



ECONOMIC COMMISSION FOR LATIN AMERICA
ANNUAL REPORT

(17 February 1962 — 17 May 1963)

ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS: THIRTY-SIXTH SESSION

SUPPLEMENT No. 4

UNITED NATIONS

New York, 1963

ment of Latin America necessitate, besides a substantial internal effort, an increase in external financial co-operation by virtue of which the requisite structural reforms can be put into effect and internal resources mobilized to facilitate economic growth within a framework of financial stability,

Considering that such a volume of external financing will entail a joint effort on the part of the industrialized countries to provide more extensive credit on appropriate financial terms, so that the capital goods most needed in each individual case can be purchased,

Considering that the countries of the region will have to strive to increase their exports of industrial goods, and that it will accordingly be necessary for them to have at their disposal systematic studies on the relevant financial problems,

Considering that, despite the efforts made to secure greater flexibility in the granting and disbursement of credits, sufficient speed has not yet been attained to impart greater fluidity to investment programmes,

Considering further the need for more satisfactory co-ordination between economic development programmes and currency stabilization plans, in order to prevent undesirable fluctuations in the levels of employment and consumption of developing countries,

1. *Recommends* to the credit institutions operating in the international field that they should consider the possibility of:

(a) Intensifying their efforts to secure greater speed and flexibility in the concession and disbursement of credits;

(b) Allowing each country, in granting their credits, a wider margin of opportunity for the purchase of equipment produced domestically;

2. *Recommends* to countries supplying capital goods that they should consider the possibility of increasing their financial contribution to Latin America by granting credits on easier maturity terms and in a manner more appropriate to the needs of the countries importing such goods;

3. *Recommends* to the Latin American member States that the formulation of their internal and external financing policies should be consistent with the development programmes of the public and private sectors;

4. *Takes note with satisfaction* of resolution AG-8/63 adopted by the Board of Governors of the Inter-American Development Bank at its fourth meeting, and recommends to States members of the Commission that they should support, through their representatives to that institution, the continuation of studies on the problems of financing Latin American exports.

16 May 1963

233 (X). Planning

The Economic Commission for Latin America,

Bearing in mind that planning systems require for their effectiveness the organization and co-ordination of a series of administrative and technical mechanisms to provide guidance in establishing development targets, the administration of development programmes and the channelling of economic and social policy along lines

consistent with those mechanisms, and the periodical production of data for the control and execution of plans,

Considering that development plans should embody the aspirations of the various sectors of the population and that the active participation of those sectors is required for their execution,

Considering that economic and social factors constitute two inseparable aspects of development, and that in consequence an integrated approach to planning must be adopted, taking account, *inter alia*, of problems relating to income distribution and to the need to seek the balanced development of the different areas in each country,

1. *Recommends* the Governments of Latin America to promote the organization or consolidation of programming systems, so that the phases of formulation, execution and control of development plans may be properly integrated, and, as a supplement to the formulation of long-term and short-term plans, to ensure the balanced development of the other instruments or mechanisms forming the planning system, the greatest attention being devoted to those at a relatively less advanced stage, in accordance with a work schedule whose main items might be the following:

(a) Preparation of regional development plans within each individual country;

(b) Formulation of over-all and sectoral medium-term investment plans;

(c) Preparation of over-all and sectoral financing programmes;

(d) Formulation of economic and social policy in terms of the over-all and sectoral objectives of the plans;

(e) Application of the system of programme budgeting and adaptation of the public sector's accounting systems to planning requirements;

(f) Creation of machinery for the compilation, processing and analysis of the data required for the formulation, execution and control of programmes;

(g) Participation of the various sectors of the population and of state agencies in the programming process;

(h) Consolidation or creation of agencies for the preparation and evaluation of specific investment projects and preliminary projects;

2. *Reaffirms* the terms of resolution 185 (IX), in so far as it requests the secretariat to continue organizing technical meetings for the discussion of planning problems, and recommends to the Governments of States members of the Commission that they should organize a programme of visits for the exchange of experience among the various programming offices established in Latin America;

3. *Requests* the secretariat and the Latin American Institute for Economic and Social Planning to continue and expand their research in the field of planning, in order to support the efforts of Governments in the directions mentioned in the foregoing paragraphs, and to pursue their work on income distribution, rendering technical assistance to the countries of the region and pressing on with the study of the methodological and technical problems of analysis;

4. *Recommends* to the Latin American countries that they should study the desirability of setting up, in addi-

tion to the central planning offices, sectoral offices at the ministerial level or autonomous agencies, in order to increase the effectiveness of the over-all planning process.

16 May 1963

234 (X). Integration industries

The Economic Commission for Latin America,

Considering that during the next few years the Latin American countries will have to invest heavily in industry, in order to attain the economic and social development targets that have been set,

Having regard to the fact that, if the maximum benefit is to be derived from such investment, industrial development must be effectively programmed, so that the branches of industry to be developed are selected on consistent lines and in conformity with an over-all economic and social development outlook,

Considering that in each branch of industry, production techniques and industrial equipment must be selected with due regard for the characteristics of Latin America in respect of raw materials, the size of the market, and the relative abundance or shortage of the various factors of production,

Bearing in mind that the secretariat, in a study on industrial development in Latin America (E/CN.12/664), has stated these problems in concrete terms and has at the same time drawn a clear picture of the present status and development prospects of the main branches of Latin American industry,

Considering that in addition, since the ninth session, the secretariat has prepared studies on various branches of industry⁴⁷ which provide useful technical and economic data as a basis for defining the form taken by these problems in the steel-making, metal-transforming, chemical, textile, forest and pulp and paper industries, and that in the course of carrying out such studies it has acquired extensive experience in this field,

Considering that in rechannelling Latin America's industrial development in a direction which will enable it to give renewed impetus and better balance to the region's economic and social development process, increasing attention should be devoted to the extensive possibilities for co-ordinated industrial development opened up by the economic integration of Latin America,

Considering that the progress of the industrial integration of Latin America depends, on the one hand, on the carrying out of preliminary studies and the assembly of basic data on each specific industry in the various countries, and, on the other hand, on the adoption of a regional approach consistent with the prospects and guiding principles of the economic and social development of Latin America as a whole,

⁴⁷ E/CN.12/570/Rev.1 (United Nations publication, Sales No.: 63.II.G.7), E/CN.12/619/Rev.1 (United Nations publication, Sales No.: 63.II.G.2), E/CN.12/622 (United Nations publication, Sales No.: 63.II.G.5), E/CN.12/623, E/CN.12/624 (United Nations publication, Sales No.: 63.II.G.1), E/CN.12/628 and Add. 1-3, E/CN.12/629 and Add. 1-5, and E/CN.12/633 (United Nations publication, Sales No.: 63.II.G.4).

Taking into account the fact that the Governments of some member States have announced their decision to adopt measures to expedite the liberalization of trade within the framework of the Latin American Free-Trade Association,

Bearing in mind that if this procedure for expediting the integration process is to prove efficacious, the Governments must have at their disposal at the earliest possible date concrete and accurate technical and economic information on the possibilities of developing integration industries,

Considering that the studies already carried out and the experience acquired in the field of industry enable the secretariat to prepare such studies and data,

1. *Expresses its appreciation* to the secretariat for the studies it has undertaken on industrial questions and recommends their continuation and acceleration on the basis of the highest possible priority;

2. *Recommends* to the secretariat that in carrying out such work it should explore more and more specifically the possibilities of creating industries aimed primarily at the common market, or integration industries such as those concerned with steel-making, chemical and petrochemical products, metal-transforming, transport and building materials, with a view to facilitating their establishment, bringing about import substitution and increasing production, and that it should indicate the methods and procedures which it deems to be most suitable for attaining this objective;

3. *Recommends* to the secretariat that, in planning and implementing such studies, it should pay special attention to the particular situation of the less advanced countries of Latin America, in order to pave the way for government action to enable them to take an active part in the regional integration process;

4. *Requests* the secretariat to bring each one of these studies to the attention of the Governments of member States as soon as they have been completed, so that the Governments may take appropriate action without waiting for the next session of the Commission;

5. *Suggests* to the Governments of member States that they should give priority to projects for the establishment of integration industries;

6. *Invites* international financing institutions to give priority, in the granting of credit, to industrial integration projects.

16 May 1963

235 (X). Problems of the textile industry

The Economic Commission for Latin America,

Noting with satisfaction the progress of the work of the secretariat in connexion with the analysis of the present situation and prospects of the textile industry in the Latin American countries members of the Latin American Free-Trade Association with a view to their participation in an integrated regional market,

Considering that the reports submitted so far reveal a high degree of under-utilization of available resources of capital, labour and raw materials and suggest that co-ordinated action should be taken at the national and inter-