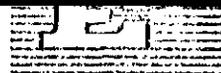


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INTER-LATIN-AMERICAN COMMODITY TRADE IN 1954  
AND 1955 SITUATION AND PROSPECTS IN 1956

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/INTRODUCTION

I

INTRODUCTION

1. Main changes in inter-Latin-American commodity trade in 1954 and 1955

The total value of inter-Latin-American trade, which was more than 720 million dollars (f.o.b. export values) in 1953, fell to 697 million in 1954 but rose again in 1955 to a little over 737 million, the highest level it has reached so far (see table 1 in the Statistical Appendix). Within this movement, however, there have been unequal and marked fluctuations in the exports of some countries and in the trade in certain commodities.

The most noteworthy change in trade by countries occurred in the exports of Argentina, the value of which fell from 261 million dollars in 1953 to only 196 million in 1955. This was due mainly to a reduction by 56 million dollars of its sales to Brazil and by 14 million of its sales to Chile, the result, in the former case, of the decline in value of exports of wheat,<sup>1/</sup> edible fats, fruit and other commodities, and, in the latter instance, of the contraction in the exports of edible oils, butter, cattle etc. In general, Argentine exports were affected mainly by the decline in the price at which wheat had to be sold to neighbouring countries, but also, to a smaller extent, by the shortage of exportable surpluses of certain commodities - chiefly edible fats and oils - and by some problems arising out of the changes introduced in the Argentine exchange regulations in October 1955.

Between 1953 and 1955 Chile and Cuba, too, suffered fairly large reductions (12 and 10 million dollars respectively) in the value of their exports to other Latin-American countries. This was due, in the case of Chile, to reduced sales of iron and steel and to the suspension of crude oil exports to Uruguay. In the case of Cuba, there was a reduction, and in some instances an interruption, of sales of sugar

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<sup>1/</sup> As is mentioned briefly further on, and in more detail in section 4 of part II of this report the volume of Argentine wheat exports (including flour) increased by 10 per cent between 1953 and 1955, but the heavy fall in their price caused a 25-per-cent reduction in value.

/to Central

to Central America, Chile, Uruguay and Venezuela.

On the other hand, the reductions referred to above, and some others of a smaller amount, were counterbalanced by considerable increases in the exports of Brazil and Venezuela between 1953 and 1955, and, to a smaller extent, in those of Uruguay, Peru, Paraguay and other countries. During this period Brazilian exports increased by 54 million dollars, mainly owing to larger sales of timber (the value of which doubled), fruit and maté to Argentina and of cotton and sugar to Uruguay. Venezuela's sales of crude oil to Brazil expanded greatly; so, to a smaller extent, did its sales of crude oil to Argentina, Chile and Uruguay and of petroleum products to Argentina and Cuba. As a result, its total exports to the rest of Latin America rose from 132 million dollars in 1953 and 1954 to 160 million in 1955. Paraguay, Peru and Uruguay increased their exports to other Latin-American countries between 1953 and 1955 by 11, 14 and 15 million dollars respectively, reflecting increased Uruguayan exports of wheat to Brazil, larger Peruvian exports of sugar and cotton and expanded sales by Paraguay of timber and maté to Argentina.

With regard to trade by commodities, there was, first and foremost, a decline, both absolute and by percentage, in the trade in foodstuffs, which accounted for 51.7 per cent of all trade within the group of sample commodities in 1953 and 50.1 per cent in 1954, but only 44.8 per cent in 1955. In absolute terms, the fall in value of trade in foodstuffs between 1953 and 1955 was about 43 million dollars. The 20-million dollar reduction over that period in the value of trade in wheat and wheat-flour, due to the lower prices Argentina and Uruguay obtained for these commodities in their sales to neighbouring countries, was undoubtedly mainly responsible for this fall. In addition, there were reductions of 14 million dollars in the value of trade in fats and oils (largely caused by the shortage of exportable surpluses in Argentina), of 7 million dollars in trade in cattle (owing to reduced exports from Argentina to Chile) and of the same amount in trade in coffee, the value of which fell from 1954 to 1955 even more markedly than it had risen

/from 1953

from 1953 to 1954. On the other hand, there were increments in the value of trade in various foodstuffs, in particular in maté, which rose by some 6 million dollars, owing mainly to increased Brazilian exports to Argentina, and in malted barley, the value of Argentina's exports of this commodity to Brazil being over 5 million dollars higher than in 1953.<sup>2/</sup>

Regional trade in the raw materials group fell off by some 10 million dollars from 1953 to 1954 and then increased by more than 33 million from 1954 to 1955, so that there was a net increment of more than 23 million over the two years. This was primarily due to the remarkable increase in value of the timber trade, which rose by some 33 million dollars from 1953 to 1955 as a result of the larger quantity and higher price of Paraguayan and Chilean timber exported to Argentina in 1954 and of Brazilian timber exported to the same market in 1955.

There were also increases, far smaller than in the case of timber but still considerable, in the trade in cotton, raw hides and copper in primary and semi-finished forms (by 5 million, 3.2 million and 2.8 million dollars respectively). The increase was due, in the case of cotton, to larger exports from Peru to Chile and Argentina, and, in the other two cases, to an expansion of trade between Argentina and Chile under the stimulus of the trading facilities provided in the agreement of February 1954. On the other hand, the value of Chilean sales of iron and steel to other Latin American countries fell by some 12 million dollars because smaller quantities were available for export. Other raw materials in which trade suffered a decline were sulphur and wool. Chilean exports of sulphur to Argentina, after reaching almost 3.6 million dollars in 1953, fell off to low levels in the following two years.

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<sup>2/</sup> In addition to the changes mentioned, there were marked fluctuations in the value of trade in other foodstuffs, which were for the most part cancelled out because their direction from 1954 to 1955 was opposite to that from 1953 to 1954. This was the case with meats, butter and particularly cacao, the value of the trade in which rose from 1953 to 1954 but then fell from 1954 to 1955, and with fruits, sugar etc., which moved in the contrary direction.

The value of wool sales decreased by about 1.5 million dollars, mainly as a result of reduced Argentine exports to Chile.

In the case of fuels, their tendency, noticeable for several years, to become increasingly important, both absolutely and relatively, in inter-Latin-American trade was maintained in 1954 and 1955. This tendency was very marked in 1955, during which year the value of the trade in fuels amounted to over 182 million dollars, or almost a quarter of all inter-Latin-American trade. The greater part of the 30-million-dollar increase in this group from 1953 to 1955 was due to crude oil, the volume and value of which increased by about 50 per cent during the last two years, whereas there was a distinct drop in the volume and value of the petrol trade over the same period. It may be noted that side by side with the increase in inter-Latin-American trade in fuels there is a shift within the group in favour of crude oil and heavy derivatives, no doubt as a result of the increase in refining capacity (in which cracking plants are becoming of increasing importance) in the importing countries. The sharp rise of the trade in crude oil in 1955 was mainly due to the considerably increased refining capacity of Brazil and, to a smaller extent, to that of Argentina, Colombia and Chile. Brazil raised its imports of crude oil from 30,400 tons in 1953 to 3,513,000 tons in 1955 (of which 1,846,000 tons were from Venezuela).

The increased fuel exports were attributable almost entirely to Venezuela. Peruvian exports to the rest of Latin America have risen slightly in value in the last two years, there has been no change in Ecuadorian exports, Colombian exports are apparently tending to fall, and Chilean exports, after doubling from 1953 to 1954, ceased in 1955. With regard to oil exports from Bolivia, Bolivian statistics show only some small shipments to Argentina. Argentine statistics, however, show larger imports of Bolivian oil, the volume of which increased sixfold from 1954 to 1955, reaching a value of about 1.5 million dollars in 1955.

Finally, the trade in manufactured goods has changed very little over the last two years, either in absolute value or relative importance, and it still remains small in comparison with trade as a whole.

/Apart from

Apart from copper wire, which accounts for the bulk of trade in manufactured goods<sup>3/</sup> and which rose very markedly in volume and in value from 1954 to 1955 on account of increased sales by Chile to Argentina, there was a fairly large increment from 1953 to 1954 in exports of wool yarn from Argentina and in pharmaceutical products from Mexico and Ecuador.

To sum up, the increase of 17 million dollars in the value of inter-Latin-American trade from 1953 to 1955 was due primarily to the increments of 33 million dollars in the value of trade in timber and 30 million in the value of trade in oil and its derivatives; the value of the trade in maté, copper, malted barley, cotton, raw hides and other commodities also rose considerably. These improvements were offset - at least partly - by falls in the value of trade in wheat and wheat-flour, edible oils and fats, iron and steel, cattle, coffee, etc.

2. Some of the problems which affected inter-Latin-American trade in 1954 and 1955

The changes just mentioned in the positions of countries or specific commodities in inter-Latin-American trade in 1954 and 1955 are not really the result of new problems, nor do they represent fundamental modifications in the structure of trade. Most of them were due to circumstantial causes, such as price variations, or arose from the intensification of trends and problems which had been apparent for several years.

It may be mentioned in this connexion that exportable surpluses of certain Argentine and Uruguayan commodities (especially animal fats and edible oils from Argentina and meat from Uruguay) continued to decline as a result of a falling off in production. A similar shortage of exportable surpluses affected iron and steel exports from Chile in 1954 and 1955 (although the reason in this case was not a decline in production but a considerable expansion of demand in the

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<sup>3/</sup> The item "copper wire" is accounted for almost wholly by wire rod, so that it should come under semi-finished products (classified in the raw materials group) rather than manufactured goods.

domestic market), and the same situation has reappeared in 1956 in the case of Argentine wheat.

Another problem which became acute in the last two years was that of prices, which continued to show the effects of inflationary processes, of the maintenance of overvalued exchange rates and in some cases, of transactions under the barter system and trade in units of account. This resulted in the over-pricing of certain commodities and adversely affected trade in them, especially in some instances where the same commodities could be obtained from other sources of supply. This happened in the case, for instance, of Brazilian cotton in the Chilean market and, for a certain time, of Brazilian timber in the Argentine market. The problem has, however, tended to disappear or to become less serious as a result of general or partial devaluations in the exporting countries and of a growing tendency to carry on regional trade on the basis of international prices, or at any rate at prices close to the world market levels. This was particularly evident in the case of Argentine and Uruguayan wheat, the price of which fell considerably in intra-regional trade, but not as a result of international price fluctuations.

A problem which also cropped up again was the slowing-down and even stoppage of trade in some commodities, transactions in which are based on annual bilateral contracts or schedules or on sales operations concerted between State agencies, when delays occurred in the annual renewal of such contracts or schedules or in the negotiation of such operations. This was the case, for example, with Brazilian timber exports to Argentina, Argentine fruit exports to Brazil and Argentine cattle exports to Chile. Needless to say, this situation creates conditions of uncertainty for producers in the exporting country and for consumers in the importing country.

The intervention of State agencies in the marketing of certain commodities does not appear to have been altogether satisfactory in some cases, especially as regards the timing of purchase, which affects the regularity of supplies, or with respect to appropriate selection of the kinds, qualities etc. in demand on the domestic market. In

/some instances,

some instances, intervention by State agencies caused artificial inflation of the prices of certain commodities, especially in barter transactions, to which attention has already been drawn. In other cases, however, the centralization of selling or buying operations in the hands of official agencies helped to regularize trade or to facilitate the application of arrangements aimed at reconciling conflicting national interests. Perhaps the clearest example of this was the export of Chilean copper to Argentina.

Regional trade was also adversely affected by increased production of certain kinds of goods in countries which were normally importers, owing to a policy of self-sufficiency or to other causes. The increased cotton production in Colombia meant a straight drop in its imports of Peruvian cotton. In other cases, the registered trade in some commodities (particularly cattle) underwent further contraction in consequence of an expansion in unregistered trade which was encouraged by the widening of the margin of difference between the return the exporter received on the official market and the return he received on the free market.

Trade agreements and treaties of economic union proved to be effective means of expanding trade when they provided for specific concessions, obligations or facilities. A clear example of this is the February 1954 trade and payments agreement between Argentina and Chile, which freed certain commodities from the requirement of prior exchange or import licensing. On the other hand, agreements which were limited to a mere statement by both parties that they would undertake to facilitate trade, without providing specific measures for doing so, appeared to be of far less practical value. Finally, it may be mentioned that trade in manufactured goods continued to be affected by the traditional obstacles and that its expansion was restricted by administrative difficulties and by the absence of stable trade régimes.<sup>4/</sup>

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<sup>4/</sup> See the annex to this Introduction in which the application of the agreement between Argentine and Chilean metallurgical industries is discussed.

### 3. The situation created by the recent exchange reforms<sup>5/</sup>

The Argentine exchange reforms of October 1955, followed by similar reforms in Paraguay, Chile and Uruguay, together with the change which occurred in the basic principles of the trade policies of almost all the southern countries of Latin America, created a new situation to which many of the formulae previously adopted for facilitating and promoting regional trade were not suited. Indeed, in some cases these formulae seriously hindered trade itself, as is obvious from the new problems which have arisen.

Outstanding among these problems is that created by the new Argentine exchange regulations as they affect exports from that country to its neighbours, which, under the agreements in force, must be paid for in units of account. These so-called dollar-units of account, or "agreement dollars", are negotiable in Argentina only through the official market, even in the case of such exports as fruit, lard etc., transactions in which may be carried out on the free market under the new exchange arrangements in Argentina. This situation, which for some months<sup>6/</sup> affected also those commodities the foreign currency for which can be negotiated on the free market only in the amount exceeding the official base value, obliges the Argentine exporter to ask a considerably higher price in agreement dollars for those commodities which he may export through the free market than he would ask in other foreign currencies, in order to reimburse himself for the difference between the return he receives on the agreement dollars (at the official rate of exchange) and the return he receives on other currencies at the free rate. The result is that Argentine commodities which are classified as free market commodities are over-priced when exported to agreement areas; this has seriously limited, and even in some instances prevented, their disposal in neighbouring markets. Such has

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<sup>5/</sup> For a more complete analysis of this problem, see document E/CN.12/C.1/3, especially sub-section (a) of section 2 and the whole of section 3 of its first part.

<sup>6/</sup> Until July 1956.

been the case, for example, with fruit exports to Brazil and lard and wool exports to Brazil and Chile, as also with the greater part of the Argentine sales to Paraguay.

A similar situation exists in Chile, under the new exchange regulations in the case of exports to those countries with which trade is carried on in 'agreement' dollars. These currencies (except the agreement dollar applicable under agreements with Argentina and Ecuador) are quoted at much lower rates on the Chilean foreign exchange market than the United States dollar, with the result that Chilean commodities exported to agreement areas (other than Argentina and Ecuador) suffer a price increase.<sup>7/</sup>

Furthermore, the devaluation which accompanied these exchange reforms in Argentina and Chile has made it difficult, and in some cases impossible, for those countries to import certain commodities from other Latin-American republics. In some instances, this situation has been remedied by a partial or general devaluation on the part of the exporting country, specifically in the case of timber exports from Brazil, Chile and Paraguay to Argentina, but in other cases the problem remains unsolved. Furthermore, the abolition, in Chile, or liberalization, in Argentina and Uruguay, of the import licence system means that considerations of price, quality, prestige etc., play a greater part than before in the choice of the source of imports. This sharpens the competition encountered by commodities of Latin American origin in those markets and aggravates the problem of over-pricing, especially in the case of manufactured and semi-finished goods.

Added to these new problems is the uncertain situation that the exchange reforms and the changed trend of the trade policies of the southern countries of South America have brought about with regard to

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<sup>7/</sup> In addition, Chilean sales against dollar-units of account seem to be hindered by the imbalance in Chile's favour in its trade with other Latin-American countries. This imbalance is the result of a shift in its imports in favour of non-Latin-American countries, due to its new exchange regulations, the over-pricing of regional commodities, the shortage of exportable surpluses in Argentina, etc.

the trade and payments agreements in force between them. There is even more uncertainty with regard to the arrangements or practices that had been established for the purpose of permitting, facilitating or controlling bilateral trade in some commodities, since, in the changed conditions prevailing in regional trade, their application is being seriously impeded, and in some cases prevented. Thus, the new features of trade, especially the abolition in some cases of the intervention of official bodies in the export or import of certain commodities, and the removal or restriction of the control that used to be provided by the licensing requirements, have made it difficult to negotiate the renewal of some sales contracts and to apply arrangements based on the barter system established to deal with specific problems, such as that of the export of Chilean copper to Argentina.

Although it has no connexion with the problems mentioned above and their causes, we may in conclusion draw attention to a further factor in inter-Latin-American trade: the possible effect of sales of United States agricultural surpluses.<sup>8/</sup> As may be seen from table 1, the value and volume of the commodities covered by agreements between the United States and certain Latin American countries increased very markedly during the financial year 1955/56 as compared with 1954/55. The total market value attributed to these commodities increased from 22 to 117 million dollars, and comprises for the most part commodities which are traditional in inter-Latin-American trade, such as wheat,

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<sup>8/</sup> During the financial year July 1954 to June 1955 the United States Government initiated a programme for the disposal of farm surpluses under the Agricultural Trade Development and Assistance Act of 1954, better known as Public Law 480. Title I of this act provides for sales of surplus agricultural commodities to foreign countries, under agreements with their Governments, against the local currencies of those countries, and with payment facilities; title II deals with the granting of assistance in the form of free shipments, and title III with donations of farm surpluses through private charitable institutions or in exchange for strategic materials. Tables 1 and 2 show in detail the agreements signed with Latin-American countries under title I and the quantities or values authorized for different countries under titles II and III.

cotton, fats and oils, frozen meat etc. In the case of the cotton trade, it is clear that these sales might have repercussions on the levels of exports of Peruvian and Brazilian fibres to other Latin American countries; in the case of other commodities, such as wheat, fats and oils, they are not of such importance so long as the shortage of exportable surpluses in Argentina persists. It may also be assumed that it was precisely because they foresaw this shortage that several countries of the southern part of Latin America decided to include those commodities, or larger quantities of them, in the agreements made at the end of 1955 and the beginning of 1956 to purchase United States agricultural surpluses.<sup>9/</sup>

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<sup>9/</sup> It is understood that sales of United States wheat surpluses to Latin American countries were effected only after United States officials had informally consulted with the Argentine authorities as to these sales in conformity with the United States Government's intention to ensure as far as possible that such transactions shall not affect the normal pattern of trade.

Table 1

LATIN AMERICA: ANALYSIS BY COMMODITIES AND BY COUNTRIES OF AGREEMENTS FOR THE PURCHASE OF  
AGRICULTURAL SURPLUSES FROM THE UNITED STATES

(Title I of United States Public Law 480 - Sales for foreign currency)

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Date of agreement	Country of destination	Value in millions of dollars										Approximate quantity in tons							
		Wheat	Feed grains	Cotton	Tobacco	Dairy products	Fats and oils	Frozen meat	Total value of goods	Cost of sea freight <sup>a/</sup>	Value of goods including sea freight	Cost to CCC <sup>b/</sup> including sea freight	Wheat	Feed grains	Cotton	Tobacco	Dairy products	Fats and oils	Frozen meat
I. Agreements concluded during the financial year July 1954 - June 1955																			
Apr. 55	Argentina	-	-	-	-	-	5.7	-	5.7	0.1	5.8	8.7	-	-	-	-	-	19,780	-
Jan. 55	Chile	2.2	-	-	-	-	2.4	-	4.6	0.4	5.0	7.7	32,714	-	-	-	-	7,860	-
June 55	Colombia	1.6	-	1.6	-	0.7	1.0	-	4.9	0.4	5.3	7.1	22,320	-	1,860	-	1,500	2,880	-
Feb. 55	Peru <u>c/</u>	6.4	-	-	-	0.2	-	-	6.6	0.8	7.4	12.5	97,161	-	-	-	282	-	-
	Total	10.2	-	1.6	-	0.9	9.1	-	21.8	1.7	23.5	36.0	152,195	-	1,860	-	1,782	30,520	-
II. Agreements concluded during the financial year July 1955 - June 1956																			
Dec. 55	Argentina	-	-	-	-	-	24.7	-	24.7	0.6	25.3	25.3	-	-	-	-	-	80,000	-
Nov. 55	Brazil	32.1	3.0	-	0.2	-	1.8	-	37.1	4.7	41.8	78.0	517,000	50,000	-	45	-	5,000	-
Mar. 55	Chile	6.2	2.5	5.3	0.2	1.0	13.6	3.7	32.5	2.1	34.6	42.0	100,000	2,500	6,800	136	4,500	40,000	6,000
Dec. 55	Colombia	3.4	-	6.0	-	-	1.5	-	10.9	0.7	11.6	14.8	48,780	-	7,780	-	-	3,530	-
Oct. 55	Ecuador	1.1	-	0.9	0.2	-	1.5	-	3.7	0.3	4.0	4.8	15,250	-	1,130	147	-	4,540	-
May 56	Peru <u>d/</u>	2.5	-	-	-	-	3.0	-	5.5	0.5	6.0	..	40,000	-	-	-	-	10,000	-
May 56	Paraguay	1.7	-	-	-	0.4	0.5	-	2.6	0.4	3.0	..	27,000	-	-	-	1,400	1,400	-
	Total	47.0	5.5	12.2	0.6	1.4	46.6	3.7	117.0	9.3	126.3	..	748,030	52,500	15,710	328	5,900	144,470	6,000

Source: Agreements, United States official reports and publications, and estimates and calculations by ECLA.

a/ Includes only sea freight financed by the Commodity Credit Corporation.

b/ Commodity Credit Corporation.

c/ Extended in June and September 1955.

Table 2

LATIN AMERICA: ANALYSIS BY COUNTRIES AND BY COMMODITIES OF UNITED STATES AGRICULTURAL SURPLUSES  
SHIPPED TO LATIN AMERICAN COUNTRIES UNDER TITLES II AND III OF PUBLIC LAW 480, AND UNDER  
SECTION 402 (LOANS) OF THE MUTUAL SECURITY ACT

Countries	Wheat and flour	Milk & milk pro ducts a/ a/	Coarse grains	Cotton- seed oil	Rice	Cotton	Dried beans	Corn meal	But ter	But ter fat	Cheese	Total value in thousands of dollars
A. Title II: Grants during the period July 1954 - June 1956 in thousands of dollars at CCC cost prices (authorized quantities)												
Bolivia	9,432	391	-	1,137	1,100	2,500	-	-	-	-	-	14,590
Costa Rica	-	-	39	80	63	-	58	-	-	-	-	240
Guatemala	-	-	3,348	-	-	-	-	-	-	-	-	3,348
Haiti	169	34	125	180	1,100	-	1,049	198	-	-	-	2,660
Honduras	-	-	60	-	87	-	70	-	-	-	-	211
Peru	3,500	1,000	2,500	-	-	-	-	-	-	-	-	7,000
Total	13,101	1,425	6,072	1,397	2,350	2,500	1,177	198	-	-	-	28,049

B. Title III: Donations through private charitable institutions, July 1954 to March 1956, in tons b/												
Bolivia	-	2,887	-	-	454	-	-	-	-	160	-	1,218.0
Peru	-	470	73	-	36	-	36	-	27	-	-	300.7
Honduras	-	710	-	-	-	-	-	-	-	-	-	379.9
Ecuador	-	45	-	-	-	-	-	27	-	-	14	73.6
Brazil	-	1,450	500	-	544	-	-	-	132	-	717	1,776.0
Chile	-	54	-	-	-	-	-	-	9	-	5	29.1
Colombia	-	2,720	-	-	-	-	-	-	-	-	680	1,371.3
Haiti	-	181	82	27	36	-	-	-	-	91	91	350.2
Mexico	-	145	145	-	45	-	73	-	41	14	41	238.5
Panamá e/	..	..	..	..	..	..	..	..	..	..	..	378.6
Total	-	8,662	800	27	1,115	-	110	-	236	265	1,548	6,115.7

C. Title III: Barter for strategic materials, July 1954 to June 1956, in tons c/												
Colombia	10,600	-	-	-	-	-	-	-	-	-	-	652.0
Peru	21,477	-	-	-	-	-	-	-	-	-	-	1,479.0
Venezuela	453	-	-	-	-	-	-	-	-	-	-	24.0
Mexico	67,910	453	-	-	-	-	-	-	-	-	-	9,616.0
Costa Rica	-	-	45	-	-	-	-	-	-	-	-	17.0
Guatemala	-	-	2,120	-	-	-	-	-	-	-	-	141.0
Panama	-	-	400	-	-	-	-	-	-	-	-	25.0
Total	100,440	453	2,520	-	-	-	-	-	-	-	-	11,964.0

D. Mutual Security Act, Section 402. Supplied against foreign currencies (loans) to be used to Finance Mutual Defence and Economic Development Programmes. Fiscal years 1954/55 and 1955/56. Value in thousands of dollars at current United States export prices d/

Bolivia	7,559	720	-	2,700	826	2,000	-	-	-	-	-	13,806
Guatemala	2,000	-	1,768	-	-	-	62	-	-	-	-	3,830
Total	9,559	720	1,768	2,700	826	2,000	62	-	-	-	-	17,636

Source: As for table 1.

a/ Almost all skim milk.

b/ The commodities supplied to Latin-American countries under title III of Public Law 480 belong for the most part to the financial year 1955/56. The only countries to receive goods during the period July 1954 to June 1955 under this title were Bolivia (1,566,000), Honduras (380,000) and Peru (63,000) dollars; These figures were accounted for almost entirely by-milk products, chiefly skim milk. The remaining goods received by Bolivia and Peru and all the goods received by the other countries belong to 1955/56. The total values transferred under the programme for each country (given in the last column) cover the financial years 1955 and 1956, i.e., the period July 1954 to June 1956, and represent the cost to the Commodity Credit Corporation plus sea freight.

c/ Only four Latin-American countries participated in the programme during the year 1954/55; Colombia (600,000), Mexico (100,000), Peru (900,000) and Venezuela (20,000) dollars. All other transactions belong to 1955/56. The total values transferred under the programme for each country (given in the last column) are the values in the export market.

d/ The figures given are for the financial year 1955/56, with the exception of 505,000 dollars for wheat and 1,186,000 dollars for oils and fats delivered to Bolivia during the financial year 1954/55. The figure given for Bolivia under cotton-seed oil (2,700,000 dollars) belongs to Oils and Fats in general and the figure under skim milk (720,000 dollars) to milk products. There may be errors in the sources used for those data. According to them, the total value of supplies to Bolivia and Guatemala under the programme during the two years would amount to 17,636,000 dollars, whereas other information, though also unconfirmed, would make this total value 5 million. It should also be mentioned that, according to the information available, Bolivia received wheat to the value of 8 million dollars (at CCC cost prices) under Public Law 216 during the financial year 1953/54.

e/ For Panama, only the total value is given.

ANNEX

A CASE IN REGIONAL TRADE IN MANUFACTURED GOODS:  
THE AGREEMENT BETWEEN REPRESENTATIVES OF  
THE METALLURGICAL INDUSTRIES OF ARGENTINA AND CHILE

An event which set a noteworthy precedent in regard to trade in metal products between Argentina and Chile and which may be regarded as a valuable experiment in inter-Latin-American trade in manufactured goods is the agreement signed on 19 July 1954 by representatives of the Chilean Association of Metal Industries (ASIMET) and the Argentine Metal Industry Federation on behalf of the metal industries of the two countries. The agreement was the outcome of the direct contacts established between the two bodies for the purpose of reaching a joint decision on the metal products which each country might export to the other; and it was submitted to the commissions representing the two countries in the Argentine-Chilean Economic Union with the request that it should be taken into consideration in the preparation of the new schedules appended to the current Commercial and Financial Agreement. Moreover, the institutions which subscribed to the metal agreement decided "to state as a basic objective that the Governments of the two countries should adopt measures to expedite their import and export licence procedure, and to endeavour to reduce to a minimum the operation of State organizations in this field with a view to achieving direct trade between industrialists and merchants." Under the provisions of the agreement, these measures aim at the expansion of trade "because some means must be found to complement the iron and steel industry in the two countries."

The lists of items produced by the metal industry in the two countries which the industrialists recommend as possible additions to the Argentine-Chilean trade lists were prepared taking into account which industries were in a position to export and to meet the minimum standards of quality, care being taken at the same time where possible not to include goods from one country which are also produced in the other, so as not to interfere with local industries. The Argentine

/metal industry

metal industry is more developed in some branches<sup>10/</sup> and the Chilean industry in others.<sup>11/</sup> It was felt that trade in these branches should be established before production was begun in the importing country, since this would mean adopting protective tariffs later on and would prove anti-economic and inefficient in the long run owing to the limitations of the market. For want of a sufficiently brisk and free trade, the iron and steel industry in the two countries has tended to develop along parallel lines instead of being complementary; as a result, the national economy in both countries has suffered.<sup>12/</sup>

Most of the goods suggested in the agreement reached by the industrialists were included in the lists for the second year of the Argentine-Chilean Agreement when they were prepared in the middle of 1955. While some of these goods had already been included in the lists prepared for the first year of agreement they were, with few exceptions, placed in the lists A-2 and C-2 of Argentine and Chilean goods respectively, trade in which is to be promoted while remaining subject to prior import or exchange permits.

The metal agreement produced little real result, owing chiefly to administrative obstacles and, more specifically, to the fact that a permit for the commodities had to be obtained beforehand. The procedure for obtaining permits in order to import or export machinery, in itself complicated and unwieldy under the regulations then in force,<sup>13/</sup> proved to be a much more serious obstacle when an effort was made to establish

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<sup>10/</sup> Machine-tools, motors and generators, refrigeration equipment, sewing-machines, spare parts for motor vehicles, etc.

<sup>11/</sup> Copper tubing, electric conductors and cables, railway material and equipment, etc. The list of Argentine goods is much longer than the corresponding list of Chilean goods.

<sup>12/</sup> For a more detailed analysis of the regional market and the integration or co-ordination of industrial development among Latin American countries, see the second part of document E/CN.12/C.1/4.

<sup>13/</sup> This is particularly true of Argentina. Every permit was subjected to close scrutiny in the Central Bank, the Ministry of Industry and other government bodies to make sure that the proposed imports would not be prejudicial to home industry or that the exports would not deplete domestic stocks.

new channels of trade, as these involved goods of little known brands or types and, moreover, the very novelty of the new channels of trade gave rise to difficulty. In practice it was apparently virtually impossible in many cases to obtain permits in Argentina to export or import equipment and machinery to or from Chile.<sup>14/</sup>

There were other obstacles, less apparent but perhaps more serious in the long run, affecting again not only the trade in metal products but trade in manufactured goods in general. One of these is lack of trading experience in such products. This is particularly true of exporting but it is also true of importing from other Latin American countries. The organization needed to reach potential buyers and to advertise the products is lacking. Before orders are forthcoming an advertising campaign must be launched in order to open up the market. This means considerable expense, particularly if it involves competition, as it usually does, with the industrialized countries, whose goods are already known and have the advantage of a well-established trade organization. On the other hand, industrialists are as a rule reluctant to go to the expense of advertising their products when the trade régime is unstable, as is frequently the case with manufactured goods.

In the particular case of metal exports from Chile to Argentina there is another problem which also affects other commodities and other countries, namely, the fact that the requirements of the Argentine market exceed those of the Chilean market. This means that if the Chilean metal industry aims at satisfying the requirements of both markets, it must concentrate mainly on the export trade in order to meet the needs of a market which at any moment may become inaccessible if the trade régime is modified. That is why some Chilean industrialists are inclined rather towards the Bolivian, Ecuadorian and Peruvian markets, which are more in line with Chile's export potential.

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<sup>14/</sup> It should be noted that the basic objective of the metal agreement was the adoption by Governments of measures to expedite the procedure in respect of import and export licences in the two countries. This has been achieved largely through the new trade regulations under which this requirement has been either abolished or considerably simplified.

/However, in

However, in spite of the difficulties referred to above, the impression prevails among representatives of the Chilean metal industry that the direct contacts established among the industrialists who negotiated the agreement referred to earlier is a promising step, provided that trade relations between the two countries remain more or less stable and administrative obstacles are either removed altogether or substantially reduced. The metal industry apparently intends to use this method again when the treaty between Chile and Argentina is re-negotiated and possibly if another trade agreement is negotiated with Brazil also.

## II

### RECENT DEVELOPMENTS AND PROSPECTS OF TRADE IN SPECIFIC PRODUCTS

#### 1. Fruit

In 1954 and 1955 no substantial changes occurred in the principal aspects of the inter-Latin-American fruit trade, practically all of which was confined to the South American republics, and particularly the southern countries of the zone. The distinctive pattern of the main trade currents was maintained, as was the very preponderant position held by the fruit trade between Argentina and Brazil. As in previous years, this represented some 90 per cent of total inter-Latin-American fruit trade (see tables 3 and 4). However, reference should be made to other currents which, while less important than the above, are nevertheless traditional and of major significance in some bilateral trade areas. These include, in order of importance, Ecuador's exports of fresh fruit to Chile, Brazil's fruit exports to Uruguay, the fruit trade between Argentina and Paraguay, and Argentina's fruit exports to Venezuela, these last having again reached significant proportions in the past two years after a period of decline. Mention might also be made of Chile's exports of dried fruit to Brazil and to a lesser extent to Argentina; these are now increasing again after a sharp decline.

/The fruit

The fruit trade between Argentina and Brazil in recent years has continued to operate under special regulations designed to facilitate a more or less balanced flow of trade in both directions (i.e. the values involved are approximately the same), in accordance with the basic annual programme estimated in the lists appended to the Argentine-Brazilian trade agreement of March 1953 at 380 million cruzeiros, or over 20 million dollars, in either direction. At the time when the agreement was signed, notes were exchanged providing, with respect to fresh, dried and dehydrated fruit, for "a free trade system within the framework of mutual compensation of the export and import accounts". The understanding is that trade is balanced if the disequilibrium does not exceed 50 million cruzeiros (about 2.8 million dollars) in any one year. Provided that the imbalance does not reach or exceed that figure, import licences are granted automatically, subject to the control regulations in force in both countries. If the difference specified is attained, the country adversely affected may control its imports during the following year in order to restore the balance in the fruit accounts.

Moreover, the agreement specifies that in respect of this particular trade each country will grant the other most-favoured-nation treatment in tax, customs, exchange and administrative matters. With respect to tinned fruit, pulses and vegetables, each country has undertaken to grant import licences to the other up to an amount specified for each item.

The agreement - which continues the fruit trade agreement signed by the two countries in June 1950 and maintains its chief provisions - runs from 1 January 1953 to 31 December 1956, and is considered part of the trade agreement signed on the same date.

The fruit trade, particularly in the case of Argentina's exports to Brazil in 1954, has nevertheless been hampered by difficulties which have arisen from time to time. Brazilian imports of fresh and dried fruit from Argentina were considerably restricted at the beginning of 1954 by certain exchange regulations then in force in Brazil and by the fact that the sales contract was delayed and was not

/signed until

signed until the month of March (see again tables 3 and 4). Subsequently, an exchange of notes took place in June 1954 in which Brazil, taking its exchange regulations into account, agreed to the auctioning, under the minimum premium of category I, of sufficient foreign exchange for imports of fresh, dried, dehydrated and processed fruit to ensure the fulfilment of a minimum non-limitative annual programme of 20 million dollar-units of account.<sup>15/</sup> Argentina in turn pledged itself to grant import licences automatically for Brazilian fruit, in accordance with the provisions referred to earlier.

Once the difficulties in 1954 were settled, an expansion of trade followed, though Argentina's exports to Brazil did not reach the level attained in 1953. The extent to which the balance of trade has been maintained within the proposed limit cannot be readily determined. To judge from the export figures, during the three years in question Argentina enjoyed a favourable trade balance which in 1953 and again in 1955 exceeded the limit prescribed in the agreement (see again tables 3 and 4). On the other hand, the import figures show the balance to have been highly favourable to Argentina in 1953 (about 10 million dollars) and to Brazil in 1954 and 1955 (about 14 million dollars and 6 million dollars respectively).

#### Situation and prospects in 1956

It might be useful at this point to consider the present situation and future prospects of the fruit trade. So far, the fruit trade between Argentina and Brazil in 1956 has been seriously affected by the changes made in Argentina's foreign exchange regulations.

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<sup>15/</sup> For the purposes of auctioning of foreign exchange, Brazil at present classifies Argentine fruit in category II (with a minimum premium of approximately 25 cruzeiros). Fruit from other countries is classified in category IV, with a minimum premium of 40 cruzeiros to the dollar. In practice, both premia are much higher than the stated minima, particularly for category IV. The treatment which Brazil grants to Argentine fruit has not been extended to any other country since it is a concession to an adjacent country from which Brazil receives most of its supplies of foreign fruit.

When the new regulations came into force, fruit was included among the commodities for which the foreign exchange accruing from exports had to be negotiated in the official market. However, on 6 December 1955 it was transferred to the free market, in which fruit exporters may conduct their transactions at whatever rate of exchange and in whatever currency they and the buyers agree upon. While stimulating Argentina's fruit exports by providing a more favourable rate of exchange, this measure nevertheless adversely affected sales in Brazil, since transactions with that country may only be effected in dollar-units of account, negotiable in Argentina only on the official market. Argentine exporters are thus compelled to raise their prices when selling to Brazil in order to obtain the same amount - in terms of domestic currency - as they do for their exports to other areas.<sup>16/</sup> Moreover, in February 1956 the Brazilian Government suspended auctioning foreign exchange for fruit imports from Argentina and also stopped issuing the necessary licences.<sup>17/</sup> This virtually paralysed Argentina's fruit exports to Brazil, which had already declined in January and February in comparison with the same period in 1955. Out of a total of 61,700 tons of fruit exported from Argentina between January and April 1956, only 18,300 tons, or 30 per cent, were exported to Brazil, as compared with 65 per cent in 1955. On the other hand, Argentina's improved competitive position resulted in substantially increased fruit exports to the European countries and the United States. The diverting of exports to the European markets was facilitated, moreover, by the reduction in Europe's fruit crops as a result of bad weather. In Latin America itself, there was an increase in exports to countries

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<sup>16/</sup> The exchange rate for foreign exchange negotiated on the official market in Argentina is 18 pesos to the dollar. On the other hand, the exchange rate on the free market has at times exceeded 40 pesos to the dollar. The present rate is slightly over 30 pesos to the dollar.

<sup>17/</sup> It is not unlikely that, unless an agreement is reached which will end the present situation, Brazil will abolish the preferential treatment granted to Argentine fruit in its foreign exchange classification.

like Venezuela which pay for their purchases in dollars.

Brazilian fruit exports to Argentina were greatly affected by devaluation in that country and by the changes in the marketing of bananas,<sup>18/</sup> as well as by the want of a price agreement. Subsequently, after exports to Argentina were resumed on the basis of an f.o.b. price of 1.50 dollars per bunch, the Central Bank of Argentina occasionally withheld import permits. Moreover, the importers were reluctant to use any but Argentine and Brazilian ships to carry the bananas.<sup>19/</sup> An additional difficulty was the relatively low price ceiling in

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<sup>18/</sup> The bulk of Brazil's fruit exports to Argentina consists of bananas. In this country they were imported exclusively through the Instituto Argentino para la Promoción del Intercambio (IAPI) which effected purchases on the basis of annual contracts under a consignment agreement. Since January 1956 bananas have once again been marketed exclusively through private channels, and the consignment agreement has not been renewed.

<sup>19/</sup> Argentine and Brazilian ships can handle only 30 per cent of the bananas exported from Brazil to Argentina. Ships from other countries must therefore be used, but the freight (35 U.S. cents per bunch) must be paid by the Argentine importer with exchange obtained on the free market, whereas exchange for freight payments can be obtained on the official market when Argentine or Brazilian ships are used.

Argentina for the sale of bananas to the public.<sup>20/</sup>

In addition to the immediate difficulties referred to earlier, the fruit trade between Argentina and Brazil is affected by other problems of a more lasting nature, including the system of short-term agreements (which prevents the grower from planning his production on stable bases and creates an element of uncertainty in the market), and the system of irrevocable credit applied to importers in Argentina. The latter particularly affects the banana trade, since the importer is required to make payment for the whole shipment as if it had arrived in good condition. The exporter has subsequently to make restitution to the importer, outside the compensation account, in respect of that

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<sup>20/</sup> In 1956, in an effort to stimulate fruit exports and to counteract the adverse effects of the Argentine devaluation, the Brazilian Government has considerably improved exchange treatment for such exports, particularly with respect to bananas. For the purpose of auctioning the foreign exchange accruing from banana sales abroad, bananas have been classified in category II in which over and above the basic rate of 18.36 cruzeiros to the dollar, the exporter receives a bonus of 18.70 cruzeiros to the dollar for exports to areas having a fully or partially convertible currency, and 17.19 cruzeiros to the dollar for exports to areas covered by agreements, including Argentina. At the beginning of April 1956 bananas were transferred once more to category III, the corresponding bonuses being thereby increased to 24.70 and 22.95 cruzeiros to the dollar respectively. Towards the end of that month, bananas were yet again transferred this time to category IV (along with all other fruit) in which the respective bonuses were 31.70 and 29.67 cruzeiros to the dollar. Finally, under the revised exchange regulations of 19 May 1956, category IV became category III, and the bonuses were increased to 36.64 and 34.41 cruzeiros to the dollar respectively. In other words, the bonuses for banana exports were doubled within a few months as a result of these various changes, the total number of cruzeiros which the exporter receives for each dollar being increased from 37.06 and 35.55 to 55.00 and 52.77, depending upon whether the fruit is exported to areas having fully or partly convertible currency or to those with which agreement dollars are used. With respect to the export of fruit other than bananas - formerly classified in category IV - their bonuses were increased when that category became category III under the new regulations.

part of the shipment which arrived in poor condition.

Both countries appear to have considered the possibility of paying for fruit imports and exports in their respective domestic currencies as a short-term solution for some of the existing difficulties.<sup>21/</sup> Another step considered is the conclusion of a fruit agreement based on compensation and extending over an approximately three-year period, with prices to be fixed in advance by the two Governments at regular intervals.

With regard to trade between Argentina and Paraguay, this has been adversely affected by the absence of medium- and long-term agreements and by the prevalence of plant diseases which reduced the output of oranges in Paraguay and hence the volume of exports to Argentina. Moreover, Paraguayan exporters of citrus fruit were unable to compete on the Argentine market owing to price considerations. As a means of solving the problem, Paraguay decided in April 1956 to allow the foreign exchange accruing from fruit exports to be negotiated on the free market at a rate of about 105 guaranies to the dollar instead of at the official rate in force for exports of other commodities, which is 60 guaranies to the dollar.

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<sup>21/</sup> For further details of this and other devices for the possible solution of the fruit problem, see document E/CN.12/C.1/3, Part II, Section 1 (a).

Table 3

SOUTH AMERICA: EXPORTS OF FRESH FRUIT FROM SELECTED COUNTRIES <sup>a/</sup>

(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina</u> , exports to						
Brazil	67,171	19,919	47,207	13,398	64,720	16,805
Latin American countries <sup>b/</sup>	67,378	19,978	47,780	13,579	67,692	17,594
All countries	87,007	23,791	71,221	17,967	97,015	22,780
<u>Brazil</u> , exports to						
Argentina	153,373	11,277	215,059	14,458	202,899	15,453
Latin American countries <sup>c/</sup>	167,048	12,274	231,325	15,471	222,125	16,657
All countries	209,286	16,945	280,856	18,414	276,191	19,942
<u>Chile</u> , exports to						
Peru	1,145	167	926	147	954	121
Latin American countries <sup>d/</sup>	2,239	390	2,085	298	1,716	267
All countries	29,147	4,053	15,554	1,969	14,621	1,944
<u>Ecuador</u> , exports to						
Chile	22,983	1,383	24,174	1,848	18,345	1,049
Latin American countries <sup>e/</sup>	24,275	1,429	26,244	1,915	21,499	1,158
All countries	405,946	24,600	482,926	28,082	611,174	36,760
<u>Peru</u> , exports to						
Chile	256	14	254	13	507	26
Latin American countries <sup>f/</sup>	317	15	254	13	532	29
All countries	317	15	254	13	809	36
<u>Paraguay</u> , exports to						
Argentina	4,374	123	-	-	2,660	554
Latin American countries	4,374	123	-	-	2,660	554
All countries	4,778	277	4,770	619	3,034	565
<u>Uruguay</u> , exports to						
Brazil	11,064	1,029	-	-	86	63
Latin American countries	11,064	1,029	-	-	86	63
All countries	11,064	1,029	-	-	-	-
Total exports to						
Latin American countries <sup>g/</sup>	276,695	35,238	307,688	31,276	316,310	36,322

Sources: Statistics and other official data.

<sup>a/</sup> Includes only those countries with a sizeable volume of fruit exports to other Latin American countries.<sup>b/</sup> Other Latin American markets for Argentine fruit are Venezuela and Paraguay, usually in that order.<sup>c/</sup> Next to Argentina, Uruguay constitutes the only other Latin American market.<sup>d/</sup> In addition to Peru, the other main Latin American markets for Chilean fruit are Venezuela and Ecuador.<sup>e/</sup> Chile and Peru.<sup>f/</sup> Chile and Ecuador.<sup>g/</sup> Excluding Paraguay's 1954 exports.

Table 4

## SOUTH AMERICA: EXPORTS OF DRIED FRUIT FROM SELECTED COUNTRIES

(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina, exports to</u>						
Brazil	3,768	4,571	1,260	820	2,842	2,009
Latin American countries <sup>a/</sup>	3,950	4,768	1,309	852	2,893	2,039
All countries	4,595	5,327	1,509	1,000	3,611	2,444
<u>Brazil, exports to</u>						
Argentina	-	-	1,057	389	819	298
Latin American countries <sup>b/</sup>	158	53	1,057	389	824	305
All countries	4,918	5,322	5,471	5,744	25,084	9,471
<u>Bolivia, exports to</u>						
Brazil	53	22	-	-	-	-
Latin American countries	53	22	-	-	-	-
All countries	335	134	1,102	492	-	-
<u>Chile, exports to</u>						
Argentina	428	628	578	538	195	112
Brazil	23	14	193	98	744	390
Peru	304	87	660	134	233	156
Latin American countries	907	800	1,550	831	1,208	671
All countries	5,051	1,801	3,681	1,872	4,741	1,496
Total exports to Latin American countries <sup>c/</sup>	5,068	5,643	3,916	2,072	4,925	3,015

Sources: Official statistics.

a/ After Brazil, Uruguay was the second important market for Argentinian dried fruit until 1953, being supplanted by Paraguay in 1954 and 1955.

b/ Exports to Latin American countries in 1953 consisted only of exports to Chile.

c/ Excluding Bolivia's 1954 and 1955 exports.

2. Cattle and meat

The downward trend of trade in cattle on the hoof over the past few years among the southern countries of South America continued in 1954 and 1955. The volume of Argentine exports, amounting to only 30,500 tons in 1953 as compared with nearly 71,500 tons in 1950, was reduced further in 1954 and again in 1955 to a little over 19,000 tons and 10,000 tons respectively. The increase in Uruguayan exports to Brazil was not sufficient to make up the loss (see table 5).

Table 5  
ARGENTINA AND URUGUAY: EXPORTS OF CATTLE ON THE HOOF

(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina</u> , exports to						
Bolivia	4,095	1,520	1,899	1,025	3,316	1,545
Chile	25,349	8,854	17,041	6,561	6,515	1,903
Latin American countries <sup>a/</sup>	30,469	11,055	19,222	7,838	10,185	3,902
All countries	30,475	11,056	19,225	7,844	10,185	3,902
<u>Uruguay</u> , exports to						
Brazil	526	550	3,536	1,691	1,049	632
Paraguay	-	-	45	33	146	81
Latin American countries	526	550	3,631	1,724	1,195	713
All countries	526	550	3,631	1,724	1,195	713
Total exports to Latin American countries	30,995	11,605	22,853	9,562	11,380	4,615

Sources: Annual statistics and other official data.

NOTE: Bolivia's registered exports of cattle to Brazil, relatively substantial until 1953, were practically nil in 1954 and 1955. Brazilian statistics (and Bolivian data for certain years only) disclose imports of Paraguayan cattle, often in substantial amounts; however, the export of this cattle is not indicated in Paraguayan statistics.

<sup>a/</sup> Other destinations within Latin America are Brazil, Paraguay and Peru. Exports to Peru were on a very minor scale in 1954 and 1955 and much lower than in previous years.

/As in

As in previous years, the bulk of the trade was represented by Argentine exports of cattle on the hoof to Chile, and it is precisely these exports which declined most sharply, dropping from 25,000 tons in 1953 to a mere 6,500 tons in 1955. Argentinian cattle exports to Bolivia, next in order of importance, also decreased by more than 50 per cent from 1953 to 1954, and despite an increase in 1955 failed to regain their previous level. Argentine exports to other neighbouring countries were also lower.

The sheep trade increased in 1954 compared with 1953, thanks to an expansion of Uruguayan exports to Brazil (which constitute the bulk of the sheep trade among the southern countries of South America), but declined sharply in 1955. The chief reason for the decline was the reduction in Argentine exports to Chile and, to a lesser extent, in Uruguayan exports to Brazil (see table 6).

Table 6  
ARGENTINA, CHILE AND URUGUAY: EXPORTS OF LIVE SHEEP  
(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina, exports to</u>						
Chile	4,070	639	4,011	760	957	206
Latin American countries	4,085	683	4,012	795	1,035	262
All countries	4,095	687	4,022	801	1,035	264
<u>Chile,<sup>a/</sup> exports to</u>						
Peru	87	108	35	56	37	56
Latin American countries	87	108	36	68	37	56
All countries	87	108	36	68	37	56
<u>Uruguay, exports to</u>						
Brazil	1,296	492	4,185	1,850	2,322	962
Latin American countries	1,297	495	4,185	1,850	2,340	965
All countries	1,297	495	4,185	1,850	2,340	965
Total exports to						
Latin American countries	5,469	1,286	8,233	2,713	3,412	1,283

Source: Annual statistics.

<sup>a/</sup> Chilean exports to Peru consisted of sheep for breeding.

/with regard

With regard to the trade in chilled and frozen meat, Argentine exports in 1954 and 1955 followed a different trend from trade in cattle on the hoof, being higher than in the preceding years, particularly 1953. The reason for this was the substantial rise in exports to Chile, which were practically non-existent until 1952 and only 277 tons in 1953, but amounted to more than 6,500 tons in 1954 and 1955. Chile thus became the main Latin American outlet for Argentine beef, taking the place of Peru. Exports to Peru decreased from 1952 to 1953 and again from 1953 to 1954, but rose slightly in 1955 (see table 7).

Table 7

ARGENTINA AND URUGUAY: EXPORTS OF CHILLED AND FROZEN MEAT <sup>a/</sup>  
(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina, exports to</u>						
Chile	277	204	6,757	3,979	6,574	4,780
Peru	6,022	3,170	3,700	1,878	3,776	2,331
Latin American countries <sup>b/</sup>	5,395	3,586	10,468	5,885	10,340	7,111
All countries	196,079	94,194	197,660	93,150	194,151	108,711
<u>Uruguay, exports to</u>						
Brazil	3,123	1,652	6,200	3,091	-	-
Latin American countries <sup>c/</sup>	4,285	2,268	6,363	3,276	-	-
All countries	50,371	22,309	51,991	24,206	4,093	2,322
<u>Totals</u>						
Latin American countries	10,680	5,854	16,831	9,161	10,340	7,111
All countries	246,450	116,503	249,651	117,356	198,244	111,033

Source: Official statistics.

<sup>a/</sup> Including beef, mutton, pork, and poultry and game.

<sup>b/</sup> Including exports to Brazil in 1953 and 1954.

<sup>c/</sup> Including exports to Peru in 1953 and to Bolivia in 1954.

On the other hand, Uruguayan exports of chilled and frozen meat to the rest of Latin America, which began in 1952 with a shipment to Brazil, continued only until 1954; there were none in 1955, chiefly because no surplus was available for export. Faced with a shortage of cattle, the Uruguayan frozen meat industry was compelled to restrict its exports, which were subjected to strict quotas that reduced it by more than 90 per cent in relation to previous years.

The decline which has taken place in recent years in registered Argentine exports of cattle on the hoof to Chile continued in 1954 and 1955, despite the fact that cattle and sheep are included in schedule A-1, comprising those Argentinian commodities which under the agreement now in force may be exported to Chile without a foreign exchange permit. Although the schedule fixes quotas for the Chilean cattle imports which can be effected under this franchise, the quotas do not constitute any real obstacle, since they are higher than the actual volume traded. The probable reasons for the decline are, first, the growing volume of unregistered exports, which appear to have reached substantial proportions in the past three years,<sup>22/</sup> and secondly, the fact that part of Chile's 1954 and 1955 beef imports consisted of frozen meat in place of cattle on the hoof.<sup>23/</sup> A third reason is the sharp decrease which has occurred in the past few years in Chile's per capita consumption of meat as a result of the rise in prices. Other factors in 1955 also had an effect on the trade in cattle on the hoof between the two countries and brought it down to the low level already mentioned. Among these are the delay in preparing the schedules for the second year of the agreement; the problem of price adjustments,<sup>24/</sup> which was not

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<sup>22/</sup> A good deal of smuggling of cattle, particularly beef cattle goes on in Latin America, especially in the southern countries, owing, inter alia, to the discrepancy, often substantial, between the official exchange rates and the rates on the unofficial or free market.

<sup>23/</sup> A ton of meat may be estimated as approximately equivalent to four steers.

<sup>24/</sup> These adjustments were proposed by INACO pursuant to the provisions of the notes appended to the agreement of February 1954, whereby cattle prices were to be reviewed on the basis of the agreed prices for the first half of that year and in accordance with meat price fluctuations on the world market.

settled until April 1956, after purchases had been suspended for several months; the shortage of railway rolling stock for the transportation of cattle; and the fact that more domestic cattle was available for slaughter owing to the winter drought, etc.

These problems also affected the trade in chilled and frozen meat. During the first year of the agreement, the Argentine export quota to Chile of 6,000 tons of beef and 1,000 tons of pork was virtually filled. For the second year of the agreement, the beef quota was raised to 12,000 tons and the pork quota reduced to 600 tons. However, because of the difficulties already mentioned, only a little over 50 per cent of this quota was filled.

Both prices and future price modifications, as well as the conditions of delivery for cattle and meat exported from Chile to Argentina were fixed in notes appended to the agreement signed by the two countries in February 1954. It was also agreed that, in view of the desire to replace shipments of cattle on the hoof with frozen meat, the Chilean Government would allow Argentinian meat to be imported on a scale rising each year and would apply to it the same tariff and exchange regulations as for cattle on the hoof.

Argentina's cattle exports to Bolivia, another important market, are also governed by agreements covering quotas, conditions of delivery, prices, etc. which form part of a régime set up when the Economic Union Agreement between Argentina and Bolivia was signed in September 1954, - a régime which is based on the barter of Argentinian cattle for Bolivian oil. For the first year of the agreement it was estimated that 5 million dollars' worth of cattle would be bartered for an equivalent amount of oil. A monthly quota of Argentinian cattle was established of 800 head of Santa Fe and 1,500 head of Formosa cattle at 270 dollars and 130 dollars per head respectively. In May 1955 the monthly quotas were raised to 1,500 head of Santa Fe and 500 head of Formosa cattle, and the rates reduced to 240 dollars and 110 dollars respectively from 1 April to 31 December 1955. However, statistics show that Argentina's cattle deliveries to Bolivia in 1955 were in fact lower than the agreed quotas, although considerably higher than in 1954.

/Situation and

Situation and prospects in 1956

Argentina's exports of cattle and frozen meat to Chile were resumed, though on a reduced scale, following the settlement of the problem of price adjustments early in 1956 when prices were reduced by about 20 per cent. Imports of sheep and cattle under the agreement were seriously affected by the increase in unregistered trade, estimated at about 25,000 head for the first four months of 1956.<sup>25/</sup> At the same time the increase in the value of the dollar-unit of account on the free bank market as a result of the revision of the Chilean exchange regulations in April 1956 raised the price of Argentinian cattle on the hoof above the Chilean price. Other factors are the lack of funds available to official organizations for the financing of cattle purchases and the fact that domestic cattle is plentiful on the market as a result of credit restrictions and the unfavourable weather conditions referred to earlier. Hence, only the northern countries' imports of Argentinian cattle are normal, the area having virtually no other source of supply. As long as these factors prevail, imports by the central zone will be seriously affected.

Frozen meat imports were suspended in Chile with the termination of the customs duty exemption previously granted. Since frozen meat is now subject to the same regulations as cattle on the hoof and the franchise in question is no longer granted, prices on the Chilean

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<sup>25/</sup> Under the exchange regulations at present in force in Argentina, proceeds from exports of cattle and sheep are negotiated on the official market, subject to a deduction of 25 per cent and a provisional differential of 60 centavos per kg. on the hoof for slaughter animals. This means that the exporter receives only 13.50 Argentine pesos to the dollar (less the differential mentioned above) if he exports his cattle through the regular channels, whereas from unregistered trade he receives much more - at times over 40 pesos to the dollar. Moreover, under these conditions the Argentinian exporter can then offer his cattle at a price below the official base value and thus compete favourably on the Chilean market, at the same time avoiding the difficulties created for the sale of cattle by the relatively high official base values for such exports.

market are too high. However, the Chilean Government has decided to make these exemptions available again for one year as from 1 August 1956. In that connexion, INACO had already placed contracts in Argentina for the purchase of 6,000 tons of frozen meat, and it is expected in official quarters that this organization will purchase another 6,000 tons to fill the quota prescribed under the agreement, since, at the same rate of exchange, frozen meat works out cheaper than fresh meat from imported cattle. On the other hand, because of the price factor, INACO is unlikely to purchase frozen meat from the United States as provided for in the agreement on agricultural surpluses signed with the United States early in 1956 and involving 3.7 million dollars, the equivalent of 6,000 tons.

With respect to Argentina's cattle and meat exports to other neighbouring countries, the improvement in its livestock situation will presumably make it possible for Argentina to supply all their requirements.<sup>26/</sup> It is already expected that higher export quotas for Argentina will be fixed during the next revision of its agreement with Bolivia. In recent years the quotas have been generally lower than Bolivia has requested.<sup>27/</sup> An agreement was reached with Uruguay in February 1956 whereby Argentina will provide the Uruguayan meat-packing industry with 60,000 head of cattle for canning purposes. The cattle will be paid for in Uruguayan currency, although the sale was deemed to be a loan, since the cattle may be returned by Uruguay when its own livestock population is again built up. With this end in view, negotiations are under way to allow Uruguayan cattle-breeders to import cows from Argentina. In addition, an export quota of 10,000 head of cattle to Peru was authorized in April 1956, although Peru may

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<sup>26/</sup> It may be pointed out that cattle and meat, like wheat, are among the few important commodities exported by Argentina to other southern Latin American countries which can be traded without the problems arising from the use of dollar-units of account, as the trading is conducted by official organs.

<sup>27/</sup> According to some sources, the monthly quotas have apparently already been increased as from April 1956 to 750 head of Formosa cattle and 2,250 head of Santa Fe cattle.

reduce its imports of cattle and meat during the remainder of the year, as a result of the drought which caused an increase in the number of slaughtered animals.

Finally, it is now expected that when the trade agreement between Argentina and Paraguay is renewed, Argentine exports of beef cattle to Paraguayan meat-packing plants in the vicinity of the frontier will be resumed. Although these plants are in a better position now that more domestic cattle is available in Paraguay, the San Antonio and Bovril plants were set up as natural outlets for cattle surpluses from the Formosa area of Argentina. Provisions are therefore expected to be included in the revised trade agreement which would enable these plants to use Argentinian cattle on the basis of an agreement for the joint negotiation of the resulting foreign exchange proceeds which would give them a reasonable return. The tinned meat from these plants would be exported chiefly to the sterling area.

Under the foreign exchange regulations governing Argentina's cattle and meat exports, these are effected through the official market up to the official base value (which for these products is higher than the actual price), and are subject to a deduction of 15 per cent in the case of breeding cattle and meat and 25 per cent for beef cattle, sheep and pork. Moreover, exports of these three types of livestock have, since March 1956 been subject to payment of a provisional differential of 60 centavos per kilogramme on the hoof.

The tendency in Argentina's policy regarding cattle and meat exports is to replace the quota system by free exports, the only condition being the fixing of official base values or of prices in the case of transactions in which official institutes take part. This policy has been facilitated by the increase in cattle supplies on Argentine markets.

### 3. Edible fats and oils

Few commodities in inter-Latin-American trade have fluctuated so markedly in recent years as edible fats and oils. The volume had reached a high level in 1953 - about two-and-a-half times higher than the average for the five-year period 1946-51 -but fell off severely in 1954 and even more in 1955. The greatest decrease took place in edible oils, and its main cause was the drop in exportable surpluses in Argentina, by far the largest - and for some items almost the only - Latin American source of fats for the traditional importers of the area.

This decline in exportable surpluses of fats and oils in Argentina had begun some years earlier,<sup>28/</sup> but up to the end of 1953 it mainly affected Argentina's exports outside Latin America, while at the same time there was a shift in favour of Latin American markets. In 1950 total exports reached almost 119,000 tons of oils and 45,000 tons of fats, of which only 6 per cent and 12 per cent respectively were for other parts of Latin America. In 1953, on the other hand, out of total sales abroad of only 24,450 tons of edible oils and 12,062 of fats, 20,094 tons and 11,281 tons respectively were absorbed by other Latin American countries. In the two following years these countries received almost the whole of Argentina's by then relatively small exports of fats and oils (see table 8).

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<sup>28/</sup> Argentina's production of edible oils dropped considerably as a result of a sharp decline (almost 75 per cent from 1951 to 1955) in sunflower seed production, together with a reduced peanut harvest (see table 9). Argentina's production of edible fats was affected by the falling-off in the number of cattle slaughtered from 1951 onwards, and by the breeding of a leaner type of cattle, a process caused or encouraged by the Government price policy. In addition there was probably some substitution of fats for oils in diet because of the scarcity of the latter.

Table 8

SOUTH AMERICA.: EXPORTS OF EDIBLE FATS AND OILS FROM SELECTED COUNTRIES  
(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>A. Edible oils</u>						
<u>Argentina: exports to</u>						
Brazil	134	200	304	363	1	1
Chile	19,473	8,910	2,609	1,194	36	35
Paraguay	60	72	361	359	364	359
Latin America b/	20,094	9,422	3,290	1,933	416	409
All countries	24,450	11,026	4,188	2,247	416	409
<u>Uruguay: exports to</u>						
Paraguay	757	354	733	343	-	-
Latin America c/	764	356	896	422	-	-
All countries	8,455	2,557	3,362	1,082	-	-
<u>B. Edible fats d/</u>						
<u>Argentina: exports to</u>						
Bolivia	-	-	167	60	104	94
Brazil	7,943	6,403	634	449	1,444	881
Chile	2,297	1,571	9,969	6,151	2,158	1,528
Peru	1,040	864	794	553	1,250	830
Latin America e/	11,281	8,838	11,564	7,213	5,471	3,730
All countries	12,062	9,028	11,595	7,280	5,471	3,730
<u>C. Butter</u>						
<u>Argentina: exports to</u>						
Chile	890	1,483	1,724	2,277	219	210
Peru	356	590	803	1,056	923	965
Latin America f/	1,280	2,172	2,553	3,370	1,344	1,438
All countries	15,000	17,645	15,374	15,133	10,107	9,317

Sources: Statistical year-books and other data from official sources.

- a/ The figures for Argentina are based on data for eleven months of the year.  
b/ Including exports to Bolivia, which were fairly substantial up to the end of 1953.  
c/ Including exports to Peru and Brazil in 1954.  
d/ There were no exports of fats from Uruguay in 1954 or 1955.  
e/ Including the export of rather more than 500 tons to Paraguay in 1955.  
f/ Argentina also exported small quantities of butter to Bolivia, Brazil and Paraguay; in 1955 164 tons were exported to Uruguay.

Table 9

SOUTH AMERICA: PRODUCTION OF OIL SEEDS IN SELECTED COUNTRIES  
(Thousands of tons)

Country	1953	1954	1955
	<u>Cotton-seed</u>		
Argentina	238.2	257.3	220.6
Brazil	695.0	741.7	765.5
Paraguay	23.7	25.7	25.0
Peru	<u>145.9</u>	<u>157.9</u>	<u>139.6</u>
Total	1,102.8	1,183.1	1,150.7
	<u>Sunflower seed</u>		
Argentina <sup>a/</sup>	428.3	344.8	282.8
Chile	55.8	75.2	67.8
Uruguay	<u>91.7</u>	<u>81.4</u>	<u>68.0</u>
Total	575.8	501.4	418.6
	<u>Peanuts</u>		
Argentina	204.0	169.7	118.0
Brazil	146.5	168.0	218.9
Paraguay	10.0	9.9	10.0
Uruguay	<u>3.9</u>	<u>5.7</u>	<u>6.0</u>
Total	364.4	353.3	352.9

Sources: Statistics and estimates from official sources.

a/ Production in Argentina had exceeded a million tons in some previous years, having amounted to 930,000 tons in 1948, 1,088,000 in 1949, and 1,021,000 in 1951; it then dropped to 692,000 tons in 1952.

Table 10

SOUTH AMERICA: IMPORTS OF EDIBLE FATS AND OILS IN  
SELECTED COUNTRIES

(Volume in tons, value in thousands of dollars)

Importer country	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<b>I. Edible fats and oils, excluding butter</b>						
<u>Argentina</u> - Total	-	-	11,919	3,061	50,475 <sup>a/</sup>	...
From Latin America	-	-	14	12	1,075 <sup>b/</sup>	890 <sup>b/</sup>
<u>Brazil</u> - Total	17,557	12,570	25,749	15,416	10,607	8,300
From Latin America	7,541	4,297	26	20	1,300	560
<u>Chile</u> - Total	21,353	9,235	26,488	11,179	20,422	7,169
From Latin America	11,146	4,705	22,681	9,877	4,364	2,112
<u>Bolivia</u> - Total	6,286	3,816	5,478	3,003	4,401	1,822
From Latin America	3,848	3,037	...	...	...	...
<u>Paraguay</u> - Total	664	1,049	...	...	...	...
From Latin America	655	1,028	...	...	1,296	482
<u>Peru</u> - Total	9,832	3,128	5,934	2,571	12,501	4,204
From Latin America	1,101	415	708	276	1,490	448
<b>II. Butter</b>						
<u>Peru</u> - Total	1,035	946	1,560	1,571	1,921	1,728
From Latin America <sup>c/</sup>	788	668	833	770	1,076	878
<u>Chile</u> - Total	1,016	1,219	...	...	...	...
From Latin America <sup>c/</sup>	1,016	1,219	1,589 <sup>d/</sup>	1,775 <sup>d/</sup>	381 <sup>d/</sup>	347 <sup>d/</sup>

Sources: Statistical year-books and other data from official sources.

- a/ These figures cover purchases of cotton-seed oil from the United States, and the exports of edible oils to Argentina shown in Paraguay's 1955 statistics.
- b/ From the statistics of Paraguay on exports to Argentina.
- c/ From Argentina alone.
- d/ Figures corresponding to credits opened in Chile for the importation of butter from Argentina under the Agreement in force, and corresponding to the first and second years of the agreement. (March 1954 to February 1955 and March 1955 to February 1956.)

The sharp drop in the production of edible oils not only led to the reduction of exports, but forced Argentina to prohibit them altogether, and to resort to the importation of considerable quantities, a course which had not been followed since pre-war times. In 1954 almost 12,000 tons <sup>29/</sup> were imported and in 1955 more than 50,000 tons (see table 10), the imports consisting of cotton-seed oil, nearly all from the United States. <sup>30/</sup>

Chile was the principal market for Argentinian exports of edible oils in 1953 and 1954 and of fats in 1954 and 1955. In the case of oils this seemed to suggest that Chile might regain the position held prior to 1952, when it was the largest purchaser of Argentinian oils in Latin America.

For Argentina's exports of fats, on the other hand, the Chilean market (like the Brazilian) did not become important until recent years, when the traditional Latin American markets -- Peru, Bolivia --, were relegated to secondary positions. This was especially true in Bolivia's case.

The main reason for the diversion to Chile of Argentinian exports of edible fats -- including butter -- was undoubtedly the Trade and Finance Agreement of February 1954 between Argentina and Chile. The schedules drawn up for the first year that the agreement was in force included, among the Argentinian products that could be exported to Chile without an exchange permit, lard, edible beef fat and butter, to estimated values of 100,000 dollars, 95,000 dollars and 500,000 dollars respectively. But in response to an unusually high demand from Chile, and to the

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<sup>29/</sup> Other sources give a figure as high as 20,000 tons.

<sup>30/</sup> In 1955 Argentina obtained from the United States 30,000 tons of cotton-seed oil purchased directly for dollars, together with 19,400 tons (with a value of 5.7 million dollars) obtained under an agreement for the purchase of United States farm surpluses signed in April of that year. By a similar agreement of December 1955 another 80,000 tons of cotton-seed oil were obtained for delivery during 1956. The value in this case was 24.7 million dollars. (See table 1.)

trading facilities granted, exports of edible fats from Argentina to Chile in 1954 exceeded the estimates. The actual figures were 4,400 tons of lard, with a value of nearly 3.5 million dollars; 3,100 tons of edible beef fats and tallow, with a value of 1.5 million dollars, and something over 1,700 tons of butter, with a value of 2.3 million dollars. This represents a total value of 7.3 million dollars,<sup>31/</sup> compared with an estimate in the Agreement schedules of barely 700,000 dollars.

Apparently in the belief that such a heavy increase in the imports of fats had affected the marketing and prices of similar products in Chile, the Chilean authorities, in drawing up the schedules for the second agreement-year fixed the quotas for imports without an exchange permit at 2,500 tons for lard and 900 for butter.<sup>32/</sup> In the case of edible beef fat the increasing scarcity of exportable surpluses in Argentina made it necessary to include this item without any quota or estimated value, but with the designation "p.m.", meaning that the trade in this product would have to depend on how much it was possible for Argentina to export.

Owing to these restrictions, to the frequent increases in the prices quoted for Argentine lard and tallow, and to the effect of the Argentine currency reform of October 1955 on the trade in fats with countries with which it was necessary to deal in units of account, exports of these products to Chile dropped sharply in 1955, amounting to only 2,158 tons of edible fats<sup>33/</sup> and butter. On the other hand, during the same year there was some recovery in the export of fats from Argentina to Brazil and Peru.

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<sup>31/</sup> The figures for Argentina's exports to Chile given in table 8 also include 2,460 tons of edible mutton fat and tallow (with a value of 1.15 million dollars) which in Chile are considered as commercial tallow and are used in soap manufacture.

<sup>32/</sup> With an estimated value of 1.25 million dollars and 700,000 dollars respectively.

<sup>33/</sup> Mainly lard.

Uruguay, normally an exporter of edible fats and oils to non-Latin-American markets,<sup>34/</sup> found itself in much the same situation as Argentina, with a pronounced decline in production and in exportable surpluses of both oils and fats.<sup>35/</sup> Nevertheless, none of this has had as much effect on inter-Latin-American trade as the drop in production in Argentina, since Uruguay's exports of fats and oils to the other countries in the area are relatively small.

A recent feature worthy of note in connexion with the supply of edible oils and fats to the southern countries of South America, apart from the sharp decline in the resources of Argentina and Uruguay in these products (particularly in edible oils) - and partly as a consequence of this decline - is the inclusion of ever-increasing quantities of these products in agreements concluded by various countries with the United States in connexion with the purchase of United States farm surpluses (see table 1). It has already been mentioned that Argentina, under agreements signed in April and December 1955, purchased cotton-seed oil from the United States.<sup>36/</sup> In the same way Chile obtained some 7,300 tons of cotton-seed oil in 1955 and expects to receive 36,000 tons in 1956, in addition to 1,500 tons of lard and 2,500 tons of edible animal tallow. Brazil agreed to take 5,000 tons of lard; Peru 10,000 tons of cotton-seed oil and soya-bean oil; Paraguay 825 tons of edible oil and 575 tons of lard, and Colombia and Ecuador 6,400 and 4,540 tons respectively of cotton-seed oil, to be imported at the end of 1955 or during 1956. To this should be added fats and oils sent by the United States to Bolivia

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<sup>34/</sup> With a few exceptions, such as its exports of edible oils to Paraguay, and in much smaller quantities to Peru and Brazil, in 1953 and 1954.

<sup>35/</sup> This was due to the lower production of sunflower seed, the country's principal source of edible oils, and a falling-off in the slaughter of animals attributable both to a shortage of slaughter stock and to strikes in the packing plants. Uruguay exported no edible fats in 1954 and 1955 (their export having been prohibited in the latter year), and no oils in 1955. There is some prospect that the situation may improve in 1956, but not to any great extent.

<sup>36/</sup> See footnote <sup>30/</sup> above.

between July 1954 and June 1956 to a value of almost 4 million dollars, sent either as aid or in exchange for local currency to be used to finance defence programmes or economic development; and account should also be taken of smaller quantities of oil and butter sent to various Latin American countries (see table 2).

It should be pointed out that, as stipulated in the agreements on the sale of United States farm surpluses, purchases of oils and fats in exchange for local currency have to be accompanied by direct dollar purchases of these products, in amounts corresponding to the normal purchases from the United States in earlier years.

#### Situation and prospects in 1956

Up to the middle of 1956 the principal obstacle to the revival of the intra-regional trade in edible oils continued to be the shortage of exportable surpluses in Argentina. Nevertheless a substantial improvement may be looked for, since in response to better prices the area sown with sunflower seed in 1955/56 was about 150 per cent greater than in 1954/55. Although the harvest will be less than originally hoped for, it is still expected to be double the preceding harvest. If to this is added a 25-per-cent increase reported in the peanut harvest, a slight increase in the cotton-seed harvest and the import of 80,000 tons of oils from the United States, it can be anticipated that the exportable surpluses of edible oils in Argentina for 1956 will exceed 100,000 tons (see table 11), which may perhaps induce the Government to lift its ban on exports.<sup>37/</sup> Moreover, the output of edible oils in Uruguay is expected to be somewhat higher than in 1955.

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<sup>37/</sup> It is reported in mid-1956 that Argentina sold 500 tons of semi-refined sunflower oil to Paraguay, at the price of 350 dollars a ton f.o.b. in bulk.

ARGENTINA: PRODUCTION, AVAILABILITIES AND DISTRIBUTION OF  
EDIBLE OILS EXCLUDING OLIVE OIL

(Thousands of tons)

	1954	1955	1956 <u>a/</u>
<u>Availabilities</u>			
A. <u>Sunflower seed oil</u>			
Stocks <u>b/</u>	10	10	5
Production	78	75	158
<b>Total</b>	<b>88</b>	<b>85</b>	<b>163</b>
<u>Distribution</u>			
Internal consumption	76	80	65
Exports	2	-	} 98
Stocks <u>c/</u>	10	5	
<b>Total</b>	<b>88</b>	<b>85</b>	<b>163</b>
B. <u>Peanut oil</u>			
<u>Availabilities</u>			
Stocks <u>b/</u>	45	15	10
Production	55	34	46
<b>Total</b>	<b>100</b>	<b>50</b>	<b>56</b>
<u>Distribution</u>			
Internal consumption	83	40	40
Exports	2	-	} 16
Stocks <u>c/</u>	15	10	
<b>Total</b>	<b>100</b>	<b>50</b>	<b>56</b>
C. <u>Cotton-seed oil</u>			
<u>Availabilities</u>			
Stocks <u>b/</u>	5	20	20
Production	30	23	25
Imports	20	50	80
<b>Total</b>	<b>55</b>	<b>93</b>	<b>125</b>
<u>Distribution</u>			
Internal consumption	35	73	60
Exports	-	-	} 65
Stocks <u>c/</u>	20	20	
<b>Total</b>	<b>55</b>	<b>93</b>	<b>125</b>
D. <u>Total</u>			
<u>Availabilities</u>			
Stocks <u>b/</u>	60	45	35
Production	163	132	229
Imports	20	50	80
<b>Total</b>	<b>243</b>	<b>227</b>	<b>344</b>
<u>Distribution</u>			
Internal consumption	194	193	165
Exports	4	-	} 179
Stocks <u>c/</u>	45	35	
<b>Total</b>	<b>243</b>	<b>227</b>	<b>344</b>

Nevertheless it is not likely that Latin America will provide an extensive market for edible oils from Argentina in 1956. In fact, as already mentioned, Chile expects to receive 36,000 tons of cotton-seed oil in 1956 from United States surpluses, and in addition has already obtained some 13,000 tons of semi-refined oil by direct dollar purchases. These quantities will more than cover the Chilean shortage of this product in the current year, since they greatly exceed the normal imports. Similarly Bolivia and Peru have also received edible oils from United States surpluses in sufficient quantity to fill their needs, while Brazilian imports of oils from Argentina have always been small.

In the case of edible fats the situation varies according to the particular product. There is no great problem relating to exportable surpluses of lard in Argentina, but there is a price problem, due mainly to the exchange reform. As explained above, the export of lard to Chile has been made difficult through the quotation of excessively high prices. Since authorization was given in April 1956 to negotiate on the free market the whole of the foreign exchange obtained from the export of lard, there has been a further price rise in terms of units of account for sales payable in agreement-dollars. <sup>38/</sup> This particularly affects sales to Chile and Brazil, although it has made it possible to lower prices in terms of dollars and thus to encourage sales to countries trading in that currency. This is the case, for instance, as regards the export of lard to Peru, which Argentina was able to effect (as soon as it had been transferred to the free market) at prices as low as 228 dollars a ton. If the problem created by the use of agreement-dollars could be solved, it is estimated that Argentina could sell to Chile all the lard that country needs (approximately 3,000 tons a year) at a cost

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<sup>38/</sup> As already pointed out, agreement dollars can be negotiated in Argentina only on the official market; for this reason an exporter gets only 18 pesos for each agreement-dollar, a much lower rate than can be obtained for other foreign currency in the free market. The exporter makes up for this loss on his agreement-dollars by increasing his prices.

lower than that of lard coming from the United States, quite apart from the fact that Argentina also benefits from a preferential tariff arrangement.<sup>39/</sup> Nevertheless it should be noted that the quota under the current agreement limits the export of Argentine lard to Chile to 2,500 tons a year, and that in 1956 Chile will probably receive some 1,500 tons of lard and 2,500 tons of edible animal tallow from United States surpluses and a further 540 tons of lard by direct dollar purchase. Much the same holds true for exports to Brazil and Paraguay, which would rise sharply if a solution could be found to the problem of the agreement dollar, although here again purchases by these countries of United States surpluses <sup>40/</sup> might have an inhibiting effect.

It appears that Argentina now has sufficient availabilities in edible beef fat to increase its exports to neighbouring countries. In fact exports are once again being made to Chile, although the volume is comparatively small. Here, as in respect of exports to Brazil and Paraguay, the use of agreement-dollars is not such a stumbling-block as it is in the case of lard, since only the foreign currency obtained over and above the official base value set by Argentina can be sold on the free market. In any case this difficulty has been removed by a decision of the Central Bank of Argentina <sup>41/</sup> providing that when an official base value has been

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<sup>39/</sup> By virtue of articles 2 and 3 of the Trade Treaty concluded between Argentina and Chile on 3 June 1933, various Argentine products - including edible fats, lard and butter - were exempted from the additional charges imposed by the Chilean Customs in compensation for currency depreciation. When the treaty was signed, the sixpenny gold peso used in the Customs tariff for purposes of conversion into existing currency was subject to a surcharge of 100 per cent. That surcharge has now risen to 9,760 per cent. As the non-application of the surcharge for currency depreciation is a contractual benefit exclusive to Argentina, and therefore does not apply for purposes of the most-favourable-nation clause, the import of edible fats from the United States would mean a much higher price to the Chilean consumer than if they were obtained from the neighbouring country. Taking edible fat as an example, while the duty on fats from Argentina would amount to about 9 Chilean pesos per kilogramme, the product from the United States would be dutiable at the rate of about 110 pesos.

<sup>40/</sup> 5,000 tons in the case of Brazil. The 575 tons bought by Paraguay are enough to cover import needs.

<sup>41/</sup> See circular dated 18 July 1956.

set for a product, and it is sold for agreement-dollars to neighbouring countries, the additional amount of that unit of account obtained because the purchase price is higher than the official base value may be exchanged through the commercial banks by the exporter for foreign currency of limited convertibility at a rate fixed in relation to the quotation for United States dollars. This appears likely to encourage the export to neighbouring countries of beef fat and other products for which an official base value has been set for exports. But this system does not apply to agreement-dollars obtained for products for which no official base value has been set, which is the case with lard.

Exports of edible beef tallow - as of mutton fats and tallow - are likewise hampered by the shortage of exportable surpluses. If this shortage were to disappear, exports for agreement-dollars would be effected in the same circumstances as in other areas, since this product has an official base value set for it, and is therefore governed by the system outlined above.

Lastly, as regards butter, Chilean imports from Argentina became practically impossible after the devaluation in Chile: when the exchange rate for agreement-dollars with Argentina was raised, the price of butter went up considerably. There was also a duty of 260 Chilean pesos per kilogramme on imported butter to encourage domestic milk production, while the maximum retail price in Chile was fixed at 640 Chilean pesos per kilogramme. Argentinian butter was thus priced out of the market and could not be exported to Chile. But when the maximum price was abolished at the beginning of September 1956 and the price of butter in Chile almost doubled in a few days, the import of Argentinian butter not only became possible but received such an impetus that orders for increasing amounts began to be placed at once. In these circumstances it appears that Argentina will be able to meet the whole of Chile's deficit in this product.

/As in

As in the case of beef fat, foreign currency produced by the export of butter can be negotiated at the official rate up to the amount of the official base value, and above that value at the free rate. If sales are made for agreement-dollars, these can be exchanged for foreign currency of limited convertibility at a rate of exchange equivalent to the quotation of the dollar on the free market.

At the end of 1955 and the beginning of 1956, Argentine prices for fats were too high both in the Chilean market and in other southern countries of South America, owing to the necessity of dealing in agreement-dollars, and also because from April 1956 onward Chile could import these products from whatever source it wished. To these factors which helped to discourage the demand for edible fats from Argentina must be added the existence of some smuggling through the mountain passes in the south.

4. Wheat and wheat flour <sup>42/</sup>

In 1954 and 1955 the trade in wheat and wheat flour among the southern countries of South America, which comprises almost the whole of the inter-Latin-American trade in these products, reached record levels in volume, though its value was somewhat less than in 1953 because of the lower prices quoted by Argentina and Uruguay in sales to neighbouring countries. <sup>43/</sup> Indeed, exports of wheat and flour from these two countries to the rest of Latin-America amounted in 1954 to almost 1.55 million tons and in 1955 to almost 1.89 million tons, as compared with an average of something under 1.2 million tons for the period 1934-1938, and 834,000 tons for the period from 1946 to 1951. (See table 12.)

This increase in the volume of the wheat trade is due on the one hand to increased production in the two exporting countries mentioned, and to increased consumption in the importing countries, and on the other hand, to the existence of trade agreements and sales contracts, or barter arrangements.

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<sup>42/</sup> The term "wheat" in this section includes wheat flour as far as trade is concerned.

<sup>43/</sup> The average f.o.b. price per ton for wheat sold by Argentina to Brazil was 81 dollars in 1954, 71.25 dollars in 1955 and 61.90 for the first delivery in 1956. The price of wheat sold by Argentina to Chile dropped from 70 dollars per ton in 1954 to 62.25 dollars in 1955. Uruguay sold wheat to Brazil at 71.25 per ton in 1955 and 59.30 dollars in 1956.

Table 12

ARGENTINA AND URUGUAY: EXPORTS OF WHEAT <sup>a/</sup>

(Volume in thousands of tons: value in thousands of dollars)

Country of origin and destination	1953		1954		1955 <sup>b/</sup>	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina: exports to</u>						
Bolivia	14.1	1,375	-	-	-	-
Brazil	1,177.2	128,347	767.3	68,632	1,233.3	92,255
Chile	88.8	8,948	262.7	17,819	127.7	8,258
Paraguay	48.0	6,134	57.3	5,737	71.4	5,877
Peru	102.0	8,632	181.4	12,253	131.0	8,106
Latin American countries	1,430.5	153,472	1,268.7	104,491	1,563.6	114,505
All countries	2,535.9	244,774	3,041.9	215,469	3,676.5	255,297
<u>Uruguay: exports to</u>						
Brazil	44.0	4,815	256.9	24,242	271.0	23,847
Paraguay	26.0	3,121	18.6	2,098	0.5	52
Peru	-	-	5.6	316	53.7	3,228
Latin American countries	70.0	7,936	281.1	26,656	325.2	27,127
All countries	70.0	7,936	334.0	29,693	515.1	37,895
<u>Total: exports to</u>						
Bolivia	14.1	1,375	-	-	-	-
Brazil	1,221.2	133,162	1,024.3	92,924	1,504.3	116,102
Chile	88.8	8,948	262.7	17,819	127.7	8,258
Paraguay	74.0	9,255	75.8	7,835	71.9	5,929
Peru	102.0	8,632	186.9	12,569	184.7	11,334
Latin American countries	1,500.5	161,408	1,549.8	131,147	1,888.8	141,632
All countries	2,605.9	252,710	3,375.9	245,162	4,191.6	293,192
Percentage of exports to Latin America over total exports	57.6	63.9	45.9	53.5	45.1	48.3

Source: Official statistics and estimates.

<sup>a/</sup> Includes wheat-flour in terms of wheat.

<sup>b/</sup> Provisional figures.

/Wheat production

Wheat production in the seven southern countries of South America reached the maximum figure of 10,683,500 tons in 1955, an increase of more than 40 per cent over the average yearly production for the periods 1934-38 and 1949-51. (See table 13.)

Table 13  
SOUTH AMERICA: WHEAT PRODUCTION IN SEVEN COUNTRIES  
(Thousands of tons)

Country	Average 1934-1938	Average 1949-1951	1953	1954	1955	1956	Average 1954-1956
Argentina	6,127.7	5,380.0	7,633.7	6,200.0	7,690.0	5,250.0	6,380.0
Bolivia	33.0	28.0	20.0 <sup>a/</sup>	20.0 <sup>a/</sup>	20.0 <sup>a/</sup>	20.0 <sup>a/</sup>	20.0 <sup>a/</sup>
Brazil	144.2	458.3	689.5	771.7	871.3	982.9	875.3
Chile	849.9	904.4	989.2	928.4	1,077.6	951.5	985.8
Paraguay	1.0	1.2	1.6	1.0 <sup>a/</sup>	1.0 <sup>a/</sup>	1.0 <sup>a/</sup>	1.0 <sup>a/</sup>
Peru	76.3	143.2	168.7	162.5	170.0	150.0 <sup>a/</sup>	160.8
Uruguay	360.7	468.3	462.5	818.6	853.6	825.0 <sup>a/</sup>	832.4
Total	7,592.8	7,384.4	9,965.2	8,902.2	10,683.5	8,180.4	9,255.3

Source: Official data and estimates.

a/ Estimates.

Although 1954 production was over a million tons lower than that of 1953, mainly owing to the fall in Argentina's production, the latter country had to devote a large part of the 1953 crop to a re-establishing the normal level of its stocks, which had been all but exhausted owing to the low production in 1952. On the other hand, since Uruguayan production rose by almost 80 per cent from 1953 to 1954, the stocks available for export from both countries increased substantially between those two years. There was a similar increment between 1954 and 1955, attributable in this instance to the record crop. (See table 14.)

Table 11.

ARGENTINA AND URUGUAY: PRODUCTION, CONSUMPTION, STOCKS  
AND EXPORTS OF WHEAT  
(Thousands of tons)

	Argentina			Uruguay			Total		
	1953	1954	1955	1953	1954	1955	1953	1954	1955
Stocks on 1 January	160.8	1,111.6	1,100.0	...	102.0	206.0	...	1,213.6	1,306.0
Production	7,633.7	6,200.0	7,690.0	462.5	818.6	853.6	8,096.2	7,018.6	8,543.6
Total avail- abilities	7,794.5	7,311.6	8,790.0	...	920.6	1,059.6	...	8,232.2	9,849.6
Exports	2,535.9	3,041.9	3,676.5	70.0	334.0	515.1	2,605.9	3,375.9	4,191.6
Apparent consumption	4,147.0 <sup>a/</sup>	3,169.7	3,189.5	...	381.1	417.9	...	3,550.8	3,607.4
Stocks on 31 December	1,111.6	1,100.0	1,924.0	102.0	206.0	130.4	1,213.6	1,306.0	2,054.4
	<u>Estimates for 1956</u>								
	<u>Argentina</u>			<u>Uruguay</u>			<u>Total</u>		
Stocks on 1 January	1,924.0			130.4			2,054.4		
Production	5,250.0			825.0			6,075.0		
Total availabilities	7,174.0			955.4			8,129.4		
Estimated consumption	3,500.0			400.4			3,900.4		
Normal reserves	1,000.0			80.0			1,080.0		
Exportable surplus	2,674.0			475.0			3,149.0		
Probable exports to Latin America	1,120.0 <sup>b/</sup>			340.0			1,460.0 <sup>b/</sup>		

Source: Official data and estimates.

a/ Including replacement of stocks held by flour mills and other commercial and industrial enterprises.

b/ Including more than 80,000 tons of wheat shipped by Argentina to Chile in 1956 as a result of sales made in 1955.

Table 15 shows how the imports of Latin American countries with a wheat deficit increased from 1953 to 1955 and the growing part played during that period by wheat from Argentina and Uruguay, which in 1955 amounted to 82.5 per cent of wheat imports as compared with 59.5 per cent in 1953.

Table 15

SOUTH AMERICA: WHEAT IMPORTS IN SELECTED COUNTRIES <sup>a/</sup>  
(Thousands of tons)

	Bolivia	Brazil	Chile	Paraguay	Peru	Total	Percentage
<u>1953</u>							
From Latin America	8.6	1,149.5	1.6	48.4	71.1	1,279.2	59.5
From the rest of the world	78.5	508.3	93.3	2.1	188.4	870.6	40.5
Total	87.1	1,657.8	94.9	50.5	259.5	2,149.8	100.0
<u>1954</u>							
From Latin America	-	1,026.1	202.8	57.3	206.7	1,492.9	65.6
From the rest of the world	95.7	620.0	16.5	-	49.9	782.1	34.4
Total	95.7	1,646.1	219.3	57.3	256.6	2,275.0	100.0
<u>1955</u>							
From Latin America	-	1,623.8	183.0	69.1	193.6	2,069.5	82.5
From the rest of the world	77.0	231.0	19.9	-	112.3	440.2	17.5
Total	77.0	1,854.8	202.9	69.1	305.9	2,509.7	100.0
<u>1956<sup>b/</sup></u>							
From Latin America	-	1,120.0	230.0	50.0	140.0	1,540.0	54.2
From the rest of the world	80.0	880.0	130.0	30.0	180.0	1,300.0	45.8
Total	80.0	2,000.0	360.0	80.0	320.0	2,840.0	100.0

Source: Official statistics and ECLA estimates.

a/ Including wheat-flour in terms of wheat.

b/ Estimates.

/As in

As in former years, sales by Argentina to Brazil accounted for the bulk of the wheat trade among the southern countries of South America. These sales are generally made on the basis of yearly contracts. In the contract concluded between the two countries at the beginning of 1953 it was agreed that 1.2 million tons should be exported for that year. The following year the signing of the contract was delayed for various reasons until the end of June, and, as a result, purchases were limited to 750,000 tons of grain and 26,250 of flour, at 81 and 113.50 agreement-dollars per ton respectively, f.o.b. Argentine ports. In January 1955, a new transaction was agreed upon, comprising a contract for the sale in 1955, 1956 and 1957 of 1.2 million tons of grain per year, within the terms of the trade and payments agreements in force. An important feature of this contract is that the full quantity must be delivered, provided the annual exportable surplus of Argentina is 3 million tons or more; if it should be less, the Government of Argentina must make every effort to supply as much as possible of the quantity agreed upon, undertaking in any case to sell to Brazil at least 30 per cent of the surplus. For its part, the Brazilian Government "during any year that this agreement is in effect shall be released from the engagement to buy any part of the 1.2 million tons of wheat which cannot be absorbed by the resources resulting or expected to result during that year from Argentine purchases on the payments agreement account in force between the two countries".

It was agreed that the price of the wheat to be shipped in 1955 would be 71.25 agreement-dollars per ton, f.c.b. Argentine ports; that approximately 100,000 tons would be shipped per month; and that Brazil would import 48,000 tons of wheat grain, or 4 per cent of the total for the year, in the form of flour, to be deducted from the total. The price of the flour would be computed on the basis of the price fixed for wheat grain, at an extraction index of 70 per cent.

To judge by Argentinian statistics, both the 1954 and the 1955 agreements were fully implemented, with exports of wheat and wheat flour amounting to 767,300 tons in 1954 and 1,221,800 tons in 1955.

Argentina's exports to Chile were much greater in 1954 and 1955 than in earlier years (see table 12). This is due largely to the trade and payments agreement concluded between the two countries in February 1954. Wheat to a

quantity of 250,000 tons and wheat flour up to 5,000 tons are included in the schedule for the year 1954 of products exportable to Chile which do not require an exchange permit. The wheat exports - estimated at a value of 17.4 million dollars - were considered to be the counterpart of shipments to Argentina of Chilean iron and steel to the same value, also included in the schedule of products not requiring exchange permits. In addition, it was agreed, by an exchange of notes, to amend the terms of a contract for the sale of wheat concluded between the Instituto Argentino para la Promoción del Intercambio (IAPI) and the Instituto Nacional de Comercio (INACO) in June 1953, for a quantity of 200,000 tons. The price of the wheat, which had been fixed at 100 dollars per ton f.o.b. Buenos Aires, was reduced to 73 dollars for the 95,000 tons already shipped and to 70 dollars for the 105,000 tons awaiting shipment. With the addition of a further purchase made subsequently by INACO from IAPI, the total quantity of wheat to be delivered after February rose to 215,000 tons.

The full quota of wheat and flour agreed upon for 1954 was exported. According to Argentine statistics, 262,700 tons were exported to Chile as compared with 88,800 tons in 1953 and considerably less in earlier years. In the schedules for the second year of the agreement,<sup>44/</sup> the amount of Argentine wheat to be exported to Chile was reduced to 200,000 tons and the amount of wheat flour was fixed at 5,500 tons, inasmuch as Chilean needs were estimated to have decreased, both because of increased domestic production and because of an agreement Chile concluded with the United States in January 1955 for the purchase of farm surpluses, which included some 33,000 tons of wheat. (See table 1.) In September 1955, INACO concluded an agreement with the Instituto Nacional de Granos (ING) in Argentina for the purchase of 150,000 tons of wheat at 62.25 agreement-dollars f.o.b. per ton. Some 70,000 tons of that quantity were delivered by the end of 1955, bringing the total exports for that year to 128,000 tons. As indicated, the decrease as compared with 1954 exports is attributable to the smaller deficit in Chilean supplies of wheat and to the purchase of United States wheat under the programme for the liquidation of surpluses. This purchase amounted to

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<sup>44/</sup> March 1955 - February 1956. The validity of the schedules was later extended until 31 August 1956.

37,000 tons at 58.96 dollars f.o.b. per ton.

Like Chile, Peru has greatly increased its imports of Argentine wheat in the last two or three years: Argentina, which has become Peru's main source of supply, exported 181,400 tons to that country in 1954 and 131,000 in 1955. This increase is all the more remarkable in that the schedules of commodities annexed to the trade and payments agreement concluded between these two countries in August 1949 does not mention wheat among the commodities of major importance in Argentine-Peruvian commercial exchanges. Moreover, in February 1955, Peru signed an agreement with the United States - which was amplified in June and September of this year - with regard to farm surpluses, which includes a contract for the sale of about 100,000 tons of wheat under title I of Public Law 480 (see table 1).

In 1954 and 1955, Argentina maintained its traditional role of sole supplier of wheat and wheat flour to Paraguay. On the contrary, Bolivian imports of wheat came, as in former years, from outside Latin America. This was the more true inasmuch as Bolivian requirements for imported wheat are being met in whole or in the main through the United States programmes for the disposal of farm surpluses.

By an exchange of notes dated 12 December 1953, and coinciding with the signing of the Charter of Economic Union, Argentina and Ecuador concluded a purchase and sale contract during 1954 providing for approximately 30,000 tons of Ecuadorian oil to be exchanged against Argentine wheat to the same value, at the prices governing sales of wheat to Ecuador under the International Wheat Agreement. It appears, however, that the transaction did not go through, for the statistics of both countries fail to show any exports of Argentine wheat to Ecuador in 1954 or 1955.

Uruguayan wheat exports showed a marked increase in 1954 and 1955 as compared with former years, owing to the increase in production (see tables 12, 13 and 14). The main market for this increased exportable surplus was Brazil, which, under a barter agreement concluded at the end of 1953, undertook to buy 300,000 tons of Uruguayan wheat each year for three years. Mainly as a result of that agreement, Uruguayan wheat exports to Brazil rose to more than 250,000 tons in 1954 and 1955, as compared with much smaller

/quantities in

quantities in earlier years. <sup>45/</sup>

Uruguayan statistics also show steady and sometimes increased exports to Paraguay; this is not shown in the Paraguayan import figures, perhaps because the wheat was exported through Argentina. In addition, in 1954 Uruguay started to export wheat to Peru; the quantity exported that year was less than 6,000 tons, but in 1955 it amounted to almost 54,000 tons.

#### Situation and prospects in 1956

All the data and information available on 1956 seem to indicate a considerable decline in the wheat trade among Latin American countries, owing mainly to the smaller exportable surpluses available in Argentina and Uruguay as a result of the damage caused to the crops by adverse weather conditions, especially in Argentina. According to the estimates given in table 14, the exportable surplus in both countries is about 3.15 million tons for this year, which compares unfavorably with the total of 4,191,600 tons exported in 1955. Side by side with this decrease in exportable surpluses, there has been a marked increase in contracts for the sale of United States wheat and wheat-flour to the southern countries of Latin America by virtue of agreements concluded by those countries with the United States under title I of Public Law 480, to which frequent reference has been made. Under these agreements, which were signed at the end of 1955 and during the first six months of 1956, the United States engages to sell wheat in the fiscal year 1955/1956 up to a value of 42.5 million dollars, representing some 684,000 tons. <sup>46/</sup> To those quantities should be added the direct dollar purchases of wheat which the importing countries are to make in free-market dollars under the terms of Public Law 480, and in conformity with the agreements concluded. Moreover, in accordance with other provisions of the United States programme for the disposal of farm surpluses embodied in that Law and in section 402 of the Mutual Security Act, the United States has shipped substantial quantities of wheat and wheat-flour to Bolivia and Peru and other Latin American countries

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<sup>45/</sup> Uruguay sold Brazil 300,000 tons of wheat and wheat flour in 1955 at the f.o.b. price of 71.25 and 150.54 dollars per ton respectively.

<sup>46/</sup> Compare these figures with those for 1954/1955, when the value of these sales commitments rose to 6.8 million dollars, representing some 130,000 tons. (See table 1.)

in the course of the first two years of the programme's implementation (July 1954 to June 1955). (See table 2.)

On the basis of production figures for 1956 in the southern countries with a wheat deficit (see table 13), and taking into account the available stocks or apparent consumption of wheat in those countries in recent years and the normal increase in that consumption, it has been estimated that they will need to import something like 2.94 million tons of wheat this year as against a little more than 2.5 million in 1955 (see table 15). Of the total amount to be imported, possibly 54 per cent - or about 1.54 million tons - will come from Argentina and Uruguay, and the rest from outside Latin America.

Brazil's requirements for wheat and flour imports in 1956 are in the neighbourhood of 2 million tons, if it is to have total availabilities of about 3 million tons. Brazil has agreed to purchase 800,000 tons of wheat in Argentina during this year, taking into account the provisions of the Wheat Agreement between the two countries and the fact that the Argentine exportable surplus is far below 3 million tons. (See table 14.) The purchase was made at the international price, on the understanding that the quotation will be adjusted for each shipment, - a procedure similar to that used for the export of Brazilian timber to Argentina.<sup>47/</sup> Again in conformity with the agreement in force between the two countries and under a contract signed in April 1956, Brazil has undertaken to buy 265,000 tons of wheat and 40,000 of flour from Uruguay in the course of this year (making a total of 320,000 tons in terms of wheat) at 59.30 and 123.14 dollars per ton respectively. The 880,000 additional tons required by Brazil to bring its imports up to 2 million tons in 1956 will probably come from the United States and Canada. In November 1955 Brazil concluded an agreement with the United States on the purchase of farm surpluses, including wheat to a value of 31 million dollars (representing some 500,000 tons) and flour to a value of 1.1 million dollars (representing some 17,000 tons in terms of wheat).

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<sup>47/</sup> The 800,000 tons of wheat sold by Argentina to Brazil include the equivalent of 24,000 tons in flour (i.e. 16,800 tons of flour). Delivery of the wheat is made in shipments of 200,000 tons. For the first 200,000 tons an average price of 61.90 dollars f.o.b. per ton was agreed upon; the price of each of the subsequent shipments will be decided when the shipment is made.

If the price should be lower than anticipated - which may happen - the quantity corresponding to the agreed values will be greater. To that quantity should be added the dollar purchases of wheat to be made by Brazil from the United States, through the normal channels and in quantities comparable to those purchased in former years. Finally, it should be borne in mind that under the new International Wheat Agreement Brazil is assigned an annual quota of 200,000 tons, which does not include purchases made from Argentina or from United States surpluses.

In Chile the estimated wheat deficit for 1956 amounts to about 360,000 tons, a much higher figure than was reached by imports in former years. This is due to the increase in consumption and to the fact that the crop was some 125,000 tons smaller than that of 1954/1955. To meet this difficulty, Chile has 109,500 tons of wheat from United States surpluses - bought in May under the agreement signed with the United States last March - plus a direct dollar purchase of 20,000 tons, making a total of 129,500 tons of United States wheat. <sup>48/</sup> To this quantity should be added 80,000 tons of Argentine wheat bought in 1955 and not yet received in 1956, as also another 50,000 tons from the same source, the purchase of which was being negotiated at the end of July. Nevertheless, there is still a deficit of some 100,000 tons, which the estimates given in table 15 have attributed to Argentina, bearing in mind the fact that the most recent schedules in the agreement (extended until 31 August 1956) mention 200,000 tons of wheat. It would appear that Argentina set aside from 100,000 to 150,000 tons of wheat for export to Chile this year. It is believed, however, in informed circles that Chile will decide to buy no more than 50,000 tons more from Argentina and will not purchase the remainder unless it can do so from the United States under title I of Public Law 480. To that end the United States Government was consulted with regard to the possibility of allocating to the purchase of wheat 3.7 million dollars which in the agreement on the sale of farm

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<sup>48/</sup> The agreement concluded with the United States specified a sale of 6.2 million dollars worth of United States wheat, representing some 100,000 tons. As the price at which the wheat was actually purchased was 56.55 dollars f.o.b. per ton - less than expected - the quantity obtained was greater. The direct dollar purchase was made at the price of 55.20 dollars per ton.

surpluses in 1956 were allocated to frozen beef - a commodity which Chile is apparently not going to buy in the United States market after all.

With regard to Peru's wheat import requirements in 1956, estimated at some 320,000 tons, it is considered that imports from Argentina will probably rise to 140,000 tons, this quantity being apparently already reserved for Peru, according to the information available. The rest will probably come from Canada and the United States. In May 1956 Peru concluded an agreement with the United States on the purchase of agricultural surpluses, which includes 2.5 million dollars' worth of wheat (representing some 40,000 tons). In addition, that same month the United States decided to ship some 45,000 tons of wheat, barley and maize to Peru, as a grant, under title II of Public Law 480, in view of the effects of the drought in the south of Peru. To this should be added any purchases Peru may make under the International Wheat Agreement, in which it is committed to the purchase of 200,000 tons.

Bolivia's requirements, estimated at 80,000 tons, will apparently be fully covered, as in former years, by United States wheat, most of which is received in the form of grants or the value of which is used in Bolivia to finance programmes of mutual defence or economic development. Under the International Wheat Agreement, Bolivia is formally committed to by 110,000 tons of wheat per year, an amount exceeding its apparent residual needs. Paraguay, which also needs to import about 80,000 tons, will satisfy its requirements with some 30,000 tons of United States wheat, to be bought in accordance with the agreement signed with the United States in May 1956, plus 20,000 tons of Uruguayan wheat, the purchase of which was negotiated in February 1956. The remaining 30,000 tons will probably be supplied by imports of wheat from Argentina.

According to the foregoing estimates, Argentina's exports of wheat to its traditional Latin American markets will be somewhere between 1,100,000 and 1,150,000 tons in 1956, leaving a balance of more or less the same quantity for export to other areas. Uruguayan exports to neighbouring countries will amount to some 310,000 tons, Uruguay having apparently already arranged for the disposal of all its exportable wheat for 1956, an estimated 475,000 tons.

Finally, it should be pointed out that since this trade among the  
/southern countries

southern countries of South America is conducted mainly or exclusively through official bodies, the wheat trade has not been substantially affected by the alterations in the exchange control regulations of Argentina and Chile. Nevertheless, there is a clear tendency in those countries, at least with regard to the contractual price for wheat, to bring their wheat trade into line with conditions and prices on the international market, thus discontinuing the practice, followed for many years in inter-Latin-American Trade, of charging for wheat and other commodities prices differing from those on the international market or those agreed upon in negotiations with other countries outside the area.

## 5. Cotton

Judging from export figures, trade in cotton among the countries of South America, after undergoing a sharp decline in 1954 as compared with the high volume exported in 1953, has again shown a very marked increase in 1955, when it reached its peak level. (See table 16.)<sup>49/</sup>

Apart from these general fluctuations, statistics reveal several important changes in 1954, which are even more marked in 1955, as compared with the main trends in former years, and two of which are worth particular mention. The first is the falling-off in Colombian imports, and the second the supplanting of Paraguay by Brazil as the main supplier of Uruguay.

In the post-war years Colombia had become an important market for Latin American cotton, and especially for cotton from Peru, though it also made substantial purchases of Mexican cotton. It was the chief importing country in Latin America and - after Chile and Uruguay - the most important Latin American market for the region's cotton. Colombian imports have, however, decreased in the last two years, particularly those from the countries of the region, which were reduced to practically nothing in 1955. This is undoubtedly due to the increase in domestic production, which has been even more marked than the equally rapid rise in consumption and has consequently reduced import needs. Except for cotton of lengths and qualities of fibre that are not produced in the country, the Colombian textile industry can obtain its supply of cotton from domestic production.

This decrease in total Colombian imports affected Colombia's purchases in Latin America only; it continued to import the same quantity of cotton from the United States.

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<sup>49/</sup> The development indicated, however, differs considerably from that reflected in the import figures (see table 17).

Table 16

## SOUTH AMERICA: COTTON EXPORTS TO SELECTED COUNTRIES

(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina: exports to</u>						
Latin America a/	1,062	684	-	-	-	-
All countries	61,444	39,729	27,512	18,918	2,400	1,520
<u>Brazil: exports to</u>						
Chile	1,232	1,200	3,374	2,872	3,478	2,859
Bolivia	-	-	562	476	499	426
Uruguay	1,843	1,558	4,303	3,621	5,681	4,790
Latin America b/	3,985	3,280	10,215	8,173	10,659	8,635
All countries	139,515	107,510	309,486	223,116	175,706	131,365
<u>Peru: exports to</u>						
Argentina	2,607	2,255	1,961	1,396	9,266	6,928
Bolivia	908	658	-	-	-	-
Chile	14,727	10,535	8,765	6,741	19,261	15,507
Uruguay	1,183	1,009	680	545	806	670
Colombia	10,379	7,261	2,561	1,933	226	184
Latin America c/	30,161	21,981	14,140	10,745	30,183	23,433
All countries	88,545	64,898	83,180	64,549	85,050	68,090
<u>Paraguay: exports to</u>						
Uruguay	2,624	994	3,100 <sup>d/</sup>	2,326 <sup>d/</sup>	10	8
Latin America	2,677	994	3,253 <sup>e/</sup>	2,444 <sup>e/</sup>	10	8
All countries	12,952	4,400	11,645	6,848	9,469	5,499
<u>Total exports to</u>						
Latin America	37,885	26,939	27,608	21,362	40,852	32,076
All countries	302,456	216,537	431,723	313,431	272,625	206,474

Sources: Official statistics.

a/ Argentina's cotton exports to Latin America in 1953 were more or less equally divided between Cuba and Ecuador.

b/ Other Latin American countries to which Brazil regularly exports cotton, sometimes in fairly considerable quantities, are Cuba, Ecuador and Colombia; in 1955, 660 tons were also exported to Argentina.

c/ Peru also exports fairly regularly to Ecuador.

d/ Uruguayan figure for imports from Paraguay.

e/ Uruguayan and Chilean figures for imports from Paraguay.

/There can

There can be no doubt that a contributory factor in 1955 was constituted by the purchasing facilities granted by the United States under the agreement signed with Colombia in June, which provided for the sale of 1,900 tons of United States surplus cotton valued at 1.6 million dollars. (See table 1.)

With regard to imports effected by Uruguay, it should be noted that this country was almost the sole market in Latin America for Paraguayan cotton, most of which has since the war been exported to areas outside the region. (See table 16.) In 1954 and 1955, Uruguayan cotton imports - although supplemented by regular and increasing purchases of Peruvian cotton - were made chiefly from Brazil, under a bilateral agreement concluded between the two countries in December 1953. In this instrument, Uruguay undertook to authorize cotton imports to the value of 7 million dollars annually.<sup>50/</sup>

In 1954, Paraguay also concluded a modus vivendi with Bolivia under which Bolivian petrol and kerosene are to be bartered for Paraguayan cotton. The value of the goods to be bartered was originally set at 150,000 dollars annually, but it is understood that it was raised to 500,000 dollars when the agreement was renewed in 1956. However, it appears that other Paraguayan products, such as cement, tanned hides, tobacco, cotton textiles, fresh fruit, etc. were included in this amount.

Chile has replaced Colombia as the leading Latin American importer of raw cotton. Its imports in 1954 and 1955 were drawn, to a greater extent than in previous years, from other Latin American countries, chiefly Peru, for whose cotton Chile is now the largest market. (See table 17.) Peruvian cotton of the Targuis type in addition to its length and quality has the advantage in Chile of a special tariff reduction on quantities up to 5,000 tons a year,<sup>51/</sup> and lower freight charges than cotton from any other source.

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<sup>50/</sup> Probably the existing arrangement between Brazil and Uruguay, under which Brazil engages to buy some 400,000 tons of Uruguayan wheat, contains a similar undertaking by Uruguay with regard to the purchase of Brazilian cotton.

<sup>51/</sup> This concession, which is considered exclusive because it is made to an adjacent country, is granted on a reciprocal basis. Peru allows a 50-per-cent reduction on certain additional duties on Chilean iron and steel products.

## SOUTH AMERICA: COTTON IMPORTS OF SELECTED COUNTRIES

(Volume in tons; value in thousands of dollars)

Importer country	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Argentina: imports from</u>						
Peru	2,510	6,409	2,497	4,683	674	1,251
Latin America	2,510	6,409	2,512	4,694	674	1,251
All countries	2,510	6,409	2,585	4,790	2,012	3,108
<u>Bolivia: Imports from</u>						
Peru	1,039	1,117	...	...	...	...
Latin America	1,059	1,136	...	...	...	...
All countries	1,121	1,221	2,630	2,082	570	459
<u>Colombia: imports from</u>						
Peru	10,646	8,664	2,360	2,066	203	242
Mexico	1,856	1,390	604	490	-	-
Latin America b/	13,020	10,429	3,575	2,942	203	242
All countries	15,453	12,516	5,874	4,920	2,404	2,265
<u>Chile: imports from</u>						
Brazil	1,602	1,985	3,848	2,998	1,070	968
Peru	3,770	3,555	11,871	10,989	10,224	9,324
Latin America a/	5,446	5,609	16,006	14,220	11,294	10,292
All countries	12,824	13,139	29,793	27,350	16,429	15,395
<u>Ecuador: imports from</u>						
Peru	471	415	173	149	...	...
Latin America c/	967	844	1,061	828	...	...
All countries	2,387	2,202	1,380	1,035	984d/	801d/
<u>Uruguay: imports from</u>						
Brazil	1,802	1,438	4,646	3,868	6,995	5,505
Paraguay	5,529	3,970	3,100	2,326	50	43
Peru	1,154	1,126	637	650	845	848
Latin America	8,485	6,534	8,383	6,844	7,890	6,396
All countries	8,654	6,662	8,777	7,174	8,009	...
<u>Venezuela: imports from</u>						
Brazil	85	35	157	102	213	126
Latin America e/	94	37	157	102	381	222
All countries	534	149	1,118	362	1,915	618

Sources: Official statistics.

- a/ Chile also imported a small quantity from Paraguay in 1954, and from Mexico in 1953 and 1954.
- b/ The remaining imports from Latin America were from Paraguay and Haiti in 1953 and from Brazil in 1954.
- c/ Ecuadorian statistics show imports from Argentina in 1953, and from Chile in 1954.
- d/ Figures for nine months.
- e/ Venezuela is shown as having imported cotton from Uruguay in 1955.

/In addition,

In addition, Peru produces small quantities of extra long-fibre Pima and Karnak cotton (1½" and over), which have been used in Chile to replace Egyptian cotton when it has been difficult to import the latter owing to problems of prices, foreign exchange, etc.

Apart from Peruvian cotton, Chilean manufacturers seem to prefer United States and Egyptian cotton; on the other hand, they appear to have some objections to the use of Brazilian cotton, as its price is presumably higher than that of cotton from other sources, considering the length and other qualities of the fibre. Nevertheless, Chile has tried to maintain a certain volume of purchases of Brazilian cotton by the allocation of part of its foreign exchange budget under the previous system or through the operation of the present State import monopoly,<sup>52/</sup> in order to comply with the provisions of the additional protocol of 1947 and to facilitate the sale in Brazil of Chilean products, particularly nitrates. Chile might offer a better market for Brazilian cotton if the latter were offering conditions more competitive with those of cotton from other sources.

Apart from the purchases of Brazilian cotton by Chile and Uruguay, most of the other South American deficit countries import considerable quantities of Peruvian cotton but little or no Brazilian cotton. (See tables 16 and 17.) This is because most of the countries concerned are cotton producers and most of their production is short- or medium-staple cotton, more or less similar to that produced in Brazil. In consequence, they wish to obtain longer-staple cotton of the Peruvian type, of which domestic supplies are insufficient. A typical example is provided by Argentina, which is self-sufficient in short-staple cotton, and even exports it, in some years on a substantial scale, but does not produce long-staple cotton and so has to import about 2,500 tons annually, usually from Peru and sometimes from Egypt. Both

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<sup>52/</sup> Since June 1955, Chilean imports of cotton have been made exclusively through the Instituto Nacional de Comercio (INACO). To judge from some comments, the reluctance of Chilean mills to use Brazilian cotton appears to be due, partly at least, to their objection to the inferior types of cotton purchased by INACO in Brazil.

Colombia and Ecuador now seem to be in a similar position.

It should be noted that Mexico has exported cotton to certain South American countries. The amounts involved are small, but are tending to increase.

Situation and prospects in 1956

The level of the inter-Latin American trade in cotton may possibly be adversely affected in 1956 by various factors. In the first place there will probably be a heavy increase in purchases of United States cotton as a result of the United States farm surplus disposal policy. Cotton is included in three agreements concluded in late 1955 and early 1956 with the following Latin American countries: Colombia (7,800 tons), Chile (6,800 tons) and Ecuador (1,130 tons). (See table 1.) Furthermore, the United States Government has offered for sale, on a competitive basis, all the Upland cotton held by the Commodity Credit Corporation (CCC).<sup>53/</sup> The sale of United States Upland cotton at low prices affects Brazilian and possibly Peruvian cotton.<sup>54/</sup> Following the sale by the United States in early 1956 of one million bales of short-staple cotton held by the CCC, Brazil was obliged to reduce the export price for its cotton in January 1956 and raise from 5 to 12 per cent the discount it made on the New York prices for futures of similar cottons, although the increased discount was only for sales against convertible currencies

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<sup>53/</sup> It is estimated that the CCC held about 10 million bales (about 2.3 million tons) of Upland cotton on 10 July 1956, most of it short-staple (15/16" to 1").

<sup>54/</sup> The best-quality and longest-fibre United States Upland cotton can compete with the Peruvian Tanguis, especially if the prices and conditions of sale are sufficiently attractive. Of United States cotton exports between 1 August 1955 and 31 May 1956 (about 420,000 tons), 47 per cent consisted of fibres under 1" in length, 43 per cent of fibres in the range from 1" to 1-3/32", and 10 per cent of fibres of 1-1/8" and over. The average length of the Peruvian Tanguis type is 1-3/16", and of the Brazilian Paulista N°. 5, 1".

or currencies of limited convertibility.<sup>55/</sup> Furthermore, under the Brazilian exchange system and for the purposes of the auctioning of foreign exchange, cotton was transferred in May 1955 from category II to category III, which meant an increase in the bonus received by exporters. With the reform of May 1956, category III became category II, but the corresponding bonus remained unchanged.

Exports of Brazilian cotton in 1956 may also be curtailed by a reduction of the exportable surplus. The heavy rains in the southern cotton-growing areas reduced the 1955/56 harvest and also affected its quality. In May 1956 the foreign trade department (CACEX) of the Bank of Brazil temporarily suspended cotton exports until it could be determined whether stocks were sufficient to meet domestic needs.

With the purchases of United States cotton stipulated in the agreements mentioned, in addition to the direct dollar purchases to be effected, it is possible that Colombia and Ecuador will be able to satisfy all their requirements of imported cotton in 1956. Owing to the loss of part of its 1955/56 harvest, Colombia will have a deficit of about 8,000 to 9,000 tons in 1956. Chile has already bought over 6,600 tons of United States cotton in the course of the year - 4,500 tons under the agreement and 2,100 in the form of direct dollar purchases.<sup>56/</sup> In addition, in late 1955 and early 1956 INACO bought 14,650 tons of Peruvian, 4,040 tons of Brazilian, 972 tons of Mexican and 350 tons of Egyptian cotton, a total of rather more than 26,600 tons, some of

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<sup>55/</sup> Up to October 1955 Paulista N° 5 (the basic Brazilian variety) was exported at prices at par with prices for futures on the New York market in the nearest month for United States Middling 15/16" cotton (less freight and insurance from Brazilian ports to New York). From October 1955 to October 1956, export permits for Brazilian cotton were granted at a price 5 per cent below the New York quotations.

<sup>56/</sup> According to information received, the United States cotton bought by Chile through INACO is of the Middling, Strict Middling and Good Middling types, in the range from 1-1/16" to 1-1/8", i.e. medium- and long-staple cotton of better than average quality. The price of cotton purchased under the agreement averaged 0.3372 dollars c.i.f. per pound.

which really corresponds to 1955, although it is not shown in the import statistics for that year. With these purchases, plus a balance of 2,300 tons of United States cotton still to be purchased under the agreement, the needs of the Chilean textile industry will probably be satisfied in 1956.

No major changes are expected in the cotton imports of Uruguay or Argentina in 1956, except possibly a modification due to an increased shortage of better quality cotton in Argentina, caused by the effect of adverse weather conditions on the quantity and quality of the Argentine cotton harvest in 1955/56.

/ANNEX

ANNEX

Brazilian cotton and the Chilean market

Chile is now the leading Latin-American importer of cotton. In order to work at full capacity, the Chilean cotton textile industry would require annual imports of about 30,000 tons. However, the restrictions imposed by the foreign exchange budget in previous years limited imports to an annual average of something under 20,000 tons during the past six years. The new exchange regulations of April 1956 eliminated such restrictions. It is expected that during the next three or four years, once the contraction of demand at present produced by anti-inflationary measures has disappeared, the textile industry will require about 26,000 tons of cotton a year.

As part of cotton import policy, the Chilean authorities have for several years been attempting to shift some purchases to the Brazilian market, to bring imports of Brazilian cotton to the level provided for in the additional protocol of 1947<sup>57/</sup> and to avoid expenditure in convertible currencies by making use of the unit of account stipulated in the payments agreement between Chile and Brazil. Furthermore, as Brazil has often had substantial adverse balances on this account during the last five-year period and this tends to depress the level of trade, exports of Brazilian cotton to Chile may help to balance trade between the two countries without need for restricting the purchases of the debtor country.

In spite of these endeavours, Chilean cotton requirements have been met by Peruvian, United States and Egyptian cotton to a far greater extent than by Brazilian cotton. On the average during the past six years, Brazilian cotton has accounted for only 10 per cent of Chile's total cotton imports, i.e., under 2,000 tons a year.

The main obstacle to a substantial flow of Brazilian cotton to Chile seems to be that of price. As a result of Brazil's maintenance

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<sup>57/</sup> By an exchange of notes dated July 1947 and annexed to the additional protocol to the 1943 Trade and Navigation Treaty between Brazil and Chile quotas, Chile undertook to impose no restrictions (licenses, prohibitions, etc.) on the annual importation of specified quantities of certain Brazilian products, including 5,000 tons of cotton.

of over-valued rates of exchange, coupled with the effect of inflation on production costs, Brazilian cotton has often been quoted at prices above the competitive level; moreover, the prices of Brazilian cotton on the Chilean market are increased by heavier freight charges than those paid for Peruvian or United States cotton. Because of these and other factors, Brazilian cotton was, and to a certain extent still is, at a competitive disadvantage on the Chilean market as compared with cotton from other sources. Furthermore, the maintenance in Chile for many years of a preferential exchange régime for cotton imports encouraged the industry to import better-quality cotton than would have been bought if the price of the foreign exchange had been realistic. <sup>58/</sup>

The adoption of official measures by Chile to secure the importation of larger quantities of Brazilian cotton has more than once met with objections on the part of Chilean manufacturers, based apparently on certain differences in the characteristics of Brazilian as compared with Peruvian and United States cotton. Such differences can be, and ordinarily are, offset by price. The differences must be stated in quantitative terms to determine at least approximately their relative importance.

The bulk of Brazil's cotton production and exports consists of Paulista cotton, the basic type being N° 5, the average length of which is 25 millimetres or 31/32" to 1", whereas the average length of Peruvian Tanguis is 30 millimetres (1-3/15"), and that of United States Upland is for the most part 26 to 28 millimetres (1" to 1-1/16"). Most Brazilian cotton is therefore short, -Peruvian long-, and United States medium-staple. If classified by grade, taking into account colour, uniformity of length, strength, impurities, etc., Paulista N° 5 cotton would be a grade lower than the basic United States type, Middling, and would be equivalent to Strict Low Middling, whereas Tanguis is of

<sup>58/</sup> This preferential régime was abolished in April 1956 when the new Chilean exchange regulations were introduced. At present Brazilian cotton is at an advantage, as the agreement-dollar with Brazil is quoted at a lower rate than the United States dollar on the Chilean exchange market, but this is still not enough to offset the higher price asked by Brazilian exporters.

/Higher grade.

higher grade. <sup>59/</sup> According to some Chilean manufacturers, in the case of both Peruvian and United States cotton there is a 10-per-cent waste as a result of impurities and irregularity in length, as against 13 per cent in the case of Brazilian cotton. In addition to the larger wastage, less yarn is produced when shorter-staple cotton is used because more twist is required with short-staple cotton than with longer-staple to produce yarn of the same strength. Assuming that the loss due to lower output is about 2 per cent if Brazilian cotton is used instead of the United States variety, the use of the former instead of the latter would mean an increase of about 5 per cent in costs.

It may be assumed that if the c.i.f. price of Brazilian cotton offset this difference, there would be no economic obstacles to its use. However, as noted above, this is not the situation on the Chilean market. This would appear to be the main reason for the attitude of Chilean manufacturers in this connexion. <sup>60/</sup>

From the technical point of view, there appears to be no major obstacle to the use of Brazilian cotton in the Chilean textile industry. According to the information available, 90 per cent of the yarns produced in Chile are of counts lower than 30, most of them being from 8 to 14, or in any case less than 20. For yarns of these counts it is not only possible but customary to use cotton similar to the Brazilian Paulista

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<sup>59/</sup> Mexican cotton, which is of the United States Upland variety, is equivalent to Strict Middling, which is better than Middling, and is in the 1-1/16" to 1-1/32" range.

<sup>60/</sup> There are also fairly substantial fluctuations in the quality and length of the Brazilian cotton available for export from year to year, as the quality of the cotton grown is affected by adverse weather conditions to a much greater extent than is Peruvian or United States cotton. Thus, in 1954, 62 per cent of the production of Paulista cotton consisted of grades 4/5 to 5/6, with 32 per cent of grade 5, and in 1955, 70 per cent of the production consisted of grades 5/6 to 6/7 (lower quality) only 13 per cent being of grade 5.

type, which is apparently used in Brazil for yarns of much higher counts. Paulista N° 5 is chiefly used in yarn for sheeting, calico, gabardine, sail cloth, ticking, towels etc.; the better grade N° 4 1/2 is used for printed goods and poplins, and N° 6, which is of lower grade, is used for sacking, Osnaburg etc. <sup>61/</sup>

Consequently, most of the yarns and fabrics produced in Chile would be manufactured from Brazilian cotton if it was offered at a price and on terms which would offset the lower factory yield that would result if it was substituted for Peruvian and United States cotton. There would also have to be some assurance of a normal and regular supply at competitive prices and of reasonably uniform quality.

Textile mills are planned and built to use certain types of cotton and as most of the cotton employed by the Chilean industry in the past has been of types different from that of Brazilian cotton, the use of this latter, in mills which have not hitherto utilized it, would normally require some reorganization of the plant, in particular more pickers to clean the cotton, in order to maintain normal feeding, and adjustments of the distance between cylinders to adapt them to shorter-staple cotton. It is estimated that in order to do this production in the plant would have to be suspended for about three days.

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<sup>61/</sup> Some of the tables in Labour Productivity of the Cotton Textile Industry in Five Latin American Countries (E/2833, Annex) pp. 138 and 215, appear to indicate that the type of cotton utilizable for 30-count yarns is Middling or Strict Middling of 1" to 1 1/16" in length etc. For yarns of counts lower than 18, lower-grade and shorter-staple cotton can be used. For higher-count yarns, the quality must be better and the length greater.

## 6. Timber

There was a substantial increase in the volume and value of inter-South-American trade in timber between 1953 and 1955. The volume increased by almost 45 per cent, and the value doubled, more than making up for the decline since 1951. However, the situation in the period under consideration was not the same in each of the three countries - Brazil, Chile and Paraguay - whose exports together account for almost all South American timber exports. While Brazilian timber exports fell in volume and value from 1953 to 1954 and then rose substantially from 1954 to 1955, Chilean exports, after rising from 1953 to 1954, fell in volume, although not in value, from 1954 to 1955; Paraguayan exports, on the other hand, increased in volume and value in the two years under consideration. (See table 18.)

Almost all the timber exported to Latin American countries is imported by Argentina and Uruguay, a situation that has become more marked recently as the purchases of timber from Latin American sources formerly made by Bolivia, Peru and Venezuela have almost ceased, although the two countries first mentioned are maintaining the level of the imports they have traditionally made from countries outside the region. In view of the importance of the Argentinian market, which absorbs about 80 per cent (in 1955 almost 90 per cent) of the timber exported to Latin America, the fluctuations mentioned can be explained largely by developments in the market in question and Argentina's trade relations with the countries from which it imports timber.

In the first place it should be noted that the decline which occurred in 1953-1954 in Argentina's timber imports from Brazil, traditionally its largest supplier, <sup>62/</sup> was the continuation of a process which started in 1948. The decline was caused by an increase in the price of Brazilian pine over the price of European spruce and the purchases of this latter by IAPI and other official Argentinian organizations in European countries.

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<sup>62/</sup> These imports consisted for the most part of white or South American pine in the form of planks and boards.

SOUTH AMERICA: TIMBER EXPORTS <sup>a/</sup>  
(Volume in tons: value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<u>Brazil: exports to</u>						
Argentina	245,994	16,705	176,828	13,506	424,639	35,033
Uruguay	73,966	6,595	114,291	9,093	92,145	7,621
Latin America <sup>b/</sup>	321,271	23,482	292,690	22,703	516,784	42,654
All countries	619,724	46,214	563,600	42,796	785,792	64,430
<u>Chile: exports to</u>						
Argentina	76,667	8,557	120,758	14,698	113,004	16,630
Peru	1,436	111	268	27	295	41
Latin America <sup>c/</sup>	78,423	8,702	121,139	14,750	113,440	16,691
All countries	92,289	9,539	124,293	15,015	115,527	16,896
<u>Paraguay: exports to</u>						
Argentina	145,768	3,865	181,026 <sup>d/</sup>	12,317 <sup>d/</sup>	170,119	12,233
Uruguay	28,028	496	8,222 <sup>e/</sup>	1,187 <sup>e/</sup>	15,320	805
Latin America	173,796	4,361	182,773	11,138	185,439	13,038
All countries	173,849	4,362	182,773	11,138	185,439	13,038
<u>Other countries <sup>f/</sup> exports to</u>						
Latin America	486	4	4,787	481	6,914	689
All countries	20,023	1,421	37,741	3,922	60,073	2,686
<u>Total exports to</u>						
Argentina <sup>g/</sup>	468,429	29,127	479,681	40,890	711,712	64,494
Uruguay	101,994	7,091	122,513	10,280	107,465	8,426
Latin America	573,976	36,549	601,389	49,072	822,577	73,072
All countries	905,885	61,536	908,407	72,871	1,146,831	97,050

Source: Official statistics.

- <sup>a/</sup> Comprising timber in the rough and semi-worked, posts, railway sleepers, and piling processed timber.
- <sup>b/</sup> Including exports to Cuba in 1953 to 1954.
- <sup>c/</sup> Including small exports to Bolivia, Uruguay and Venezuela.
- <sup>d/</sup> Data refer to Argentine imports of Paraguayan lumber
- <sup>e/</sup> Data refer to Uruguayan imports of Paraguayan lumber.
- <sup>f/</sup> Peru, Ecuador, Colombia and small quantities from Bolivia and Venezuela.
- <sup>g/</sup> Including exports from Peru to Argentina in 1954 and 1955.

/In some

In some years a contributing cause was the decline in the purchasing power of Argentine wheat in terms of Brazilian pine, which, combined with other factors, caused periodic restrictions of the permits issued by the Central Bank of Argentina for the importation of Brazilian timber. Furthermore, sales of Brazilian timber to Argentina are made under annual agreements, the renewal of which is sometimes delayed for months, sales being virtually suspended in the meantime. The intervention of the Argentinian Government agencies which had been granted a monopoly of purchases of Brazilian pine appears also to have created some difficulties which hampered the normal development of the trade. In the early months of 1954 these difficulties became acute, and it was impossible to solve them until June of that year, when a timber protocol was signed by the Brazilian National Pine Institute and DINIE-CIFEN, the Argentinian official agency acting as the sole importer and distributor of Brazilian pine in Argentina. Under the protocol, and in accordance with the new schedules of commodities then approved (appended to the trade agreement which had been in force between the two countries since 1953), provision was made for exports of Brazilian pine to Argentina of up to 250,000 square feet (approximately 300,000 tons) in 1954; of the timber to be exported approximately 68 per cent was to be first and second class, 29 per cent third class and 3 per cent fourth class, the qualities, dimensions and prices of the timber to be delivered, and other appropriate specifications, being indicated in the protocol. The prices agreed upon in 1954 (varying according to the quality, place of origin or shipment and length of the timber) ranged from eighty-eight dollars f.o.b. per 1,000 square feet of first and second class pine (80 and 20 per cent respectively) and seventy-three dollars for third class timber shipped from Alto Parana, to 120 dollars for long first and second class timber and 105 dollars for third class timber from the Atlantic coast area.

However, in view of the date at which the protocol was signed, its full effect was not felt, or at least was not shown in the statistics, until 1955. In that year sales of Brazilian timber to Argentina more than doubled in both volume and value. In accordance with the provisions of the 1954 protocol, another agreement was concluded in 1955 between the

National Pine Institute and DINIE-CIFEN, under which the latter bought 200 million square feet of Brazilian pine (about 240,000 tons) for delivery in 1955, which were possibly added to large deliveries still outstanding under the 1954 agreement.

On the other hand, there was an increase of over 50 per cent in the volume and value of exports of Chilean timber to Argentina between 1953 and 1954, and a decrease in volume but not in value in 1955. Argentina, has become almost the only external market for Chilean timber, since Chile's sales to other Latin American countries, chiefly Peru, and to other markets outside Latin America have recently declined sharply, as a result of the rise in prices caused by inflation and over-valuation of the Chilean peso. With regard to the composition of these exports, mention must be made of the increasing proportion of soft woods (conifers), principally pine (araucaria, insignis), larch and mañío. This proportion rose from an average of 42 per cent in 1950-54 to 50 per cent in 1954 and 1955.<sup>63/</sup> The remainder, consisting of hard and semi-hard woods, includes largely raulí, laurel, coigüe, tepa, and oak.

The notable increase in exports of Chilean timber to Argentina in 1954 was largely due to the latter country's difficulties in importing Brazilian timber. Another contributing factor was the Argentine-Chilean trade agreement concluded in February 1954.<sup>64/</sup> The schedule of Chilean products which could be exported to Argentina without an exchange permit included timber to an estimated value of 8,000,000 dollars for the first year of the agreement, a figure that was far exceeded, as timber exports in 1954 totalled approximately 15 million dollars. In view of that fact, the estimated value of such exports for the second year of the agreement was

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<sup>63/</sup> The bulk of Chilean conifer production, particularly araucaria, pine and mañío, is exported.

<sup>64/</sup> Another factor encouraging the Chilean-Argentine trade in timber may have been the fact that it was in the hands of private enterprise, as, at the request of the Chilean authorities, the Argentine Government waived regulations under which imports of Chilean timber were to be made through DINIE-CIFEN, as was the case with imports of Brazilian and European timber.

raised to 20.5 million dollars. However, although the total value of exports in 1955, according to the Chilean statistics, was nearly 17 million dollars (the volume being slightly less than in 1954), the position of Chilean timber on the Argentine market changed during the year. This change was due to the substantial rise in prices which began in mid-1954 - and was accentuated in 1955 with the acceleration of the rate of inflation, the expansion of domestic consumption and the unfavourable exchange rates applicable to timber - as well as to the larger volume of timber from other sources, particularly Brazil, available on the Argentinian market. As a result, Chilean exports, which had been very high in the first quarter of 1955, began to decline, particularly in the second half of the year and were very low in the last quarter. After the Argentine devaluation in late October 1955, exports ceased almost entirely, although only temporarily, as the improvement early in 1956 in the rate of exchange applicable to sales of Chilean lumber abroad resulted in a recovery of exports to Argentina.

Paraguayan timber exports, after declining for a number of years owing to the adverse influence of high prices,<sup>65/</sup> showed a slight recovery after 1953, when the effect of that factor weakened and a stimulus was afforded by the Paraguay-Argentina Economic Union Agreement of August 1953 which provided for the importation of Paraguayan timber to the value of 11 million dollars out of the total of 15 million dollars' worth of commodities to be imported under the Agreement. Argentina now absorbs almost all Paraguay's exports of timber, while Paraguay's exports to Uruguay have continued to fall. In 1954 and 1955 Argentina was virtually the only foreign market for Paraguayan timber, as it was for Chilean timber. (See Table 18). It also appears that by an exchange of notes, Argentina and Paraguay concluded an agreement valid from 1 June 1955 to 31 May 1956, providing for the delivery to Paraguay of 7.2 million dollars' worth of Argentine wheat and the shipment of 15 million dollars' worth of Paraguayan timber to Argentina.

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<sup>65/</sup> About 60 per cent of Paraguayan timber exports consist of cedarwood, which was particularly affected by high prices, as it can be replaced in the Argentine and Uruguayan markets by timber from other sources. On the other hand, exports of Paraguayan hard woods declined much less because they face comparatively little competition.

Provision was also made for the importation of considerable quantities of timber under the Economic Union Agreement concluded between Argentina and Bolivia in September 1954. Among the Bolivian products whose export to Argentina was to be facilitated by both countries were hardwood railway sleepers (350,000 dollars), wood in the round (350,000 dollars) and sawn timber (300,000 dollars). In June 1955, when new schedules were drawn up under the Agreement, provision was made for sleepers to the value of 1 million dollars, wood in the round and beams to the value of 400,000 dollars and sawn timber to the value of 300,000 dollars. It would appear, however, that trade did not reach the stipulated levels, as, according to the available statistics, Argentine imports of Bolivian timber have been very small in the past two years. It is understood that in order to enable Bolivia to buy Argentine goods, the Argentinian railways contracted mass purchases of hardwood railway sleepers from Bolivia, but that, owing to difficulties in regard to mechanization and transport, Bolivia was able to deliver only a small part of the timber contracted for.

Imports of timber by Uruguay, which is, after Argentina, the only South American market of any size for timber produced in the region, have reached higher levels than usual. At the same time there has been a marked concentration of purchases in Brazil, which has become almost the sole supplier of the Uruguayan timber market. One reason for this was the Paraguayan-Argentinian Agreement of 1953, which led Paraguay, formerly a considerable exporter of timber to Uruguay, to concentrate its sales on Argentina's market. In addition, the sale of Brazilian lumber has been facilitated by arrangements enabling Uruguay to market the greater part of its exportable surplus of wheat in Brazil. Brazilian timber is used in Uruguay for building and even carpentry, for which other countries use semi-hard woods.

#### Situation and prospects in 1956

The devaluation of the Argentinian peso as a result of the exchange reform of late October 1955 affected the sale to Argentina of timber from neighbouring countries. The countries concerned had to take measures to offset the effect of that devaluation and thus accept a fall in their export

/prices, which

prices, which had been steadily rising because of the increase in domestic production costs.

In February 1956 Brazil increased the cruzeiro value of foreign exchange obtained from timber exports by over 50 per cent. Later, under the regulations introduced in May, timber exports were classified, for the purposes of negotiating foreign currency earnings, in category III<sup>66/</sup> in the case of wood in the rough or sawn boards or planks, and in category IV<sup>67/</sup> in the case of processed wood (plywood, veneer, boxes etc.).

In January 1956 Paraguay raised by nearly 50 per cent the return in guaraníes on timber exports. In Bolivia it was established in February that 40 per cent of foreign exchange earnings from timber exports might be used for imports of any kind and 40 per cent might be sold on the free market (provided the funds were used to import certain capital goods) while the remaining 20 per cent should be sold at the official rates. Early in the year Chile issued special regulations which in practice doubled the effective return rate for timber exports; the rate was further improved with the introduction of the free exchange market and the devaluation of the Chilean peso in relation to the Argentine-Chilean agreement-dollar.

The prospects of exporting timber from the countries mentioned to the two South American markets, Argentina and Uruguay, depend primarily on the price, because the demand for and consumption of timber are highly sensitive to price changes,<sup>68/</sup> and because South American timber has to meet European competition in both the markets mentioned, particularly in the case of soft wood. The Argentinian market is now open without restriction to imports of Chilean and Paraguayan timber of all kinds and to imports of Brazilian pine. Furthermore, these imports, which are made through the official market, were handed over to private enterprise, when the State monopoly held by DINE-CIFEN was abolished in June of this year. The general tendency in Argentine trade policy is to negotiate on the basis of world prices. Finally, it is probable that imports from neighbouring

<sup>66/</sup> In this category 55 cruzeiros are allowed to the dollar for exports to hard currency or limited convertibility areas, and 52.77 cruzeiros to the dollar for exports to agreement areas.

<sup>67/</sup> 67 and 64.22 cruzeiros respectively.

<sup>68/</sup> As appears to be shown by recent FAO studies.

countries have already reached a maximum. In this connexion, it is thought in some circles in Argentina that if any of the neighbouring nations increases its exports to that country, it will be at the expense of one of the others.

For all these reasons, Argentinian timber market is highly competitive. If South American white pine from Brazil were offered at competitive prices it could be sold in Argentina without great difficulty, as it is preferred on account of its quality, length and classification.<sup>69/</sup> When supply conditions on the Argentine market are normal, buyers cannot readily be found for Chilean soft woods, particularly in competition with Brazilian pine, partly because of the relatively high cost of the maritime freight.<sup>70/</sup> On the other hand, Argentina provides a more or less permanent market for Chilean semi-hard woods (rauli, laurel, coigüe, tepa, oak, etc.), with some competition from Paraguayan woods, although timber from the two sources is generally used for different purposes. In addition, the export of Chilean woods, both to Argentina and other South American countries, has been encouraged by the devaluation of the Chilean peso with the introduction of the free exchange market, to which may be added the effects of free imports of certain equipment.<sup>71/</sup> In view of the enhanced prospects of offering Chilean timber at competitive prices, it may be expected that exports to markets such as Peru, which had dwindled owing to the unduly high prices, may be resumed.

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<sup>69/</sup> In Argentina, European spruce is competitive only with the third and fourth classes of Brazilian pine.

<sup>70/</sup> Freight charges for Chilean timber - 45 dollars per 1,000 square feet from Corral to Buenos Aires (as against approximately 34 dollars for timber from Brazil or Europe) - were increased during the year as a result of the accentuation of the customary disequilibrium in the cargoes carried between the Atlantic and the Pacific via the Straits of Magellan; the aggravation was caused by the fall in Argentinian exports to Chile. The provisions of the Argentine-Chilean trade agreement, under which cargoes are to be divided equally between Argentinian and Chilean vessels, appear also to have been a factor. It is understood that tramp steamers have offered rates as low as 20 dollars per 1,000 square feet.

<sup>71/</sup> However, according to information furnished by the Chilean Consejo de Comercio Exterior exports of Chilean timber to Argentina continued at a low level through the first half of 1956: the value of shipments during that period was 3.1 million dollars, which compares unfavourably with 11.9 million in the same period of 1955.

## 7. Copper

In 1955, there was a revival of the inter-South-American trade in copper after several years of decline. This was mainly due to the doubling of the volume of Chilean copper exports to Argentina between 1954 and 1955, and, to a lesser degree, to the resumption of Peruvian copper exports to Argentina. On the other hand, exports to Brazil - which was an even more important market for Latin American copper than Argentina - continued the downward trend which began in 1950. At least, foreign trade statistics for 1954 and 1955 show quite low figures for those exports. (See Table 19.)

During the post-war years, direct sales of Chilean copper to Brazil consisted mainly of electrolytic copper, of which Chile was the principal Brazilian supplier, but since 1950 Brazil has gradually shifted its purchases of electrolytic copper to countries outside the region. One reason for this lies in the Chilean regulations under which exports of copper produced by the large mining companies may only be authorized against payment in dollars.<sup>72/</sup> Nevertheless, the shift is less than is suggested by the statistics, as a proportion of Brazil's imports of electrolytic copper from the United States and Germany consists in fact of copper produced by the smaller Chilean companies. This copper is sent to Tacoma (United States) and Hamburg (Germany) to be refined and is then shipped to Brazil, which pays Chile for it in agreement-dollars. According to the statistics of the Chilean Central Bank, Brazil's payments to Chile under this head were about 285,000 dollars in 1954 and 3.73 million dollars in 1955.

Apart from this, the 1947 Treaty of Economic Co-operation between Brazil and Chile, under which Chile agreed to authorize the export to Brazil of up to 1,000 tons of copper ingots a year, while Brazil undertook to place no restrictions on the importation of 3,000 tons of finished copper goods annually, has already been denounced. In consequence, Argentina has become virtually the only direct importer of Chilean and Peruvian copper in Latin America, and in 1955 accounted for over 96 per cent of the volume and value of Chilean and Peruvian copper exports to Latin American countries.

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<sup>72/</sup> Chile continues, however, to sell copper produced by the large mines for non-dollar currencies, when the use of these is stipulated in international agreements, which are also legally binding. This is true, for example, of Chilean copper sales to Argentina.

Table 19

COPPER: CHILEAN AND PERUVIAN EXPORTS  
(Volume in tons; value in thousands of dollars)

Country of origin and destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
<b>I. Electrolytic copper in ingots</b>						
<u>Chile:</u> exports to						
Argentina	-	-	-	-	2,000	1,323
Latin America <sup>a/</sup>	2,207	1,732	19	12	2,091	1,399
All countries	70,015	54,152	114,004	75,417	107,405	83,794
<u>Peru:</u> exports to						
Argentina	-	-	1,749	999	500	374
Latin America	-	-	1,749	999	500	374
All countries	20,888	12,363	22,734	13,184	24,158	18,479
<b>II. Refined copper in ingots</b>						
<u>Chile:</u> exports to						
Argentina	-	-	1,000	647	-	-
Latin America <sup>b/</sup>	18	14	1,000	647	484	396
All countries	95,251	74,344	81,008	53,169	102,923	83,646
<b>III. Copper in sheets and bars</b>						
<u>Chile:</u> exports to						
Argentina	5,450	5,163	4,475	3,181	8,568	7,759
Latin America <sup>c/</sup>	5,507	5,211	4,494	3,198	8,780	7,929
All countries	6,137	5,705	4,499	3,201	9,199	8,179
<u>Peru:</u> exports to						
Argentina	700	398	1,353	710	1,000	704
Latin America	700	398	1,367	718	1,000	704
All countries	700	398	2,001	1,268	4,802	3,949
<b>IV. Manufactured or processed<sup>d/</sup></b>						
<u>Chile:</u> exports to						
Argentina	5,450	5,193	4,679	3,388	10,027	8,756
Latin America	6,379	5,943	4,944	4,007	10,083	8,800
All countries	6,446	5,998	7,545	5,297	13,714	11,867
<b>V. Totals (of the items specified above)</b>						
<u>Chile:</u> exports to						
Argentina	10,900	10,356	10,154	7,216	20,595	17,838
Brazil	2,158	1,693	79	56	529	450
Latin America	14,111	12,900	10,457	7,864	21,438	18,524
All countries	177,849	140,172	207,056	138,084	233,241	187,486
<u>Peru:</u> exports to						
Argentina	700	398	3,102	1,709	1,500	1,078
Latin America	700	398	3,116	1,717	1,500	1,078
All countries	21,588	12,761	24,735	14,470	28,954	22,428
<u>Grand total:</u> exports to						
Argentina	11,600	10,754	13,256	8,925	22,095	18,916
Brazil	2,158	1,693	79	56	529	450
Latin America	14,811	13,298	13,573	9,581	22,938	19,602
All countries	199,437	152,933	231,791	152,554	262,195	209,914

Sources: Official statistics.

a/ In 1953, as in previous years, exports of Chilean electrolytic copper to Latin America went almost exclusively to Brazil.

b/ Exports to Latin America in 1955 went to Brazil and Uruguay.

c/ Including, in addition to exports to Argentina, exports to Brazil and, in smaller quantities, to other countries in the region.

d/ According to the Chilean statistics, these exports of manufactured copper consist almost entirely of wire, but there is reason to believe that this item also includes wire rods or electrolytic copper in rods, a semi-finished product exported from Chile to Argentina in considerably larger quantities than wire proper.

/ The above

The above increase in sales of Chilean copper to Argentina began in 1954, although, owing to the lag in shipments, it was not shown in the statistics until 1955. It is mainly to be attributed to the facilities for trade between the two countries afforded by the Argentine-Chilean trade and payments agreement of February 1954. Copper was included in the list of Chilean products which may be exported to Argentina without an exchange permit, the estimated value of exports being 17 million dollars for the first agreement year and 22.5 million dollars for the second, equivalent in both cases to a volume of 23,000 tons, distributed as follows:<sup>73/</sup>

	<u>First agreement-year</u> (March 1954 - February 1955)	<u>Second agreement-year</u> (March 1955 - February 1956)
	<u>Tons</u>	<u>Tons</u>
<u>Copper in ingots</u>		
Wire bars (electrolytic copper in ingots)	2,000	3,000
Ingot bars (furnace-refined copper in ingots)	1,000	-
<u>Semi-processed copper</u>		
Wire rods (electrolytic copper in rods)	-	7,500
Slabs (furnace-refined sheet copper)	17,000	9,500
<u>Processed copper</u>		
Trolley wire	1,200	-
4.5 mm wire	1,800	3,000
<u>Total</u>	23,000	23,000
Estimated value (in thousands of dollars)	17,000	22,500

<sup>73/</sup> It should be noted that the 1954 Agreement gave up the practice of direct bartering of copper for cattle, instituted between Chile and Argentina in 1951. See Chapters VIII and XI of Study of the Prospects of Inter-Latin-American Trade (Southern Zone of the Region) (E/CN.12/304/Rev.2), United Nations publication, Sales No: 1953. II. G.4.

/In addition,

In addition, schedule C-2 of the agreement (comprising Chilean products which may be exported to Argentina with exchange permits) includes other processed copper products, in particular, copper or brass tubing; and in the notes exchanged when the Agreement was concluded it was agreed that the quantities and prices of the copper would be specified in each sales contract, the transactions being conducted in dollars at world price levels. The international "base price" for copper in ingots (wire bars and ingot bars) would be the price of ingot copper in the United States, obtained by taking the average of the quotations for "electrolytic copper, domestic and export, f.o.b. refinery" for the month preceding the date on which the contracts were concluded, provided that prices on the United States domestic market were not Government-controlled, in which case the two parties would agree on future procedure. The surcharges and discounts accepted in trade publications would be applied in the case of other types of ingots (cakes, billets and cathodes), while the prices of finished and semi-finished products would be based on those of similar products in the world market, or, failing these, on the ingot price as determined above plus current cost of processing prevailing in the international market for such purchases.

This formula was later modified by an exchange of notes dated June 1955, when it was agreed that during the second agreement-year the prices of the various copper products would be calculated on the basis of the average copper prices in the United States and on the London Stock Exchange. The United States prices would be determined in accordance with the previous formula, i.e. by averaging the quotations for "electrolytic copper - domestic and export, f.o.b. refinery".

It should be noted that in the lists for the two agreement-years, the bulk of the specified quantities of Chilean copper to be exported to Argentina consists of semi-finished copper goods - wire rods and sheets - and that in both cases the specified quantities of copper ingots are offset by the specified quantities of processed copper products. The reason for this is that while Argentina wants to import copper in primary forms (ingots), Chile prefers to sell it in manufactured forms, because

/both countries

both countries are concerned to protect and stimulate their copper processing industry. Consequently, as a compromise, it was understood that exports of ingots must be offset by an equal volume of finished products.<sup>74/</sup> As the importation of increased quantities of finished products would injure certain industries, Argentina has decided to import Chilean copper where possible in semi-finished forms, i.e.: wire rods, or electrolytic copper in rods, which is used to make wire, and slabs (furnace-refined sheet copper), which are frequently melted down again to obtain ingots which can then be processed.<sup>75/</sup>

Of the Chilean copper bought by Argentina during the first agreement-year, a balance of 6,000 tons was still undelivered at the beginning of the second year (March 1955). This balance was regarded as a carry-over quota between the two years. For this reason, when the lists for the second agreement-year were drawn up, a quota of 23,000 tons was established on the understanding that this figure included 6,000 tons which would constitute a carry-over quota between the second and third agreement-years. In accordance with this arrangement and the composition of the quota, IAPI - which was responsible for importing Chilean copper to Argentina - concluded contracts in August 1955 with the Chilean firms, MADECO and FAMAIE, to buy 14,000 tons of copper<sup>76/</sup> valued at 15,705,800 dollars, to be delivered by February 1956. In April of this year IAPI signed a contract with the Chile Exploration Company for the purchase of 3,000 tons of wire bars (electrolytic copper in ingots) and subsequently with MADECO and FAMAIE for the purchase of the 6,000 tons of semi-processed and processed copper<sup>77/</sup> needed to make up the quotas stipulated in the schedule covering the second agreement-year.

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<sup>74/</sup> Usually uncoated 4.5-millimetre wire.

<sup>75/</sup> According to the Chilean statistics, copper exports to Argentina consist mainly of wire, a finished product (see Table 19); Argentinian statistics of imports from Chile give the same indication. This seems to be due to the fact that under the heading of wire are also included wire rods, which are electrolytic copper in rods 8-millimetres and more in diameter, and which are a semi-processed product.

<sup>76/</sup> 3,960 tons of 8-millimetre wire rods, 1,500 tons of 12.7-millimetre wire rods, 6,650 tons of copper slabs and 1,890 tons of 4.5-millimetre wire.

<sup>77/</sup> 2,040 tons of wire bars, 2,850 tons of copper slabs and 1,110 tons of 4.5-millimetre wire.

Situation and prospects in 1956

It has been stated that in 1956 Argentina purchased 9,000 tons of Chilean copper. Although these purchases form part of the quota specified in the lists for the agreement-year running from March 1955 to February 1956, they - or at least 6,000 tons of the total - are covered by the quota to be established for the third agreement-year. Consequently, although the period of validity of the schedules for the second agreement-year has been extended to 31 August 1956, it would not be surprising if any further sales of copper to Argentina against agreement-dollars were postponed until new schedules were drawn up, in view of the fact that the 6,000 tons in question constitute the carry-over quota which had been considered sufficient to cover normal trade requirements pending the establishment of these new schedules.

Under normal trade conditions, the sale of Chilean copper to Argentina against agreement-dollars does not appear to involve any major difficulties. The copper ingots sold by Chile to Argentina for agreement-dollars are supplied by the large copper mining companies. Under a special arrangement, the Chilean Government has agreed that the mining companies may transfer agreement-dollars to it as if they were United States dollars and apply them to settle their financial obligations with the Chilean State in respect of production costs and taxes. Obviously this operation can be effected without fiscal loss if the agreement-dollar is maintained at par with the United States dollar on the Chilean exchange market. <sup>78/</sup>

Argentina <sup>79/</sup> is interested in Chile as a continuous source of copper supplies because it can obtain Chilean copper without using the

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<sup>78/</sup> In other words, Chile can offer copper to Argentina in agreement-dollars at world prices, provided the Central Bank guarantees a rate of exchange more or less equal to that of the United States dollar.

<sup>79/</sup> Argentina's normal copper requirements are estimated at some 25,000 tons, not including the special demand which may arise as a result of the construction of the San Nicolas iron and steel plant. Other sources estimate the latent demand to be between 30,000 and 35,000 tons. Argentina's imports of copper and its manufactures are effected through the official market.

convertible currencies that would be required if it were to buy from other suppliers, especially at times when copper is in short supply, as occurs periodically. In order to obtain Chilean copper for agreement-dollars, Argentina has made certain concessions, such as paying a price differential and agreeing to make the purchase of copper ingots conditional upon the purchase of processed products, or alternatively accepting semi-processed products. The already traditional surcharge is tending to disappear now that Chile is applying a more realistic export exchange rate; but the other factor - the condition that purchases of ingots must be offset by purchases of processed products - may become a more serious obstacle since Argentina's industry is in a position to produce from ingots practically all the finished and semi-processed products of copper and other non-ferrous metals needed by the domestic market. Thus, now that the multilateral agreement between Argentina and several European countries - the Paris Club - has been concluded, it is likely that, even if the price of Chilean copper is adjusted to the world price, consumers in Argentina will prefer to buy ingots from the United Kingdom or from Belgium, in order to utilize the installed capacity of domestic industry, and will refrain from buying processed products. A contributing factor may be the absence of a central purchasing agency in Argentina, or the lack of any other device enabling the Government to control its copper imports and apply the agreements relating to the purchase of a certain proportion of processed products with each shipment of ingots.

Sales of Chilean copper to Uruguay are being affected by the Uruguayan system under which import permits may not be granted for goods from countries with which Uruguay has an unfavourable balance of trade. Nevertheless, sales have sometimes been made, when offers were submitted at competitive prices under a bidding procedure based on the principle that the lowest price offer had to be accepted, regardless of the currency to be used in payment or the origin of the product.

Recently there have been a number of sales of Chilean processed copper to Venezuela, the products being shipped on Dutch steamers which call at La Guaira on their way from Chile.

Argentinian imports of Peruvian copper ingots may continue if the conditions which stimulated them in 1954 and 1955 still obtain. These purchases were made using quotas assigned to the sterling area which were diverted to Peru because Peruvian prices were more advantageous than United Kingdom prices.

8. Iron and steel

After reaching a peak in 1953, ~~inter-Latin-American~~ trade in iron and steel underwent a marked decline in 1954 and 1955. In 1953 and 1954 it was virtually limited to exports by Chile, and in 1955 to exports by Chile and Brazil; the latter re-entered the export field in that year, although the products exported were not the same as those it had exported before 1952. Chilean exports found a market in nearly all the countries of South America, although, as in previous years, the major portion went to Argentina. Brazil, on the other hand, emerged for the first time in 1954 and 1955 as a relatively heavy buyer of Chilean iron and steel (see tables 20 and 21).

The marked decline in inter-Latin-American trade in iron and steel in 1954 and 1955 was due primarily to the decrease in the quantities available for export from Chile as a result of the great expansion of its domestic market. Stimulated by the boom in the construction industry and by the development of the canning and metallurgical industries, etc. the volume of domestic iron and steel products absorbed by the Chilean market in 1954 and 1955 was substantially higher than in 1953 and larger than had been estimated. In addition, production during those two years fell below the planned level. It had been estimated in Chile that approximately 116,000 tons of iron and steel would be available for exports in 1954, and on the basis of this estimate arrangements were made early in the year for large sales to various countries, notably Argentina and Brazil, amounting to 60,000 tons and 26,000 tons respectively. These commitments could not be fully discharged until 1955 or early 1956, the volumes actually exported having amounted to only 54,224 tons in 1954 and 42,878 tons in 1955.<sup>80/</sup>

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<sup>80/</sup> Data furnished by the Compañía de Acero del Pacífico (CAP); the Chilean foreign trade statistics show exports of iron and steel products (not including ferroalloys) of 58,524 tons in 1954 and 42,316 tons in 1955 (see table 20).

Table 20

CHILE: EXPORTS OF IRON AND STEEL TO LATIN AMERICA <sup>a/</sup>  
 (Volume in tons; value in thousands of dollars)

Entry of destination	1955		1954		1955		1956	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
I. Pig iron								
Argentina	12,086	1,012	-	-	-	-	-	-
Latin America	12,161	1,019	-	-	-	-	-	-
All countries	12,161	1,019	-	-	-	-	-	-
II. Ferro-alloys <sup>b/</sup>								
Argentina	2,351	1,345	2,157	639	-	-	..	..
Peru	104	-	-	-	155	18	..	..
Uruguay	104	25	231	46	79	13	..	..
Latin America	2,559	1,390	2,388	685	234	31	..	..
All countries	3,036	1,478	6,164	1,192	8,030	1,101	..	..
III. Bars, shapes and strip <sup>c/</sup>								
Argentina	2,144	402	-	-	-	-	-	-
Brazil	-	-	12,353	1,215	5,239	576	249	28
Bolivia	138	13	85	8	1,772	212	1,757	213
Peru	11,651	987	3,369	255	5,177	475	3,923	485
Uruguay	444	46	3,170	259	300	26	260	26
Colombia	3,504	294	178	16	1,493	163	-	-
Ecuador	3,136	290	1,857	161	401	39	233	26
Latin America <sup>d/</sup>	21,875	2,104	21,244	1,934	14,473	1,502	7,422	876
All countries	21,875	2,104	21,303	1,933	17,521	1,757	9,831	1,128
IV. Sheets <sup>e/</sup>								
Argentina	54,270	13,283	31,634	6,853	17,768	2,533	4,067	650
Brazil	-	-	3,320	427	4,528	649	31	7
Bolivia	110	13	119	23	31	4	-	-
Peru	200	43	388	59	1,372	205	196	35
Uruguay	32	5	1,016	147	-	-	8	1
Colombia	294	60	695	133	-	-	3,161	448
Ecuador	438	92	49	5	70	9	150	20
Latin America <sup>f/</sup>	55,344	13,496	37,221	7,650	23,769	3,400	8,037	1,215
All countries	55,344	13,496	37,221	7,650	24,795	3,514	16,732	2,256
V. Totals								
Argentina	70,851	16,042	33,791	7,492	17,768	2,533	4,067	650
Brazil	-	-	15,678	1,642	9,267	1,225	280	35
Bolivia	248	26	204	31	1,303	216	1,757	213
Peru	11,955	1,050	3,757	315	6,704	698	4,119	520
Uruguay	655	82	4,417	452	279	39	268	28
Colombia	3,798	354	873	149	1,493	163	3,161	448
Ecuador	3,574	382	1,406	169	471	48	383	46
Latin America	91,939	18,009	60,853	10,269	38,476	4,933	15,459	2,092
All countries	92,436	18,097	64,688	10,780	50,346	6,372	26,563	3,384

Sources: Chilean foreign trade statistics. For 1956, data furnished by the Compañía de Acero del Pacífico.

a/ In addition to the items specified in the table, Chile makes sporadic and generally small exports to other Latin American countries of tinplate (these were relatively large in 1953), wire rods, products made from bars, tubing and structures. It also exports, for considerably larger sums, by-products of the iron and steel industry (coal oils and coke breeze) to Argentina.

b/ Mainly ferromanganese and smaller quantities of ferrosilicon.

c/ This group consists for the most part of iron and steel round bars.

d/ Including small and decreasing exports to Panama and 1,000 tons of billets to Cuba in the first half of 1956.

e/ Mainly uncoated flat sheets; includes small quantities of galvanized sheets.

f/ The figures for the first half of 1956 include a shipment of 424 tons of heavy plate to Cuba.

Table 21

BRAZIL: EXPORTS OF IRON AND STEEL TO LATIN-AMERICA<sup>a/</sup>

(Volume in tons; value in thousands of dollars)

Country of Destination	1953		1954		1955	
	Volume	Value	Volume	Value	Volume	Value
	I. <u>Ferro-alloys</u> <sup>b/</sup>					
Argentina	-	-	-	-	100	45
Latin America	-	-	-	-	100	45
All countries	-	-	-	-	100	45
	II. <u>Bars, shapes, and strip</u> <sup>c/</sup>					
Argentina	-	-	-	-	11,851	1,425
Latin America	-	-	-	-	11,851	1,425
All countries	-	-	-	-	11,851	1,425
	III. <u>Totals</u>					
Argentina	-	-	-	-	11,951	1,470
Latin America	-	-	-	-	11,951	1,470
All countries	-	-	-	-	11,951	1,470

Source: Brazilian export statistics.

- <sup>a/</sup> In addition to the groups mentioned, the Brazilian statistics record the exportation of nearly 21,000 tons of foundry iron to the United Kingdom in 1955. Neither this nor other iron and steel products were exported in 1953 and 1954.
- <sup>b/</sup> The 1955 exports consisted of ferrosilicon alloy. In 1951 and 1952 Brazil exported large quantities of ferro-alloys (predominantly ferromanganese and smaller quantities of ferrosilicon) to Argentina.
- <sup>c/</sup> The Brazilian statistics show exports to Argentina in 1955 under the heading of "Angles, shapes and other types of structural iron and steel", while the Argentine statistics record the importation of 9,300 tons of iron billets from Brazil.

/The reduction

The reduction of the surplus available for export mainly affected Chile's exports to Argentina, the principal foreign market for Chilean iron and steel. Sales to Argentina were also influenced by other factors, in particular the policy of market diversification which Chile appears to have pursued, and which partially accounted for the fact that exports to Argentina fell rather more than total Chilean exports of iron and steel. In 1953, sales of iron and steel products to Argentina passed the 70,000-ton mark (nearly two-and-a-half times higher than exports in 1951 and 1952), under the stimulus of a large surplus available for export in Chile and an automatic import licensing régime in Argentina. The suspension of this régime in September 1953 cancelled sales by Chile of a further 60,000 tons to Argentine firms. Until March 1954, when the Argentine-Chilean Trade Agreement was concluded,<sup>81/</sup> no further contracts could be made. On this occasion, Chile sold IAPI - which had become the sole Argentine importer of iron and steel - some 56,500 tons of sheet (to which was added the outstanding balance for the preceding year of about 5,500 tons to be delivered before 30 April 1955). About 27,600 tons were delivered to IAPI in 1954 and a further quantity of 17,500 in 1955,<sup>82/</sup> some 15,000 tons remaining to be delivered in 1956. In other words, all Chilean iron and steel exports to Argentina in 1954, 1955 and 1956 to date represent sales to IAPI contracted for in March 1954.

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<sup>81/</sup> Schedule C-1 of the Agreement - comprising Chilean products which may be exported to Argentina without an exchange permit - included 100,000 tons of iron and steel products to the value of 17.4 million dollars (plus 100,000 dollars' worth of tinplate). For the second agreement-year, the estimated volume of iron and steel products was reduced to 60,000 tons, to the value of 10 million dollars (including pending contracts for approximately 34,000 tons to the value of 6 million dollars).

In addition, by an exchange of notes in February 1954 Argentina agreed to purchase 14,981 tons of sheet steel at an average price of 321.83 dollars per ton c.i.f. and a further quantity of 45,019 tons at the average price of 147.86 dollars per ton; this agreement was given effect by IAPI's purchase from CAP the following month. It should be noted that the higher price set for the first quantity of 14,981 tons was intended to compensate for the difference resulting from an adjustment in the price of Argentine wheat sold to Chile. It was obviously intended to match the sales of Argentine wheat to Chile with those of Chilean iron and steel to Argentina, since the same value was assigned to both products in the respective lists. However, this intention was not adhered to subsequently.

<sup>82/</sup> CAP figures, which differ in some cases from those given in the Chilean export statistics (see table 20).

/Chile's sales

Chile's sales to Argentina under this contract consisted almost entirely of flat rolled products, i.e.: sheets and plates, annealed and pickled, in nearly equal quantities. They also included about 4,000 tons of slabs and about 100 tons of tinplate.<sup>83/</sup> On the other hand, exports of pig-iron ceased; Chile had exported pig-iron to Argentina and other countries between 1951 and 1953 to the value of over 1 million dollars a year, when the steel industry still could not absorb the entire output. As regards tinplate, Chilean exports to Argentina, which were substantial in 1952 and 1953, declined sharply in 1954 and ceased altogether in 1955, owing to the increase in domestic demand caused by the development of the Chilean canning industry.

It has been noted that in 1954 Brazil emerged for the first time as an importer of iron and steel from Chile, which in that year shifted to the Brazilian market some of the exports previously sent to Argentina, in the form of a sale of 26,000 tons which took place in 1954. About 15,700 tons of this purchase were shipped in 1954, and 9,800 tons in 1955, some 500 tons remaining to be delivered in 1956. The steel sold to Brazil consists for the most part of merchant mill products - mainly round bars and some angles and other products - but it also includes steel sheet, plate and semi-finished products such as slabs, sheet bars and billets.

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<sup>83/</sup> In addition, since 1951 Chile has been exporting to Argentina coal oils and coke breeze, by-products of the iron and steel industry (the term "coal oils" refers to oil derivatives of coal such as benzol, toluol and xylol). These exports rose in value from 450,000 dollars in 1952 to 600,000 dollars in 1953 and 865,000 dollars in 1954, only to drop to 590,000 dollars in 1955.

Generally speaking, apart from a few fluctuations, Chilean shipments to other South American countries were affected in 1954 and 1955 by the shortage of products available for export to which reference has already been made. In most cases, Chile confined itself to making such sales as were needed to keep the market open or to deliver goods contracted for in 1954. It should be noted that in November 1954 Chilean exporters concluded an agreement with the Bolivian Yacimientos Petroliferos Fiscales, for the exchange of 3,000 tons of steel (chiefly round bars to be used in construction) for 15 million litres of Bolivian petrol to the value of 500,000 dollars. This enabled Chile to increase substantially its exports of steel products to Bolivia in 1955, the total amounting to nearly 2,000 tons. In the case of Uruguay, Chile continued to exchange steel for dolomite, as in previous years. In 1954 Chile purchased 500,000 dollars' worth of Uruguayan dolomite, to be delivered in 1954 and 1955, and in return shipped to Uruguay 4,200 tons of steel products in 1954 and about 1,400 tons in 1955.

Chilean exports of ferro-alloys to Latin America - mostly ferromanganese - after reaching a fairly high level in 1953 and 1954 owing to sales to Argentina, fell off sharply in 1955 because of the decline in Argentina's import needs.

In addition to Chilean exports, mention should be made of Brazil's exports to Argentina in 1955 (see table 21), although these may not indicate that Brazil has reappeared as the normal supplier of iron and steel to the rest of Latin America. In 1951 and 1952 Brazil sold fairly large quantities of ferro-alloys and billets to Argentina, but the development of its own steel industry has absorbed the entire output. The needs of its domestic markets prevent Brazil from becoming a normal exporter of semi-finished steel products. This situation is likely to continue for several years to come.

/Situation and

Situation and Prospects in 1956

During the first six months of 1956, the downward trend shown in the two preceding years in Chilean exports of iron and steel products to the rest of Latin America continued, although less markedly (see table 20.) The deliveries made in those six months corresponded for the most part to sales made in 1954 and 1955. It should be noted that, partly owing to the policy of diversifying its markets which Chile has been pursuing with greater vigour since the closing months of 1955, its iron and steel exports to Latin America have fallen to only 60 per cent of its total exports, as against nearly 100 per cent in 1953 and 1954. In other words, most of the new sales made in 1956 went to markets outside the region, in particular the United States, Canada and the United Kingdom. Nevertheless, a sale of almost 1,500 tons was made to a new Latin American market - Cuba.

During the past few months, there has been a fairly substantial increase in the surplus of iron and steel available for export in Chile, owing to the contraction of the domestic market and the expansion of production. In 1956, production is expected to reach peak figures in nearly all branches. Nevertheless, new sales to the two largest markets in the two preceding years - Argentina and Brazil - may be somewhat affected by possible difficulties in negotiating the corresponding units of account or by a possible drop in the rate of exchange of these units, since during the current year Chile appears to have a heavy favourable balance in its trade with the countries mentioned. Moreover, Argentina's imports of iron and steel, most of which were formerly effected by IAPI, are now in the hands of co-operatives and private firms, which are able, under Argentina's new exchange regulations, to place orders in any of the European countries which are members of the Paris Club as well as in Japan or Chile, within the limits of a general quota set by the Argentinian authorities. Consequently, Chilean exports now face a more competitive market in Argentina than under the previous system. On the other hand, sales to Brazil are handicapped by the need to quote higher prices in order to offset the lower value of the Chilean-Brazilian agreement-dollar.

/On the

On the basis of competitive prices, Chilean exports of iron and steel to Argentina and Brazil might reach higher levels than in the past two years. Both countries are attractive markets, because of their large import requirements - which may be expected to remain at a high level for many years if not permanently - and because of their proximity. It might be said that Brazil and especially Argentina are the natural export markets for Chilean iron and steel. The Argentinian market is now interested in sheets (particularly light sheets) and the Brazilian market in round bars. Chile could sell in these markets the entire exportable surplus of both products available (especially in the case of sheets) under normal conditions of production and demand on the domestic market. This surplus will increase when the semi-continuous rolling mill which is being installed by CAP comes into operation in early 1958. The mill will produce strip, as well, thus making it possible to increase the output of bars also. In the meantime, as the production of the Corral blast furnace has tripled in the current year, Chile once again has an exportable surplus of pig-iron of approximately 15,000 tons, 10,000 of which have already been sold to Japan. This situation will continue for some time and Chile should therefore be able to resume exports of this product to Argentina.

The problem of the imbalance of trade in favour of Chile, with the consequent possibility that there will be no way of disposing of agreement-dollars, is even more serious in the case of Bolivia than in that of the two countries already mentioned. The agreement under which petrol was exchanged for steel worked well, but it was a single transaction completed early in 1956, and Chile apparently shows no interest in further transactions of this type. Nevertheless, when the proposed oil pipeline to Arica is constructed, the situation may be substantially changed, if Chile becomes a buyer of Bolivian oil, as Bolivia will offer an interesting market for Chilean iron and steel.

Sales of iron and steel to Uruguay are virtually limited to the amounts exchanged for dolomite, as Uruguay normally grants import permits only for purchases from countries which buy Uruguayan products. At the

/moment deliveries

moment deliveries are being made against earlier sales, but new transactions might be negotiated, with Chilean deliveries spread over a long period of time. At the same time, however, Chile's need for Uruguayan dolomite has been declining, as greater use is being made of domestic dolomite.

Trade with Colombia presents a problem similar to trade with Uruguay, as the Colombian Government has issued regulations limiting imports from countries with which Colombia has an unfavourable trade balance. Before this measure was instituted, Chile sold 3,000 tons of steel plate for the Bogota municipal aqueduct; these were delivered in the first half of 1956. It is generally considered that, despite the production of the Paz del Rio iron and steel plant, Colombia may continue to offer a market for some Chilean steel products. On the other hand, Peruvian demand for Chilean iron and steel, normally the largest in Latin America after Argentina's (and in 1955 Brazil's) may decrease with the operation of the Chimbote iron and steel plant, which entered production early in August 1956.

Broadly speaking, it may be said that, in the present situation and for several years to come, the possibility of an increase in the trade in iron and steel between Latin American countries must be considered principally in terms of Chilean exports to the other countries. Apart from the specific problems to which attention has been drawn, these exports depend on the surpluses available for export in Chile and the ease with which Chile can find markets for its iron and steel outside Latin America. If the shortage of iron and steel products available for export which has existed since early 1954 until early 1956 is substantially relieved, the problem of the Chilean iron and steel industry may be not so much to increase its capacity as to dispose of its surplus products. The logical and perhaps the least unstable market for such surpluses would be the other countries of Latin America, particularly those of South America.

Table I  
LATIN AMERICA: PRODUCTS EXPORTED TO LATIN AMERICA  
(F.o.b. values in thousands of dollars)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
<b>Grand total</b>		112,791	100.0		580,696	100.0		720,428	100.0		696,700	100.0		737,200	100.0
Total of products listed	92,671		81.9	496,736		85.3	671,275		93.2	648,418		93.0	684,056		92.8
<b>1. Foodstuffs</b>	67,596		59.8	276,067		47.6	372,718		51.7	349,141		50.1	329,930		44.8
Hulled rice	19,451	921	0.8	62,191	10,728	1.8	17,735	3,891	0.5	28,311	4,741	0.7	29,431	3,589	0.5
Ref. & raw sugar	167,354	4,139	3.7	343,605	43,728	7.5	416,778	34,667	5.0	358,371	27,609	4.0	419,666	32,880	4.5
Frozen meats a/	6,670b/	597	0.5	12,879	4,850	0.8	10,724	5,882	0.8	17,215	9,274	1.3	11,187	7,312	1.0
Tinned goods:															
Meat	11,067	2,144	1.9	7,350	4,487	0.8	2,276	2,039	0.3	861	836	0.1	1,086	1,190	0.2
Fruit	357	39	0.0	776	717	0.1	450	313	0.0	287	198	0.0	1,407	555	0.1
Milk	572	74	0.1	435	310	0.1	138	222	0.0	1,901	2,120	0.3	1,851	2,383	0.3
Vegetables	372	47	0.0	1,249	1,249	0.2	83	68	0.0	858	685	0.1	600	521	0.1
Fish	88	18	0.0	1,105	589	0.1	507	270	0.0	630	370	0.0	475	354	0.0
<b>Stimulants:</b>															
Cacao	8,791	1,175	1.0	14,322	7,779	1.3	20,231	12,479	1.7	16,454	19,801	2.8	17,987	13,692	1.9
Coffee	26,542	4,285	3.8	50,900	23,957	4.1	44,282	47,121	6.5	42,580	62,581	9.0	42,380	40,110	5.5
Tea	0.6	0.2	0.0	323	341	0.1	502	596	0.1	188	221	0.0	215	308	0.0
Mate	67,111	4,685	4.2	53,334	8,799	1.5	36,079	8,366	1.2	52,099	15,135	2.2	55,921	14,735	2.0
Dried beans	15,007	729	0.6	14,930	2,648	0.5	6,669	1,028	0.2	5,040	668	0.1	9,644	1,380	0.2
<b>Fruit:</b>															
Fresh	206,414	3,617	3.2	226,130	22,113	3.8	287,618	35,741	5.0	321,853d/	31,867d/	4.6	328,929	36,783	5.0
Dried	4,492	758	0.7	5,412	2,756	0.5	5,068	5,652	0.8	3,915	2,072	0.3	4,925	3,015	0.4
<b>Livestock:</b>															
Sheep	29,239e/	1,193	1.1	24,440	3,849	0.7	5,469	1,286	0.2	8,233	2,713	0.4	3,412	1,283	0.2
Pigs	159	33	0.0	4,670	977	0.2	2,666	1,005	0.1	2,136	913	0.1	1,909	415	0.0
Cattle	78,901f/	4,114	3.6	142,768	21,680	3.7	50,114	15,350	2.1	39,518	12,047	1.7	39,936	8,274	1.1
<b>Edible oil and fats:</b>															
Oils	289	39	0.0	8,370	4,694	0.8	21,006	9,584	1.3	5,129g/	2,651g/	0.4	1,616	743	0.1
Fats	1,576	244	0.2	5,228	3,273	0.6	11,359	8,875	1.2	12,160	7,504	1.1	5,782h/	3,934h/	0.5
Butter	248	89	0.1	1,803	1,534	0.3	1,348	2,199	0.3	2,553	3,370	0.5	1,344	1,438	0.2
Malt	6,034	352	0.3	19,231	3,453	0.6	22,202	3,780	0.5	15,856	3,355	0.5	27,319	8,708	1.2
Cheese	303	91	0.1	1,723	1,237	0.2	1,554	1,697	0.2	1,768	1,386	0.2	1,652i/	1,735i/	0.2
Salt	15,361	93	0.1	22,573	346	0.1	11,325	226	0.0	24,673	472	0.1	25,059	470	0.1
Tobacco, leaf	7,669	1,611	1.4	9,194	5,667	1.0	5,355	4,131	0.6	5,174	3,158	0.5	2,184j/	1,780j/	0.2
<b>Tobacco manufactured:</b>															
Cigars	13	119	0.1	402	474	0.1	891	541	0.1	987	567	0.1	-	k/	0.0
Cigarettes	15	35	0.0	22	100	0.0	18	82	0.0	14	61	0.0	1	l/	0.0
Wheat	1094,120	32,929	29.2	781,735	85,380	14.7	1423,315	152,398	21.2	1277,976	101,881	14.6	1690,597	121,972	16.5
Maize	5,906	105	0.1	27,242	1,664	0.3	50,467	3,785	0.5	12,090	837	0.1	5,747m/	426m/	0.1
Wheat flour	70,870	3,145	2.8	36,572	5,500	0.9	55,560	9,010	1.3	195,724	29,271	4.2	142,687	19,660	2.7
Wines	1,254	83	0.1	3,854	735	0.1	664	140	0.0	1,000	348	0.0	783	207	0.0
Liquors	772	93	0.1	893	453	0.1	278	215	0.0	344	193	0.0	161	77	0.0

a/ Including beef, mutton and lamb, pork, poultry, offal. b/ 6,433 tons exported by Brazil to Uruguay not shown in Uruguay's import statistics. c/ 7,886 tons exported by Brazil to Uruguay not shown in Uruguay's import statistics. d/ Excluding Paraguay. e/ 28,400 tons exported by Argentina to Chile. Chile shows imports from Argentina of only 19,207 tons. f/ 32,891 tons exported by Uruguay to Brazil. Brazil shows imports of only 8,144 tons from Uruguay. g/ Excluding Paraguay. h/ Excluding Honduras. i/ Excluding Honduras. j/ Excluding Honduras. k/ No information from Cuba and Honduras. l/ No information from Cuba. m/ Excluding Honduras.

Table I (cont'd)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
2. <u>Raw materials</u>		10,457	9.1		109,116	18.8		126,110	17.5		116,609	16.7		149,935	20.3
A. <u>Agricultural:</u>		8,967	7.8		83,667	14.3		85,830	11.9		91,327	13.1		122,997	16.6
Cotton, raw	2,986	773	0.7	30,551	19,945	3.4	40,184	28,183	3.9	25,286	19,352 <sup>n/</sup>	2.8	42,483	33,014	4.5
Hides:															
Raw	10,044 <sup>o/</sup>	1,862	1.7	4,362	2,163	0.4	4,363	2,658	0.4	10,001	7,096	1.0	11,606	5,892	0.8
Tanned	38	70	0.1	1,422	2,863	0.5	624	1,701	0.2	725	1,613	0.2	288	1,102	0.2
Vegetable fibres <sup>p/</sup>	709	116	0.1	5,880	2,328	0.4	3,460	1,549	0.2	5,824	2,117	0.3	2,666 <sup>q/</sup>	789 <sup>q/</sup>	0.1
Wool:															
Greasy	1,258	503	0.4	1,476	1,740	0.3	859	1,033	0.1	294	365	0.1	91	217	0.0
Washed	944	617	0.5	2,221	3,594	0.6	1,030	2,810	0.4	1,089	3,360	0.5	858	2,204	0.3
Cellulose and pulp	-	-	-	200	26	0.0	-	-	-	-	-	-	-	-	-
Quebracho	10,407	695	0.6	18,350	3,445	0.6	19,807	4,620	0.6	19,067	4,566	0.7	19,634	4,527	0.6
Oil-seeds <sup>r/</sup>	34,473	1,290	1.1	6,397	1,352	0.2	13,115	2,352	0.3	978	469	0.1	4,771	991	0.1
Tagua	3,578	47	0.0	2,354	168	0.0	590	54	0.0	493	34	0.0	1,170	124	0.0
Timber:															
Rough and partly worked <sup>s/</sup>	221,573	2,926	2.6	731,414	43,756	7.5	657,677	32,583	5.5	685,748	51,615	7.4	828,497	73,122	9.0
Manufactured <sup>t/</sup>	314	9	0.0	6,856	1,589	0.3	1,526	237	0.0	2,203	297	0.0	2,270	302	0.0
Posts <sup>t/</sup>	3,274	31	0.0	20,168	392	0.1	16,955	314	0.0	1,389	124	0.0	2,227	178	0.0
Sleepers <sup>t/</sup>	7,115	28	0.0	9,334	206	0.0	12,615	726	0.1	4,567	319	0.0	12,352	307	0.0
B. <u>Minerals</u>		1,420	1.3		25,449	4.5		40,280	5.6		25,282	3.6		27,096	3.7
Asbestos	1	0.4	0.0	52	11	0.0	361	95	0.0	47	8	0.0	-	-	-
Sulphur	10,273	203	0.2	6,283	315	0.1	19,487	3,550	0.5	539	64	0.0	9,970	355	0.0
Cement	1,215	20	0.0	35,653	958	0.2	63,443	1,319	0.2	38,282	628	0.1	29,806	638	0.1
Copper:															
Ores	-	-	-	14	7	0.0	-	-	-	-	-	-	-	-	-
Electrol. (ingots)	547	129	0.1	11,767	5,019	0.9	2,207	1,732	0.2	1,768	1,011	0.1	2,791	1,389	0.3
" (billets)	-	-	-	6,864	3,775	0.7	-	-	-	-	-	-	-	-	-
Stand. or blister in ingots	-	-	-	872	260	0.0	153	30	0.0	190	152	0.0	-	-	-
Refined or recast	-	-	-	799	393	0.1	18	14	0.0	1,000	647	0.1	484	396	0.0
Bars, sheets, scrap	84	24	0.0	1,813	1,271	0.2	6,207	5,609	0.8	5,861	3,916	0.6	9,780	8,633	1.2
Tin:															
Bars and ingots	114	99	0.1	164	259	0.0	231	336	0.0	-	-	-	-	-	-
Iron and steel:															
Pig iron	-	-	-	25,158	2,130	0.4	14,723	2,409	0.3	2,421	687	0.1	872	163	0.0
Bars, shapes & strip	-	-	-	1,872	211	0.0	21,876	2,105	0.3	21,247	1,236	0.3	26,359	2,931	0.4
Sheets & rolled metal	-	-	-	489	56	0.0	55,364	13,500	1.9	37,222	7,652	1.1	23,769	3,400	0.5
Various forms	-	-	-	5	3	0.0	5	1	0.0	-	-	-	-	-	-
Tinplate	-	-	-	-	-	-	1,504	397	0.1	107	24	0.0	-	-	-
Lead:															
Ore & concentr.	3,656	257	0.2	2,154	353	0.1	7,155	1,291	0.2	-	-	-	-	-	-
Bars and ingots	3,556	310	0.3	15,754	4,417	0.8	4,790	1,199	0.2	4,751	1,220	0.2	1,707	482	0.1
Fertilizers	17,495 <sup>u/</sup>	432 <sup>v/</sup>	0.4	150,315	5,183	0.9	114,893	5,330	0.7	110,401	4,978	0.7	140,027	6,856	0.9
Zinc:															
Ores & concentr.	-	-	-	268	24	0.0	20	4	0.0	-	-	-	-	-	-
Bars & ingots	128	16	0.0	2,309	743	0.1	4,776	1,017	0.1	9,536	1,808	0.3	5,450	1,253	0.2

<sup>n/</sup> Excl. Paraguay. <sup>o/</sup> 6,203 tons exported by Brazil to Uruguay, not shown in Uruguay's statistics. <sup>p/</sup> Including lute, hemp, flax, bonequen, sisal. <sup>q/</sup> Excl. Cuba. <sup>r/</sup> Incl. peanuts, copra, palm nuts, cotton seed, soya beans, sesame, sunflower seed. <sup>s/</sup> Incl. exports of posts and sleepers from Central America. <sup>t/</sup> Including only exports from South America. <sup>u/</sup> Import figures. <sup>v/</sup> Estimate.

Table I (cont'd)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
<b>3. Fuels</b>		13,624	12.2		63,453	10.9		151,892	21.1		162,057	23.3		182,124	24.7
Coal	58,241	282	0.3	87,653	1,791	0.3	35,726	490	0.1	36,645	551	0.1	65,815	1,332	0.2
Patroleum and its derivatives:															
Crude	918,776	13,342	11.9	3629,524	61,662	10.6	7109,749	151,402	21.0	7387,200	161,506	23.2	8613,310	180,792	24.5
Petrol aviation	375,031	4,381	3.9	1629,142	24,804	4.3	3082,256	58,994	8.2	3259,205	67,994	9.8	4785,446	99,064	13.4
Petrol ordinary	132,929	3,095	2.7	258,632	9,118	1.6	123,736	4,644	0.6	-	-	-	-	-	-
Kerosene	50,851	1,616	1.4	193,451	6,365	1.1	1135,596	44,087	6.1	1079,786	42,903	6.1	630,840	23,646	3.2
Diesel oil	50,766	1,025	0.9	48,234	1,208	0.2	113,350	3,215	0.4	191,801	5,253	0.7	295,755	10,148	1.4
Fuel oil	13,890	183	0.2	358,461	6,057	1.0	928,642	21,004	2.9	977,857	22,217	3.2	1171,252	26,173	3.5
Mineral oils and greases	285,988	2,527	2.2	1134,374	13,622	2.3	1690,515	17,998	2.5	1848,438	22,087	3.2	1694,356	20,520	2.8
Asphalt	4,872	434	0.4	2,295	343	0.1	9,798	446	0.1	8,331	569	0.1	3,207	482	0.1
Other derivatives	4,439	80	0.1	3,451	84	0.0	25,856	1,014	0.1	21,782	483	0.1	30,138	667	0.1
<b>4. Manufactured goods</b>		994	0.8		48,100	8.0		20,555	2.9		20,611	2.9		22,067	3.0
Copper:															
Wire	-	-	-	1,677	1,077	0.2	6,377	5,939	0.8	4,714	3,814	0.5	10,053	8,779	1.2
Tubing	-	-	-	243	186	0.0	8	8	0.0	235	196	0.0	30	23	0.0
Other manuf. products	8	8	0.0	446	585	0.1	2	3	0.0	2	3	0.0	9	28	0.0
Iron and steel:															
Wire rods and related products, bars w/				202	61	0.0	3	3	0.0	-	-	-	-	-	-
Rails and railways accessories				1,717	88	0.0	-	-	-	-	-	-	-	-	-
Metal structures				724	440	0.1	-	-	-	5	1	0.0	73	4	0.0
Tubing				3,774	862	0.1	82	41	0.0	196	85	0.0	634	165	0.0
Yarns:															
Cotton	154	109	0.1	1,661	5,995	1.0	75	198	0.0	30	47	0.0	161	498	0.1
Wool	18	24	0.0	502	2,590	0.4	617	3,758	0.5	810	4,761	0.7	730	4,859	0.7
Flax	4	5	0.0	108	264	0.0	101	419	0.0	65	163	0.0	125	385	0.1
Paper & cardboard	66	24	0.0	780	232	0.0	218	711	0.1	1,100	282	0.1	455	189	0.0
Pharmaceutical products	237	211	0.2	1,702	4,545	0.8		2,532	0.4	1,914	3,418	0.5	1,427 <sup>x/</sup>	3,253 <sup>x/</sup>	0.4
Hard fibre sacks <sup>y/</sup>	1,068	199	0.2	291	134	0.0	204	68	0.0	238	86	0.0	132	67	0.0
Textiles:															
Cotton	382	371	0.3	7,609	29,110	5.0	1,839	3,886	0.5	2,098	4,353	0.6	1,484	3,574	0.5
Wool	16	39	0.0	119	1,093	0.2	10	40	0.0	5	42	0.0	40	243	0.0
Rayon	3	4	0.0	386	838	0.1	1,874	2,949	0.4	2,172	3,360	0.5	- <sup>z/</sup>	- <sup>z/</sup>	0.0

Source: Official foreign trade statistics.

w/ Including wire, nails, bolts, nuts, screws and rivets.

x/ Excluding Cuba.

y/ Including jute, henequen, hemp, etc.

z/ No information available from Cuba.

Table II  
LATIN AMERICA: PRODUCTS EXPORTED TO THE WORLD  
(F.o.b. values in thousands of dollars)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
<b>Grand total</b>		1922,373	100.0		6146,895	100.0		7659,533	100.0		7799,300	100.0		7878,004	100.0
Total of products listed		1632,637	84.8		5296,989	85.7		6830,102	88.9		6996,956	89.7		6980,992	88.6
<b>1. Foodstuffs</b>		802,814	41.6		2781,562	45.1		3597,765	47.0		3579,571	45.9		3314,523	42.1
Hulled rice	42,529	2,294	0.1	228,466	38,218	0.6	97,850	19,744	0.3	108,087	29,699	0.4 <sup>a/</sup>	57,870 <sup>a/</sup>	6,354	0.1
Refined & raw sugar	3346,201	117,827	6.1	6015,434	629,977	10.2	6584,935	593,297	7.7	5386,001	493,201	6.3	6420,227	574,586	7.3
Frozen meats b/	593,481	78,404	4.1	438,709	138,758	2.3	264,393	123,481	1.6	266,306	123,028	1.6	209,623	114,492	1.5
<b>Tinned goods:</b>															
Meats	67,192	25,691	1.3	203,197	104,633	1.7	99,249	83,761	1.1	111,593	86,103	1.1	104,031	82,093	1.0
Fruits	4,223	430	0.0	31,722	8,064	0.1	25,012	5,672	0.1	29,059	5,786	0.1	20,467 <sup>c/</sup>	3,554 <sup>c/</sup>	0.0
Milk	662	87	0.0	1,870	1,327	0.0	133	378	0.0	1,903	121	0.0	1,861	2,384 <sup>c/</sup>	0.0
Vegetables	521	71	0.0	2,443	1,952	0.0	406	224	0.0	1,156	866	0.0 <sup>d/</sup>	815 <sup>d/</sup>	612	0.0
Fish	2,443	567	0.0	12,270	6,350	0.1	15,193	7,936	0.1	7,486	10,202	0.1	19,576 <sup>e/</sup>	9,833 <sup>e/</sup>	0.1
<b>Stimulants:</b>															
Cacao	185,684	22,639	1.2	181,128	98,593	1.6	184,482	119,548	1.6	202,686	218,752	2.8	202,698	146,156	1.9
Coffee	1154,983	245,793	12.8	1574,962	1070,452	17.4	1702,809	158,015	25.7	1317,183	1907,537	24.5	1523,819	1753,639	22.3
Tea	2	1	0.0	420	420	0.0	534	628	0.0	282	307	0.0	310	402	0.0
Maté	67,841	4,972	0.3	53,789	8,942	0.1	36,454	8,631	0.1	56,431	16,867	0.2	56,732	15,204	0.2
Dried beans	37,402	1,782	0.1	75,966	11,646	0.2	29,487	4,916	0.1	38,405	5,510	0.1	39,938 <sup>f/</sup>	5,847 <sup>f/</sup>	0.1
<b>Fruits:</b>															
Fresh	1959,556	40,787	2.1	1777,725	83,866	1.4	2226,649	170,392	2.2	2351,943	181,356	2.3	2269,116	183,280	2.3
Dried	12,436	3,265	0.2	10,469	6,796	0.1	14,899	13,629	0.2	11,764	9,106	0.1	33,436 <sup>g/</sup>	13,411 <sup>g/</sup>	0.2
<b>Livestock:</b>															
Sheep	29,653	1,233	0.1	24,463	4,154	0.1	5,479	1,290	0.0	8,243	2,719	0.0	3,412	1,283	0.0
Pigs	211	39	0.0	4,680	981	0.1	2,666	1,005	0.0	2,137	916	0.0	1,900	415	0.0
Cattle	126,657	5,792	0.3	165,055	24,763	0.4	80,998	23,076	0.3	44,470	13,250	0.2	88,925	16,602	0.2
<b>Edible oils and fats:</b>															
Oils	2,049	268	0.0	86,316	45,873	0.7	33,549	13,714	0.2	8,493	3,626	0.0	1,630	751	0.0
Fats	35,493	4,895	0.3	36,406	20,773	0.3	12,740	9,234	0.1	12,191	7,571	0.1	5,782 <sup>h/</sup>	3,934 <sup>h/</sup>	0.0
Butter	8,332	2,823	0.1	9,983	9,658	0.2	15,068	17,717	0.2	15,436	15,198	0.2	10,109	9,319	0.1
Malt	7,870	463	0.0	22,046	4,095	0.1	22,212	3,787	0.0	15,857	3,355	0.0	27,359	8,713	0.1
Cheese	1,451	424	0.0	10,220	7,432	0.1	4,732	5,468	0.1	3,462	2,833	0.0	3,187 <sup>i/</sup>	3,170 <sup>i/</sup>	0.0
Salt	15,712	99	0.0	26,801	370	0.0	22,558	295	0.0	25,913	488	0.0	25,829	477	0.0
Tobacco, leaf	55,216	16,044	0.8	78,871	59,605	1.0	61,682	62,533	0.8	70,264	62,319	0.8	71,598 <sup>j/</sup>	26,682 <sup>j/</sup>	0.3
<b>Tobacco manufactured:</b>															
Cigars	211	3,891	0.2	584	6,389	0.1	1,069	7,424	0.1	1,149	7,096	0.1	2,040 <sup>k/</sup>	8,747 <sup>k/</sup>	0.1
Cigarettes	31	58	0.0	46	187	0.0	27	92	0.0	16	14	0.0	18	78	0.0
Wheat	3298,191	93,675	4.9	2185,946	250,622	4.1	2527,237	243,552	3.2	3103,771	215,798	2.8	3993,380	273,526	3.5
Maize	6619,447	121,344	6.3	1635,646	125,683	2.0	1110,719	77,210	1.0	2245,054	121,626	1.6	408,120 <sup>l/</sup>	26,625 <sup>l/</sup>	0.3
Wheat flour	102,828	4,465	0.2	44,755	6,449	0.1	57,225	9,222	0.1	195,698	29,369	0.4	142,718	19,666	0.2
Wines	13,891	674	0.0	19,492	1,738	0.0	4,118	644	0.0	14,187	1,849	0.0	11,954	1,668	0.0
Liquors	3,415	1,987	0.1	3,033	2,596	0.0	1,436	1,180	0.0	1,442	1,101	0.0	2,176	1,019	0.0

a/ Excluding Honduras. b/ Including beef, mutton and lamb, pork, poultry, offal. c/ Excluding Cuba. d/ Excluding Cuba. e/ Excluding Cuba.  
f/ Excluding Cuba. g/ Excluding Bolivia. h/ Excluding Honduras. i/ Excluding Honduras. j/ Excluding Honduras. k/ Excluding Cuba.  
l/ Excluding Cuba and Honduras.

Table II (cont'd)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
2. Raw materials		478,094	24.9		1,360,064	23.3		1,556,268	20.3		1,552,303	19.9		1,567,933	19.9
A. Agricultural:		272,997	14.4		915,567	16.0		985,706	12.9		980,060	12.6		898,142	11.4
Cotton, raw	328,629	85,728	4.5	430,191	291,858	4.7	553,478	360,142	4.7	696,095	465,980	6.0	659,578	432,317	5.5
Hides:															
Raw	280,443	67,180	3.5	285,115	178,111	2.9	238,182	119,617	1.6	210,705	119,548	1.5	204,563	94,979	1.2
Tanned	801	782	0.0	11,467	19,908	0.3	4,416	8,350	0.1	5,216	6,985	0.1	5,356 <sup>m/</sup>	6,647 <sup>n/</sup>	0.1
Vegetable fibres <sup>m/</sup>	114,968	9,535	0.5	150,053	42,977	0.7	109,546	27,525	0.4	132,849	27,806	0.4	144,027 <sup>n/</sup>	23,332 <sup>n/</sup>	0.3
Wool:															
Greasy	176,265	73,447	3.8	178,348	174,009	2.8	226,570	290,339	3.8	145,294	196,168	2.5	97,778	126,103	1.6
Washed	18,604	10,459	0.5	37,685	55,473	0.9	26,271	49,089	0.6	13,884	27,718	0.4	17,700	31,919	0.4
Cellulose and Pulp	-	-	-	1,454	266	0.0	6,493	2,017	0.0	-	-	-	-	-	-
Quebracho	232,503	13,702	0.7	216,361	65,724	1.1	202,547	42,041	0.5	153,622	34,215	0.4	147,432	32,535	0.4
Oil seed <sup>o/</sup>	144,959	5,670	0.3	74,662	13,460	0.2	78,792	11,438	0.1	103,119	18,572	0.2	164,919	23,336	0.3
Tagua	29,708	848	0.0	10,415	743	0.0	7,999	510	0.0	7,718	523	0.0	6,325	374	0.0
Timber:															
Rough and partly worked <sup>p/</sup>	385,946	5,513	0.3	1,213,499	68,050	1.1	1,145,190	73,122	1.0	1,143,882	82,506	1.1	1,402,733 <sup>g/</sup>	128,313 <sup>g/</sup>	1.6
Manufacturers <sup>r/</sup>	877	23	0.0	16,886	4,233	0.1	1,901	319	0.0	3,286	582	0.0	4,389	830	0.0
Posts <sup>r/</sup>	10,637	80	0.0	21,503	446	0.0	17,129	319	0.0	1,688	135	0.0	2,137 <sup>s/</sup>	181	0.0
Sleepers <sup>r/</sup>	7,717	30	0.0	14,228	309	0.0	19,399	868	0.0	5,061	422	0.0	23,997 <sup>s/</sup>	480 <sup>s/</sup>	0.0
B. Minerals:		205,097	10.5		444,497	7.3		570,562	7.4		563,143	7.2		669,790	8.5
Asbestos	4	3	0.0	168	32	0.0	743	208	0.0	336	76	0.0	811	155	0.0
Sulphur	19,653	357	0.0	10,733	531	0.0	26,518	4,318	0.1	23,233	1,314	0.0	234,045	5,756	0.1
Cement	1,547	25	0.0	40,995	1,050	0.0	63,485	1,621	0.0	33,063	672	0.0	90,224	1,572	0.0
Copper:															
Ores	144,975	5,823	0.3	162,826	17,029	0.3	212,489	25,000	0.3	163,789	19,333	0.2	221,813	32,962	0.4
Electrolytic in ingots	138,502	29,022	1.5	185,345	81,552	1.3	98,768	72,021	0.9	152,505	98,309	1.3	147,592	115,957	1.5
Electrolytic in billets	-	-	-	8,814	4,853	0.1	-	-	-	-	-	-	-	-	-
Standard or blister in ingots	194,945	44,878	2.3	141,296	56,394	0.9	171,604	128,648	1.7	184,411	122,450	1.6	206,861	169,155	2.1
Refined or recast	-	-	-	73,142	34,424	0.6	95,251	74,314	1.0	81,104	53,246	0.7	102,923	89,646	1.1
Bars, sheets, scrap	34,340	11,101	0.6	19,782	10,703	0.2	6,837	5,103	0.1	7,680	5,383	0.1	14,001	12,128	0.2
Tin:															
Ores and concent.	1,011	404	0.0	132	31	0.0	166	33	0.0	-	-	-	-	-	-
Bars and ingots	43,096	31,728	1.6	53,411	64,164	1.0	65,035	62,482	0.8	76,068	66,900	0.9	69,987 <sup>t/</sup>	52,200 <sup>t/</sup>	0.7
Iron and steel:															
Pig-iron	-	-	-	44,928	3,589	0.1	15,197	2,497	0.0	6,197	1,194	0.0	29,009	2,088	0.0
Bars, shapes and strip	-	-	-	2,016	228	0.0	24,899	2,108	0.0	21,331	1,944	0.0	36,452	4,892	0.1
Sheets and rolled metal	-	-	-	654	93	0.0	55,364	13,500	0.2	37,222	7,652	0.1	24,795	3,514	0.0
Various forms	-	-	-	85	17	0.0	22	13	0.0	-	-	-	-	-	-
Tinplate	-	-	-	-	-	-	1,504	397	0.0	107	24	0.0	-	-	-
Lead:															
Ores and concent.	106,645	6,702	0.3	82,737	12,086	0.2	141,029	20,911	0.3	101,497	15,418	0.2	114,308	16,282	0.2
Bars and ingots	222,217	22,545	1.2	230,653	65,250	1.1	269,290	67,184	0.9	259,813	69,109	0.9	237,488	68,763	0.9
Fertilizers	1440,896	32,973	1.7	1,599,484	54,671	0.9	1,235,054	54,716	0.7	1,576,741	67,651	0.9	1,323,384	56,217	0.7
Zinc:															
Ores and conc.	260,819	15,888	0.8	416,318	26,328	0.4	497,421	21,714	0.3	518,166	21,688	0.3	521,374	29,244	0.4
Bars and ingots	31,568	3,648	0.2	43,240	11,472	0.2	60,839	12,777	0.2	55,650	10,780	0.1	160,159	15,259	0.2

m/ Including jute, hemp, flax, henequen, sisal. n/ Excluding Cuba. o/ Including peanuts, copra, palm nuts, cotton seed, soya, sesame, sunflower seed.  
p/ Including exports of posts and sleepers from Central America. q/ Excluding Bolivia and Cuba. r/ Export only from South America. s/ Excluding Bolivia. t/ Estimate for Bolivia on the basis of figures for 6 months.

Table II (cont'd)

Product	Average for 1934-38			Average for 1946-51			1953			1954			1955		
	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%	Tons	Value	%
3. Fuels		350,321	18.2		1,063,352	17.3		1,578,004	20.6		1,849,114	23.7		2,065,534	26.2
Coal	159,072	828	0.0	117,440	1,804	0.0	35,741	490	0.0	36,645	551	0.0	66,015	1,335	0.0
Petroleum and its derivatives	35,220,416	349,493	18.2	74,202,323	1,061,548	17.3	94,982,234	1,577,514	20.6	102,948,412	1,848,563	23.7	108,116,559	2,064,199	26.2
Crude	31,753,469	298,162	15.5	65,740,326	918,338	14.9	75,517,995	1,268,380	16.6	81,244,084	1,482,718	19.0	82,724,367	1,635,697	20.8
Petrol,aviation	310,555	7,295	0.4	283,787	9,690	0.2	1,840,044	69,580	0.9	1,784,824	68,175	0.9	1,575,665	53,345	0.7
Petrol,ordinary	415,831	10,995	0.6	645,398	20,457	0.3	310,710	9,015	0.1	399,139	11,202	0.1	628,775	16,697	0.2
Kerosene	181,363	3,093	0.2	191,640	4,103	0.1	4,305,526	84,049	1.1	5,657,677	109,447	1.4	7,708,114	159,445	2.0
Diesel oil	431,207	6,041	0.3	1,862,710	34,862	0.6	12,782,433	199,876	1.8	13,604,920	166,047	2.1	15,220,751	186,672	2.4
Fuel oil	1,814,539	15,726	0.8	5,436,501	72,653	1.2									
Mineral oils and greases	47,100	3,773	0.2	8,455	634	0.0	102,768	3,375	0.0	171,648	6,253	0.1	154,817	6,761	0.1
Asphalt	266,315	4,403	0.2	17,361	425	0.0	50,450	1,591	0.0	27,245	618	0.0	35,208	779	0.0
Other derivatives	37	5	0.0	16,145	386	0.0	72,308	1,648	0.0	58,875	4,103	0.1	68,862	4,803	0.1
4. Manufactured goods		1,408	0.1		92,011	1.5		68,065	0.9		24,968	0.3		33,002	0.5
Copper:															
Wire	-	-	-	6,372	4,700	0.1	6,437	5,989	0.1	7,310	5,100	0.1	13,682	11,042	0.2
Tubing	-	-	-	243	186	0.1	9	9	0.0	235	197	0.0	32	25	0.0
Other manufactured products	285	38	0.0	651	862	0.1	327	136	0.0	78	40	0.0	231	147	0.0
Iron and steel:															
Wire rods and related products, bars				213	67	0.0	7	5	0.0	1	1	0.0	13	9	0.0
Rails and railway accessories				1,744	91	0.0	-	-	-	-	-	-	-	-	-
Metal structures				784	489	0.0	2	0.2	0.0	7	2	0.0	136	7	0.0
Tubing				5,143	1,080	0.0	199	68	0.0	398	130	0.0	1,956	382	0.0
Yarns:															
Cotton	157	111	0.0	2,088	6,609	0.1	76	200	0.0	31	55	0.0	169	539	0.0
Wool	20	26	0.0	2,906	13,460	0.2	15,422	44,230	0.6	939	5,201	0.1	827	5,080	0.1
Flax	4	5	0.0	119	272	0.0	101	419	0.0	65	163	0.0	153	390	0.0
Paper and cardboard	309	53	0.0	1,806	510	0.0	793	257	0.0	1,646	327	0.0	565 <sup>w/</sup>	208 <sup>w/</sup>	0.0
Pharmaceutical products	290	315	0.0	12,330	8,826	0.1	5,518	7,184	0.1	6,320	4,097	0.0	11,380 <sup>w/</sup>	8,256 <sup>w/</sup>	0.1
Hard fibre sacks <sup>v/</sup>	1,964	346	0.0	431	217	0.0	505	147	0.0	541	159	0.0	372	118	0.0
Textiles															
Cotton	431	418	0.0	16,089	51,091	0.8	2,373	4,688	0.1	2,332	4,808	0.1	1,851	5,465	0.1
Wool	28	64	0.0	311	2,252	0.3	165	558	0.0	94	353	0.0	120 <sup>w/</sup>	525 <sup>w/</sup>	0.0
Rayon	42	32	0.0	603	1,299	0.0	2,741	4,175	0.1	2,864	4,335	0.0	-	-	-

Source: Official foreign trade statistics.

<sup>u/</sup> Excluding Cuba.

<sup>v/</sup> Includes jute, henoquen, hemp, etc.

<sup>w/</sup> No information available for Cuba, the sole exporter.