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PROGRESS REPORT OF THE PULP AND PAPER ADVISORY
GROUP FOR LATIN AMERICA

1. General

Latin America, which still suffers from a considerable deficit in pulp and paper, has increased its production year by year. The following table shows the development of production from 1950 to 1958 in the nine major producing countries:

PRODUCTION OF PULP AND PAPER

(Tons)

	1950	1956	1958
Groundwood	120,000	133,000	190,000
Chemical pulp	<u>155,000</u>	<u>330,000</u>	<u>422,000</u>
Total pulp	275,000	463,000	612,000
Newsprint	52,000	59,000	118,000
Other paper and board	<u>777,000</u>	<u>1,094,000</u>	<u>1,373,000</u>
Total paper	829,000	1,153,000	1,491,000
Ratio pulp/paper	0.33	0.40	0.41

As can be seen, the increase from 1956 to 1958 was greater than during the period 1950-56.

The growth from 1957 to 1958 was approximately 10 per cent. Newsprint shows the highest percentage with approximately 50 per cent.^{1/}

The most important features in the development during 1958 were the starting of large-scale production of new qualities in Mexico and Venezuela and the successful operation of the region's only mill turning out newsprint for export in Chile.

As a phase in the rapid expansion of Mexico's pulp and paper industry, the newsprint mill Fábricas de Papel Tuxtepec was inaugurated on 29 September 1958. It has a capacity of approximately 35,000 tons per year, though at present production cannot reach that capacity because of power difficulties.

In general, the organizers of the Mexican paper industry are very

^{1/} See annex.

progress-minded and most of the pulp and paper mills in the country are planning to expand output in the immediate future.

In Venezuela the kraft paper mill C.A. Venezolana de Pulpa y Papel (VENEPAL) was started at the end of 1958. This mill will produce approximately 35,000 tons of multiwall sack paper, corrugating medium and linerboard from imported pulp and waste paper. The company even intends building a bagasse pulp mill for integration with the paper mill.

In Chile, the first full operational year of the Bio-Bio newsprint mill proved that there is an export market for Chilean pinus radiata newsprint. More than 20,000 tons were exported in 1958, mostly to Argentina. The expansion of the mill is under way, and a capacity of approximately 60,000 tons per year is expected by the end of 1959.

The construction of the Laja sulphate pulp mill - the first mill in the region producing pulp for export - will be completed during the first half of 1959.

New mills are under construction in Argentina, Brazil, Cuba and Peru and their additional production will appear on the market in 1959. Cuba's plans for producing newsprint from bagasse are very interesting for the whole region. In Honduras, studies on the possibilities of building a 300 tons/day kraft pulp mill are under way and a United States company has signed an option contract with the Honduran Government.

The estimated total paper imports of the eleven countries have remained stable, the figures for 1957 and 1958 being 900,000 and 880,000 tons, respectively. The apparent decrease occurred in newsprint imports (526,000 tons in 1957 and 501,000 in 1958). But the only possible conclusion that may be drawn on the basis of these early estimates is that imports have not grown, probably owing to the general economic situation rather than to larger domestic supplies. It is worth while though to note that, in 1958, the newsprint produced in Latin America accounted for approximately 20 per cent of the apparent consumption in the major countries of the region, the corresponding figure for 1957 having been approximately 14 per cent.

2. The Advisory Group

The Advisory Group is a joint enterprise of FAO, TAO ^{2/} and ECLA, established in 1955 along the lines suggested by the Latin American meeting of experts on the pulp and paper industry, held at Buenos Aires.

The functions and aims of the group are the following: (a) to study the conditions and possibilities of developing pulp and paper industries in Latin America; (b) to provide primary technical assistance directly to the countries concerned and to private industries asking for specific plans to be studied or actually carried out; (c) to offer advice on long-term assistance at the request of Governments; (d) to carry out studies of various plans with a view to ensuring the effective economic coordination of the pulp and paper industries of Latin America.

At the request of various Governments, the Advisory Group has studied problems connected with the supply of and demand for pulp and paper in the respective countries. The Group has tried to tackle these problems on a general economic basis and has not made detailed calculations as regards investment and feasibility.

Import requirements and foreign exchange needs have been analysed in order to provide a picture of the importance of developing this production.

The suggestions for additional plants have been based on the policy that only mills which do not need further tariff or other protection and which will promote wider use of domestic raw materials should be proposed for further study.

I. The Advisory Group has prepared the following studies:

A. Argentina

A preliminary report concerning the present and future supply of and demand for pulp and paper products, delivered to the Government in February 1956. An additional report on development plans and economic aspects was released in August 1957.

^{2/} United Nations, Department of Economic and Social Affairs, Bureau of Technical Assistance Operations.

B. Chile

A study dealing with the technical and economic possibilities of establishing a pulp and paper export industry, completed in August 1956 (second edition in August 1957).

C. Peru

A study on the present situation and future trends in pulp and paper will be published soon.

D. Mexico

A report on the pulp and paper industry, examining the present situation and the future possibilities of domestic fibre paper production, is nearly completed and will soon be issued.

E. Venezuela

The possibilities for pulp and paper production have been studied and a report is being prepared, probably for issue in July or August.

F. Ecuador

A report on future trends of paper consumption and the possibilities of meeting this demand is being prepared. It is assumed that this study will be ready for publication in July or August.

G. Brazil

The Group has rendered assistance to the Government and cooperated with the Development Council (Conselho de Desenvolvimento) in its study of the pulp and paper industry. The Group has completed its part in this study, of which the first part was published in Brazil in 1958. A pending request from the Government invites further cooperation in connexion with some important details for future development.

II. Work programme for 1959.

The Advisory Group has received, in addition to the Brazilian request mentioned above, requests from the Governments of Colombia and Surinam as well as from the Province of Buenos Aires.

The Group intends to take up the field work required for the Colombian study in April/May and, after gathering the necessary background

/material there,

material there, to proceed to Surinam for a similar study. After processing this material in Santiago, the Group will consider the Argentine and Brazilian requests. When all the country reports referred to above are ready and more information concerning Cuba and Uruguay is received, the Group will begin to prepare a regional report on possibilities for the integrated markets. This study, however, cannot be started before the end of 1959.

An inventory of the pulp and paper industries in Latin America will be a by-product of the country studies. This inventory can be completed during the present year.

The Group has also made a general survey of the possibilities of manufacturing pulp and paper machinery in Brazil and Argentina, which will be completed by ECLA.

Annex

LATIN AMERICA: PRODUCTION OF PULP AND PAPER

(Tons)

	Ground- wood	Semi- chemical	Chemical	Total pulp	Newsprint	Other paper	Board	Total paper and board
<u>1956</u>								
Argentina	15 100	1 600	47 800	64 500	17 200	205 900	84 400	307 500
Brazil	77 100	21 900	89 400	188 400	31 000	274 000	33 300	338 300
Chile	17 500	-	2 500	20 000	11 200	41 300	8 000	60 500
Colombia	-	-	13 000	13 000	-	20 000	10 000	30 000
Cuba	-	-	18 000	18 000	-	36 000	-	36 000
Mexico	20 000	-	120 000	140 000	-	244 000	61 900	305 900
Peru	-	-	15 800	15 800	-	21 800	12 700	34 500
Uruguay	3 500	-	-	3 500	-	26 500	-	26 500
Venezuela	-	-	-	-	-	14 500	-	14 500
Total	133 200	23 500	306 500	463 200	59 400	884 000	210 300	1 153 700
<u>1957</u>								
Argentina	13 900	2 100	47 400	63 400	12 000	220 000	82 600	314 600
Brazil	91 000	44 000	122 000	257 000	49 000	315 600	139 000	501 600
Chile	20 800	-	2 900	23 700	19 500	34 300	8 000	61 800
Colombia	-	-	13 000	13 000	-	30 000	12 000	42 000
Cuba	-	-	18 000	18 000	-	36 000	-	36 000
Mexico	31 300	1 800	124 500	157 600	-	212 800	95 000	307 800
Peru	-	-	14 100	14 100	-	22 500	11 800	34 300
Uruguay	1 000	-	6 000	7 000	-	25 000	10 000	35 000
Venezuela	-	-	-	-	-	11 900	7 000	13 900
Total	158 000	47 900	347 900	553 800	80 500	906 100	365 400	1 352 000
<u>1958</u>								
Argentina	17 000	2 500	55 000	74 500	13 000	220 000	122 000	355 000
Brazil	91 000	50 000	132 000	273 000	55 000	325 000	140 000	510 000
Chile	45 000	-	2 000	47 000	44 000	42 000	8 000	94 000
Colombia	-	-	13 000	13 000	-	30 000	12 000	42 000
Cuba	-	-	20 000	20 000	-	40 000	10 000	50 000
Mexico	36 000	1 800	125 000	162 800	6 000	228 000	101 000	335 000
Peru	-	-	15 000	15 000	-	20 000	16 000	36 000
Uruguay	1 000	-	6 000	7 000	-	25 000	10 000	35 000
Venezuela	-	-	-	-	-	17 000	7 000	24 000
Total	190 000	54 300	368 000	612 000	118 000	947 000	426 000	1 491 000

Sources: Direct information from Argentina, Brazil, Chile, Mexico, Peru and Venezuela. Estimates based on FAO, Yearbook of Forest Products Statistics, American Legacy, Pulp and Paper 1958, and Newsprint Service Bureau, Newsprint Data, New York, for Cuba, Colombia and Uruguay.