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PRODUCTION AND DISTRIBUTION OF NEWSPRINT AND PRINTING PAPER IN LATIN AMERICA

(Note by the Executive Secretary on the present situation relating to current production, imports and apparent consumption requirements, and to the status of the Joint ECLA/FAO study on pulp and paper in Latin America.)

INTRODUCTION

The question of the production and distribution of newsprint was considered by the Economic and Social Council at its thirteenth session, at the request of UNESCO. The Council adopted a resolution on this problem [resolution 374 (XIII)], which makes a number of recommendations to the member governments and the international organizations concerned, to take the appropriate steps to put an end to the present shortage of newsprint and printing paper and to encourage adequate production and distribution of newsprint over the longer period. The full text of the resolution has been distributed in a separate note by the Executive Secretary (E/CN.12/AC.16/6). With respect to regional commissions, the Council requested:

- "(a) that, with a view to immediate results, the Regional Economic Commissions encourage trade which would provide newsprint and printing paper industries with adequate supplies of raw materials (paragraph 7); and
- (b) that, with a view to action over a longer period, the Regional Economic Commissions assist governments and inter-governmental organizations in their efforts to overcome the shortage of newsprint and printing paper (paragraph 11(b))."

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The following note has been prepared by the Secretariat for the information of the Committee of the Whole in considering this problem.

General background

The current world shortage of newsprint and printing paper and the necessity for certain Latin American countries to conserve their foreign exchange resources for capital goods and other essential products has drawn attention to the practicability of expanding the pulp and paper industry within the Latin American region; and it was for this reason that at its session in Mexico City the Commission passed a resolution requesting inter alia a study on the wood pulp and paper industries.

Forests cover more than 40 per cent of Latin America, and represent in area roughly one quarter of the world's total forest resources. In spite of this, only a part of the region's needs in the pulp and paper industries are supplied locally. For paper and paperboard, the present consumption in Latin America has been estimated at approximately 1,330,000 tons per year^{1/} of which existing industries within the area supply 690,000 tons or some 52 per cent. Since most of the pulp used as raw material is imported, the region's deficits in these products is even more marked. Expressing total consumption in pulp equivalents (which amount to 461,000 tons of mechanical pulp and 616,000 tons of chemical pulp), it may be said that, in spite of apparently abundant natural resources, the present pulping capacity of the region is supplying only some 24 per cent of total requirements. In view, therefore, of the current world shortage of the necessary raw materials, it is important that adequate measures be taken to improve the availability of supplies both on a short and on a long-term basis. The short-term approach involves an expansion of existing trade; in its long-term aspects, the problem involves an overall expansion of the Latin American industry sufficient to provide the region's total pulp and paper requirements.

If the projection of past consumption trends is accepted as an indication of minimum future requirements, it may be said that in a period of 15 years

^{1/} The figures that appear in this note have been elaborated before the completion of the enquiry that the Joint ECLA/FAO Group is making in all the Latin American countries. They must be taken, therefore, only as rough estimates, subject to revision before the presentation of the final report.

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from now Latin America will need to install at least 1,740,000 tons of paper capacity and 1,705,000 tons of pulp capacity (731,000 tons of mechanical pulp and 974,000 tons of chemical pulp), in order to satisfy its requirements for the most important types of paper without recourse to imports.

It is improbable that Latin American countries can accomplish this degree of expansion of the industry in as short a time and in as effective a manner as would be the case should they make a systematic study of their natural resources and the means of exploiting them and set up programmes for establishment and expansion of pulp and paper plants. However, in planning programmes for the development of the industry certain questions need to be considered:

1. In the first place, while forest resources are apparently so abundant, little is known about either the short or long-term availability of suitable pulping material. Very few forest-resource inventories have been made, while detailed information about accessibility, utilization and effective capacity is almost non-existent.
2. Latin American countries draw heavily on their forests for fuel, and destructive cutting combined with a lack of forest management is tending to reduce the accessibility of forest resources for pulp and paper. For many countries, the present rate of depletion is greater than the rate of growth of the forest resources. Any project for the development of pulp and paper industries, based on the exploitation of forests, has therefore to be planned on a sustained-yield basis, for which a great deal of silvicultural and forest management knowledge is still lacking.
3. Most of the world knowledge of pulping methods is based on the utilization of coniferous trees, which are abundant in countries supplying most of the world's pulp and paper requirements. On the other hand, knowledge of methods for processing Latin American hardwoods, which make up more than 95 per cent of its forest resources, is still very limited; successful tests have been made for Chilean, Peruvian and Brazilian trees, but a great amount of investigation is still necessary in order to determine the capacity and application of most of the resources, as well as the most economical processing methods to be used. The processing of mixed species promises to be one of the most important assets for the development of the Latin American pulp production, but no adequate experimentation has yet been made in Latin America, although the region will probably profit by the work that some

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other parts of the world are undertaking.

4. The afforestation of certain areas with fast-growing species, suitable for pulping, and the utilization of agricultural and industrial by-products also offers a great field for developing pulp and paper industries, but again the information available on the subject is scarce and scattered.

The first stage of international action designed eventually to achieve an intensive development in the production of pulp and paper in the region must accordingly be based on a preliminary study relating to the availability and possible application of the necessary raw materials. At the same time a determination of probable future capacity requirements and a recording of industrial capacity, both existing and planned, must be made.

On the basis of this information, the investigation can be carried forward subsequently a further stage until eventually recommendations of a positive nature can be made for the overall development of the industry.

Present status of the work of the Joint ECLA/FAO Group

The objective of the current study undertaken jointly by the Economic Commission for Latin America and the Food and Agriculture Organization is therefore to determine:

1. The present and estimated future (1955, 1960, 1965) consumption of paper and rayon in each of the Latin American countries, expressed in terms of ground-wood, chemical pulp for paper, and dissolving pulp for rayon.
2. The demand on foreign exchange originated by the pulp, paper and rayon imports of Latin America.
3. The location, capacity, characteristics and main problems of the existing paper and pulp industry.
4. The availability of Latin American raw materials for pulp and paper, expressed as quantities of different types of pulp that could be obtained in future periods. (In this aspect of the problem, it is planned to consider periods of from 1 to 5 years, 5 to 15 years, and not before a period of 15 years from now.)
5. The location of the areas which seem to be most promising for the development of pulp and paper industries, and to which, therefore, priority should be given in regard to further detailed studies and development projects.
6. The type of technical assistance needed to fill up the gaps in the information about availability of resources in the Latin American countries.
7. The type of technical assistance needed by some countries in order to

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carry out programmes for developing pulp and paper capacity.

This information is being obtained in various ways. Available statistical information is being supplemented by special questionnaires to be completed in those countries where there are FAO missions or ECLA personnel, while a field work programme, as outlined below, has also been prepared to obtain information which would otherwise be lacking.

The statistical work on the import, export, production and apparent consumption of pulp and paper for each country in the years 1925 to 1950 inclusive has already been completed, so far as was possible with data from published sources or alternatively requested from the various governments. The return of some of the questionnaires is still awaited, while in the meantime, the compilation of a series relating to dissolving pulp for rayon has been commenced.

For the estimation of pulp and paper consumption in the future, minimum end-product figures are to be derived by a simple projection of the corresponding series for the years 1925-1950. Maximum figures on the other hand will be obtained through a study -- already started -- of the behaviour of per capita consumption of paper in relation to per capita income, taking into account known trends for paper consumption and income in other countries where economic conditions similar to those for the Latin American region have existed. Other factors such as the rate of increase in literacy and its effect upon paper consumption will also be taken into account. The conversion of figures for estimated paper consumption into mechanical and chemical pulp equivalents will be made with the use of conversion factors already assessed by the Food and Agriculture Organization, while in the case of rayon fabrics the dissolving pulp equivalents will be obtained through the use of conversion factors already determined by the group.

The field work programme is designed to obtain, through visits paid to the areas concerned, information not otherwise available from published sources or directly from industries or from governments. Among the more important objectives is to determine:

1. The localization of the most important areas among those considered as probable sources of raw materials;
2. The areas probably covered by the resources;
3. A rough evaluation (in the case of forests) of volume and some botanical characteristics of the resources, which, together with a knowledge
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- of inventories, are indicative of their probable capacities and applications;
4. An evaluation of some physical and chemical characteristics of the resources, which are indicative of a probability for their successful utilization as raw materials for pulp;
 5. The characteristics of existing industries processing local resources including types of products manufactured and possibilities of adaptation;
 6. The best silvicultural methods for propagating species of high technical value for paper making; and
 7. The subdivision or classification of areas according to the accessibility of the resources (e.g. those resources accessible within 1 to 5 years, 5 to 15 years, or more than 15 years from now).

The field work has already been started and a preliminary draft of this section of the report relating to one of the countries in the region is now virtually complete.

All findings of the group will be co-ordinated in a report: Preliminary Study of Pulp and Paper in Latin America, scheduled for completion by the middle of 1952. It is anticipated that the work will then be carried a stage further by investigating more fully those resources which were indicated in the first stage of study as meriting more detailed attention. Any important gaps in knowledge and information can be filled in with the aid of more intensive surveys, and the group should then be in a position to compare the relative advantages which various sites in the region would have for the development of the industry -- taking into account not only the pulp and paper requirements of the Latin American region but also the possibility of producing surpluses for export to other areas.