

ECONOMIC
AND
SOCIAL COUNCILCONSEIL
ECONOMIQUE
ET SOCIAL

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA

Second Session

COMMITTEE I

(Agriculture)

SUMMARY RECORD OF THE FOURTH MEETING

Held at Havana, Cuba
on Saturday, 4 June 1949 at 10 a.m.

CONTENTS: Draft Resolution of Cuba (E/CN.12/AC.1/W.2)
Discussion of farm machinery (E/CN.12/83, chapter II)
Draft resolution of Chile (E/CN.12/AC.1/W.1)

Procedure for drafting of final recommendations

<u>Chairman:</u>	Mr. URGELLES CAAMANO	Ecuador
<u>Rapporteur:</u>	Mr. INCHAUSTEGUI	Dominican Republic
<u>Present:</u>	Mr. MAYANTZ	Argentina
	Mr. VALLE ANTELO	Bolivia
	Mr. JOBIM	Brazil
	Mr. OLEA	Chile
	Mr. SCHNAKE VERGARA	
	Mr. MENCAL Y BARRERAS	Cuba
	Mr. PEREIRA	
	Mr. CRUZ MORDAN	Dominican Republic
	Mr. ROMEU	El Salvador
	Mr. LEPREVOST	France
	Mr. CASTANEDA PAGANINI	Guatemala
	Mr. HUDICOMET	Haiti
	Mr. FERRAQUEZ	Honduras
	Mr. de la PARRA	Netherlands
	Mr. Mc CULLOUGH	Panama
	Mr. PINSETT	United Kingdom
	Mr. KELLOG	United States of America
	Mr. PAZ ACUIRRE	Uruguay

NOTE: Any corrections of this record should be submitted in writing in any of the working languages (Spanish, French or English) and within three working days, to the Executive Secretary, Escuela Municipal Valdes Rodriguez, Havana, Cuba. Corrections should be accompanied by or incorporated in a letter, on headed note-paper, bearing the appropriate symbol number and enclosed in an envelope marked "Urgent". Corrections can be dealt with more speedily by the services concerned if delegations will be good enough also to incorporate them in a mimeographed copy of the record.

Representatives of specialized agencies:

Mr. ORR	}	Food and Agriculture Organization (FAO)
Mr. ETCHAIS		
Mrs. THIBERT		International Labour Organization (ILO)

Secretariat:

Mr. CASTILLO	Deputy Executive Secretary of ECLA
Mr. AQUINO	
Mr. ALCAZAR	

DRAFT RESOLUTION OF CUBA (E/CN.12/AC.1/W.2)

Mr. MENOCAL Y BERRERAS (Cuba) introduced a draft resolution dealing with the general problems affecting agricultural development which ECIA was to continue to study in each of the countries of Latin America. It stressed continued consultation and co-operation with specialized agencies and the Organization of Inter-American States as well as with individual Governments. The results of those studies were to be reported to the third session of ECIA which would consider the question of adequate financing of the concrete projects proposed.

DISCUSSION OF FARM MACHINERY (E/CN.12/83, chapter II)

Mr. CASTILLO (Deputy Executive Secretary of ECIA) introduced Mr. Javier Olea of Chile, one of the members of the Joint ECIA-FAO Working Party and a specialist on the subject of farm machinery.

Mr. OLEA (Chile) reviewed the progress achieved by Latin America in the mechanization of its agriculture.

Mechanization had begun after the first World War when tractors began to be manufactured in considerable numbers. In countries where industrialization had advanced rapidly, their use had become more widespread. However, the overall picture showed that mechanization of agriculture in Latin America was still in its incipient stages. Only 3.1% of the total area of the continent was under cultivation and of that area, only .41% was being worked by agricultural machinery. There was no doubt

/that the cultivated

that the cultivated area could be increased enormously by mechanization without exhausting the reserves of arable land. It should be noted that at present mechanization of agriculture was not intensive; rather machinery was being used to supplement manpower and animal-power.

Physiographical, technical and economic factors influenced the development of mechanization. It was further affected by the action taken by Governments to prepare the rural population to use agricultural machinery effectively and economically. Measures had to be adopted to spread the necessary technical knowledge; exchange had to be made available to import the required equipment and spare parts; customs barriers had to be reduced; a system of credit and price control had to be instituted to bring the cost of machinery within range of the mass of farmers.

The principal obstacles to greater mechanization lay in the low volume of demand on the domestic market, the scarcity of raw materials and of specialized technical staff for the manufacture of machinery. The most marked progress in that field had been made in Argentina, Mexico, Chile, and more recently, Brazil, where farm machinery was beginning to be manufactured. Nevertheless, almost all the agricultural machinery in Latin America still had to be imported. While it had been possible during the prewar period to import it from both Europe and the United States, after the war from 90 to 96% of the total stock of farm

/machines had

machines had to imported from the United States alone. The value of farm machinery imported from that source for the period of 1938 to 1947 amounted to 155,150,700 dollars.

It was important to note that the nature of the machinery imported had undergone significant changes in the past ten years. Before the war, nearly half had consisted of assorted farm implements. During the war, however, and in the post-war period, more than half of the machinery imported consisted of tractors and pulverizers. Moreover, wheel tractors predominated among the most recent imports. This fact indicated a general trend to use lighter machines. That trend could be explained in two ways: first, farm machines had passed from the initial stages when they had been considered as useful only for difficult soil to general acceptance as a regular working instrument; secondly, mechanization was being more widely applied on small and moderate-sized holdings and the power of the machines was being adapted to such lands.

There were 64,000 tractors in use in all of Latin America, that is, one tractor for every 967 hectares of land. That figure was exceedingly low especially as compared with the proportion in the United States of one tractor for every 48.5 hectares. It became evident that many Latin American countries were not using the tractor economically. That anti-economical use of farm machinery had to be corrected.

It was difficult to foresee the possibilities of

/expanding the use

expanding the use of agricultural machinery in Latin America. However, it could be safely said that the cultivated area of the continent could be increased by 300% by a rational system. To reach that stage of development more than 182,000 tractors would be required. Moreover, while machinery was a basic requisite for agricultural development, it should be remembered that its application must be facilitated and supplemented by a series of measures designed to promote the efficient and economical expansion of mechanization.

(The full text of Mr. OLEA'S remarks can be found in document E/CN.12/AC.1/W.4).

Mr. PEREIRA (Cuba) reviewed the progress of mechanization in his country. The 1946 Agricultural Census showed that 1,364 farms or plantations in Cuba used 1,889 tractors. However, mechanization was not intensive and most small farmers still used rudimentary tools and machines. To improve that situation, the Ministry of Agriculture had recently bought 113 crawler-tractors and 77 well-drills. The high demand indicated it would be sound policy on the part of the Government to continue to expand the supply of tractors.

Mr. Pereira recalled the important work accomplished at the Argentine Congress on Agricultural Mechanization held in 1948. The conclusions reached at that Congress were applicable to all the countries of Latin America where agricultural production was under-developed, and therefore particularly to Cuba. The lowering of customs

barriers for the importation of farm machinery and the fuel required to run it was a further prerequisite for expanded mechanization.

Mr. SCHNAKE VERGARA (Chile) explained that agricultural mechanization had made considerable progress in his country in recent years. Since 1938, nearly 92% of farm machines had been imported from the United States. Of that quantity, some three-quarters consisted of wheel-tractors. However, the tariff on farm machinery entering Chile was among the highest in all of Latin America.

In order to facilitate expansion of agricultural mechanization, the Government had sponsored an autonomous enterprise, the Corporacion de Fomento de la Produccion. With guarantees from the State and through the Export-Import Bank and the International Bank for Reconstruction and Development, that organization had contracted directly with the suppliers for machinery to be sold on an instalment plan to the farmers. The latter paid 25% cash and the remainder in instalments over a period of from one to four years, at 5% interest annually.

The machinery was distributed through authorized representatives of the factories. Prices were fixed by the Corporacion and covered cost CIF from 20 to 25% according to the type of machine. The distributors were compelled to maintain repair shops and stocks of spare parts for the use of their customers. An auxiliary service of the Corporacion, the Servicio de Equipos Agricolas Mecanizados, provided 172 tractors, 160 mobile

harvestors and 25 dam-building tractors. With those facilities at its disposal, the Servicio was particularly well adapted to assist smaller farmers in plowing, harvesting and the construction of small dams. As an autonomous corporation, the Servicio was financed entirely by the proceeds from the work done. It had its own repair shops and stocks of spare parts in various agricultural regions of the country.

The Corporacion de Fomento had also instituted technical training courses in the maintenance and repair of machinery in collaboration with the Army so that during the period of his military training, the prospective farmer could prepare himself for the task ahead. Likewise, in vocational schools, a course in agricultural mechanization had been made compulsory.

Plans were being elaborated to increase the domestic production of agricultural machinery. The compania de Acero del Pacifico would start operations in 1950 and was already in search of raw materials.

Interest in expanding agricultural mechanization had been stimulated among farmers as a result of the considerable increase in their incomes since 1940. Progress was continuing rapidly; an estimated 4,200 tractors would be required to complete the mechanization of the land under cultivation in Chile.

Draft Resolution of Chile (E/CN.12/AC.1/W.1)

Mr. SCHNAKE presented a draft resolution on agricultural

mechanization. He pointed out that it was confined to that question and did not deal with technical assistance or financing.

Mr. PINSENT (United Kingdom) stated that his country was greatly interested in increasing the supplies of farm machinery for the mechanization of Latin American agriculture. There had recently been a marked rise in the number of light tractors produced in the United Kingdom. Inasmuch as they were easy to handle and did not require much prior training, they should be of great benefit to those Latin American countries which did not place unduly severe restrictions on their imports.

In order to demonstrate the relatively low cost of farm machinery exported from the United Kingdom, Mr. Pinsent quoted comparative figures of export prices from Central and South America. From the statistics, it would be seen that the price index of capital equipment exported from the United Kingdom was much lower than that of machinery exported from most Latin American countries.

In that connection, Mr. JOBIM (Brazil) noted that the report of the Joint Working Party (E/CN.12/83) had not placed sufficient emphasis on the possibilities of manufacturing farm machinery in Latin America.

Greater stress should also have been placed on the importance of domestic manufacture of fertilizers.

Mr. SCHNAKE VERGARA (Chile) agreed that inadequate data had been furnished by the various Latin American countries concerning the application and use of fertilizers.

He would welcome additional information and, if necessary, a new survey on that matter.

Mr. JOBIM (Brazil) suggested that the discussion of the chapter of the Joint Report on fertilizers and pesticides should be postponed and that the Committee should proceed to consider the question of storage facilities.

Mr. MAYANTZ (Argentina) explained that his Government had elaborated a very useful and practical programme on the most efficient methods and types of storage facilities which would certainly be of benefit to other countries. It would be glad to submit it to the Secretariat at a later date.

Mr. JOBIM (Brazil) and Mr. MENCCAL Y BARRERAS (Cuba) pointed out that the problems of storage, transportation and communications and others referred to in the Cuban draft resolution were closely linked to the matter of technical assistance. They therefore requested clarification of the procedure to be followed in organizing the future work of the Committee and drafting its final recommendations.

PROCEDURE FOR DRAFTING OF FINAL RECOMMENDATIONS

Mr. SCHNAKE VERGARA (Chile) pointed out that the Cuban draft resolution covered the essential aspects of the development of agriculture in Latin America. Since no programme could be implemented without technical and financial assistance, it was obvious that the conclusions reached in Committee I had to be considered in consultation with the other Committees. The necessary exchange of

views should take place in the plenary meeting.

Mr. MENOCAL Y BARRERAS (Cuba) was inclined to share that view, but insisted that the Cuban draft resolution should be discussed as a whole.

Mr. MAYATEZ (Argentina) saw the need for two separate bodies; one working group within Committee 1 to harmonize the various proposals relating to agricultural development, and a co-ordinating committee to unify and consolidate all proposals affecting agricultural development which might be made in any of the four Committees.

After a brief exchange of views, the CHAIRMAN stated that he would appoint a working group to consolidate all proposals on the various chapters of the Joint Working Party's report and that all delegations were free to revert to subjects dealt with in that document and make new proposals even after discussion had been exhausted on a particular chapter. In consultation with the Chairman of the other three Committees, he would explore the possibilities of establishing a co-ordinating committee to unify all proposals bearing upon the same topics.

The meeting rose at 12.30 p.m.
