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TO THE ECONOMIC AND SOCIAL COUNCIL

First Part



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INTRODUCTION

1. This eighteenth annual report of the Economic Commission for Latin America (ECLA) covers the period from 12 May 1966 to 14 May 1967.^{1/} It is submitted to the Economic and Social Council for consideration, in accordance with paragraph 12 of the Commission's terms of reference which states that the "Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies".

PART I

WORK OF THE COMMISSION SINCE THE ELEVENTH SESSION OF THE COMMITTEE OF THE WHOLE

2. The United Nations building in Santiago was formally dedicated on 29 August 1966 by the Secretary-General, U Thant, in the presence of President Eduardo Frei of Chile, members of the Cabinet, the diplomatic corps, the Supreme Court, Parliament and municipal councils, and the heads of the local offices of United Nations bodies and specialized agencies. Also present were staff members of the Economic Commission for Latin America, the Latin American Institute for Economic and Social Planning, the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the International Labour Organization (ILO), the Food and Agriculture Organization (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the World Meteorological Organization (WMO) and other organizations with offices in Chile, together with the architects, construction engineers and workers responsible for the building.

3. The ECLA secretariat completed its move to the new building by the end of October and was followed shortly afterwards by the Institute.

^{1/} For the seventeenth annual report of the Commission, see Official Records of the Economic and Social Council, Forty-first session, Supplement N° 4 (E/4181).

4. On 21 March 1967, Mr. Carlos Quintana formally assumed the post of Executive Secretary of the Commission, replacing Mr. José Antonio Mayobre, who resigned on 31 December 1966 to accept a ministerial post in Venezuela.

5. Guyana and Barbados became full members of the Commission in October 1966, and March 1967, respectively.

6. Two new branch offices started operations during the period covered by this report. The Office for the Caribbean, based at Port of Spain, Trinidad, was opened in December 1966, with two ECLA staff members and facilities and supporting services provided by the Government of Trinidad and Tobago. It will undertake studies on the development of the newly independent countries in the Caribbean area. The Bogotá Office, which was requested by the Commission in resolution 212 (IX), was set up in March 1967, with one ECLA staff member and facilities provided by the Government of Colombia. Colombia, Venezuela and Ecuador have undertaken to provide technical support for research on their development and trade problems.

7. The Executive Secretary was invited to participate in a meeting at the expert level convened by the Organization of American States (OAS) in November 1966 to discuss preparations for the meeting of American Presidents. The secretariat provided him with basic information and tentative proposals, which he used in the discussion of the various topics dealt with at the meeting of experts.

8. In 1966, the secretariat continued to carry out the programme laid down by the Commission at its eleventh session (May 1965), with particular emphasis on the following activities: preparations for the second session of the United Nations Conference on Trade and Development (UNCTAD), especially in connexion with the prospects for development opened up by potential exports of manufactures, the problems of the relatively less developed countries, including the activities of the Central American Economic Integration Programme; the preparation of the Economic Survey of Latin America, 1966, including a special study on agricultural problems; an examination of the obstacles faced by Governments at the present stage of development plan implementation; studies on income distribution; the formulation of long-term economic projections for a number of countries

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in the region; the revision of country and other studies in preparation for the International Symposium on Industrial Development; research on educational and social problems; the provision of technical assistance of various kinds, and the preparation of studies for meetings and conferences organized by the secretariat or by other organizations within the United Nations system, with the co-operation of ECLA.

9. In its resolution 262 (AC.58), in May 1966, the Committee of the Whole had requested the secretariat to accord the Latin American countries the co-operation and advice needed for the purpose of defining possible lines of joint action in the field of trade policy. Consequently, the secretariat prepared several documents for discussion at the meeting, at the expert level, held in July 1966 by the Ad Hoc Committee on Latin American Co-ordination (CECLA). In relation to the question of trade policy, contacts were established with the Economic Commission for Africa (ECA) and the Economic Commission for Asia and the Far East (ECAFE) with a view to establishing a technical basis for co-ordinating the activities of the "77" before the second session of UNCTAD. Some of these documents were submitted at the twelfth session of the Commission, where policy questions relating to trade and development were one of the major topics of discussion.

10. In 1966, considerable progress was made in exploring prospects for exports of manufactured goods, in close co-operation with the UNCTAD secretariat. Studies were prepared for the Latin American Symposium on Industrial Development (March 1966), on a sectoral basis, but subsequently a number of country studies were made.

11. The problems of the relatively less developed Latin American countries were given particular attention by the secretariat. In addition to the work for the Central American Economic Integration Programme, a special study was undertaken of the problems faced by the relatively less developed countries within the integration process and of the measures needed to ensure that they should receive an adequate share of the benefits of integration and achieve the highest possible growth rate. Although research was directed mainly towards trade and integration problems, other forms of direct assistance were given to the Governments concerned. Thus, Central American progress was made in studying and carrying out regional programmes

/for developing

for developing infrastructure - energy, roads, water resources and telecommunications - in research designed to ensure balanced development of the different countries within the Common Market; and in carrying out the resolutions of the first meetings designed to lay the foundations for closer economic co-operation with neighbouring countries.

12. One of the main documents presented at the twelfth session of the Commission dealt with planning in Latin America, with particular reference to the obstacles encountered by Governments at the present stage of plan implementation. This study, which was one of the secretariat's contributions to the second session of the Economic and Social Council's Committee on Development Planning (Santiago, April 1967), pointed to some of the measures needed to improve and complete the planning process.

13. During the year, continued progress was made with the studies on income distribution in Latin America. A document was prepared for the twelfth session of the Commission containing the analyses effected to date of the experience of certain countries, with a view to providing Governments with the necessary background for policy decisions.

14. In 1966 economic projections were completed for six countries, and more detailed studies were begun for three of them. This work was undertaken partly in accordance with a programme co-ordinated with the UNCTAD secretariat.

15. Preparatory work for the International Symposium on Industrial Development (November 1967) was one of the most important activities in 1966. After the Latin American Symposium on Industrial Development was held in March 1966, Governments were assisted in the revision of their country studies on industrial development which they had submitted to that seminar. The basic sectoral studies were also brought up to date and were supplemented by analyses of small-scale industries prepared for a seminar on that subject held in Quito at the end of 1966. One of the reasons for holding this seminar was that, within the framework of integration, small-scale industries would play an important role in the development of local resources and would be particularly important for the relatively less developed countries.

16. With regard to social aspects, the secretariat gave particular attention to the problems of the marginal population, social development and social planning, housing policies and programmes, housing costs and social welfare. Manpower training and the financing of education have been the subject of two special studies, prepared respectively for the UNESCO/ECLA Conference of Ministers of Education and Ministers in charge of planning in Latin America and the Caribbean, held in Buenos Aires in June 1966, and for UNESCO's Regional Technical Assistance Seminar on Investment in Education in Latin America, held in Santiago in December 1966.

17. In addition to supporting the activities of regional advisers provided under the UNDP, the secretariat, through its staff, rendered technical assistance to Governments in relation to trade and integration problems, industrial development, community development and social welfare, water resources and petroleum. First drafts of a secretariat study on the petroleum industry were examined at a seminar held in Santiago in February 1967, and will be revised in the light of the discussions. The secretariat organized another seminar, on industrial statistics, which took place in Quito in December 1966.

18. The work of the Commission summarized above coincide with a period in which the rate of growth of the Latin American economy once again showed signs of declining, as revealed by the Economic Survey of Latin America, 1966 (E/CN.12/767/ and Add.1-3), which was submitted to the twelfth session of the Conference.

19. The gross product for the region as a whole grew at the rate of 3 per cent, thus barely keeping pace with the population increase and falling below the rate recorded for the two previous years.

20. This situation can be attributed to various factors which had a different influence in each country. For several countries, the growth rate was lower than in 1965, and in one, which has considerable impact on the growth rate for Latin America as a whole, there was an absolute contraction. Although the pattern varied from one country to another, the decline in the growth rate of the gross product accentuated the irregularity and slow pace of Latin America's economic development.

/21. The

21. The region failed to benefit sufficiently from the expansion of world economic activities and trade in 1966; nevertheless its exports increased fairly rapidly and imports even more rapidly, thereby reversing previous trends. Among other significant changes in external transactions, the most important were an increase in the flow of net external financing and a sharp rise in external factor payments. Regional economic integration programmes continued to create opportunities for increasing and diversifying reciprocal trade, although at a slower rate than in previous years.
22. In several countries, where the main object of economic policy was to curb inflationary pressures, Governments had varying degrees of success in attaining their goals. The decline in capital formation was arrested, and although there was little change in the distribution of resources between consumption and investment, fixed investment climbed to higher levels.
23. Manufacturing regained momentum, almost doubling the growth rate of its aggregate product. However, absorption of the labour force and rural-urban population shifts continued to create increasingly acute problems.
24. Two numbers of the Economic Bulletin for Latin America were prepared during the period covered by this report. Volume XI, N° 2 was published in November 1966 and contained the following articles: "The training of human resources in the economic and social development of Latin America"; "Economic planning in Brazil at the level of the states"; "The housing problem in Latin America in relation to structural development factors", by Ruben D. Utría; "Methodology of the national economic budget", by Federico J. Herschel and Juan J. Santieri. A review of recent activities of ECLA was included in this number and in Volume XII N° 1, which also contained articles on: "The new Executive-Secretary of ECLA"; "Concepts and methods of area programming for community development"; "Fiscal incentives for exports"; "Latin America's hydroelectric potential"; "Small-scale industry in Latin America"; and "Recent activities of the Latin American Institute for Economic and Social Planning".
25. In the case of the Statistical Bulletin, Volume III, N° 1 appeared in September 1966 and Volume IV, N° 1 in April 1967.

A. ACTIVITIES OF SUBSIDIARY BODIES

26. This section of the report covers the activities of the Trade Committee and of the Central American Economic Co-operation Committee (CCE). The former has not met since the eleventh session of the Commission; consequently the secretariat's work on trade is described in the section of this report dealing with the Trade Policy Division. The CCE has not held any meeting since its ninth session in January 1966 (see E/4181, paragraphs 38-61), so that the information below relates to its sub-committees and other related meetings.

Central American Electric Power and Water
Resources Sub-Committee 2/

Third session: 5-10 September 1966

Chairman: Mr. Pedro Garcia (Honduras)

Rapporteur: Mr. Octavio Salinas (Nicaragua)

27. At its third session, held at Tegucigalpa, the Sub-Committee was concerned mainly with expanding the scope of its future activities, with a view to considering the regional projects and programmes within its competence from a longer-term standpoint, as an integral part of the Central American economic integration process, taking into account possible future economic co-operation with other Latin American countries.

28. The Sub-Committee approved the preparation of more detailed studies of regional policy on energy, which could serve as a basis for intensifying joint action by the countries. Such action should cover the distribution of commercial fuels, the joint use of electricity systems and water resources, and plans for the better utilization of different forms of energy. The Sub-Committee agreed that a programme should be launched for evaluating water resources and established national and regional objectives and mechanisms for this programme. It also established the financial conditions and organizational procedures for a project approved by the Special Fund component of UNDP for a regional hydrological and hydrometeorological network.

2/ One of the decisions taken by the Sub-Committee was to expand its activities to include water resources, hence the change in name.

29. The Sub-Committee stressed the need to complete the research undertaken on the standardization of electricity rates in the region and to explore the prospects and the amount of time it would take in each country. It was stressed that interconnexion, was one of the main targets of economic integration in the electric power sector and that this was the only way to achieve more balanced supply between countries and to reduce prices. The Sub-Committee requested the preparation of preliminary studies on the prospects for electricity interconnexion between El Salvador and Guatemala. The Sub-Committee also decided to request further studies on the production and standardization of electrical equipment and materials, with a view to establishing standards and providing new investment and marketing opportunities within the Central American Common Market.

30. The Sub-Committee decided to establish a regional committee on water resources, and a regional committee on electrical standards to ensure continuing study of technical and economic problems in connexion with the standardization of electrical equipment and materials in Central America, and to determine the bases for joint purchases and trade in these products at the regional level. The ECLA secretariat was requested to convene meetings of both these regional committees. (See paragraphs 31-33.) The Sub-Committee also agreed to set up a working group to direct the plan of studies and research for the regional standardization of electricity rates.

Central American Regional Committee
on Water Resources

First session: 5-8 December 1966

Chairman: Mr. José Roberto Jovel, (El Salvador)

Rapporteur: Mr. Larry Andrade (Guatemala)

31. The first session of the Central American Regional Committee on Water Resources, established by the Central American Electric Power and Water Resources Sub-Committee at its third session, took place at San Salvador. It was mainly concerned with reaching decisions on the project for expanding and improving hydrometeorological and hydrological services in Central America, to be carried out with the help of the Special Fund component of UNDP.

32. The Committee approved the Plan of Operations and the internal regulations of the project. It was agreed that more regional technicians should be employed as international experts in all such regional projects. In addition, resolutions were adopted to accelerate the execution of this project, including measures to be taken at the country level for the selection and evaluation of the international experts who will participate in these projects, for the selection of local counterpart staff who will operate at the regional level (Co-Director and Administrative Officer) and for the clarification of certain aspects related to their prospective activities. The Committee agreed to urge the executing agency to expedite the negotiations for recruiting the international experts.

Central American Regional Committee on
Electrical Standards

First session: 12-15 December 1966

Chairman: Mr. Silvio Bolaños (Nicaragua)

Rapporteur: Mr. Pablo Pastor (Honduras)

33. The first session of the Central American Regional Committee on Electrical Standards, established at the third session of the Central American Electric Power and Water Resources Sub-Committee in September 1966, was held at Managua, Nicaragua. It was mainly concerned with the establishment of an organization for carrying out the objectives of the Committee, and agreed to recommend that a national organization should be established in each country with functions similar to those of the Regional Committee. Furthermore, it drew up its rules of procedure and work programme. In connexion with its technical assistance needs, it proposed a system for financing, subject to ratification by the countries concerned.

Central American Statistical Co-ordination Sub-Committee -
Working Group on Demographic Statistics
(San Salvador, 17-23 July 1966)

34. In pursuance of a resolution adopted at the special session of the Sub-Committee held in April 1965, this meeting was convened for the purpose of analysing the demographic statistics relating to economic integration, development planning and rural and urban migrations. The secretariat prepared

/two basic

two basic studies for the meeting, one on co-ordination of statistical and demographic research and another, drafted by a technical assistance expert, on the demographic situation in Central America.

Other meetings and seminars connected with
the work of the Central American
Economic Integration Committee

Central American Seminar on Maritime Law (Tegucigalpa, Honduras,
September 1966)

35. This seminar was convened to discuss the draft Uniform Maritime Code for the Central American countries, prepared some years ago by a technical assistance expert. The draft Code had been circulated to the participants by the ECLA Mexico Office, which was represented at the meeting.

Central American Seminar on Agriculture and Livestock (Mexico, October 1966)

36. The secretariat participated in this meeting, convened by FAO and Central American Organizations to discuss problems of agricultural and livestock development in Central America and to put forward projects of regional interest.

Central American Committee for Fisheries Development - first meeting
(San Salvador, 7-10 November 1966)

37. The secretariat participated in this meeting, convened by FAO to discuss the Plan of Operations for the Special Fund project designed to develop fisheries in Central America.

B. OTHER ACTIVITIES

38. This section of the report deals with the activities of the secretariat that were not directly related to the work of the Commission's subsidiary bodies. Meetings and seminars organized or co-sponsored by the Commission are included here, followed by the separate divisional reports.^{3/}

3/ In addition, the secretariat participated in several meetings organized by other agencies; they are mentioned in the paragraphs relating to the different substantive divisions and dealing with co-operation with other organizations.

MEETINGS AND SEMINARS ^{4/}

Conference of Latin American and Caribbean Ministers of Education and Ministers responsible for Economic Planning (Buenos Aires, Argentina, 20-28 June 1966)

39. This Conference, organized jointly by ECLA and UNESCO, was attended by Ministers of Education from fifteen Latin American countries and by senior education or planning officers from the remaining countries in the region.

40. It was clear from the discussions, as well as from the resolutions and recommendations adopted by the Conference, that there is a general understanding of the need for a closer relationship between educational planning efforts and general development policies and plans, and for practical measures to that end. There was general interest in extending educational planning to the entire educational system, including higher education and facilities for extra-mural training.

41. Emphasis was placed on the need to co-ordinate educational planning with general development plans by adequate planning of human resources. The document presented by ECLA and prepared with the help of the Institute helped to clarify this concept, which was prominent in the debate and in the recommendations of the Conference.

42. The Conference provided new incentives for reorganizing the educational systems and stressed the importance of strengthening technical and professional training to meet the needs of economic and social development. It expressed the view that while allocations of funds for education should continue to be increased, it was essential at the same time to improve the efficiency of the educational systems and utilize the resources already assigned to education more effectively.

^{4/} Document titles and symbols have been included here only in those cases where they do not appear in the corresponding sections of the draft programme of work and priorities (E/CN.12/776) under the heading of "Projects completed".

Inter-American Committee on the Alliance for Progress (ICAP): Working Group on Fertilizers (second and third sessions, Washington, May and November 1966)

43. The second session of this Working Group, for which the Joint Programme for the Integration of Industrial Development and the Joint ECLA/FAO Agriculture Division prepared several studies, reviewed the activities of the various international and inter-American organizations concerned with the use or production of fertilizers and analysed the probable balance of supply and demand for nitrogenous, phosphate and potassium fertilizers up to 1970 and 1975, in the light of the studies and reports prepared in accordance with decisions taken at its first session.

44. Since the ideas and guidelines contained in the conclusions and recommendations of the meeting may affect the future work of the Joint Programme and other bodies such as the IDB Pre-Investment Fund, they are briefly summarized below.

45. The fertilizer industry in Latin America should adapt its technical structure, plant dimension and location to the basic objectives of providing fertilizers at the lowest possible price to agriculture and to the world market in those cases where the region has exportable surpluses. This objective will also be furthered by expanding the regional market through the gradual reduction in tariffs and elimination of other trade barriers. Moreover, regional development of this industry, together with other measures required for the standardization of external tariffs and policies, should make it possible within a reasonable time to develop a system of trade which would channel public and private investment along the lines of maximum efficiency and productivity.

46. It was also recognized that the establishment of a common market for fertilizers should be accompanied by similar action in relation to other important agricultural inputs. Consideration should also be given to a policy for promoting the manufacture of the equipment required to expand the fertilizer industry, within a framework of regional integration.

47. On the basis of the studies before it, the Group agreed that there would be no problem in supplying the region's medium-term requirements for nitrogen; in fact, installed capacity and the capacity to be created

/by future

by future projects would exceed demand. Nevertheless, the Group considered it desirable that the countries should assess the economic soundness of the projects now in the planning stage.

48. The prospecting for phosphate and potassium fertilizers should be intensified. Apparently the region has adequate reserves of phosphates and a few projects have recently been prepared for their commercial exploitation; but there has been a shortage of potassium fertilizers.

49. At its third session, the Group requested ICAP to organize a mission to ascertain the views of the Latin American Governments and the national fertilizer industries concerning needs for technical assistance and training programmes. The mission would also explore the possibility of holding a regional meeting of experts from government and industry to consider the production and use of fertilizers, in the light of the proposals made by various agencies and summarized in a statement made by the ALALC secretariat to the Working Group.

Seminar on Small-Scale Industry in Latin America (Quito, Ecuador, 28 November-3 December 1966)

50. This Seminar was organized jointly by ECLA, the United Nations Centre for Industrial Development and the Bureau of Technical Assistance Operations, with the co-operation of the Government of Ecuador. It was attended by 57 experts from 24 of ECLA's member Governments, as well as by representatives of several international organizations.

51. The main conclusions of the Seminar were as follows:

(a) Small-scale industry in Latin America, can play a dynamic role in the industrialization process and because it can absorb manpower and because certain branches can compete effectively with large enterprises or complement them under sub-contracting arrangements. Consequently, a special strategy should be formulated for developing this type of industry.

(b) The Latin American Governments should facilitate the change-over of traditional activities to more modern forms of production; they should foster the grouping of small enterprises in associations or co-operatives; and they should establish industrial estates and adequate machinery for the development of this sector.

/(c) Technical

(c) Technical assistance for small-scale industry should be increased and Credit made available to it on easier terms.

(d) The countries of the region should invite international co-operation to promote small-scale industry. It would be desirable to establish a Latin American organization which would concentrate on research, technical assistance and manpower training for this sector.

Latin American Seminar on Industrial Statistics (Quito, Ecuador, 6-16 December 1966)

52. This Seminar, sponsored jointly by ECLA, the United Nations Statistical Office and the Inter-American Statistical Institute (IASI), brought together thirty-nine experts from ECLA member countries and ten observers from public institutions in Ecuador and international organizations.

53. Its main purpose was to examine the present situation of industrial statistics in the Latin American countries, to review experience gained during the 1963 census programme and, against this background, to seek solutions for existing problems. The Seminar also discussed the possibility of carrying out industrial surveys on an annual or more frequent basis, which would be more feasible given the circumstances prevailing in the countries concerned.

54. The Seminar also discussed the objectives to be sought and the measures to be taken for the establishment or further development of the integrated system of industrial statistics as well as the basis for a national programme of future activities in industrial statistics. More specifically, it dealt with the use of index numbers of industrial production, the methodology and the practical problems involved; the purposes, methods of preparation and content of statistics; the uses, adaptation and improvement of the standard list of products; and the concepts, definitions and methodology relating to the items of data included in the Industry section of IASI's Inter-American Programme of Basic Statistics (PIEB).

Seminar on the Petroleum Industry in Latin America (Santiago, Chile, 15-24 February 1967)

55. This meeting, organized by ECLA, the Resources and Transport Branch at Headquarters and UNTA, brought together 22 experts from ten Latin American petroleum exporting and importing countries, three international consultants and the Executive Secretary of the Latin American State Petroleum Mutual Assistance Association (ARPEL).

56. The discussion dealt mainly with the following subjects: (a) national petroleum policies; (b) investment policies; (c) price policies; (d) reserves of hydrocarbons and policy for their rational exploitation; and (e) petroleum and Latin American economic integration.

57. Petroleum policies. It was considered impossible to lay down a uniform petroleum policy for Latin America because such a policy would have to be adapted to the particular circumstances of each country and brought into line with economic and social changes. Collaboration between private enterprise and the State might take many forms, so that a flexible policy with respect to technical and capital contributions would promote optimum petroleum development. In this connexion, it was considered useful for ECLA to undertake a study of State petroleum enterprises.

58. Investment. Since the petroleum industry requires a very large volume of investment, particularly for purposes of exploration and production of crude oil, it was agreed that, for planning purposes, some data should be established as a basis for estimating capital requirements at the various stages. To that end, it was agreed to request ECLA, with the help of its members, to prepare a detailed study on the subject.

59. Prices. Import and export prices for petroleum were examined separately from prices on the domestic market. Over the past six years world market prices have tended to decline, although some evidence of stabilization was noted in 1966. Some of the factors which determine petroleum prices indicate that current price levels will be stabilized during the next five years, while others suggest a continuing downward trend. It was pointed out that domestic prices should be established in accordance with a general policy for energy so that the pattern of consumption would correspond to that projected in national economic plans. In view of the growing importance of natural gas as a source of energy, it was suggested that a careful analysis should be made with a view to establishing prices in line with overall policy. It was suggested that ECLA, with the help of the State petroleum enterprises, should undertake a comparative study of domestic prices.

/60. Reserves.

60. Reserves. The Seminar emphasized the need to establish technical and economic criteria and standardize the relevant definitions. ECLA was requested to assist in the standardization of terminology and statistics for all the Latin American countries.

61. Integration. At present, each country refines nearly all the petroleum products required for domestic consumption and imports crude only. Nevertheless, it was pointed out that there were obvious possibilities for marginal or periodic complementation, particularly in distant frontier regions, where one refinery could supply two or more countries, and for expanding refining capacity sufficiently to make refining economic at a regional level.

Advisory Committee on the Application of Science and Technology to Development--
Meeting of the Latin American Group (ECLA Headquarters, Santiago,
27 February-1 March 1967)

62. The Latin American Group held a meeting with representatives of United Nations specialized agencies with regional offices in Latin America and with officials of the competent substantive divisions of ECLA. An OAS observer attended by special invitation. The agenda included the following items: (a) regional aspects to be dealt with in the statements to be prepared by United Nations agencies for the Advisory Committee by 1 January 1968; (b) regional aspects of the substantive items to be dealt with by the Committee at its seventh and eighth sessions, including inter alia, the increase of supplies of protein foods, the study, evaluation and exploitation of natural resources, industrial development, scientific education and scientific techniques and policies; (c) a review of the regional activities of the specialized agencies; and (d) a discussion on the shortcomings of some Latin American research institutes. The Latin American Group of the Advisory Committee requested ECLA to prepare information for inclusion in the Group's report to the Committee at its seventh session in April 1967.

ECONOMIC DEVELOPMENT AND RESEARCH DIVISION

63. The following were among the principal activities undertaken by the Division in 1966: revision of the Economic Survey of Latin America, 1965 prior to publication; preparation of the Economic Survey, 1966 and a summary of it; preparation, jointly with the Social Affairs Division, of a paper on human resources training for the Conference of Latin America and Caribbean Ministers of Education and Ministers responsible for Economic Planning (see paragraphs 39-42 above), and of a document, jointly with the Social Affairs Division and IIPES, on "Financing of education and human resources training in Latin America" for UNESCO's Regional Technical Assistance Seminar on Investment in Education in Latin America; continued research on income distribution; and preparation of a study on planning in Latin America, which was submitted to the Economic and Social Council's Committee on Development Planning at its second session (Santiago, April 1967) and subsequently to ECLA at its twelfth session.

Economic Survey of Latin America

64. Some of the conclusions taken from the summary of the 1966 Economic Survey of Latin America have been given at the beginning of this report. The Survey itself begins by reviewing the structural factors which continue to impede Latin America's economic expansion, and goes on to describe some important advances. The progress made in the formulation of development policy, as well as in the mobilization of internal and external resources, have gradually been changing some of the conditions in which the region's economies function and provide experience which should be periodically reviewed. These matters are dealt with in chapter II, which also includes some information on recent world economic trends designed to illustrate how the Latin American economies have reacted to these external stimuli or obstacles and what changes have taken place in Latin America's relative position vis-à-vis other economies.

65. This is followed, in chapter III, by an analysis of the influence of external factors, the opportunities offered by regional integration schemes for increasing and diversifying exports and world market conditions for the main Latin American export commodities.

66. Part Two of the Survey analyses recent changes which have taken place in the various countries of the region. Because of the very special characteristics of recent trends in Argentina and Brazil and their preponderant influence on the total figures for Latin America, these figures do not provide an accurate assessment of what has occurred in the other countries.

67. Part Three of the Survey reviews the principal investments which have been made and the initiatives taken in mining and industry, as well as in the expansion of sources of energy and the extension and integration of basic communications at the national and regional levels. They illustrate the efforts being made to increase and diversify productive capacity, which will determine the pace of future development.

68. The final section contains a special study on the development of the agricultural sector, which is described in the section of this report dealing with the Joint ECLA/FAO Agriculture Division.

Planning in Latin America

69. A study of planning in Latin America was prepared as ECLA's contribution to the second session of the Committee on Development Planning. It reviews briefly the past history and present status of planning activities in Latin America, and analyses the obstacles hampering the implementation of plans and the external problems affecting the Latin American economies. It draws a number of conclusions showing that Latin America has now, completed the first stage of planning by establishing planning offices, preparing a variety of plans, working out coherent development policies, allocating public resources on a more systematic basis, training a large group of professionals in techniques new to the region and accumulating a valuable fund of experience. A second stage will be devoted to working out measures to overcome the limitations and obstacles which have been encountered, and to improving the formulation of development plans and the efficiency with which they are carried out.

70. The conclusions of the study, upon further analysis, may assist national planning offices and the competent foreign financial and technical co-operation organs. They indicate a need to complete the planning systems developed thus far by establishing a closer relationship between general guidelines

/and short-term

and short-term operational machinery, and by supplementing the plan formulation and implementation process by a periodic evaluation and verification of results. Planning systems should be brought more closely into line with long- and short-term development priorities, by co-ordinating national planning with economic integration aims, namely, assimilation of new techniques, wider employment and manpower training, income redistribution and improvement of living levels, and by adopting anti-inflationary measures. Specific measures are needed to ensure stronger co-ordination between planning offices and political leaders, the national administration and the private sector. Further research should be carried out to discover the most effective technical means of carrying out planning activities by improving data-gathering and data-processing so that reliable statistics and other data will be readily available for the preparation of plans and the control of their implementation.

71. At the present stage of plan implementation, there is an urgent need for increased technical and financial co-operation from international and other external sources. The paper therefore concludes with some indications of the improvements that could be made in rendering such aid.

Income distribution

72. The Division has for the past few years, been engaged in a broad programme of research on income distribution in Latin America, and some of its findings have been presented to the Commission at its twelfth session.

73. The document reviewed the various sources of basic data on the subject, an undertaking which involved a knowledge not only of statistical research on the patterns of income distribution, but of prepared data for other purposes (consumer budget surveys, special tabulations for tax analyses, etc.). Since the basic information available is heterogeneous and inadequate, the secretariat has encouraged specific statistical work and in some cases has participated actively in carrying out programmes jointly with national authorities. For example, a study was undertaken jointly with Argentina's National Development Council, which was of particular importance since it yielded the broadest and most detailed information on income distribution ever collected in any Latin American country.

74. On the basis of that information, the secretariat has continued to evaluate and interpret the data, with a view to preparing a systematic analysis of the structure of income distribution including its main features in the different countries in the region and its development over specified periods, bearing in mind the pattern of economic development.

75. This stage of the work is nearing completion and it was considered useful to present some partial results as an indication of the type of analysis which can be made on the basis of available statistical information and in order to elicit suggestions and criticisms which will be very useful for the final drafting of the study.

76. The first part of the document before the Commission presents some aspects of the analysis of income distribution in Argentina, which offer a general idea of the changes that have taken place and a more detailed analysis of the pattern of income distribution in 1961.

77. The second part includes an examination of income distribution in Brazil, mainly from the point of view of the extent to which the pattern is influenced by differences in the stages of development. The purpose is not to examine the factors responsible for the differences of the various parts of the country, in income distribution, but rather to illustrate the relationship between distribution by levels (and by socio-economic groups) and distribution by region since the regional pattern, to a greater or lesser degree, affects the structure of distribution in the other Latin American countries.

78. The material for the third part of the study has also been selected to illustrate, by citing the particular case of Mexico, the relationships between economic growth and income distribution. Again, the purpose has not been to examine all the aspects of income distribution in Mexico, but simply to show how the general development process has affected the pattern of income distribution in a Latin American country with a higher and more sustained rate of growth than the other countries of the region.

Human resources

79. The staff of the Division, in collaboration with the Division of Social Affairs and the Latin American Institute for Economic and Social Planning, prepared a paper entitled "Human resource training in the economic and social development of Latin America" for the Conference of Latin American and Caribbean Ministers of Education and Ministers responsible for Economic Planning (see paragraphs 39-42 above).

80. This study deals essentially with the expansion of educational facilities to meet development needs and, in particular, with the need for radical change in the structure of the educational system as well as an extension of its scope. Its findings are based on an assumption that over the next fifteen years, Latin America's gross domestic product will double, even with relatively low rates of growth, while the number of persons between 5 and 14 years of age will increase from 60 million in 1965 to over 90 million by 1980. The magnitude of the task confronting educators and planners can be appreciated in the light of the fact that by 1980, Latin America will need another 1.2 million people with professional training - practically double the present number. It will require an estimated 5 million or more technicians as against the 2 million it had in 1965, while practically three times as many skilled workers and artisans will be required by that time, which means training over 8 million people. These changes in the occupational structure of the active population will require substantial improvements in the educational structure, together with qualitative improvements designed to overcome some of the existing anomalies, where people without proper training are performing functions requiring a certain degree of skill.

81. Changes will have to take place in the growth patterns for different university professions and secondary education will have to be expanded to include different types of middle-level technical training. In fact, some 500,000 young people from secondary schools will have to graduate each year, while technical secondary schools will have to graduate some 480,000 annually - that is, nearly three times the capacity of the existing educational system.

82. In order to achieve a proper balance of skills, much closer co-ordination will have to be established between the frames of reference for educational plans and the general development policies and plans drawn up in the different countries. Human resources planning constitutes an important aspect of general planning which, apart from its intrinsic importance, can provide a link between educational planning and general development policy, and there is sufficient information available, generally speaking, for a start to be made now.

83. Another study, prepared for UNESCO's Regional Technical Assistance Seminar on Investment in Education in Latin America (Santiago, December 1966), stresses the need to consider the financing of education in the context of general development. This leads inevitably to the definition of the problem as a structural phenomenon, inherent in under-development and further aggravated by conjunctural and operational factors.

84. Total funds currently allotted, at all levels, to education in the region, probably exceed 3,000 million dollars a year and represent slightly more than 3.5 per cent of Latin America's gross domestic product - one of the largest proportions earmarked for a specific purpose. Projections of total demand for educational financing by 1980 indicate the need for an annual sum of about 11,000 million dollars. Even assuming optimistically that the total domestic product would have doubled by that time, it would represent no less than 5.5 per cent of the aggregate product.

85. The paper explains the difficulties in meeting this projected demand for resources in Latin America under prevailing economic and social conditions. While the gap between investment requirements and the capacity of the economy to provide them is partly due to structural causes and can be bridged only by strengthening of the whole development process, it is also partly the result of factors of a conjunctural nature, which can be counteracted by concerted and sufficiently drastic action. Some of these factors are related to incongruities between the guiding principles and structure of the region's educational systems, on the one hand, and social and economic realities and development needs, on the other; other are connected with the operational efficiency of the systems themselves.

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86. The paper concludes with suggestions for a scheme to expand educational facilities, to meet development requirements, given limited financing, along the following lines: (a) the introduction of the structural reforms required to make educational services more consistent with development levels and requirements; (b) a drastic reform of the technical operation of the educational and vocational-training system, with a view to rapid improvement of its productivity; and (c) the establishment of an organic system for mobilizing resources for educational development, which would involve and co-ordinate the activities of the political, administrative, economic and social sectors.

LATIN AMERICAN ECONOMIC PROJECTIONS CENTRE

87. The Latin American Economic Projections Centre continued with the work programme outlined in the Commission's last annual report (E/4181, paragraphs 113-125).

88. Initially, attention was concentrated on two topics of particular importance for the development of the Centre's work in 1966. These were a technical study of different experiences and of long-term economic projections models applied in other regions or studied by international organizations, and a study in greater depth of the model prepared by the United Nations Centre for Development Policies, Planning and Projections (CDPPP). The Centre was particularly concerned with determining the extent to which this model was a suitable instrument for explaining satisfactorily the Latin American economic process and its basic economic relationships. With this end in view, the model was applied to five countries in the region (Argentina, Brazil, Colombia, Ecuador and Peru) individually and as a whole. The numerical results were submitted to the meeting of the group of experts on long-term projections, held at United Nations Headquarters, 14-16 March 1966.

89. In 1966, a start was made on preparing a long-term economic projections model for the Latin American countries, using these studies as a basis. It was decided to begin with a relatively simple model with a high level of aggregation, although an attempt was made to include all the essential

/aspects of

aspects of the Latin American economies. The model prepared thus enables three main factors of growth to be examined: (a) savings and investment; (b) external trade requirements and (c) external financing.

90. The model consists basically of 23 relationships, twelve of which are functions of economic or technical behaviour, the remainder being accounting identities or definitions. The production function gives an indication of capital requirements, capital being considered the only scarce factor. Gross savings are expressed as a function of national income; at later stages of the study, other variables will be included to take into account the process of income distribution. Demand for imports is examined under its main headings, in relation to the product, consumption and investment, adding the capacity to import of the different countries, as an explanatory variable. Exports are usually projected as an exogenous variable, in relation to the conditions peculiar to each country, but in some cases past trends or the targets established in development plans are taken into account. Dividends and profits on foreign investment are determined in relation to exports and the domestic product. The model includes equations for examining the effect of the weakening in the terms of trade, an aspect which has to be considered because of its importance in the development of the Latin American economies. In order to determine interest on the external debt, the overall model was supplemented by a simple model describing the pattern of foreign indebtedness.

91. For the purposes of practical application, the basic model and its relationships were adapted to the particular conditions in each country.

92. Quantitative relationships between the different variables were determined by using statistical series corresponding to the last ten or fifteen years for each of the countries considered. These statistical series were so constructed as to conform to the concepts and structure of national accounts, in an attempt to eliminate from the projections any discrepancies that might significantly affect the value of the results. They were expressed in constant values, at 1960 prices, through a systematic method for deflating current values.

93. The model was applied in order to establish projections up to 1970 and 1975 for seven countries: Argentina, Chile, Colombia, Ecuador, Mexico, Uruguay and Venezuela. In each case alternative economic growth rates were postulated and their implications were determined in terms of the needs for investment resources, external trade and financing. The potential savings gap was established by comparing the savings that would be needed to achieve the different growth targets with the savings resulting from the savings function now being applied. In the same way, the trade gap was determined by comparing demand for imports with projected exports. Estimates were also made of the balance of payments. These projections are still of a provisional nature and should be considered more as studies for applying the model. Despite these reservations, the analyses proved very useful in evaluating the effect of these factors (savings and external sector) on the economic growth rate of the countries under consideration. At a meeting of experts held at United Nations Headquarters, 24-27 January 1967, with UNCTAD and CDPFP officials, a technical report was presented containing the projections, all the statistical data, a description of the model and the coefficients used to check the accuracy of the estimates and correlations obtained.

94. At present, more detailed studies are being made of three countries (Chile, Uruguay and Venezuela) with a view to preparing country studies, in accordance with a broader programme of work being undertaken in co-operation with the UNCTAD secretariat. A systematic study will be made of the following basic aspects: the structure of growth, the identification of factors limiting the growth rate; the economic development potential; the determination of resources, in terms of savings and external trade and financing, needed to achieve given targets, and implications in relation to the fundamental variables of development strategy.

95. Work will continue in 1967 on the analysis of the general model, extending its application to other countries, with a view to establishing projections which will be of use to Latin American governments as guidelines or points of reference for preparing national development plans.

/96. The

96. The work programme envisages, for a later stage, technical studies and practical applications for expanding and completing the analysis and the projections model, along the following lines: (a) sectoral projections; (b) analysis of the public sector and of families belonging to specific socio-economic groups; (c) a more detailed analysis of savings functions and of external sector projections; (d) labour supply and demand; and (e) educational and skilled manpower requirements.

SOCIAL AFFAIRS DIVISION

Social Policy and Planning

97. During 1966 the Division continued a programme of studies which sought to relate social development policy and planning to the problems imposed by the social structures of Latin America and the need for wider popular participation in the development effort, on the one hand, and to the conditions imposed by overall development priorities and limited resources, on the other. The results of these studies have been used in various meetings and training courses, and the Economic Bulletin for Latin America has become the main vehicle for publicizing them. The general approach was set forth in Social Development and Social Planning: a Survey of Conceptual and Practical Problems in Latin America, published in the Economic Bulletin Vol. XI, No 1, 1966, together with a paper on "Social Service in Latin America: Functions and Relationships to Development". More recent studies of specific social sectors have assessed the adequacy of methods of programming and establishing targets used up to the present and have proposed new approaches more closely related to the central objectives of development.

98. The Social Affairs Division has collaborated with the Economic Development and Research Division in the preparation of two studies: "Human Resource Training in the Economic and Social Development of Latin America", presented to the Conference of Latin American and Caribbean Ministers of Education and Ministers responsible for Economic Planning (see paragraphs 39-42 above) and subsequently published in the Economic Bulletin, Vol. XI, No 2, and "The Financing of Education and Training of Human Resources in /Latin America",

Latin America", presented to a UNESCO Regional Seminar on Investment in Education in December 1966. This joint effort will continue during 1967 with the exploration of other aspects of educational and human resource development and the preparation of a publication consolidating the work done by the Commission and the Latin American Institute for Economic and Social Planning in these areas.

Housing and urban development

99. The Division has also completed a diagnosis of "The Housing Problem in Latin America in relation to Structural Development Factors" which was used in a course on housing programming held in the Institute and published in the Economic Bulletin Vol. XI, N° 2. During 1967, work will continue on the policy implications of the diagnosis with a view to developing criteria for public housing policy which will enable Governments to shift the emphasis to the most urgent needs of the low-income population in preference to the middle strata, and permit the housing sector to contribute more effectively to such development objectives as increased employment. Since the end of 1966 the Division has been engaged in co-operation with the Inter-American Development Bank in a pioneering study of the costs of housing financed by the public sector in five selected countries.

100. The studies of housing will be complemented during 1967 by studies of problems and policies of urban development. This policy-oriented research will be co-ordinated with a programme of sociological studies of urbanization begun during 1966. A paper on "The process of Urbanization in Latin America" and a companion paper on "The Concept of Social Marginality", completed in preliminary draft, provide a conceptual framework for current investigations of the different process of urbanization under way in three countries at different levels of industrialization, national integration, and economic dependency. At the same time the Division is co-operating in a closely related study of social marginality undertaken by the Planning Institute and various other institutions. It is hoped that the various activities in progress will result in the first regional survey combining sociological and social policy aspects of urbanization since the publication of the report of the 1959 ECLA/UNESCO Seminar on Urbanization Problems in Latin America.

/Community Development

Community Development

101. Two problems that have become particularly prominent in recent years concern the translation of "popular participation in the development process" from a slogan into a reality and the transformation of national plans and development objectives into feasible specific projects. A paper on "Concepts and Methods of Area Planning for Community Development" (published in the Economic Bulletin, Vol. XII, N° 1) deals with both these problems in relation to techniques for the integration in local projects of programming from below (the community) with programming from above (the national government and its sectoral and regional dependencies). This paper is a sequel to an earlier attempt to clarify ideas in the same policy area ("Popular Participation and the Principles of Community Development in Economic and Social Development", Economic Bulletin, Vol. IX, N° 2). Its principal aim is to serve as a manual for training courses and for the planners and administrators of the rapidly increasing number of Latin American programmes and projects that based on the community development approach. During 1967 it will be revised and expanded with this purpose in mind.

Demographic studies

102. In recent years, the demographic activities of the Division have concentrated on assistance to the Latin American Demographic Centre (CELADE) in its research and training activities, and on advice to Governments for improvement of their population statistics. Meanwhile, the secretariat has been able to draw on the Centre for demographic studies and statistical series needed for its own work. The Division has also carried out policy-oriented studies on "Geographic Distribution of the Population of Latin America and Regional Development Priorities" (Economic Bulletin, Vol. VIII, N° 1) and on "Rural Settlement Patterns and Social Change in Latin America" (Economic Bulletin, Vol. X, N° 1).

103. As a result of the recent strengthening of resources of the Demographic Centre, and the simultaneous strengthening of the staff of the Commission's Statistical Division dealing with demographic and social statistics, the Division will be able to begin new studies of the relationships of population growth to development during 1967. Such studies will be designed to remedy

/certain serious

certain serious deficiencies in the incorporation of population variables both in general development planning and in policies in specific social or socio-economic sectors such as employment and social security. They will endeavour to answer the questions now being raised by economists and planners concerning the specific implications for different sectors of economic social policy of alternative rates of population growth, age distribution and geographical distribution, and will therefore be carried out in consultation with other Divisions of the Commission and with the Planning Institute.

Technical assistance and application
of social policies

104. Technical assistance activities form an important aspect of the Division's work programme and are based on the results of its research activities. Short-term advisory missions have been undertaken, either through the regional advisers attached to the Division or through members of its regular staff, on community development (Brazil, Chile, Colombia, Ecuador, Panama, Peru and Venezuela), housing (Brazil and Chile) and social services (Colombia and Venezuela).

TRADE POLICY DIVISION

105. The Division's activities during the period under review were related mainly to the external trade of Latin America. It prepared a preliminary document on Latin America and world trade policy in connexion with the second session of UNCTAD, and another paper dealing with the problems confronting relatively less developed countries in the process of Latin American economic integration. The Division also helped to prepare draft proposals for consideration by the Group of Experts convened by the Preparatory Commission of the Conference of American Presidents, with particular reference to questions of external trade and Latin American economic integration.

/Trade and

Trade and development

106. The Committee of the Whole, in resolution 262 (AC.58), adopted at its eleventh session (Santiago, Chile, May 1966), urged the secretariat to assist and advise the Latin American countries regarding the nature of the concerted action they might take on trade policy. Accordingly, the secretariat prepared technical analyses and compiled data for the meeting of experts of the Ad hoc Committee on Latin American Co-ordination (CECLA) (Mexico, July 1966). Staff of the Division attended the meeting in an advisory capacity. The information it submitted dealt with the following subjects:

(i) International commodity agreements: an analysis was prepared on the nature and problems of international commodity agreements or specific commodity arrangements of particular interest to the Latin American countries;

(ii) Existing alternatives and proposals for a preference system favouring the developing countries: were analysed and evaluated from the standpoint of Latin American interests and suggestions were made concerning the principles which should serve as a basis for a preference system protecting these interests;

(iii) Preferential agreements in America: the secretariat prepared a note in which it considers several aspects and arguments relating to a hemisphere preferential agreement, and, in the case of basic commodities, assesses the significance for Latin America of a preferential agreement on primary commodities. It also prepared a preliminary analysis of some implications for Latin America of the Agreement establishing an association between the European Economic Community and Nigeria.

107. Contacts were established with the Executive Secretaries of the regional economic commissions for Africa (ECA) and Asia and the Far East (ECAFE), and documentation dealing with possible lines of action to be adopted by Latin America in relation to trade policy was transmitted to them with a request for comments and observations and for advice concerning the technical bases for co-ordinating the activities of the "77" prior to the second session of UNCTAD.

108. In addition to the work described above, the Division collected data and information on external trade and trade policy developments of particular concern to the Latin American countries in 1964-1965. This material was ECLA's main contribution to the report presented by the UNCTAD secretariat to the fourth session of the Trade and Development Board on the implementation of resolutions adopted at UNCTAD's first session.

109. Consultations continued with the UNCTAD secretariat concerning the agenda for the second United Nations Conference on Trade and Development, particularly the inclusion of items of special interest to the Latin American countries.

110. In preparation for that Conference, a document was submitted to the Commission at its twelfth session dealing with Latin America and world trade policy. It represents the preliminary draft of a study being undertaken in compliance with General Assembly resolution 2206 (XXI), and to the ECLA resolution 262 (AC.58).

111. Three basic questions were considered in this document: (a) recent developments and trends in Latin America's external trade; (b) general features of world trade policy; and (c) Latin America's external trade problems in relation to the second session of UNCTAD. Special attention was given to the policies of the major industrialized nations (those with market economies as well as those with centrally-planned economies) and to the trends shown by these policies during the interval since the first session of UNCTAD. Various aspects of Latin America's trade problems and related topics of paramount concern to the region which will be discussed at the second session of UNCTAD were examined in the document. They include, inter alia, the expansion, liberalization and organization of commodity markets; greater access for manufactured and semi-manufactured goods from developing countries to the markets of the developed countries particularly through a system of general, non-reciprocal preferences, and other measures for expanding and diversifying exports of these commodities; prerequisites for international financial co-operation in relation to trade and development; and certain aspects of shipping (prepared by the Transport Programme).

/112. This

112. This new preliminary study, which has been prepared with the assistance of several senior Latin American officials acting in their private capacity, will be revised and expanded to include other subjects which the Latin American countries also consider important enough to merit consideration at the second session of UNCTAD. The results of the discussions at the Commission's twelfth session will have a particularly important bearing on the revision of this document. The final text will also be influenced by the outcome of the Kennedy Round and any significant events which may occur in Latin America, within UNCTAD, etc.

113. In addition to this study, the Division contributed material on international commodity trade to the annual Economic Survey of Latin America, 1966. A note on fiscal incentives for exports was prepared and published in the Economic Bulletin for Latin America, Vol. XII, No 1, and research continued on systematic measures for promoting exports of manufactured and semi-manufactured goods from the Latin American countries.

114. The secretariat sent observers to the fourth session of the Trade and Development Board (Geneva, August and September 1966) who provided advisory services, as in the past, to the group of representatives of Latin American countries. It also participated in the meeting of the GATT Trade and Development Committee (Punta del Este, January 1966).

Integration and the common market

115. In compliance with resolution 254 (XI), a preliminary study was presented at the Commission's twelfth session, dealing with problems of the relatively less developed countries in relation to Latin American integration, together with a note by the secretariat explaining the further measures which should be taken to implement the resolution. The study analysed the special problems encountered by these countries in the process of regional integration and suggested several ways and means to solving them in conformity with the general objective of promoting a balanced distribution of development opportunities created by the wider market and the effective participation of relatively less developed countries in the region's industrial growth. The origin and nature of these problems was explored together with the principles of reciprocity

/and balanced

and balanced regional development. The strategy and instruments of integration policy were described, and suggestions were made for implementing trade policy, securing financial co-operation and technical assistance, regional investment and fiscal incentives for national development.

116. The secretariat was represented at the second session of the ALAIC Trade Policy Advisory Committee (Montevideo, September 1966), which met to discuss the co-ordination of trade policies among member states, and at the first meeting of the ALAIC Council of Ministers (Montevideo, December 1966). It continued to provide advisory services to the ALAIC Standing Executive Committee and secretariat in connexion with the preparation of a draft regime for automatic tariff reduction and establishment of the criteria and procedures to be followed in drawing up a common external tariff.

Regional course on trade policy

117. The first Regional Course on Trade Policy was held from 1 July to 10 August 1966. Since then active preparations have been made for the second course, to be held from 3 July to 16 August 1967. This second course will follow the same basic lines as the first, although some changes have been introduced in the light of the previous experience. One important subject which will be included in the second course concerns negotiating techniques. It will be discussed at a one-week seminar attended by several senior government officials from some Latin American and European countries, who have considerable personal experience on this field.

Regional advisers on trade policy

118. The regional advisers on trade policy were mainly concerned with providing advisory services to three countries; advice was rendered to Peru concerning the government's institutional arrangements for external trade; Ecuador was advised on various aspects of its trade policy; while the advisory services offered to Brazil related to the nature of sectoral integration agreements. In each case reports were prepared and submitted to the respective governments.

Special Studies Section

119. Price levels and parity exchange rates. Parity exchange rates were revised, using not only Latin American weightings (as in the case of the original calculations) but also weightings from some United States cities and a geometric average of the two. The results were applied to national accounts data in order to obtain estimates of real income in Latin America. At the same time the methodology was analysed in order to assist ECLA in selecting the most appropriate combination of weightings for its studies.
120. This work is being used for the preparation of a study on the measurement of real income in Latin American countries.
121. Another study was undertaken on the relationships between exchange rates applicable to international trade and the parity exchange rates for such sectors as consumer goods, investment goods, services etc. Its purpose was to elucidate the ways in which exchange rates influence intra-regional trade and exports of manufactures to third countries.
122. Labour costs and productivity. Close working contacts were established with the expert appointed by the ILO to participate in a joint ECLA/ILO study on costs of labour, other inputs and total production costs for manufacturing industry in Latin America. A series of meetings took place with staff of the Economic Development and Research Division, the Statistical Division and the Joint Programme for the Integration of Industrial Development and a joint questionnaire was prepared for use in gathering information from industrial establishments. In this undertaking, the secretariat will assist in an advisory capacity until such time as it is possible to analyse the data and evaluate the reports thus obtained.
123. At a later stage, when financial resources permit, more detailed information can be obtained from this research, such as, for instance, comparative prices and cost elements for given products which are of interest to the region.

/JOINT PROGRAMME

JOINT PROGRAMME FOR THE INTEGRATION OF INDUSTRIAL DEVELOPMENT

124. During 1966, efforts have been concentrated on preparations for the seminar on small-scale industry (see paragraphs 50-51 above) and on the follow-up to the Latin American Symposium on Industrial Development,^{5/} including preparations for the International Symposium to be held at Athens in November 1967.

125. In October 1966, representatives of the Joint Programme, including staff of the IDB, met in Buenos Aires to review activities relating to industrial integration. A special report was prepared (E/CN.12/L.13) on the activities of the Joint Programme during the period September 1965-September 1966.

126. The Joint Programme also collaborated with the Latin American Institute for Economic and Social Planning in its training courses, with particular reference to various sectors of industry; and with the Institute's advisory missions and undertook an evaluation mission with UNTA in Paraguay.

127. Continued assistance was given to ALALC and staff of the Joint Programme attended meetings on the petrochemical industry, steel-making, pulp and paper and copper.

128. The Joint Programme was represented at the Inter-Regional Symposium on the Development of Metal-Working Industries held at Moscow in September 1966. The two papers prepared for this Symposium dealt with the most adequate measures and criteria for preparing development programmes in the machine-tool industry.^{6/}

Industry

129. Thirteen country studies on industrial development presented at a Latin American Symposium on Industrial Development were welcomed as a valuable contribution towards the analysis of Latin America's industrial development process, and the secretariat was requested to revise and expand them so that they could serve as a basis for new research on industry, with particular reference to industrial policy. After complying with that request, the secretariat was able to obtain three more country studies - for Bolivia,

^{5/} Held at Santiago, Chile, from 14 to 25 March 1966. See the report of the Symposium, E/CN.12/755 and E/4181, paragraphs 80-85 and 161-164.

^{6/} "Criteria and background for programming the machine-tool industry" (CID/SYMP.D/C-4); "Methodological problems relating to the programming of development of the machine-tool industry in developing countries" (CID/SYMP.D/C-11).

Panama and the Dominican Republic - which will be submitted together with the earlier monographs, at the International Symposium on Industrial Development. 130. The report of the regional Symposium and a revised and updated version of the study on problems and prospects of the main sectors of Latin American industry will also be presented at the International Symposium.

131. For the Quito Seminar on Industrial Statistics, the secretariat prepared a document on small-scale industry in Latin America. The first part analyses the economic importance of small-scale industry, stressing the dynamic role which it plays in overall development and its value as a source of employment. It describes, the share of small-scale industry in the product and in employment and analyses labour productivity, the structure of small-scale industry by groupings and the obstacles hampering its development. The second part of the documents reviews the principal economic policy measures taken by Governments, with emphasis on policy related to development planning, technical and financial assistance and international co-operation.

132. Nineteen Governments responded to a request to prepare country studies for the Quito Seminar, with a view to comparing experience in small-scale industry in the different countries of the region. The secretariat prepared a general outline which could be adapted to conditions in each country and which called for a detailed account of credit facilities and technical assistance offered, training provided, co-operative development, and methods of sub-contracting. The analysis of action taken to promote small-scale industry was intended to publicize the experience of the different countries in the region and will serve as a basis for establishing the broad lines of a development strategy for this sector.

Exports of manufactures

133. The Joint Programme has continued to work with UNCTAD on a project for the promotion of exports of manufactured goods from Latin American countries. The first phase of this project consists of a series of studies on short-term prospects for exports of manufactured and semi-manufactured goods from several Latin American countries. It was supported by the Ad Hoc Committee on Latin American Co-ordination (CECLA) at its second session held in May 1966 and the preliminary drafts of the studies on Argentina, Brazil and Chile were presented at the third session of CECLA, held at Mexico City in July 1966.

134. In addition to those mentioned, studies are being prepared for Colombia and Venezuela and consultations have been held with the Uruguayan authorities concerning a possible study on that country. The revised texts of these studies will be presented at the second session of UNCTAD's Committee on Manufactures, scheduled for July 1967.

Steel

135. Two studies on economies of scale were prepared during the period covered by this report. One was written by a consulting firm in India, and shows the influence of the size of operation on investments and production costs in small integrated plants, producing from 25,000 to 300,000 tons a year of non-flat products, particularly steel mills using coke blast furnaces. This study shows that both investment and production costs per ton increase very rapidly when the annual capacity of the mill falls below 100,000 tons per year and that they decline, although at a lower rate, when the scale of operation increases to the 300,000 ton maximum. The second study, concerning economies of scale in medium and large-sized steel mills and the influence of technological advances on investments and production costs, was prepared by a consultant and deals with plants producing flat and non-flat products and having a capacity of between 100,000 and 2.5 million tons per year.

136. The same unit prices and qualities for inputs have been used in both studies, and they have introduced some simplifications in order to emphasize the influence of size and of the techniques used. Prices of inputs are not the local prices in any specific place in Latin America, and, would have to be replaced by local prices in order to obtain precise conclusions in specific cases. A third study is being prepared to complete a series on economies of scale. It will attempt to analyse conditions in industry in Latin America, in the light of the data obtained from the two previous studies.

137. Some changes have been made in the study on technological research in the steel industry:^{7/} some cost data has been brought up to date and

^{7/} "Problemas que requerem pesquisas tecnológicas na indústria siderúrgica latino-americana e reflexões sobre a ação necessária"
(ST/ECLA/Conf.23/L.44).

alternatives have been suggested for enlisting the co-operation of some existing technological institutes. The Latin American Group of the Advisory Committee on the Application of Science and Technology to Development (see paragraph 62 above) requested that this study should be presented by ECLA to the seventh plenary session of the Committee to be held in New York, April-May 1967.

138. The United Nations Economic Commission for Europe is consolidating and preparing the final draft of two studies requested by the United Nations Centre for Industrial Development: one deals with developments in the world market for iron ore and the other for steel. Preliminary drafts of both studies were transmitted by ECE in March 1967 and the ECLA secretariat is bringing the figures up to date and amending some conclusions relating to Latin America.

Non-ferrous metals industries

139. The preliminary draft of a study prepared by a consultant on economies of scale in the copper and copper alloy transforming industry was completed and circulated at the beginning of 1967. It is divided into five chapters: the first contains some general observations on the subject and indicates the criteria and assumptions adopted in the course of the study; the next three deal with the drawing of high-conductivity copper wire and the manufacture of electric conductors; the smelting and casting of non-ferrous metals and the manufacture of bar, profiles and tubes by extrusion and drawing and the smelting of copper and its alloys and the rolling of plate, strip and skelp. Each of these chapters analyses the main technological aspects, investment and how it varies for different volumes of annual output. They also explore those aspects relating to costs at different production levels. The last chapter contains some general conclusions on economies of scale and their effects on investments and cost factors.

140. The study on the copper industry is in progress and priority has temporarily been given to the analysis of supply and demand for primary copper and the problems of its replacement by other products on the market. At the same time, projections of demand for the periods 1970-75-80 and projections of supply for 1970 have been analysed. As

/this work

this work has proceeded more attention has had to be given to extracting and refining than to processing or transforming metallic copper, as was originally planned. The interrelation of these aspects, mainly at the marketing level and the changes that have occurred in the world picture with their inevitable impact on regional prospects, have resulted in a gradual expansion of the original project.

141. The study on copper manufactures has been left for a second stage, together with the question of prospects for regional integration of this industry.

142. In view of the priority to be given to the development of the relatively less developed countries in the region, it is particularly urgent to start work on the non-ferrous metals industries for which these countries appear to have special aptitudes. The programme of future work includes a preliminary survey of resources, markets and smelting techniques for tin, zinc and lead. At a later stage this preliminary survey would be complemented by an analysis of production costs in different locations and other aspects, as necessary.

Metal-transforming industries

143. Provisional studies on the metal-working industries in Colombia and Ecuador have been added to those already completed in this series, concerning Venezuela and Uruguay. The report on Colombia was prepared with broad national co-operation by the Departamento Administrativo de Planeación, the Metallurgical Federation and the Technological Research Institute and it covers the entire range of metal-working activities, including the manufacture of metal products, machinery and equipment, electrical and transport equipment. A detailed analysis has been made of the structure, technological level and conditions of efficiency and productivity in existing industry. The technological level has been examined with particular detail in an effort to identify the techniques and basic processes which do not exist and will have to be introduced in the country to enable the metal-working industry to move on towards more ambitious production targets. For this purpose, specific suggestions have been put forward and, in some cases, inputs and other requirements have been estimated to assist in the formulation

of new industrial projects for foundries, machining of complex parts, automatic lathe work, production of different kinds of gears, etc.

144. Apart from the analysis at the micro-economic level of individual projects, analyses and estimates were made of the demand for capital goods and of the possibilities of satisfying it out of local production. Consultative meetings were held with the public and private sectors in Colombia for the purpose of revising the provisional text and defining specific promotional activities which could be carried out in the near future either through UNTA or through other channels.

145. For the study on the metal-working industry in Ecuador, valuable local assistance was provided by the National Planning and Economic Co-ordination Board, the Development Centre, the Association of Metallurgical Entrepreneurs and Chambers of Commerce. Four main objectives were pursued in assessing development prospects: the establishment of a projection for production, bearing in mind domestic market prospects; the identification of new opportunities for diversifying production; the assessment of the technical prospects for the integration of the metal-working industry in Latin America and finally, an examination of conditions for establishing in the country an infrastructure of basic metal-working industries to facilitate overall development of the sector.

146. This study stresses the urgency of a long-term approach to the development of this activity and the advantages of industrial parks and decentralization of the industry. It suggests that heavy and complex manufactures should be centred in Quito and Guayaquil and that light and assembly activities, should be situated along the principal arterial roads and in the vicinity of airports. Finally, the study points out the importance to project evaluation of indicating the scope of projects in terms of dissemination of the technical know-how and industrial practices necessary to the general development of the sector. As in the case of the study on Colombia, consultations were held with public and private sectors in the country concerning the ideas put forward in the study and the ways and means of putting them into practice.

147. Work is progressing on the regional study on the manufacture of basic equipment, with the assistance of national authorities in

/Argentina, Brazil

Argentina, Brazil and Chile. Because of various difficulties encountered by the organizations collaborating in this study, and the fact that the necessary arrangements could not be made in some countries, the final report, which is to be completed this year, will probably not cover all of Latin America.

148. Work has started on the study of the motor vehicle industry, which will include a market analysis and demand projections by country, a survey of existing industry, its structure, investments and other features, together with a review of all projects or programmes for developing this industry which have been drawn up in nearly all Latin American countries. It will further include a study of the effect of economies of scale on the manufacture of bodies and spare parts and on vehicle assembly activities. Once these guiding principles have been developed, the second stage of the study will be initiated. It will consider the question of achieving regional integration and the instruments required to expedite it.

149. Another study which is in its initial stage relates to the electronic telecommunications industry. This study, requested by the IDB in response to a request made at the second session of the Inter-American Telecommunications Commission, will include an examination of the existing electronic industry and the prospects of its expansion and integration, bearing in mind the demand for this equipment which will be created by the building of the inter-American telecommunications network.

150. Consultations have been held with Brazilian authorities (Banco Nacional do Desenvolvimento Económico) with a view to implementing a recommendation contained in the report on the machine-tool industry. The recommendation calls for the establishment of an agency to provide technical assistance to small and medium establishments, which represent a large proportion of this industry, to conduct research on the adaptation of techniques and equipment for metal-working to the conditions in each country and to offer industry broad facilities for metrology testing. The outcome of these consultations would be a request to the United Nations Special Fund for financial support of a technical institute for machine-tools. Similar action is shortly to be initiated with competent Argentine authorities.

/151. Technical

151. Technical co-operation and assistance has been given to the Chilean Commission for Metallurgical Productivity in the preparation of an inventory of the machine-tools installed in that country's metal-working industries.

Chemical industries

152. The study on the Latin American chemical industry in 1962-64 (distributed in July 1966) brings up to date the statistical information relating to production, imports, apparent consumption, and expansion projects for the main branches of this sector, in compliance with a recommendation made at the Seminar on Development of the Chemical Industry (Caracas, December 1964).

153. The study analyses and classifies data on the external trade of the Latin American countries, as well as data on production and apparent consumption for Argentina, Brazil, Colombia, Chile, Mexico, Peru and Venezuela for the period 1962-64, and partial data for other countries. On the basis of this information, it was proposed to analyse the development of the chemical sector, its share in production and apparent consumption, the trend of imports and the degree of import substitution achieved in its various sub-branches.

154. A preliminary study on the supply of fertilizers in Latin America was presented at the second session of the ICAP Working Group on Fertilizers. (See paragraphs 43-49 above). A country-by-country analysis of the present status of the production of nitrogenous phosphate and potassium fertilizers was provided in the report, together with an account of plans for expansion or for the establishment of new installations. Supply prospects based on existing industry and on projects under way in the main producer countries are compared with the demand for fertilizers as estimated in recent studies by the Joint ECLA/FAO Agriculture Division, in order to determine the balance that might exist by 1970 and 1975.

155. The annexes to the report contain technical and economic data (estimates of costs and structure of production) for hypothetical nitrogenous and phosphate fertilizer plants, which differ in size, characteristics and raw materials. Cost estimates can be made on the basis of this data, which approximates those in real plants using raw materials with similar technical characteristics and having the same production capacity.

156. By analysing the theoretical costs in hypothetical plants, it has been possible, to some extent, to implement the recommendation made at the first session of the ICAP Working Group on Fertilizers, that projects already formulated but not yet started should be evaluated in terms of production costs.

157. This preliminary draft of the report was revised in consultation with the public and private sectors of each country and submitted to the third session of the Working Group (Washington, November 1966).

158. In November 1966, the preliminary draft of the regional report on the sodium alkali industry was completed and circulated as a restricted document for comments and criticisms by the industry and the national organizations concerned. Research for this study was undertaken on the market for sodium carbonate, caustic soda and chlorine, to determine the growth prospects of demand for the next decade. At the same time an evaluation was made of the main producing centres and of the projects currently under consideration, with special attention to conditions prevailing where new plants might be established, particularly the availability and cost of raw materials for the production of sodium alkalis. On the basis of the consultations held, a revised text is being prepared, which might be submitted for consideration to working groups or meetings of regional experts interested in examining the regional effects of some solutions to the problems of supplying these basic commodities.

159. With a view to consolidating in a single text, for easy reference, the information relating to development of the chemical industry between 1959 and 1965, a detailed survey was undertaken aimed at increasing the accuracy of the data contained in earlier papers. It will include statistical series relating to production, imports and consumption of chemical products in the countries of the region, and an effort will be made to quantify other aspects of the Latin American chemical sector such as labour, current price levels and present and projected production capacity.

Pulp and paper industry

160. In response to a request from the IDB, the ECLA/FAO/BTAO Pulp and Paper Advisory Group undertook a mission to Brazil to evaluate the market for pulp products in that country, and submitted its report to FAO and IDB.

161. The mission rendered advisory services in response to requests from the Governments of Cuba and Panama. In Cuba, it examined the prospects for improving operating conditions in existing integrated mills and made recommendations for utilizing coniferous plantations to obtain raw material for the manufacture of long-fibred pulp. In Panama, it considered the desirability of establishing a group of representative of various State agencies to promote the pulp and paper industry and made suggestions for the development of the sector.

162. The Advisory Group assisted ALALC in the preparation of a study designed to programme future development of the sector at a regional level, and participated in the working group which met at Montevideo last October to deal with the matter.

163. The Group is currently preparing a training course for intermediate-level personnel in Chile. Its objectives is to produce qualified personnel to meet the demand which will be created by the opening of the two new plants planned in that country. It also took part in the preparations for a second Latin American pulp and paper conference which would continue the work of the first Conference held in Argentina in 1954. Visits were made to Argentina and Paraguay to study the market for long-fibred pulp in the River Plate basin, with a view to the eventual establishment of a paper mill in Uruguay which would supply this sub-regional market.

Textile industry

164. With the publication of reports on Venezuela and Mexico (Volumes X and XI), the series of country studies was completed; it includes Chile, Brazil, Colombia, Uruguay, Peru, Bolivia, Paraguay, Argentina and Ecuador, in that order.

165. With regard to Venezuela, it was pointed out that the textile industry was established on a very large scale over a relatively short period, so that imports have largely been replaced by locally-produced goods. The study

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also provided an opportunity for analysing operating conditions in a textile industry which is regarded as among the most modern in Latin America.

166. In the study on Mexico, valuable assistance was provided by the Nacional Financiera, an organization which had undertaken a study of the textile industry as the basis for a plant to reorganize and modernize it. The industry was established many years ago, and its equipment is obsolete.

167. In the country studies, an effort is made primarily to describe the operating characteristics of the textile industry and analyse labour productivity, the efficiency of machinery, how modern it is and how efficiently it is used, as well as the size of establishment and other characteristics. The studies also analyse production costs under present conditions and those which could be obtained under optimum conditions. In that connexion an analysis is made of the current market and of the prospects for future development. The work is based on direct surveys carried out at the factories and enjoyed the full co-operation of entrepreneurial associations. As a result, the survey attained a high degree of accuracy and guaranteed the support of these associations for future action which may have to be taken to comply with the recommendations made in the studies.

168. On the basis of the data collected in the various regional studies and the technical and economic studies mentioned in the previous Annual Report, a regional study on the textile industry in Latin America is being prepared. A preliminary draft was circulated to the competent institutions and organizations for comment and criticism at the end of 1966 before its publication. Thus, it is hoped to compile the observations not only of official organizations but of the textile associations in the different countries for which national studies have previously been prepared. The final text of the study is expected to be ready in mid-1967, after the observations have been received.

169. This regional study is based to a large extent on the surveys previously undertaken in each country and will also include information on Central America prepared by the Central American Economic Co-operation Programme on the basis of an outline similar to that used in the country studies. Data for other regions of the world will also be included in

/order to

order to establish some guiding principles for comparing the textile industry in Latin America with that of other continents or regions. Production costs in different countries will also be shown, together with possible measures for reducing differences in those costs and thus paving the way for agreements to increase trade in these products within the region.

170. This study will also include an analysis of the present and future market for textile products, and, for the first time, an outline of possible changes in the pattern of future consumption of fibres. Various analyses will also be made of total future consumption, based on different assumptions concerning prices and the degree of competition which will be created by the demand for these products. The possibility of exporting to markets outside the area will also be considered. Finally estimates of investment required to satisfy anticipated demand are presented, taking into account differences in programming criteria, such as economies of scale and choice of techniques. They cover not only investment required to expand productive capacity to meet the growth in demand but investment required for modernization identified in the country studies.

171. Thus, total investment for the textile industry will be quantified both in physical terms, that is equipment and machinery, and in monetary terms, and will serve as guidance for programming this industry at the regional level and expanding the manufacture of textile machinery in the Latin American region.

172. Once the regional report is completed, it is proposed to convene a meeting of experts from Latin America and other parts of the world to consider the documentation which has been prepared. This group would discuss two main problems: the technical possibilities, open to the industry in terms of capital intensity, and make an economic assessment of those possibilities and the procedures for establishing regional specialization programme together with other regional measures for reorganizing and modernizing the industry and replacing its obsolete equipment.

/Technology

Technology

173. The Joint Programme was responsible for co-ordinating the arrangements for the meeting of the Latin American Group of the Advisory Committee on the Application of Science and Technology to Development (see paragraph 62 above).

174. During the year a study was undertaken concerning specific needs in the field of technological research and research institutes in the various industrial sectors generally included under the Joint Programme, inasmuch as those needs vary considerably from one sector to another. Most progress has been made in the study of the steel industry. Problems of the transfer of technology from advanced to developing countries and among the latter were also studied. This research includes: transfer of modern methods through the technical press, utilization of consulting engineers and suppliers of equipment, transfer from enterprise to enterprise. ECLA may participate in a Headquarters project for technical transfer through enterprise to enterprise arrangements.

JOINT ECLA/FAO AGRICULTURE DIVISION

175. In 1966 the Joint Division concentrated on preparing a study on recent trends of Latin American agriculture and future prospects up to 1980, which forms part of the Economic Survey of Latin America, 1966, and on further research on agriculture inputs and regional integration.

176. The Director of the Joint Division attended the ninth FAO Regional Conference for Latin America (Uruguay, December 1966); the second session of the ICAP Working Group on Fertilizers; and the Second Meeting on the Co-ordination of Integration Studies, convened by IDB (October 1966)

The development of Latin American agriculture

177. The study on past, present and future trends of agriculture in Latin America included in the Economic Survey, was prepared with the help of the FAO Regional Office for Latin America and consultants financed by IDB. A summary version will be used as a basic document for the IDB Round Table on Latin American Agriculture to be held in Washington in April 1967.

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178. The report examines the main characteristics of Latin America's agricultural development over the past fifteen years, stressing the adverse economic and social effects of the slow growth of production in relation to population growth and the maintenance of extremely inequitable patterns of property and income distribution. Institutional factors blocking more rapid progress in this sector are also analysed, with an indication in broad terms, of the lines that a more vigorous policy of modernization and change in the agricultural sector should take in order to achieve, by 1980, production targets that would provide the rural population with reasonable income and nutrition levels, increase employment, alleviate the region's balance-of-payments problems by increasing exports and reducing imports of agricultural products, and increase the size of the Latin American market for manufactured goods. Finally, the study contains a special analysis of the trends and characteristics of agriculture in Mexico, which has the highest growth rate for production in Latin America.

Agricultural inputs

179. Use of Fertilizers. The reports on Argentina, Chile and Colombia were completed and published and sent to the respective Governments and to public and private agencies concerned. Final drafts were completed for Brazil, Ecuador and Peru and sent to agencies and individual experts in those countries for comments and criticism before publication of the reports in the second quarter of 1967.

180. The suggestions and recommendations contained in these studies were applied in at least one of the countries mentioned above. The Government began to adopt measures to improve the distribution system for phosphate fertilizers and, as a result, selling prices to farmers dropped appreciably in real terms during the 1966/67 crop year. It is hoped that in this and other countries in the region demonstration projects on the use of fertilizers will be organized, with the help of FAO, ICAP and other inter-American organizations.

181. In addition to the national studies mentioned, the regional report, which presents the main conclusions of the country studies in summary form and provides an overall view of the use of fertilizers in Latin America, was completed and published.

182. Starting with an examination of past trends and the main features of the use of fertilizers in the different countries covered, the study then analyses the more important factors affecting consumption levels, such as prices, marketing, credit, agricultural extension and research. On the basis of the information gathered, the study makes an approximate forecast of the demand for fertilizers by 1970 and 1975, which is compared with the projected levels of domestic supply for each of the three main fertilizers. For purposes of illustration, the projected demand levels are compared with those needed in order to attain specific growth rates for agricultural output in the region.

183. A preliminary summary of this study was examined at the second meeting of the ICAP Working Group on Fertilizers (May 1966) and the final report was submitted to the Group's third meeting in Washington, in November 1966. As a result of the discussions, which were based on the conclusions of this report and the report on the supply of fertilizers submitted by the Joint ECLA/INSTITUTE/IDB Programme on the Integration of Industrial Development, a plan of action was drawn up for the production and use of fertilizers involving the joint participation of United Nations (FAO and ECLA), inter-American (IDB and ICAP), United States (AID), and regional integration (ALALC and SIECA) bodies.

184. Use of pesticides. Work on pesticides was considerably delayed because of the priority accorded to the studies on fertilizers. Only the reports on Chile and Colombia have been published to date, although first drafts are available on Argentina and Peru, which should be ready for publication by mid-1967.

185. These studies analyse consumption of pesticides in the different countries, real requirements, and obstacles (particularly in relation to marketing and cost structure) to expanding the use of these inputs. Suggestions are made for possible measures for reducing prices and expanding demand.

186. Use of agricultural machinery. Studies on Argentina, Colombia and Chile are in the final stages and are about to be published and distributed to the Governments concerned.

187. In addition to examining the characteristics of the agricultural machinery park in each country, these studies analyse the factors accounting for the high prices of tractors and other agricultural equipment, both national and imported. The high profit margins of importers and distributors, high customs tariffs, or the relative inefficiency of manufacturing plants, as the case may be, and poor distribution systems, all help to push prices so high that agricultural equipment costs two or three times as much as in the developed countries. This situation, together with the lack of credit and other factors, explains why Latin American agriculture is under-mechanized.

Study on Latin American agricultural integration

188. A detailed outline was prepared for a study which will be carried out in two stages, on agricultural integration in Latin America. The first stage was begun at the end of 1966 and includes an examination of the prospects for replacing agricultural imports from outside the region, which in recent years amounted to more than 800 million dollars a year. At the outset the situation of three commodities will be studied, in order to determine as accurately as possible import and export conditions, the reasons why they are currently imported from outside the region, production and consumption in the different Latin American countries and government policies on the production and marketing of these commodities. In the light of the experience gained during this first stage, new commodities will be added and research will begin in relation to the second stage, which will deal with the prospects for greater complementarity and integration of the region's agricultural economies. A study will be made, inter alia, of present productivity levels in the different countries and prospects for raising them; the degree of competition between these countries' products; ways of meeting future demand for foodstuffs and agricultural raw materials within a regional framework; the diversification of production and utilization of marginal areas; the amount of investment needed and the most appropriate policies for promoting complementarity.

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189. This outline was presented at the Second Meeting on the Co-ordination of Integration Studies convened by the IDB (October 1966). It was agreed on that occasion that the study on import substitution should be included in the first work programme of the IDB Pre-investment Fund established at the end of 1966. A considerable financial contribution can therefore be expected from IDB in 1967, which will enable the scope of the study to be expanded and a larger number of commodities, to be covered.

190. The studies on agricultural integration are an important part of the assistance given by the Joint Division to the ALALC secretariat, which also includes the provision of a full-time economist seconded by FAO to Montevideo, and responsible to the Director of the Joint Division.

Co-operation with the Inter-American Committee
for Agricultural Development (CIDA)

191. The Joint Division continued to second a senior ECLA staff member to work with CIDA, particularly in connexion with land reform.

192. After completing the studies on land tenure in Brazil and the corresponding regional report, this staff member took part in a mission to Peru to evaluate progress in land reform in that country. The group's final report, which was confidential in nature, was submitted to the Peruvian Government towards the end of 1966. During the first months of 1967 he worked in Santiago, and helped to prepare the agricultural study for 1966 Economic Survey, referred to in paragraph 175.

Co-operation with the Latin American Institute for
Economic and Social Planning

193. The Joint Division continued to collaborate with the Institute, particularly in the preparation of an agricultural planning manual. It revised and commented on the draft for the first chapters of the Manual, and prepared a special chapter on programming in the livestock sector.

/NATURAL RESOURCES

NATURAL RESOURCES AND ENERGY PROGRAMME

194. Efforts during the year were concentrated on the preparation of a study for the Seminar on the Latin American Petroleum Industry (see paragraphs 55-61 above); on water resources survey missions and on the preparation of material on mining, energy (including petroleum) and natural resources for the Economic Survey of Latin America, 1966.

195. Contacts were maintained with the interested specialized agencies and with regional organizations such as the Regional Electricity Interconnexion Committee (CIER) and the Latin American State Petroleum Enterprises Mutual Aid Association (ARPEL).

Natural resources

196. One of the Programme's staff collaborated with the groups of experts which met at United Nations Headquarters between 16 January and 14 February 1967 to revise and perfect the five-year programme for the development of natural resources prepared by the Resources and Transport Branch of the Department of Economic and Social Affairs. The three working groups on mining, water and energy recommended the consolidation of projects in each field, in greater harmony with the special characteristics of economic and social development and the natural resources in each country or region and with the co-operation of the regional economic commissions.

Energy

197. The secretariat has been helping the pertinent authorities in Chile and Peru to organize two Latin American meetings planned by these countries and dealing respectively with rural electrification and the planning of electric power systems (November 1967).

198. The rural electrification meeting took place at Santiago between 3 and 7 April 1967. The agenda covered the following subjects: (a) standards for the design of low-cost transmission lines; (b) the building of low-cost transmission lines; (c) planning and financing of rural electrification; (d) organization of supply in the areas served and (e) rates. The ECLA secretariat prepared one of the basic discussion papers and some of its staff participated in the discussions and acted as Rapporteurs.

199. A uniform evaluation has been made of hydroelectric potential in Latin America, based on the so-called "gross surface potential from precipitation" using only pluviometric data and contour maps.

Water resources

200. The water resources survey missions continued their activities. These missions are composed of ECLA staff, regional advisers provided by UNTA on hydroelectricity, multipurpose water development, water legislation and institutional organization, a hydrometeorologist provided by WMO and a water supply expert provided by WHO/PAHO.

201. Argentina. Although drafting of the report finished early in 1966, it has not been possible to complete the final version because official comments on it have not yet been received.

202. Peru. The report is under revision, but here again the comments of the pertinent authorities have not yet been received.

203. Uruguay. Work continued on the drafting of the consolidated report, some chapters of which are still pending. At the request of the competent authorities, field work was expanded in order to define more precisely the technical and economic possibilities of using the underground water table found in the geological formation known as the Areniscas de Tacuarembó, mainly for irrigation and for watering livestock in the departments of Artigas, Salto and Paysandú. The information available indicates that it should be possible to irrigate tens of thousands of hectares with this water; detailed exploration is therefore justified, including the digging of new wells and pumping tests in order to learn more about the characteristics of this water table. The original mission was also expanded, and the irrigation expert carried out a more detailed study of prospects for improving and expanding rice production in the Laguna Merín basin. The corresponding conclusions and recommendations have been submitted to the authorities concerned.

204. Paraguay. In the second half of 1966, a water resources mission started work at the request of the Technical Secretariat on Planning attached to the Office of the President of the Republic. Field work was finished in September 1966 and the experts' reports which are in course

/of preparation,

of preparation, will be brought together in the official report of the Programme. The conclusions on river navigation and recommendations to determine the underground water potential in the Chaco region constitute effective contributions to the country's economic and social development plans.

205. Other aspects. Continued attention has been paid to the formulation of bases for a project envisaging an integral study of the River Plate basin. Some material on water resources has been collected and analysed, assistance has been given to the Latin American Integration Institute (INTAL) in relation to several aspects of the Programme, and the reports of the United Nations experts on natural resources and energy, who are collaborating with the relevant authorities in the Latin American countries, were analysed and commented on.

206. Three papers were prepared for the meeting on "Water for Peace" convened by the United States Government (Washington, 23 to 31 May 1967), which will be attended by one of the secretariat staff. The papers deal with the ECLA's work for water development in Latin America, with the present state of hydrometeorological and hydrological knowledge in Latin America, and with Latin America's hydroelectric potential.

Collaboration with the Latin American Institute
for Economic and Social Planning

207. The Programme has continued to help the Institute in different ways. For example, in Paraguay assistance was given in connexion with energy development to the Joint Advisory Group (ECLA/OAS/IDB), while, in Santiago, comments and suggestions were made in relation to a document that was being prepared on a methodology for the study of water resources in Chile.

TRANSPORT PROGRAMME

208. Over the past year, the activities of the Transport Programme have been mainly concerned with the transport problems involved in regional economic integration and with shipping and trade in invisibles, as part of the secretariat's contribution to the work of UNCTAD. In both cases, the secretariat has collaborated closely with the secretariats of ALALC and UNCTAD.

209. OAS continues to provide staff to work with the Transport Programme. However, because of recruitment difficulties, only four man-months were provided in 1966. During the year BTAO contributed one regional adviser on transport, who was in charge of problems relating to the establishment of consultation machinery between shipping conferences and shippers' councils in the region. This work is being continued by ECLA in 1967 on a part-time basis. In addition, UNCTAD provided a shipping consultant for five months in 1966, who was put in charge of collecting data for the preparation of a study on maritime freight rates in inter-Latin American and extra-regional trade. In addition to the specific activities described below, the Transport Programme prepared a chapter analysing the main trends and events in transport during 1966 for the Economic Survey of Latin America, 1966. Assistance was obtained from the International Civil Aviation Organization (ICAO) secretariat, which provided the part on air transport.

210. Continued assistance has been given to the United Nations Development Programme (UNDP) through the preparation of comments on technical assistance missions and projects and on Special Fund projects.

Transport and regional economic integration

211. Maritime transport. In May 1966 the ALALC Transport and Communications Council approved a Water Transport Agreement, for which much of the preparatory work had been done by the ECLA secretariat. In addition to promoting the development of the regional merchant fleets, this Agreement aims at providing the basis for co-ordinating shipping activities among the different countries. The Agreement reserves for ships of its Contracting Parties all reciprocal trade to be shipped by water, except

/bulk cargoes

bulk cargoes of petroleum and petroleum products, and bulk cargo of other kinds which, up to 1973, would be subject to agreements negotiated among the parties concerned. Flag lines from outside the Area may still participate in this traffic, but only on a supplementary basis and under special conditions laid down in the Agreement or its future regulations. The formation of regional freight conferences is envisaged, although they will differ from the traditional conferences being under government authority and control.

212. Nine ALAIC member Governments have so far signed the Agreement, which will enter into force as soon as the signatory powers have formally ratified it. Venezuela and Bolivia, which joined ALAIC at a later date, may also adhere to it. A special Committee, consisting of the signatory States, is already drawing up the regulations.

213. The Latin American Shipowners' Association (ALAMAR) has already held two special meetings to discuss the regulations (Buenos Aires, November 1966; Lima, April 1967).

214. The Transport Programme has drawn up a programme of basic studies to facilitate the formulation and application of maritime transport measures, thus helping to speed up the integration process in terms of shipping. Work started in the last quarter of 1966 on the collection of data and the preparation of the first stages of a study on the current freight rate structure of shipping in Latin America and between the region and third countries. The preliminary version should be finished by the middle of 1967 for possible presentation at the second session of UNCTAD. Another study undertaken in 1967 deals with the structure of services, cargo flows and utilization of hold capacity in regional merchant shipping. Two other studies, to be started in 1968, will include research on the operating costs of the regional merchant marines and will analyse the cost structure and operational efficiency of the main Latin American ports.

215. Inland transport. Work has been focussed on the preparation of a study of international road transport problems, which was finished early in 1967.

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216. This study reviews the situation in Latin America in the light of European experience, particularly that of the Economic Commission for Europe (ECE), with special reference to safety measures and international road traffic regulations; customs régimes for temporary imports of passenger and freight vehicles; régimes for authorizing international road transport; transport contracts and carriers' responsibilities in international transport; governmental and non-governmental international organizations concerned with road transport in Europe and Latin America; and the tripartite agreement on inland transport, signed in 1966 by the Governments of Argentina, Brazil and Uruguay. This study should prove very useful for the review of regional road transport problems by the ALALC Advisory Commission on Transport and its Transport and Communications Council.

217. The secretariat has collaborated with ALAMAR, and with the Latin American Railways Association (ALAF), which held its second regular General Assembly at La Paz in November 1966. Towards the end of 1966, a third association was established - the Latin American Road Transport Association (ALATAC) which held its first congress at Rio de Janeiro in April 1967.

218. On the course of the year, ALAF has sought to consolidate its organizational structure and activities. Together with ALAF, the secretariat has examined problems relating to the possible role of international railway lines in economic integration, which will be the subject of a study by the BTAO regional adviser on railways in 1967. Plans for the regional seminar on railway statistics and cost accounting for Latin American railways, scheduled for 1968, have been discussed with ALAF. The Seminar will be financed by BTAO, which will also provide a temporary expert in the second half of 1967.

219. Transport in general. During 1966, the Transport Programme worked actively with IDB staff in preparing a draft work programme for the IDB Pre-Investment Fund for Latin American integration. This draft project was approved at a meeting held at INTAL (Buenos Aires, October 1966). It provides for the formation of a technical group, consisting mainly of chiefs of transport units in the different regional organizations, which will be in charge of the preparation, promotion and co-ordination of the studies envisaged.

/220. Subsequently,

220. Subsequently, in November 1966, material and data on transport and communications was prepared, with particular reference to the main problems and projects of regional interest, for the group of experts brought together by the Preparatory Committee for the meeting of American Presidents. In addition, the transport Programme contributed material for a study on problems of regional integration and the relatively less developed countries.

221. Staff of the Transport Programme participated actively in a number of meetings as indicated above. In addition, the secretariat sent an observer to the meeting of the OAS Technical Commission for the Development of Government Road Organizations (Lima, June 1966) and to that of the ALAIC Advisory Committee on Transport (Montevideo, August 1966).

Collaboration with UNCTAD in relation to shipping
and trade in invisibles

222. The secretariat has continued to work with the UNCTAD secretariat in Geneva on these subjects. The director of the Programme participated in a Seminar on maritime transport economy, which was organized by UNCTAD at Geneva from 1 to 12 August 1966.

223. A short note was prepared for the meeting of the Ad Hoc Committee on Latin American Co-ordination (CECLA) in July 1966 concerning the special session of UNCTAD's Committee on Shipping, which met at Geneva in July 1966, and adopted a programme for UNCTAD's work on the level and structure of freight rates, conference practices and the adequacy of shipping services.

224. This work programme includes three studies, which are being undertaken by three UNCTAD consultants with the help of the ECLA Transport Programme. One deals with the development of Argentina's merchant fleet, another with the development of the merchant fleets of Colombia and Ecuador, while the third is concerned with maritime freight and conference practices in Brazil's external trade. The first was nearly finished by 1967, and a preliminary draft of the Brazilian study has also been finished. The three studies are to be submitted to the second session of UNCTAD.

/225. In

225. In 1966 intensive efforts were made to consolidate the organization of shippers' councils and to set up consultation machinery between shipping conferences and these councils in the region. For purposes of information, guidance and co-operation, the Transport Programme has kept in constant contact with these councils, which have already been organized in seven countries - Argentina, Brazil, Chile, Mexico, Peru, Uruguay and Venezuela - while another is being formed in Ecuador.

226. The problem of establishing consultation machinery between shipping conferences and shippers' councils was the subject of a study presented by the UNCTAD secretariat at the second session of the Committee on Shipping (Geneva, 21 February to 8 March 1967). It includes a note prepared by the Transport Programme on ECLA's activities in relation to consultations on maritime transport.

227. In this connexion, the Committee on Shipping adopted a resolution requesting ECLA and the other regional economic commissions to continue, in collaboration with the UNCTAD secretariat, their activities for the establishment of a system of consultation in their respective regions. It also draws the attention of the Governments of the developing countries to the possibility of obtaining technical assistance in this field within the framework of UNDP and the regular United Nations technical assistance programme.

228. The Transport Programme contributed a chapter to the study on Latin America and world trade policy presented at the twelfth session. It deals with the evolution of the treatment of shipping problems in UNCTAD; basic shipping aspects and trends in Latin America, from the world and regional standpoints; ECLA's activities in the field; and possible positions on shipping taken up at the second session of UNCTAD.

229. A chapter was also prepared for the Economic Survey of Latin America, 1966 on the region's share of world trade in invisibles. It analyses the situation of freight, transport, insurance and tourism in the region, and, in particular the incidence of these items on the balances of payments of the Latin American countries. As regards other aspects of trade in invisibles, the study contracted by UNCTAD on problems of insurance and re-insurance in Latin America was completed by the end of 1966.

/230. Finally,

230. Finally, a preliminary study is being prepared on the application of the new techniques for the utilization of movements of freight and combined transport in Latin American merchant shipping, with special reference to the effect of the growing utilization of containers and container ships on regional shipping services and ports. This study is to be presented at a United Nations inter-regional seminar in May 1967.

STATISTICAL DIVISION

231. During the period under review the Division continued to give preferential attention to compiling data for the ECLA secretariat, and, in particular, the Economic Survey of Latin America, 1966. The Division also organized the Latin American Seminar on Industrial Statistics (see paragraphs 52-54 above) and prepared some of the basic documents for it.

232. Revisions were introduced in the available population data, based both on census information and vital statistics. Considerable progress was made in the new joint project with UNICEF for the collection and systematic presentation of statistical data on children and youth. The Demographic and Social Statistics Section collaborated with the Chilean authorities in planning a pilot population and housing census and a demographic sample survey in the commune of Valdivia for determining the coverage of vital statistics.

233. The external trade statistics section has been working on a project now nearing completion, which presents export data for the twenty Latin American countries in 1950, 1963 and 1964 according to degree of processing. Proposals were presented with respect to the need for greater mechanization of the statistical work.

Publications

234. A new issue of the Statistical Bulletin for Latin America appeared in September 1966 (Vol. III, N° 2) with an annex on exports of manufactured products in 1963 and 1964, by regions and main Standard International Trade Classification (SITC) groups for Latin America as a whole and by SITC items for individual countries. The next number (Vol. IV, N° 1, April 1967) contains special tables on the national accounts of the ECLA member States.

/Collaboration with

Collaboration with the Latin American Institute
for Economic and Social Planning

235. The Division provided lecturers for several Institute courses in Santiago and elsewhere, and assisted with the systematic presentation and analysis of statistical information. At the request of the Institute, long-term series on economic growth and inflation were prepared.

MEXICO OFFICE

236. During 1966, studies on Nicaragua and on the evaluation of the Central American Economic Integration Programme were revised for printing, and a study was completed on the possible effects on the economy of Panama of the construction of a new canal at sea level. At the same time, work relating to the Central American Common Market was carried a stage further, with particular emphasis on the building up of the necessary infrastructure. These activities were undertaken in close collaboration with the Central American Joint Programming Mission, SIECA, BCIE and other Central American Organizations. Information was prepared for a number of general studies undertaken by the secretariat and help was given in the preparation of country monographs for the Latin American Symposium on Industrial Development. Towards the end of the period, activities centred on the preparation of material on the countries served by the Mexico Office for the Economic Survey of Latin America, 1966.

237. The Fourth Central American Course on Planning Techniques and Project Evaluation was held at Managua from 29 August to 10 December. The Mexico Office collaborated with the Latin American Institute for Economic and Social Planning in organizing the course, and provided lecturers for several of the specialized aspects.

Economic development

238. During 1966, the data for the study on the economic development of Nicaragua were carefully revised prior to publication. The research was conducted jointly by the ECLA secretariat and by working groups organized in Nicaragua by the Central Bank and the Planning Office. The study provides a picture of the country's economy and, with similar studies of the other

/Central American

Central American countries, provides a starting point for development plans. It also sets the country's economic growth in the historical framework of Central American development and, in particular, of the movement towards economic integration. General and sectoral conditions of supply have been emphasized, and the state of housing, education and health briefly analysed. While the study was being drafted, the Planning Office, with the help of the Central American Joint Programming Mission, was preparing the first five-year development plan for 1965 to 1969; hence it was not considered necessary to complement the diagnosis of economic growth in the post-war period with projections or alternative assumptions concerning economic development.

239. In the first stage of the study, a system for estimating basic macro-economic series was established based on methods similar to those adopted in other Central American countries, and the first series of the gross national product and the sectoral products for 1945-63 were drawn up. The second stage of the study consisted of an examination and interpretation of the country's economic development. The Ministry of Economic Affairs, the Central Bank, the Statistics and Census Department, the National Development Institute and other institutions, as well as the Joint Programming Mission, collaborated with the secretariat in this work.

240. Studies on the possible effects on the Panamanian economy of the construction of a new canal at sea level were requested by the Government of that country, in order to provide a frame of reference for more specific research and define the nature and scope of the effects that its construction might be expected to have on the short and long-term development of the economy. An examination was made of possible changes in the capacity to import, income, employment and other economic variables, in relation to three different locations for the future inter-oceanic canal (two in Panama and one outside its territory). Projections were prepared up to the beginning of 1980, based on the assumption that present trends will continue without any major changes.

241. One of the principal conclusions of the study is the need for research in greater depth on the sectoral repercussions that would follow upon the construction of the canal in each of the possible locations. It

/must be

must be determined whether the net advantages to be obtained from the choice of the Panama-Colón route, with the resulting increase in employment and in labour market distortions, would be greater than from the Sasardi-Mortí route, which would involve less pressure on the labour market but sharper annual fluctuations in labour demand.

242. Another study finished at the end of 1966 relates to the economic development of British Honduras (Belize).

Trade

243. Work on trade was concerned mainly with the Central American Economic Integration Programme, and has recently been directed towards the formulation of a common trade policy for the Central American countries. This question will be developed in 1967 in conjunction with SIECA in preparation for the second session of UNCTAD.

244. The Mexico office also undertook a quantitative study of the obstacles to tariff equalization for items not included in the Central American Standard tariff. A preliminary analysis was undertaken of economic relations between Mexico and Central America and a special note prepared on Panama's trade policy.

Industry

245. Industrial activities consisted principally in the preparation of data on Mexico and Central America for general secretariat studies, in particular those on petroleum, textiles and chemicals, and in the provision of technical assistance to the Central American governments, either directly or through ICAITI and BCIE. Assistance was given to the Mexican authorities in the preparation of a monograph for submission to the Latin American Symposium on Industrial Development. Work also proceeded on the motor-vehicle industry in Mexico.

Economic infrastructure

246. At the request of governments, made in the course of different meetings, the work programme for building up the economic infrastructure was broadened considerably, to include comparative studies on road building costs, regional programmes for electricity interconnexion and a research project on water resources in the region.

247. A general note was prepared on transport in Mexico and Central America, and another on existing transport media in their reciprocal trade and ways and means of improving them. A manual on road maintenance was completed and a study undertaken on the advantages and development prospects of certain types of low-cost roads in the Central American countries. Studies were initiated on port organization in Central America and on the establishment of alternative inland transport connexions between selected countries.

248. Several basic studies were prepared on electric power statistics and electricity interconnexion for the third session of the Central American Electrification Sub-Committee and Water Resources (see paragraphs 31-33 above). Subsequently, the secretariat convened and serviced meetings of two new regional committees set up by the Sub-Committee. A water resources survey mission to Central America is being organized and much of the basic data for it has already been collected.

Statistics

249. Permanent contact has been maintained with the different Central American statistical offices, for purposes of co-ordination and to speed up the evaluation of the progress made by the Co-ordinated Programme of Central American Statistics. Assistance was given in preparing for the Working Group on Demographic Statistics (see paragraph 34 above), including the drafting of a document on the co-ordination of statistical and demographic research, and for the next session of the Working Group on Transport Statistics.

Social development

250. In the current and projected work on social development, increasing attention is being paid to Mexico and work is continuing on the Central American countries and Panama. A comprehensive field survey of internal migration in Mexico has been started, with the help of the Colegio de México, the National Autonomous University of Mexico and CELADE.

251. Early in 1966 a study was completed on industrial productivity, labour costs and production costs in Central America. It is to be followed

/in 1967

in 1967 by an analysis of manpower trends and of the respective participation of the rural and urban populations in relation to economic development in Central America and Mexico.

252. Studies on housing form an important part of the work for 1967 and 1968 and efforts are being made to prepare material for the various working groups established by the Central American Housing, Building and Planning Sub-Committee at its third session in December 1965.

WASHINGTON OFFICE

253. During the period under review the Washington Office continued to assist ECLA's substantive divisions by providing them with research material that was more easily obtainable in Washington than in other parts of the region. The staff also attended a number of working groups and meetings held in Washington and reported on them to Santiago. The Washington Office maintains constant liaison with OAS, ICAP and CIDA. Of special importance was its participation in the ICAP sub-committee meetings convened during the second half of 1966 to review the development plans of the different Latin American countries.

254. Another important function of the Washington Office is to provide information on ECLA's activities to interested persons, universities, private organizations, international organizations (such as ICAP, OAS, IDB, IBRD and IMF) and different branches of the United States Government such as the Agency for International Development (AID) and the Departments of State, Commerce and the Interior.

JOINT ECLA/BNDE CENTRE FOR ECONOMIC DEVELOPMENT

255. Early in 1966, with the appointment by ECLA of a new director for the Centre, some changes were introduced in the research programme, and the programme of training courses for 1966 and 1967 was prepared. Consultations were held with the Government of Brazil concerning economic research of mutual interest.

/Research programme

Research programme for 1966-67

256. During 1966 the Research Department was reorganized and expanded, and two studies were begun with the purpose of acquiring a deeper insight into the basic aspects of Brazilian development.
257. The first is an interpretation of Brazil's past economic development going back to the thirties and, in some cases, even earlier. The research started with an analysis of the structural changes that have taken place in the Brazilian economy during the last few decades, and will be completed in 1967, with a review of the changes in the main economic sectors.
258. The second study is closely linked with the first and consists of a more detailed analysis of the process of financing the country's economic development over the past fifteen years.

Economic Survey of Latin America

259. The Centre prepared for the Economic Survey of Latin America, 1965, a study of the general evolution of Brazil's economy which includes a description of the measures taken by the present Government in relation to institutional reforms, economic policy instruments and organization of planning.
260. In the 1966 Economic Survey, the last five years have been considered as a new stage in Brazil's economic development.

Training programme

261. Basic courses. During 1966, the Centre organized three intensive training courses on economic development problems as set out below. They were attended by 133 specialists, which brings the total number of participants trained in these intensive courses to 943.

XVII Course - southern region, Sao Paulo, from 7 March to 2 July 1966.

Local sponsor: Municipal Prefecture of Sao Paulo.

262. This course was held at Sao Paulo in accordance with the system of rotation agreed on with the development agencies in the region. There were 40 participants, drawn from the States of Sao Paulo (28), Paraná (8), Santa Catarina (2) and Rio Grande do Sul (2).

XVIII Course - southeast and west-centre regions, Vitória, State of Espiritu Santo, 4 April to 23 July 1966.

Local sponsor: Federal University of Espiritu Santo.

/263. There

263. There were also 40 participants in this course, from the States of Espiritu Santo (34), Minas Gerais (3) and Guanabara (3).

XIX Course - northeast region - Salvador, Bahia, 2 May to 27 August 1966.

Local sponsor: Federal University of the State of Bahia and Superintendencia do Desenvolvimento do Nordeste (SUDENE).

264. This course was attended by 54 trainees from the States of Maranhao, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Bahia.

265. The intensive training courses cover four preparatory subjects designed to provide the students with a uniform basis (Introduction to economic analysis, Statistics, Social accounting, Economic development) and three specialized subjects related to planning operations (planning techniques, analysis and instruments of economic policy, project preparation and evaluation).

266. Special courses for the staff of financing agencies. In response to a request from the BNDE management, the Centre has started a new type of course at the intermediate level, with emphasis on project analysis and preparation for specialized staff members of regional and state financing agencies.

267. The first of this new series of courses took place at Fortaleza, State of Ceará, from 4 February to 26 March 1966. It consisted of four basic subjects: Statistics, Economic analysis, Economic development and Projects. The Centre organized the course, provided teachers for the various subjects and supplied the basic teaching material.

268. A second course of this type, also at the intermediate level, was organized at the request of the authorities in the Amazon region and took place from 22 August to 29 October. The content was broader to allow for the special features of this region and great interest was shown in it by the state and regional authorities.

269. Thirty-three participants were selected from the total of 67 candidates nominated by 17 organizations in the area.

/Other activities

Other activities

270. In 1966 the Centre was invited to participate in a development programme of the University of Minas Gerais. The intention is to establish an Institute of regional studies, with teaching functions, which would start work in 1967, with the Centre's support.

MONTEVIDEO OFFICE

271. Until February 1966, ECLA was represented in ALALC by the regional advisory group on trade policy, based at Montevideo. The headquarters of the group was then changed to Santiago and ECLA seconded staff to the Montevideo Office to act as its representatives. Agreement was reached regarding the terms on which the two institutions will participate in programmes of mutual interest, with particular reference to trade, industry, financial and monetary questions, statistics, agriculture and transport.

OFFICE FOR THE CARIBBEAN

272. This Office was established in December 1966, at Port-of-Spain, with facilities provided by the Government of Trinidad and Tobago. Its main functions are to prepare studies and research material on the newly independent countries of the Caribbean.

BOGOTA OFFICE

273. During 1966, the Executive Secretary held a number of consultations with the authorities of Colombia, Ecuador and Venezuela concerning the functions of the Bogotá Office; it will be recalled that the establishment of this Office was requested by the Commission in resolution 212 (IX), but it was only recently that a suitable candidate was found to direct it. He took up his duties in March 1967. The Government of Colombia will provide the necessary facilities and, together with the Government of Venezuela, has also undertaken to provide technical staff.

/UNITED NATIONS

UNITED NATIONS DEVELOPMENT PROGRAMME ACTIVITIES

Technical assistance component

274. Under the administration of ECLA's Technical Assistance Co-ordinating Unit, approximately fifty regional advisers and sub-regional experts attached to ECLA, including associate experts financed by the Governments of Sweden, Denmark and the Netherlands, are rendering advisory services to the countries of the region. More than half of them are under the substantive, administrative and operational responsibility of ECLA headquarters at Santiago, while the rest are under ECLA's Mexico Office. Their activities include economic development and programming (budget; public investment, infrastructure, economic projections and overall programming); social affairs (housing policies and programming, financing of housing, urban sanitation, demography, community development, land reform, building materials and construction systems, town planning and land utilization, and rural housing); industry (industrial programming, pulp and paper, textiles, technological research, chemicals and metallurgy); trade policy; natural resources and energy (electrical engineering, generation of power hydrometeorology, hydroelectricity, sanitary engineering, legal and institutional aspects of water development and multi-purpose water utilization); transport (highway development, transport economy, maritime transport, development of ports and navigation, and operation of railways); statistics (economic, demographic and external trade statistics, national accounts and sample surveys); and public administration.

275. In addition to these advisers and experts provided by the technical assistance component of the UNDP regional programme, one adviser is supplied by WMO, and two by WHO/PASB.

276. The regional advisers are recruited to assist with operational activities in their respective fields in response to requests from the countries of the region for high-level advice and assistance for short periods or longer. They are also expected to advise on and prepare new projects which might be considered for implementation within the technical assistance or Special Fund components of the UNDP or any other programme.

/Judging from

Judging from the number and frequency of request received in the past year, there is no doubt that the Governments have become increasingly interested in the services of the regional advisers attached to ECLA. 277. A number of missions were undertaken by the regional advisers in compliance with specific requests contained in resolutions adopted at meetings of the various ECLA organs and, wherever possible, the provision of advisory services was based on the findings of the pertinent ECLA secretariat studies on a given subject, or formed part of the follow-up required by such studies.

278. To facilitate the preparation and smooth operation of all projects, close contacts were maintained with the Resident Representatives of UNDP, particularly with regard to the programming exercise for the 1967-68 biennium. In this connexion, and at the request of BTAO, senior ECLA officials visited several countries to co-operate personally with the Resident Representatives and national authorities in the preparation of their technical assistance country programmes. The regional technical assistance programme for 1967-68 was launched on 1 January 1967.

279. During the period under review, ECLA and BTAO, sponsored regional housing programming and trade policy courses and seminars on industrial statistics, small-scale industry and petroleum, and preparations were made for the second regional course on trade policy and for a seminar on the administrative aspects of the implementation of economic development plans, both of which will be held in 1967. The Technical Assistance Co-ordinating Unit co-operated with ECE in several inter-regional projects and in screening applications from candidates nominated by Latin American Governments for participation in training programmes and study tours organized by ECE.

280. Regional advisers took an active part in a number of important regional and inter-regional meetings, including the Meeting of Experts on the United Nations Programme in Public Administration organized and held at Headquarters.

281. Preparations were also made for the Regional Meeting of UNDP Resident Representatives which is scheduled to take place at the United Nations Building in Santiago, Chile, in October 1967.

282. As in previous years, the progress and final reports submitted by the UNDP/TA experts in specific fields within the country programmes of the Latin American region were reviewed and commented on by the substantive units of the ECLA secretariat.

283. In order to meet the increasing demand from Governments of the Caribbean area, the secretariat created the Office for the Caribbean, with headquarters at Port-of-Spain, Trinidad, to which two regional UNDP/TA advisers are at present attached, one on economic policy and the other on community development.

284. The Advanced School of Public Administration for Central America (ESAPAC), which has changed its name to Central American Institute for Public Administration (CAIPA), and the Latin American Demographic Centre (CELADE) were discontinued as UNDP/TA regional projects and are now being financed by the UNDP/Special Fund.

Special Fund component

285. During the period under review, the secretariat collaborated intensively in the formalization of the following four regional UNDP/Special Fund projects, which are particularly important for United Nations work in Latin America: the second phase of the activities of the Latin American Institute for Economic and Social Planning (ILPES), 1967-71; its advisory services; the Central American Institute of Public Administration (CAIPA); and the Latin American Demographic Centre (CELADE). The latter has also opened a sub-centre at San José, Costa Rica, under the name of the Demographic Research Centre for Central America (CIDAC).

286. At the request of the UNDP/Special Fund, one of the regional advisers on public administration attached to ECLA carried out an important fact-finding mission in Mexico, Central America and Panama, accompanied by a high-level UNDP expert.

287. As in previous years, the secretariat played an active part in the screening of candidates for the 1967 CELADE course, and was responsible for the awarding of fellowships, and for travel and other administrative arrangements for fellowship-holders.

288. The ECLA secretariat continued to review and comment on Special Fund projects, when requested to do so by UNDP.

UNITED NATIONS HEADQUARTERS AND REGIONAL
ECONOMIC COMMISSIONS

289. Co-ordination with the substantive divisions and programmes at United Nations Headquarters was maintained during the period under review. In its work on economic planning and projections, the secretariat consulted with the Centre for Development Planning, Projections and Policies, and collaborated with it in the preparations for the second session of the ECOSOC Committee on Development Planning. There was close liaison with the secretariat of UNCTAD in the field of trade, and programmes of mutual interest were drawn up particularly in the case of studies on exports of manufactures, trade policy, shipping and invisibles, and, to some extent, in the work on projections. The Joint Programme on the Integration of Industrial Development was in constant touch with the United Nations Centre for Industrial Development and, since its establishment, with the United Nations Industrial Development Organization (UNIDO), in connexion with preparations for the International Symposium on Industrial Development and with the Latin American Seminar on Small-Scale Industry. Consultations took place with the Bureau of Social Affairs on many aspects of the work on social development, particularly housing, community development and the general social programme over the next five years. The Latin American Seminar on Industrial Statistics was organized by ECLA in co-operation with the United Nations Statistical Office. ECLA staff members also collaborated with the Resources and Transport Branch in the preparation of a five-year natural resources development programme. The secretariat assisted the Headquarters office on science and technology in preparing the meeting of the Latin American Group of the Advisory Committee on the Application of Science and Technology to Development. Lastly, the secretariat prepared material for Headquarters reports on a number of subjects, including the United Nations programme of work in the field of economic and social development, and co-ordination between international organizations at the regional level.

290. Secretariat staff members attended meetings of the Committee for Industrial Development (sixth session, May 1966), the Special Committee on Co-ordination of ECOSOC (fourth session, May 1966), the Economic and Social Council (forty-first session, July 1966); the Social Development Commission (eighteenth session, March 1967), the Advisory Committee on the Application of Science and Technology to Development (seventh session, May 1967) and the ACC Sub-committee on Science and Technology (April 1967), as well as inter-regional seminars on various topics.

291. The co-operation of the Regional Commissions Section has been particularly helpful both in keeping abreast of developments at Headquarters and in maintaining contact with the other regional economic commissions. The latter were approached in connexion with the formulation of policies for the meeting of the "77" in relation to the second session of UNCTAD. Help was given to ECE in the preparation of its studies on world demand for iron ore and steel. Views were exchanged with the Executive Secretaries of the other regional commissions on matters of mutual interest, at the meetings held in July 1966 and January 1967.

C. RELATIONS WITH SPECIALIZED AGENCIES AND OTHER ORGANIZATIONS

292. The secretariat's co-operation with specialized agencies and other organizations are described earlier in this report. However, a brief recapitulation of the main aspects of such co-operation follows, in view of the importance attached by the Commission and its secretariat to a co-ordinated approach to work in the region. Those agencies and organizations also work closely with the Latin American Institute for Economic and Social Planning, but since the activities concerned are reported on separately by the Institute, they are not included here.

Specialized agencies

293. Consultations took place with the ILO regarding a joint study on labour costs in Latin America and in connexion with the work on human resources and manpower training requirements. The secretariat has continued to co-operate in the ILO Inter-American Centre for Research and Documentation on Vocational Training (CINTERFOR).

/294. Close

294. Close contact was maintained with FAO, both through the Joint ECLA/FAO Agriculture Division and the ECLA/FAO/BTAO Pulp and Paper Advisory Group. The secretariat participated in the ninth FAO Regional Conference for Latin America (Punta del Este, December 1966) and in the World Land Reform Conference (Rome, July 1966).

295. ECLA co-sponsored with UNESCO the Conference of Ministers of Education and Ministers Responsible for Economic Planning in Latin America and the Caribbean (Buenos Aires, June 1966). ECLA prepared a paper and provided substantive and conference staff for the meeting. It also contributed a paper to UNESCO's Regional Technical Assistance Seminar on Investment in Education in Latin America (Santiago, December 1966).

296. WMO continued to give valuable support in the work on water resources; WHO/PAHO also assisted in these activities and in the work on housing problems. The former has for several years assigned a hydrometeorologist to work with ECLA, while the latter has provided two experts in the specialties mentioned.

297. ICAO has, for the past two years, contributed material on air transport for the annual Economic Survey.

298. Most of the specialized agencies referred to here continued to play a role in the activities connected with the Central American common market, by providing experts to work with the secretariat on specialized aspects of the programme and by convening meetings on subjects within their terms of reference.

299. Representatives of the ILO, UNESCO, FAO and WMO met with the secretariat in June to discuss preparations for the meeting of the Latin American Group of the Advisory Committee on the Application of Science and Technology to Development, and attended the meeting itself.

Inter-American Committee for Agricultural Development (CIDA)

300. The secretariat continued to participate in the meetings and work of CIDA, and, as in the past few years, provided a staff member to help with the studies on land reform in Latin America.

/Organization of

Organization of American States (OAS)

301. The Executive Secretary attended the meeting at the expert level, convened by the OAS in Washington in November 1966, to prepare basic material for use by the Preparatory Committee concerned with organizing the Conference of American Presidents (April 1967) and was represented by the Deputy Executive secretary at consultation meetings on the subject. Several ECLA divisions worked on the preparation of the information presented by the Executive Secretary at the meeting of experts.

302. The ECLA secretariat took part in several other meetings organized by the OAS and its subsidiaries, including the Third Inter-Agency Meeting on Housing and Urban Development (25 May 1966), the Inter-American Economic and Social Council (fourth special session, 6-18 June 1966), the sixth session of the Standing Technical Committee on Ports (13-17 June 1966), the fourth session of the Technical Committee for Developing Governmental Road Organizations (Lima, 21-25 June 1966), the sixth meeting of the Inter-American Nuclear Energy Commission (27 June-1 July 1966), the XVII Pan American Sanitary Conference (26 September-15 October 1966), the meeting of the Inter-American Commission on Telecommunications (25 October-1 November 1966), the meeting of the Trade Union Technical Advisory Committee (3-5 November 1966) and the IV Technical Meeting on Education Planning - Improvement of Educational Statistics (28 November-9 December 1966).

303. Close collaboration was maintained with the Inter-American Committee on the Alliance for Progress (ICAP). The secretariat participated in a number of sub-committee meetings between August and November 1966, to review the development plans of various Latin American countries. The Executive Secretary attended the eighth and ninth sessions of ICAP in May and October 1966, and the eleventh session in March 1967. The Joint Programme for the Integration of Industrial Development and the Joint ECLA/FAO Agriculture Division prepared documents for the two meetings of the ICAP Working Group on Fertilizers, held in May and November 1966 (see paragraphs 43-49 above).

/304. The

304. The secretariat continued to second two staff members to work with the OAS on economic analysis, in exchange for experts for the Transport Programme.

Inter-American Development Bank (IDB)

305. Joint programmes continued to be carried out for industry and agriculture, as described in the respective sections of this report. Staff of the Joint Programme for the Integration of Industrial Development, the Joint ECLA/FAO Agriculture Division, the Transport Programme and the Trade Policy Division attended the second meeting convened by IDB (Buenos Aires 5-7 October 1966) for the purpose of co-ordinating studies relating to integration.

Inter-governmental organizations

306. Through the ECLA Office in Montevideo, the secretariat continued to co-operate with the ALALC secretariat and, through its Mexico Office, with SIECA as well as with other Central American agencies, including the Central American Economic Council and the BCIE.

307. The Executive Secretary and senior staff members attended the ALALC Conference of Foreign Ministers held in December 1966. In addition, the secretariat was represented at technical meetings of the following bodies, organized in Montevideo by ALALC: the Working Group on the Steel Industry (18 April-2 May 1966), the chiefs of transport units of international organizations operating in Latin America (3-6 May 1966); the Transport and Communications Council (16-20 May 1966); the Working Group of Copper Producers and Consumers (26 June-2 July 1966); and the Working Group on Petrochemical Industries (June and July 1966).

308. In Central America, the secretariat worked closely with the Central American Economic Council and attended its meetings; it also participated in several seminars and meetings organized by SIECA.

309. At the meeting at the ministerial level held by the Ad Hoc Committee on Latin American Co-ordination (CECLA) in March 1966, the secretariat had been requested to prepare a number of technical documents for the meeting at the expert level that was to take place in Mexico from 9 to 27 July 1966. (See paragraph 106 above.)

/Non-governmental organizations

Non-governmental organizations

310. The secretariat continued to maintain contact with several non-governmental organizations that have consultative status with the Economic and Social Council and with other agencies operating in Latin America. In this respect, consultations took place on a number of occasions with representatives of the Inter-American Council of Commerce and Production (CICYP).

311. In connexion with a number of secretariat studies, contacts were maintained with the Latin American Association of Shipowners (ALAMAR) the Latin American Railways Association (ALAF), and the recently established Latin American Road Transport Association (ALATAC). In connexion with the seminar on the petroleum industry, consultations took place with the Latin American State Petroleum Enterprises Mutual Aid Association (ARPEL).

312. As part of the follow-up to the first Latin American Training Course on economic development and planning for trade union leaders (4 April to 12 May 1966) the secretariat maintained contacts with Latin American labour organizations, and participated in several meetings on development and integration problems organized by those bodies.

