and LAFTA. Studies and research were undertaken on such subjects as the basic economic characteristics of the countries and territories of the

/Caribbean Basin,

Caribbean Basin, relationships between Central America and GATT (so that the Central American Governments should have some guiding principles on which to form a judgement regarding possible membership of the Central American Common Market in GATT), problems posed by the Central American customs union, and the present situation and prospects of Nicaragua with respect to intra-area trade. The Mexico Office also co-ordinated and organized the fifth Intensive Training Course for Central America mentioned above (see paragraph 217). At the request of the Common Market organizations, work has started on an evaluation of the effects to be expected upon the entry into force of the Central American Agreement on Fiscal Incentives to Industrial Development and its Protocol, should this take place during 1969.

Industry

225. Material was collected on the food industry in Mexico, with particular reference to investment, installed capacity, production, and domestic consumption. Basic information was also collected for country studies on industrial development and demand in the motor-vehicle industry in Central America. Work continued on general policy and industrial integration in Central America, and the problems facing Nicaragua in this area. A survey was carried out in order to prepare industrial profiles for Mexico.

226. Official statistical series in the different countries in the region show considerable disparities. Because of this, and of the need for reliable figures which will permit a comparative analysis of the progress made by the different industrial branches and countries, it has been decided to proceed with the preparation of series on the value added and the gross value of manufacturing output at current market prices and at constant 1963 prices, for the Central American countries and Panama, by branch of activity and for the years 1950 to 1967.

227. Several missions were carried out by the regional adviser on industrial development, to co-ordinate regional activities in the industrial sector and to meet requests by governments. These requests included one from Honduras, Nicaragua and Panama.

Agriculture

228. The secretariat has recently come to an agreement with FAO whereby the Agriculture Section of the Mexico Office now forms part of the Joint ECLA/FAO Agriculture Division. The report on the Section's work will therefore be found under that heading (see paragraphs 144-147).

/Economic infrastructure

Economic infrastructure

Electricity

229. The study on policies for electricity rates in Central America (CCE/SC.5/GTAE/GRIE/I/2; TAO/LAT/83), finished early in 1968, provided the main working document for the first session of the Regional Group on Electricity Rates; it also provided a basis for the recommendations on the future work programme adopted at that session.

230. Six studies on standardization of electrical materials and equipment were completed for the second and third session of the Regional Committee on Electrical Standards, (May and September 1968).^{8/} The standards proposed by ECLA were adopted by the Committee so that the standardization process has now started (see paragraphs 18 and 19).

231. Work is proceeding on two more studies, dealing with uniform coding of materials and equipment and with design standards and criteria for electricity distribution networks. These will be presented at the next session of the Regional Committee on Electrical Standards.

232. Two other studies ^{9/} were finished which provide information on the speeding up of electrification in Central America and, on a comparative basis, trends in electric power costs in the region.

233. A study on electricity interconnexion in Central America containing a technical study of interconnexion possibilities (CCE/SC.5/GTAE/CRIE/I/4; TAO/LAT/85) was prepared for the first session of the Working Group on Electricity Interconnexion. During the next stage a draft Central American agreement on the subject, and a technical and financial study on different methods of interconnexion will be prepared. The drafting

^{8/} "Programa de normalización de equipos y materiales eléctricos en el Istmo Centroamericano, I. Normalización de tensiones para sistemas de distribución eléctrica, II. Nomenclatura para los materiales de obras de distribución" (CCE/SC.5/GTAE/CRNE/II/1; TAO/LAT/84); "Estado actual del programa regional de normas eléctricas" (CCE/SC.5/GTAE/CRNE/II/2); "Avances logrados en el programa regional de normas eléctricas" (CCE/SC.5/CRNE/III/2); "Proyectos de normas" (2, 3, 4) (CCE/SC.5/CRNE/III/3); "Proyectos de normas" (5) (CCE/SC.5/CRNE/III/4); "Bases para un sistema de codificación" (CCE/SC.5/CRNE/III/5).

^{9/} "Estudio comparativo de los costos de energía eléctrica en Centroamérica y Panamá, 1966" (E/CN.12/CCE/SC.5/65; TAO/LAT/97); "Estadísticas de la energía eléctrica de Centroamérica y Panamá, 1967" (E/CN.12/CCE/SC.5/66).

of the agreement will be done by SIECA with the help of the ECLA secretariat, while ECLA will prepare the study, which will include market projections, evaluation of potential resources for power generation, the planning of additional generating capacity, transmission, and comparison of the results of economic and financial research.

Water Resources

234. One regional and six national studies on water resources are being prepared, dealing with hydrometeorology, drinking water, irrigation, hydroelectric power, inland waterways navigation, multipurpose water use, and economic, financial, legal and institutional questions. National working groups are being formed to review the country studies, while the regional report will be examined at a meeting of the Regional Committee on Water Resources which it is hoped to convene in the first half of 1969.

Transport

235. Two studies on highways were finished, dealing with project evaluation (E/CN.12/CCE/SC.3/25; TAO/LAT/95), and technical highway problems in Mexico and Central America (E/CN.12/CCE/SC.3/26) and work is being done on related matters, such as, transport services; regulations on the weight and size of cargo vehicles, and instructions for determining maximum permissible weights and sizes.

236. Seven studies on ports and shipping activities were finished for the second session of the Working Group on Maritime Transport and Port and Harbour Development,^{10/} (see paragraph 26).

^{10/} "Actividades portuarias realizadas en Centroamérica en 1967" (CCE/SC.3/GTTM/II/2; TAO/LAT/92); "Bases para la formulación de una Comisión Centroamericana de Autoridades Portuarias" (CCE/SC.3/GTTM/II/3; TAO/LAT/89); "Fundamentos para constituir una Asociación Centroamericana de Armadores" (CCE/SC.3/GTTM/II/4; TAO/LAT/88); "Lineamientos para la constitución de una Asociación Centroamericana de Usuarios de Transportes Marítimo" (CCE/SC.3/GTTM/II/5; TAO/LAT/93); "Orientaciones para establecer autoridades portuarias de alcance nacional en los países centroamericanos" (CCE/SC.3/GTTM/II/6; TAO/LAT/94); "Elementos básicos de un sistema uniforme y simplificado de la documentación exigida en las terminales portuarias centroamericanas" (CCE/SC.3/GTTM/II/7; TAO/LAT/90); y "Principios generales de un Código Uniforme de Cuentas y Estadísticas para las Terminales Portuarias Centroamericanas" (CCE/SC.3/GTTM/II/8; TAO/LAT/91).

Social development

237. A preliminary study on interrelationships between economic development trends and human resources in Mexico, Central America and Panama (CEPAL/MEX/68/14) was finished, in order to complement and bring up to date the study on human resources in those countries from 1950 to 1980, completed in 1960 (E/CN.12/789). This research indicates that even though the growth rate of these countries' economies over the past ten years exceeded the rate of population increase (per capita income increased at rates varying from 1.6 per cent in Honduras to 3.8 per cent in Panama), adequate planning of existing resources is needed in order to increase or at least to maintain the real gross product in these countries.

238. Another important conclusion is that the amount of land per worker will decline because of the heavy population increase and bleak prospects of any greater absorption of labour in industry and services. Agriculture will therefore have to be more intensive and productive in 1980 in order to feed a more numerous population.

239. A study on recent demographic trends in Central America (E/CN.12/CCE/356; TAO/LAT/86) was finished; it shows that the population increase in Central America is higher than in any other region of the world. The above-mentioned study includes estimates of the components of natural growth, fertility and mortality; the conclusion reached is that the small size of the countries, together with the high proportion of the population living at subsistence levels with only a very slight participation in the market economy, constitutes a serious obstacle to the sustained and balanced development of the region. Unless there are radical and unforeseen changes, particularly in fertility, the problems caused by the high rate of population increase, will persist or become more serious, as in the last decade.

240. Another study was finished on the space distribution of the population in Central America (E/CN.12/CCE/357; TAO/LAT/87). It shows that the variations in the degree and patterns of population settlement in Central America are so great that it has been necessary to sketch in a general picture of population density and distribution against which the particular situation in each country could be understood. It was necessary also to describe the space distribution at the regional level in order to make a study of population mobility.

241. Some countries in the area have sparsely populated areas, particularly those with the lower population densities; in these cases a large segment of the population is outside the rural economy, and development prospects

/can improve,

can improve, therefore, when a higher population density is reached. This process could be speeded up if a solution was sought along regional lines because migrations from El Salvador (where there is a high rural population density and evident pressure on the land) to Honduras, Nicaragua, Costa Rica and Panama would hold out better prospects of solving the problems both of underpopulation and of overcrowding.

Statistics

242. New indexes of quantum and unit value were prepared for imports of Central America, Panama and Mexico.

243. Indexes of agricultural production were also prepared for these countries for the period 1962/1963 to 1967/1968, and the figures for production exports, quotas and prices of the major agricultural commodities of Central America were brought up to date for the period 1960-1966. The series for eighteen of Mexico's agricultural exports and for the main Central American agricultural exports were revised. Work was done on other agricultural series, grains, and public financing for Central America, Panama and Mexico.

244. The secretariat played an active role in co-ordinating the activities of countries and regional and international organizations to promote a regional programme for the 1970 censuses. A study on the subject (E/CN.12/CCE/SC.2/105) was prepared for the special meeting of the Central American Statistical Co-ordination Sub-Committee.

WASHINGTON OFFICE

245. The Washington Office continued to supply the secretariat with information for the use of the substantive divisions in their research work.

246. Information and documentation on the activities of the Commission were provided in response to a number of enquiries received from international and regional organizations, from branches of the United States Government, and from universities, research foundations and other private bodies in the United States.

247. The Washington Office continued to represent the secretariat at a number of meetings, and undertook liaison work in connexion with activities of IDB, OAS, CIAP and CIDA. It also represented ECLA at the country review meetings convened periodically under the auspices of CIAP.

248. Assistance was provided to ECLA staff members visiting Washington on official business, and occasional help was also given to ILPES and UNCTAD.

/RIO DE

RIO DE JANEIRO OFFICE

249. In April 1968 a new two-year agreement was signed between ECLA and the Ministry of Planning of Brazil, replacing the previous agreement between the secretariat and the Banco Nacional do Desenvolvimento Econômico (BNDE). Under the terms of the new agreement, a programme of joint activities has been drawn up, consisting of a number of research projects of mutual interest, and of training courses to be held in Brazil under joint auspices. The arrangements include an undertaking by the Government of Brazil to provide office premises and the salaries of local staff contracted to carry out the work under the joint programme.

Research activities

250. Since the start of these activities in April, work has proceeded on two projects. The first covers preparation of material on the Brazilian economy for the 1968 Economic Survey of Latin America. The second is a study of income distribution in Brazil, and is being conducted jointly with the Ministry of Planning. The purpose of this project is to understand and explain the present characteristics of income distribution in Brazil, with particular reference to the analysis of the extent to which they - and their modifications over time - have conditioned the type of industrial development that has taken place and its degree of dynamism. Now that the import substitution process is well advanced and has ceased to be the principal force behind industrial growth, other methods must be sought in order to give new momentum to the growth rate, which, after the high expansion of the post-war period, has been interrupted since the beginning of this decade. The study is now in its final stages; it presents income distribution figures for 1960, preceded by an analysis of the regional formation of Brazil. In this analysis, emphasis is laid on those aspects which mould the current disparities in distribution by geographical area and an effort is made to establish the interrelationships between the change in the productive pattern of the economy and their effects on income distribution.

251. The programme for 1969 was drawn up towards the end of 1968 in consultation with the Ministry of Planning. Research will be directed towards three areas: the first is a logical continuation of the work already done on income distribution, and aims at determining consumption functions by levels of income and by commodities and the effectiveness of the redistribution policies, whether deliberate or not, which have been applied in the country. The second is a study of the potential prospects for exports of industrial products, with a view to proposing some alternative policies for promoting such exports. Finally, it is hoped to start a study of the role of external financing in Brazil's development.

/Training activities

Training activities

252. During the period covered by this report, the technical staff of the Rio de Janeiro Office participated actively as lecturers on various aspects relating to Brazil's economy in the training course organized by ILPES. In this way, efforts have been made to link the planning techniques taught at ILPES' basic courses with the actual trends in Brazil's economy.

253. First cycle of lectures on international trade (April to August). In response to a request by the Ministry of Foreign Affairs, daily lectures on international trade were given over a four-month period at Itamaraty, and were attended by some forty Brazilian foreign service officers. Lectures were given by staff of ECLA (including economists from the Rio de Janeiro Office) and ILPES, and by Brazilian diplomats.

254. Introductory course on agricultural programming (August). This course was requested by the Ministry of Agriculture for its technical staff and was given in Brasilia.

255. General programming course (April-July). The Department for the Development of the Nordeste (SUDENE) requested this course for the purpose of training its experts, who will be participating in the preparation of the Fourth Development Plan for SUDENE. It took place at Recife and lasted for four months.

256. Intensive course on programming and project preparation (June-September). This course was given at Belém, at the request of the Department for the Development of Amazonia (SUDAM).

MONTEVIDEO OFFICE

257. During a visit by the Executive Secretary to the LAFTA secretariat in December 1967, a specific programme of work was drawn up for the Montevideo Office in 1968.

Common external tariff

258. In view of recent decisions by LAFTA's Standing Executive Committee, the ECLA secretariat re-examined the work done so far and analysed the results at a meeting of the LAFTA Working Group on the Common External Tariff, held at Montevideo at the end of September 1968. The ECLA secretariat has undertaken to provide experts in 1969 to furnish technical support on this subject to the LAFTA secretariat.

/259. An

259. An expert was provided by ECLA to work for two months on the preparation of a common tariff nomenclature, and another will be helping shortly with problems of customs procedures, taking advantage of experience acquired with the mechanisms and procedures used in the European Economic Community.

Common trade policy

260. A preliminary study was prepared by the ECLA secretariat on the co-ordination of trade policies within the integration process, but the Contracting Parties have not as yet taken any action in this respect. The LAFTA secretariat would like experts to collaborate in analysing the bases of a progressive programme for harmonizing the trade policies of the Contracting Parties, including the basic principles for a common external tariff. If resources permit, work on this subject will have priority in 1969.

Origin of goods

261. The secretariat has helped to reformulate the criteria used by LAFTA, in order to achieve a systematic and complete system for indicating origin of goods. A report on the subject was prepared by an ECLA expert and submitted to the LAFTA Advisory Commission on the Origin of Goods. After examining the objectives of a system of origin in a free trade area, it proposes that a percentage system should be adopted which would allow for certain exceptions in the interests of the Contracting Parties.

Trade Policy Courses

262. Arrangements were made for intermediate LAFTA secretariat staff to attend the Third Regional Course on Trade Policy (see paragraphs 321-322 of this report).

Industrial development

263. The co-operation between the ECLA and LAFTA secretariats on industrial questions has been related mainly to the work of the sectoral study groups within the Advisory Commission on Industrial Development (CADI), that is, steel, petrochemicals, pulp and paper, and chemicals in general. Since difficulties arose at CADI's third session concerning specific proposals for integration presented by the steel and petrochemicals group, new reports were requested. The ECLA secretariat has therefore been assisting LAFTA staff in preparing reports and proposals for each of the study groups. These new proposals will have more limited objectives and are to be discussed in April 1969 in the case of steel and petrochemicals,

/and in

and in June in that of pulp and paper. During the next stage governments will be provided with guidelines on economies of scale and problems of costs, which will be useful to them in seeking and analysing integration formulas.

264. The Montevideo Office participated in a number of sectoral meetings of businessmen, in particular, one for the chemical industry (July 1968), and another for the plastics industry (August 1968). If kept in close touch with the negotiations, which culminated in November 1968 with the signature, by entrepreneurs from Argentina, Mexico, Uruguay and Venezuela, of a draft complementarity agreement for petrochemical products, on similar lines to those proposed by the secretariat for the draft agreement on steel.

265. The Office prepared a draft on regional industrial integration and the progressive opening up of the region to external competition as part of its contribution to the document on economic development strategy in the coming decade (E/CN.12/836).

Agriculture

266. Following an earlier report on wheat, studies on maize and rice were prepared for the LAFTA secretariat. These are the three agricultural commodities with the highest incidence in intra-Area trade, and the studies may lead to specific agreements for developing a regional trade policy for agricultural commodities.

Transport

267. ECLA's studies on shipping services, ports, the modernization and expansion of the merchant marines in Latin America and the organization of shippers' councils are intended to contribute to the analysis of problems involved in the implementation of the LAFTA Water Transport Agreement. In the case of land transport, ECLA secretariat to organize the fifth session of the Advisory Commission on Transport (see paragraph 320).

Statistics

268. Assistance was provided by ECLA's Statistical Division in the final stages of preparation for the fifth session of the LAFTA Advisory Commission on Statistics, and the ECLA secretariat took an active part in the meetings.

/Study on

Study on relative price levels

269. ECLA's Special Studies Section prepared a report, which was transmitted to the LAFTA secretariat in November 1968, on purchasing power parities of the currencies of all the LAFTA countries in 1955-1966.

CARIBBEAN OFFICE

270. During the period covered by this report, the Office gave priority to assisting the newly independent countries of the Caribbean and the West Indies Associated States in establishing a framework for closer trade ties through the creation of a free trade area, and in preparing the instruments for putting into operation within that area a common market among the West Indies Associated States.

271. In response to requests from the Governments, a variety of subjects was examined by the Office in consultation with other members of the Technical Advisory Group to the Caribbean Free Trade Association (CARIFTA); and the special studies on industrial evaluation and harmonization of incentives, which had also been requested by Governments, were initiated in conjunction with other agencies. Material was prepared for the annual Economic Survey of Latin America, 1968 (E/CN.12/825), on the economic situation in Barbados, Guyana, Jamaica, Trinidad and Tobago.

Intra-regional trade and integration

Trade Liberalization

272. The Agreement establishing the Caribbean Free Trade Association was signed on 30 April 1968 and entered into operation on 1 May 1968 with four members - Antigua, Barbados, Guyana, and Trinidad and Tobago. On 1 July, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent acceded to the Agreement, and on 1 August, Jamaica and Montserrat became members. Staff of the Office also helped the Council of Ministers to establish the Commonwealth Caribbean Regional Secretariat, which is to serve the Free Trade Association. The Office drafted working papers at the request of the Governments, prepared a text of the CARIFTA Agreement, which is now used as a reference document, and consulted Governments on possible interim solutions to some urgent problems of free-trade implementation.

/273. The

273. The terms of the CARIFTA Agreement require the immediate elimination of customs tariffs among the participants, except for a few items on the Reserve List for which transitional arrangements have been made; the abolition of quantitative restrictions; stand-still arrangements on incentives to industry pending harmonization of these incentives; and preferential treatment for the West Indies Associated States, which are designated less developed territories.

274. In addition, the Office assisted the West Indies Associated States in drafting common market instruments for a closer integration of those territories within the framework of CARIFTA. The draft formed the basis for the discussions leading up to the conclusion of the Agreement on the East Caribbean Common Market (ECCM), which entered into force on 15 July 1968. The members consist of Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent. Negotiations have continued on the implementation of some aspects of the Agreement, including the operation of a common customs tariff among these territories. The Agreement provides for the adoption of common policies by these territories in all the major fields of economic activity, including agriculture, industry and transport.

Agricultural marketing

275. Preparations are being made to put the CARIFTA protocol on the marketing of agricultural products into full operation. This protocol provides for the regulation of trade in specific commodities on the principle that supplies in the sub-region will be utilized ahead of imports from outside it. Prices are to be fixed for these commodities and market allocations made in accordance with supplies and requirements in individual CARIFTA countries.

Integration industries

276. Upon a request from Government for studies on the possibilities of industrial development in the CARIFTA area, the ECLA secretariat arranged with the United Nations Industrial Development Organization for a team of experts to be provided. Three members of the UNIDO mission arrived at the Office in December 1968, and began work in conjunction with the ECLA staff.

277. The team is to study and make recommendations on the establishment of integration industries for the CARIFTA area, and the development of industrial activities in the West Indies Associated States. In their intensive research on the industrial sector, special attention is being paid to the possibilities of import substitution and increased utilization of local resources. This work has not yet been completed.

/Harmonization of

Harmonization of industrialization incentives

278. In response to another request from the Governments, a small team of experts was asked to make a study on incentives to industry in the CARIFTA countries, with a view to presenting proposals for their harmonization and modernization in keeping with the requirements of the CARIFTA and ECCM Agreements. This team is composed of one expert provided by the Permanent Secretariat of the General Treaty on Central American Economic Integration, another provided by the United Nations Division of Public Finance and Financial Institutions and the regional economic adviser for the Caribbean. It is expected that the team's report will be presented to the countries in the course of the next three months.

Transport services

279. Priority has been given to some urgent short-term problems. The CARIFTA Agreement imposes on the member Governments the obligation to maintain and improve the services of regional carriers so as to facilitate the expansion of trade within the area, and to rationalize transport services and freight rates between the area and overseas countries. Moreover, the members of ECCM resolved to formulate and pursue a common transport policy, and to frame joint regulations for the operation and development of transport in the Common Market area.

280. A preliminary report is being prepared on the recent development and present situation of the transport sector in the CARIFTA countries, and assistance was provided to ECCM in the preparation of a study of the local inter-island shipping service. The Governments have indicated the necessity of financial assistance from UNDP (Special Fund component) for the completion of these studies, but at the time of writing no decision has been taken in this respect.

Regional development bank

281. The Office continued to hold talks with Governments regarding establishment of the Caribbean Regional Development Bank, which is to complement the CARIFTA free trade arrangements. Broad agreement was reached among the Governments on most of the outstanding matters, but at the time this report was being prepared final decisions still had to be taken on location, capital participation, and the date of the Bank's entry into operations.

/282. The

282. The Bank's Charter, the drafting of which is being co-ordinated by UNDP, is to provide for equity participation by regional and non-regional members, and special operations for development projects with preferential treatment for the relatively less developed territories. Through its operations, the Bank will supplement the activities of existing agencies, both national and international, in financing and promoting economic development. It will take care of public sector demands for infrastructure development, and also look after the private sector by investing through suitable national financial institutions or directly, where appropriate. One of its main functions will be to act as a catalyst for other investment and to promote the joint financing of larger projects.

Caribbean Basin programme

General Survey

283. Preparations are being made for conducting a general economic survey of the Basin, which includes all the islands of the Caribbean and the countries with a Caribbean coastline. A preliminary report is to be made on the economic situation and long-term development possibilities in the countries of the Caribbean Basin in order to identify priority areas for future research and to formulate measures for increasing economic co-operation among the countries concerned.

Transport

284. A study programme has already been initiated, with a view to determining the best systems for moving merchandise and services in the area, and promoting the over-all development of transport in the Basin. In this programme emphasis is placed on technical and economic studies of the main forms of transport, the preparation of a long-term capital investment programme, and feasibility studies for the most urgent projects.

Economic planning

285. Advisory assistance has been provided by the regional economic adviser, particularly to the West Indies Associated States, since the post was filled again in July 1968. Proposals have been formulated, as requested, for the establishment and operation of small planning offices within the Governments, and they have been helped to crystallize their ideas on planning procedures in general and project evaluation in particular.

286. Aid was also given to Trinidad and Tobago, in formulating the Draft Third Five-Year Plan: 1968-1973, and to the members both of the East Caribbean Common Market and of the wider grouping of the Caribbean Free Trade Area in framing a common regional development policy.

Public administration

287. The Caribbean Governments are developing new national policies designed to take advantage of the subregional economic integration process. At present the main sectors involved are trade, agriculture, finance and industry, but other sectors will be involved as integration proceeds.

288. ECLA assigned a regional adviser in public administration to these countries, from December 1968 to April 1969. He is examining the public administration framework in these countries, and studying the inter-governmental machinery which is being established for the integration process.

Maritime transport

289. The regional adviser on maritime transport is exploring the possibilities for the reorganization of the shipping service jointly owned by the countries in the Caribbean area so that it will be better equipped to meet the needs arising from the process of economic co-operation. Activities at this stage consist in the formulation of measures to modernize and expand the fleet. Close contact has been maintained with the Governments, who will continue to own and operate the ships on a joint basis.

Other activities

290. Office staff have served on special study teams on a wide range of subjects, including the exodus of trained personnel from developing countries. Some of the numerous requests by Governments for assistance on such varied matters as methodology in national accounting statistics, the financing of housing and urban development, export promotion, administrative improvement and the organization and operation of social welfare services were met by short-term assignments of advisers from Santiago. In such cases, programmes were drawn up in the Office after consultation with the adviser concerned.

/BOGOTA OFFICE

BOGOTA OFFICE

291. Staff of the Bogotá Office continued with the work programme drawn up in consultation with the three Governments it is designed to serve (Colombia, Ecuador and Venezuela), and modified in the light of the programme outlined in the Declaration on Bogotá (signed in August 1966 by the Governments of Colombia, Chile, Ecuador, Peru and Venezuela, with Bolivia adhering in 1967).

Economic Survey

292. As in the previous year, the Office helped to collect and analyse statistical data and to examine the economic policy of Colombia as a contribution to the chapter on this country in the 1968 Economic Survey of Latin America.

Study prepared at the request of the
Government of Venezuela

293. Between 20 July and 3 September, the Office participated in the ILPES mission requested by the Government of Venezuela to conduct a study defining different economic and social development strategies to enable the country to achieve the optimum growth targets established for the next twenty to twenty-five years in the context of Latin American integration.

Representation at meetings

294. The Office represented the ECLA secretariat at several meetings, including the ninth assembly of Governors of the Inter-American Development Bank, (Bogotá, 22-26 April 1968); the Andean Round Table organized by Business International (Bogotá, 17-21 November 1968) and the Executive Committee of the Inter-American Confederation of Air Transport (Bogotá, 27-29 November 1968).

Seminar on international relations of the Caribbean

295. The Office was invited to the Seminar organized by the Institute of International Studies of the University of the West Indies (Trinidad and Tobago) to examine different aspects of the international relations of the English-speaking territories of the Caribbean, British Honduras (Belize), Guyana, Puerto Rico, the Dominican Republic, and Colombia, among themselves, with European countries and with the rest of Latin America. Within this general framework, the Seminar emphasized economic relationships and the analysis of different systems and movements for regional and subregional co-operation and integration.

/Collaboration with

Collaboration with organs of the Andean Group

296. Collaboration with the Group has different aspects and is provided at different levels, namely the Joint Commission, the Committee of Government Experts, and national organizations in Colombia, Ecuador and Venezuela, which are in charge of subregional affairs. The Office has participated in meetings held between agencies of the Andean Group and the business groupings in the subregion. It has also maintained close permanent contact with the Co-ordinating Office of the Joint Commission and has helped to draw up proposals for launching a programme of research and analysis to lay the foundations for a real economic rapprochement among the countries of the Group; to contribute in a practical way to identifying particular aspects for the application of the Agreement; and to suggest specific solutions for overcoming the problems that may be caused by the establishment of an Andean common market.

Joint Commission

297. The Office was represented at the Commission's fifth session (Bogotá, 5-9 February 1968) and at the first meetings of the sixth session (Cartagena, 29 July to 9 August). On the second occasion a joint ILPES/ECLA document was presented as requested by the Joint Commission. It proposes a work programme leading to the study of the problems which arise in linking national development plans and the subregional integration process, with a view to holding a meeting of chiefs of planning offices in those countries which had signed the Declaration of Bogotá.^{11/}

Committee of Government Experts

298. This Committee was established by the Joint Commission at its fourth session (Lima, November 1967), to study the different technical problems that have to be solved before drawing up the subregional agreement, and to prepare the draft agreement. The Committee's work was divided into two stages: the first, from the beginning of January to the end of March 1968, and the second, throughout June and the first week of July. On both occasions there were simultaneous meetings of experts to study the specific problems mentioned above.

^{11/} ECLA/ILPES, "Programa de trabajo sobre las vinculaciones entre los planes nacionales de desarrollo y el proceso de integración de los países de la Declaración de Bogotá" (Santiago, April 1968).

299. The Bogotá Office took a continuing part in the Committee's work and that of the experts, and made specific suggestions or helped to examine the different chapters in the draft for the subregional agreement.

Entrepreneurial Committee of the Andean Group

300. The Office participated in a joint meeting with the Committee of Government Experts (Bogotá, 17-21 June 1968) in order to acquaint itself with businessmen's thinking about the draft agreement, and to inform them of the progress of the negotiations.

Relations with National Authorities

301. Colombia. Relations with the authorities in the host country were maintained and expanded, both in relation to the basic work programme and to tasks specifically linked to the subregional movement. These relations have become even closer because, since 1968, Colombia has been in charge of the Co-ordinating Office of the Joint Commission.

302. Ecuador. A visit was paid to Ecuador from 26 to 30 May, and assistance was given in the examination of the proposed subregional agreement by the Ministry of Foreign Affairs, the Ministry of Industry and Commerce and the Planning Office. The Office also participated in meetings convened for the same purpose by entrepreneurial bodies in Ecuador.

303. Venezuela. The Office collaborated with CORDIPLAN and other government authorities in analysing the subregional draft agreement, which was currently being examined by those authorities together with local businessmen.

Sectoral integration

304. At the request of the Co-ordinating Office of the Joint Commission and with the collaboration of the ECLA Industrial Development Division, the Bogotá Office helped the Government of Colombia to analyse the statistical data and other basic information relating to the development of the metal-transforming industry in the country, prior to the meeting on the integration of this branch of industry held at Santiago, Chile, at the end of August 1968. Similar collaboration was extended to the Government of Venezuela. A second meeting to continue the analysis of the characteristics and conditions of the industry's integration is to be held at Caracas early in 1969.

UNITED NATIONS HEADQUARTERS AND REGIONAL
ECONOMIC COMMISSIONS

305. The secretariat continued to maintain close contact with the substantive divisions and programmes of the United Nations during the period covered by this report. Consultations took place with the United Nations Centre for Development Planning, Projections and Policies in connexion with work on projections, and ECLA's Deputy Executive Secretary participated in the third session of the Committee on Development Planning (Addis Ababa, 29 April to 10 May 1968).

306. Contacts were maintained with the Resources and Transport Division in connexion with the five-year survey programme for the development of natural resources, and assistance was provided to experts from the Division who were working in Latin America. Arrangements had been made for joint work in Latin America in relation to the project for surveying water and mineral resources, and assistance was given to the water resources survey group.

307. The secretariat participated in consultations for the work being carried out by the Headquarters Social Development Division on income distribution and social welfare, and made its usual contribution to the Report on the World Social Situation. Some discussions have taken place with the Population Division in relation to ECLA's work on population policies.

308. The United Nations Statistical Office co-operated in the organization of the United Nations Seminar on the Organization and Conduct of Population and Housing Censuses for Latin America (Santiago, 20-31 May 1968) (see paragraphs 315-319), and regular contacts were maintained with it by ECLA's Statistical Division.

309. The Public Administration Unit held consultations on a regular basis with the Public Administration Division at Headquarters during the preparations for the Seminar on Central Services to Local Authorities in Latin America (see paragraph 198).

310. ECLA worked with the secretariat of the United Nations Advisory Committee on the Application of Science and Technology to Development, in connexion with the meeting of this Committee's Latin American regional

/group, held

group, held at ECLA headquarters in July 1968 (see paragraph 320). Regular contacts were maintained with the Advisory Committee in connexion with the preparation of the report on the World Plan of Action.

311. ECLA's Joint Programme for the Integration of Industrial Development worked with UNITAR and the United Nations Division of Public Finance and Financial Institutions in connexion with a joint project with the IDB on transfers of technology through enterprise-to-enterprise agreements.

312. The Technical Assistance Co-ordinating Unit continued to be the centre for co-ordination and liaison of all technical assistance activities. The Unit helped UNITAR with the preparations for the Regional Seminar on Techniques and Procedures of United Nations Technical Assistance for Latin America, held at ECLA headquarters in June 1968 and played an active role in the Regional Meeting of Resident Representatives for Latin America and the Caribbean.

313. Co-operation with UNIDO was particularly close, since there is a UNIDO interregional adviser stationed at ECLA Headquarters in Santiago and another in Mexico, and four regional advisers are attached to ECLA's Joint Programme for the Integration of Industrial Development and two to the Mexico Office. A team of three UNIDO experts started work with ECLA's Office for the Caribbean on the possibilities for industrial development in the Caribbean area. The Joint Programme participated in the Interregional Symposium on the Iron and Steel Industry (see paragraph 102). Consultations have taken place with both UNIDO and UNCTAD concerning a programme of technical co-operation with the Government of Brazil as a follow-up to an earlier study on export promotion. Work is also proceeding with UNIDO and the ILO on a project to be submitted to the Special Fund for the establishment of a regional centre for small-scale industry (see paragraph 110).

314. The ECLA secretariat participated in the second session of the United Nations Conference on Trade and Development and has worked with the UNCTAD secretariat on a number of problems of common interest. These have included follow-up work on trade policy, research on transport problems and studies and advisory work on export promotion.

C. MEETINGS AND SEMINARS

Seminar on the Organization and Conduct of Population
and Housing Censuses for Latin America

(Santiago, Chile, 20-31 May 1968)

315. This seminar was organized by ECLA and the United Nations Statistical Office and Office of Technical Co-operation, with the collaborations of the Inter-American Statistical Institute, the Latin American Demographic Centre and the United States Bureau of the Census. ^{12/}

316. Forty-one participants and observers from twenty-four ECLA member countries attended; there were also representatives of ILPES, the ILO, WHO/PASB; FAO; and the Inter-American Statistical Training Centre. The agenda included such subjects as the planning of population and housing censuses; co-ordination between population and housing censuses and between these censuses and other statistical surveys and compilations; geographic work for census purposes and the preparation and use of control lists; the selection of census subjects and preparation of a tabulation programme; the preparation of the census questionnaires and of instructions for enumeration; enumeration; checking, coding and editing of census questionnaires; electronic processing of census data; the design and execution of a census publication programme; methods for evaluating the reliability of population and housing census data; the use of sampling in population and housing censuses; and census tests and the experiences of the American countries in conducting pilot censuses and surveys relating to the 1970 census. One or more working or reference papers were available for each of these subjects.

317. The Seminar recognized the essentially national character of censuses and the responsibility which falls on the statistical offices of the different countries; stress was laid on the great importance of careful census planning and the need to allow sufficient time (at least two to three years) for the preparatory work. It was pointed out that the simultaneous use of sampling techniques in census enumeration could considerably speed up the process of obtaining results and reduce costs. For some countries it might even be the only way of securing the desired results at a reasonable cost. The Seminar considered that sampling techniques should be more extensively used at all stages of census activity, because of the saving in resources and time.

^{12/} The report of the Seminar was issued as document E/CN.12/810.

318. Owing to the close connexion between population and housing censuses, on the one hand, and many inter-censal sample surveys, on the other, it was necessary to determine the way in which censuses could contribute more towards the design of a sample for subsequent surveys. As the frame of the sample is not obtained automatically and there must be some certainty that censuses will provide total population and housing figures for the smallest clearly defined subdivisions in the country, in order to obtain as much information as possible for designing small samples. Research should be planned in the light of national and international information requirements, the degree of statistical development in a country, resources available to cover the cost of all phases of the censuses; the respondent's cultural level and ability to supply the requested information, and procedures for the selection of subjects. Four main aspects were also considered in relation to tabulation: (a) the statistical tables to be obtained as an end product; (b) priorities (sub-programmes) for the tabulation itself; (c) periods for obtaining results; and (d) methods of processing data. In this last connexion, there was considerable discussion on the pros and cons of electronic data-processing and the use of computers, and on the organization that it would entail. Attention was also paid to questions relating to the margin of error in population censuses, and measures for reducing it.

319. The need for census tests was stressed, in view of the organizational requirements and costs involved in preparing censuses. Even where no effort is made to introduce many changes into the national census, census tests will help to ensure that the staff are properly trained or to combine such training with tests of new methods and questions, since if these are wrongly used, irreparable harm can be done to the data and results of the general census.

Advisory Committee on the Application of Science and
Technology to Development: Latin American Group

(Santiago, Chile, 29-31 July 1968)

320. The Advisory Committee's Latin American Group met for discussions with representatives of the specialized agencies and the OAS concerning the preparations for the World Plan of Action. The OAS attended the meeting in order to co-ordinate its own important programme of scientific and technological development with the United Nations programme in the region. It was agreed that ECLA and the OAS should jointly prepare a report on the World Plan for submission to the Advisory Committee.

/Third Regional

Third Regional Course on Trade Policy

(Santiago, Chile, 1 July to 15 August 1968)

321. This course was attended by nineteen trainees with United Nations fellowships, and five participants whose expenses were paid by their Governments. Altogether seventeen countries were represented at the course. There were fifteen lecturers, fourteen of whom were staff of ECLA and ILPES or regional advisers paid by technical assistance funds. The fifteenth was a former senior official of GATT who had been contracted specially for the course. Special efforts were made in 1968 to assist Governments in the selection of candidates for the course, and this helped to raise the level of the participants.

322. The study materials were based on documents prepared by the ECLA secretariat and other organizations, particularly those which had been presented at regional and world meetings; however, in many cases special material had to be prepared. Since the end of the course a paper has been drafted on some techniques of trade negotiation, which brings together the experience and knowledge of the group of staff who lectured on this subject at the second and third courses. This study, which includes an analysis of the different stages involved in the simplest type of negotiation, may prove useful as a first attempt at a practical handbook on techniques of negotiation.

Seminar on Statistics, Accounting and
Costs of Railway Enterprises

(Santiago, Chile, 25-30 November 1968)

323. This Seminar was organized by ECLA, with the collaboration of the Latin American Railways Association (ALAF), and financed by the United Nations Office of Technical Co-operation. It brought together thirty-five specialists in railway statistics and accounting from ten LAFTA countries, of whom twenty-nine were from railway enterprises and six from government organizations. There were also twelve observers from international and other agencies. Three consultants (two from the Spanish national railway network) helped the secretariat to prepare the working papers, and, in particular, a draft statistical manual; nine methodological and technical reports and three information papers were submitted to the Seminar, plus considerable material supplied by the participating organizations.^{13/}

^{13/} The provisional report of the Seminar was circulated as document ST/ECLA/Conf.33/L.14.

324. The purpose of the Seminar was to help railway enterprises to improve, rationalize and modernize their information systems; to adopt a manual of basic statistics for use by all railways in the region; to revise the working papers for publication in the form of a report on railway information systems to guide the enterprises in their work; and to establish bases for the permanent improvement of the information systems by the railway enterprises and agencies in the region.

325. Participants concurred in stressing the importance of statistics as a basic management tool for railway enterprises. Statistics should take into account the activities carried out and, through adequate processing, provide the information requested at different levels so that executive sectors can regulate their activities and formulate future programmes. Statistics and accounting should be co-ordinated and both should provide data for cost calculations. This relationship should be extended to the functional organization of the enterprises so that specific responsibility can be assigned to the different decision-making centres.

326. Various aspects of electronic data-processing were reviewed, and it was recommended that, before computers were brought into an enterprise, a thorough analysis should be made of the jobs to be done, staff should be trained and a sound staff policy adopted for preventing and exodus from the enterprise.

327. Cost calculations and techniques applied by railways in the United States and Europe were examined and found to be very similar. After a broad exchange of ideas on Latin American experience, ways and means were considered of applying and adapting European and American methods to the specific needs of the railways in the region.

328. The Seminar approved the proposed statistical manual which contains a terminology section, twenty-three operational and financial statistical tables and a section of explanations and instructions for preparing and interpreting the tables. It was recommended that, from 1969, railways in the region should try to prepare their statistics in accordance with the manual, and that the resulting tables should be published annually by ALAF. It also recommended that ALAF should establish a standing committee on railways statistics, accounting and costs, which would be open to its members and other railway enterprises and agencies in the region.

Tenth FAO Latin American Regional Conference

(Kingston, 2 to 14 December 1968)

329. In keeping with the general tenor of the proceedings at the Fourteenth Conference of FAO, the Tenth Regional Conference was convened in co-operation with ECLA, whose secretariat played an active role in the organizational arrangements. The Executive Secretary of ECLA addressed the Conference, and staff of the Joint ECLA/FAO Agriculture Division helped to service it.

/D. RELATIONS

D. RELATIONS WITH SPECIALIZED AGENCIES
AND OTHER ORGANIZATIONS

330. Throughout this report there have been references to the ways in which the secretariat has co-operated with the specialized agencies and other organizations. ECLA has always attached the greatest importance to the need to co-ordinate all efforts designed to accelerate the development of Latin America. The Latin American Institute of Economic and Social Planning also works with many of the agencies and organizations mentioned hereafter, but its activities are not recorded here since they are reported on separately by the Institute, ECLA's main co-operative activities are summarized below.

Specialized agencies

331. The secretariat continues to supply one staff member to work with the International Labour Organization (ILO) team which is studying some aspects of the Ottawa Plan (see paragraphs 59-60). The Food and Agriculture Organization of the United Nations (FAO) reached an agreement with the ECLA secretariat whereby the Agriculture Section of the Mexico Office, reinforced by a FAO staff member, becomes part of the Joint ECLA/FAO Agriculture Division, thus bringing the total FAO staff seconded to work with ECLA to three in Santiago and one each in Mexico and Montevideo (see paragraphs 132-148). In addition, FAO and ECLA collaborate with the Office of Technical Co-operation (OCT) in connexion with the Forest Industries Advisory Group (see paragraphs 104-105).

332. The World Meteorological Organization (WMO) and the World Health Organization (WHO) each continued to provide the services of a staff member to work with the water resources survey group.

333. The secretariat continued to co-operate with the United Nations Children's Fund (UNICEF) in preparing material for a statistical publication on children and youth in Latin America (see paragraph 162).

Latin American Demographic Centre (CELADE)

334. Work on demographic problems is carried out in close collaboration with CELADE. The Centre also participated actively in the Seminar on the Organization and Conduct of Population and Housing Censuses for Latin America.

/Organization of

Organization of American States

335. The Executive Secretary and his staff held a series of meetings in July with Mr. Galo Plaza, the Secretary General of the Organization of American States, at ECLA headquarters in July to discuss a number of questions of mutual interest. Up to the beginning of 1969, the OAS supplied two experts to work on shipping studies; in exchange, ECLA seconded two of its staff to work on economic analysis with the OAS in Washington.

336. Close contact continued to be maintained with the Inter-American Statistical Institute (IASI), which took part in the Seminar on the Organization and Conduct of Population and Housing Censuses.

337. As in the past, the Washington Office participated in the cycle of meetings convened by the Inter-American Committee on the Alliance for Progress (CIAP) to review country programmes.

Inter-American Committee for Agricultural Development

338. The Washington Office of ECLA took part in periodic meetings of CIDA, and a staff member of the Joint ECLA/FAO Agriculture Division stationed in Mexico worked with a group of CIDA experts there.

Inter-American Development Bank

339. The Inter-American Development Bank continued to provide two experts in 1968 for the Joint Programme on the Integration of Industrial Development. Its collaboration terminated at the beginning of 1969, although it will still give financial assistance for specific joint projects.

340. Similarly IDB continued to provide financial aid for the work on agricultural inputs carried out by the Joint ECLA/FAO Agriculture Division and for the study on housing costs undertaken by the Social Affairs Division.

Integration agencies and other regional bodies

341. During the period under review, the secretariat worked closely with the regional integration agencies. Short expert missions helped in the solution of industrial and statistical problems, and studies undertaken by the Trade Policy Division and the Joint ECLA/FAO Agriculture Division laid down guidelines for overcoming obstacles to integration.

342. Each of the ECLA regional offices gave priority to activities in co-operation with the different integration agencies: LAFTA, the Andean Group, the Central American Common Market, and the Caribbean Free Trade Association (see paragraphs 257-269; 291-304; 17-28; and 270-282 respectively).

