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ECONOMIC COMMISSION FOR LATIN AMERICA

Fifth Session

COMMITTEE III (Industries)

PROVISIONAL SUMMARY RECORD OF THE FIRST MEETING
Held at Rio de Janeiro, on Tuesday,
14 April 1953 at 10:45 a.m.

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E/CN.12/293; E/CN.12/294; relevant chapters of
the Economic Survey for Latin America 1951-52
(E/CN.12/291/Rev.1)

PRESENT:

<u>Acting Chairman:</u>	Mr. EUGENIO BERTENS	Chile
<u>Chairman:</u>	Mr. ALBERTO SEPULVEDA	Chile
<u>Rapporteur:</u>	Mr. LUIS AUGUSTO CANTARERO	Nicaragua
<u>Members:</u>	Mr. CAMPOS	Argentina
	Mr. MARTINS	Brazil
	Mr. VIAL	Chile
	Mr. PRIETO	Colombia
	Mr. MERCIER	France
	Mr. RIGAUD	Haiti
	Mr. ROBLES	Mexico
	Mr. RADHAKISHUN	Netherlands
	Mr. CASTILLO	Nicaragua
	Mr. GONZALEZ	Paraguay
	Mr. WYTHE	United States
	Mr. ITURBIDE	Uruguay
	Mr. ALAMO	Venezuela

Representatives of specialized agencies:

Mr. MONTEIRO	International Labour Organisation
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Secretariat:

Mr. LEUSCHNER	Secretary of the Committee
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/INSTALLATION OF

INSTALLATION OF THE COMMITTEE

In the absence of the Chairman, Mr. BERTENS (Chile) took the Chair.

SECRETARY'S STATEMENT ON THE ITEMS OF THE AGENDA

Mr. LUESCHNER (Secretary of the Committee) referred to the work programme relating to industry as settled at the fourth session of ECLA, and confirmed by the Committee of the Whole. The studies envisaged in that programme covered the iron and steel, pulp and paper, textiles, basic chemical and food industries and mining. Any further studies would be added if Committee members submitted the corresponding draft resolutions.

As it had been impossible to carry out the whole work programme laid down, the Secretariat had selected the most urgent questions, beginning with iron and steel, and pulp and paper; work had also commenced on a study of the heavy chemical industry, which provided acids and alkalis, the basic raw materials for other industries.

The iron and steel industry had been discussed by an expert working group which had met at Bogota in October 1952 (E/CN.12/293). A preliminary study had been prepared on pulp and paper (E/CN.12/294). Summaries of both studies were available.

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Similar methods had been followed in both studies, and the Secretariat was most interested in receiving comments from the delegates so that, if approved, such methods might be considered as a desirable basis for future studies on specific industries. Any other suggestions or criticisms would also be welcome. He described the order followed in the studies in question:

- (a) Analysis of the current position in the specific industries, and a study of existing natural resources;
- (b) Inventory of technical and economic problems arising in the countries where the industry might or could be established;
- (c) Organization of a meeting of experts to discuss those problems, with the collaboration of governments, United Nations bodies, and specialized agencies, or, as an alternative, the employment of individual experts, as the case might be;
- (d) Preparation of a report containing the Secretariat's conclusions, and where possible, publication of the papers and research material used for preparing such reports.

This procedure could not be rigidly applied invariably but might have to be adapted according to differing circumstances.

Turning specifically to the iron and steel study, he summarized the main conclusions reached, pointing out that it had been impossible to discuss all the problems at Bogota; there had been no discussion of

/iron ore

iron ore resources or of the effect on costs of using the new methods for improving blast furnace efficiency. It would be worthwhile to study economic and technical data relating to the use of oxygen for refining steel in converters, and related matters. Other questions relating to the cost structure of rolling mills and more detailed studies of steel transforming industries, including probably the respective tariff structures, should also be studied.

The CHAIRMAN invited comments on the statement made by the Committee Secretary.

Mr. MERCIER (France) paid a tribute to the results achieved at the Bogota meeting, and pointed out that for many of the Europeans who had attended it, the meeting had been a first and valuable introduction to ECLA's work. Many of the new methods of steelmaking discussed there had provided a valuable contribution to international research, and were perhaps particularly suited to Latin-American conditions. A special meeting to be held in Belgium early in May would throw further light on the use of an oxygen-enriched blast to reduce the phosphorous content; that method might well revolutionize the entire steelmaking process.

The technical standard of the Bogota meeting had been extremely high; he hoped that the work begun there would be continued by the Committee and later at a meeting of experts to be called in Paris.

Mr. ROBLES (Mexico) agreed that the question of method in the Secretariat's studies was vital; however, he pointed out that the choice of Monclova (E/CN.12/293) might not have been felicitous, as it had not solved the Mexican problem of dispersed sources of raw materials and dispersed markets. That matter was receiving serious consideration,

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and the solution might possibly lie in a third integrated plant in the southern part of the country, nearer to the main market at Mexico City. Unfortunately, though coking coal was being found at depths of 3,000 feet, it had not yet been proved whether such coal would be industrially or economically utilizable. He would therefore welcome a full study of a steel plant at a more favourable site.

He hoped that it would be possible for ECLA to go beyond the conclusions of the Bogota meeting and assist the various countries with existing or planned steel industries to study their raw material resources. If financial considerations limited the scope of the work, then a way should be found to overcome that difficulty, so that the fullest assistance might be rendered.

Mr. ALAMO (Venezuela) criticized the selection of Barcelona as the site for a hypothetical Venezuelan steel plant (E/CN.12/293/Add.2 and 3). He wondered whether in fact the data at ECLA's disposal warranted the issuing of recommendations regarding his country's iron and steel study. There had been a distinct over-estimate of the wages. The matter was of special importance as his country was seeking to finance its steel plant with national capital resources, and the conclusions reached in the Secretariat study might discourage possible interested parties. Moreover, the limitation to one single process, the standard blast furnace, did not agree with the conclusions reached in numerous Venezuelan studies on the same subject; it was quite possible that a low-shaft electric furnace would be more suitable for his country.

Apart from the foregoing criticism, the Bogota meeting had been a source of concrete information for Venezuela, and had provided valuable

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contacts with Latin-American, North-American and European experts. He recommended that one of the working groups should analyse the whole iron and steel document.

Mr. LEUSCHNER (Secretary of the Committee) stressed that sites and data had been selected in the Secretariat documents for purposes of preparing analytical documents, and in no case had it been intended that concrete recommendations be made. Moreover, in various parts of the documents that point had been specifically stressed. The studies had been an attempt to provide a formula for making comparisons, and were merely working papers.

Mr. PRIETO (Colombia) thanked delegates for their tribute to the Bogota meeting, which had been sponsored by his Government. The present Committee meeting naturally followed on the Bogota meeting, and provided an opportunity for defining more precisely the three questions discussed there: technical assistance which might be expected from ECLA; co-operation between governments and companies for implementing any programme; and the future working programme.

With respect to the work programme, there had been three important points put forward at Bogota: first, the setting up of some kind of a Latin-American iron and steel institute; second, the formulation of standards and specifications for Latin-American steel; third, the question of setting up research centres in the different countries to carry out parts of the programme laid down.

There being no further discussion, the CHAIRMAN took note of the suggestions for the work programme.

/STATEMENT BY

STATEMENT BY THE SECRETARIAT ON PULP AND PAPER PROBLEMS

The CHAIRMAN called upon Mr. Quintana to make his statement.

Mr. QUINTANA (Economic Commission for Latin America) emphasized that the study on the pulp and paper industry (E/CN.12/294) was only preliminary, and hence some countries had either not been treated at all or not as fully as might have been desirable.

The general purpose of the study was to determine the future demand for pulp and paper in the region, compare it with availability of imported pulp and paper and the productive capacity for the mills already installed, as well as to see whether existing resources were adequate for the installation of the productive capacity required for the future.

The conclusion reached was that the rate of growth of paper consumption in Latin America had been abnormally slow in comparison with the growth of per capita income in the area. The main reason for the anomaly was the area's dependence on imports from traditional suppliers who had been increasingly unable to meet world demand. If the supply problem could be solved, then the growth of consumption would be much greater in the future.

On the supposition that future consumption would expand more rapidly in comparison with the growth of per capita income, the study had concluded that the countries of Latin America would have to make a great effort if they wished to meet that demand. However, on the basis of existing and potential resources it appeared that Latin America could supply future consumption needs. Even the coniferous forests, constituting only 5 per cent of the forested area, could be sufficient for this purpose; and if the other 95 per cent of tropical and semi-tropical fibrous

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resources could be utilized, the region could become an important world supplier of pulp and paper. There were many problems concerning the utilization of the latter resources which would require detailed study, not only by individual countries, but also through the joint efforts of all interested countries.

ECLA, FAO and other similar organizations should give great importance in their future work to the problems of utilizing tropical fibrous materials in the manufacture of pulp and paper. Experiments carried out in several countries of Latin America had yielded good results, and French and United States experts had recently made important technical advances. In French West Africa, where species and conditions were similar to those in Latin America, experiments with the processing of heterogeneous mixtures of tropical woods had been successful. New processes had been developed in the United States to produce a pulp from hardwoods which was very similar to mechanical pulp. Much research still remained to be carried out, of course, before these advances could be applied in Latin America.

In addition, numerous subjects relating to the economic operations of the industry still awaited study, such as the location of plants in relation to available raw materials, the extraction of lumber, transport, consumption of chemicals in the processing, minimum plant size and the reduction of capital investment per unit of production. The integration of the pulp and paper industry with the rest of the Latin-American forestry industries was a special problem, since market prospects for secondary products such as plywood were almost completely unknown. The search for and study of additional raw materials, such as bagasse and mangrove, ought

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to continue, as considerable interest in it had been expressed by ~~Members~~.

FORMATION OF WORKING GROUPS

There being no discussion, the CHAIRMAN invited delegates to indicate the particular working group on which they wished to be represented.

The following countries wished to be represented on the Iron and Steel Working Group: Brazil, Chile, Colombia, France, Mexico, Uruguay and Venezuela.

The following countries wished to be represented on the Pulp and Paper Working Group: Brazil, Chile, France, Netherlands, Mexico, Paraguay and Uruguay.

The representatives of Argentina and United States said their Delegations wished to send observers to both working groups.

Mr. VIAL (Chile) suggested that there should be a third working group to deal with the methods used for the various industry studies.

The CHAIRMAN agreed that it might prove possible to set up such a working group as the work proceeded.

The meeting rose at 12.15 p.m.