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TO THE ECONOMIC AND SOCIAL COUNCIL

Part I

Note: The present text is provisional and subject to changes in substance and style.

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Part I

WORK OF THE COMMISSION SINCE THE TENTH SESSION

General background

On 15 August 1963, Dr. José Antonio Mayobre formally assumed his new post as Executive Secretary of the Commission.

In view of the many urgent tasks confronting the secretariat as a result of the decisions adopted by the Commission at the tenth session, the work programme has been very carefully reviewed, in order to establish the necessary priorities. This was particularly important in view of the commitments assumed with respect to the United Nations Conference on Trade and Development, the need to concentrate efforts on the research and studies requested by the Commission as part of the preparatory work for that Conference, and the collaboration requested for the studies being prepared for it by Headquarters and the other regional commissions, in particular ECE.

In carrying out this work, to which the highest priority has been given in the different substantive divisions and programmes, the secretariat has sought the assistance of a panel of high-level experts. This panel held two meetings in October and December 1963, in order to review draft studies prepared by the secretariat and to clarify ideas prior to submitting the finished documents to Governments in preparation for the meeting of Latin American Government experts to be held at Brasilia in January 1964.

Another task to which the highest priority has been given is the work on economic integration, which the secretariat considers to be of basic importance for the economic and social development of Latin America. Studies relating to industrial integration in the region are being carried out and plans made for co-operation with the Inter-American Development Bank for this purpose. The Central American Economic Integration Programme has entered the operative stage and is being reinforced by the work of the Joint Programming Mission for Central America, which was formed with the collaboration of a number of organizations.

The third activity to be assigned high priority during the period under review is the preparation of the next Economic Survey, covering the years 1960-63. The secretariat expects to complete the Survey in time to submit it to the Economic and Social Council at its Thirty-Eighth Session in 1964, and will publish it thereafter on an annual basis.

There has been close collaboration with the Latin American Institute for Economic and Social Planning in many aspects of the secretariat's work. In particular, the secretariat has contributed to the work of the joint Advisory Groups organized by the Institute, and has participated actively in its Training Programme in Santiago and in the intensive courses

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organized in various countries. Joint research is in progress on a number of projects, with particular reference to economic and social planning.

The work undertaken for the Conference on Trade and Development confirms that the deterioration in the rate of growth, which had been evident for some time in the Latin American economy as a whole, became more marked during 1962. To judge from the partial data available for 1963, the situation does not seem to have improved. The rate of growth of the gross domestic product, which had fallen from an average of 5.7 in 1945-50 to 4.2 per cent in 1955-60, declined to approximately 3 per cent in 1962. Per capita income, which in the previous six years had moved up to just over 1 per cent, registered only a very slight increase in 1962. Within these over-all figures, there are differences to be observed between countries. In some the rate of growth has declined to such an extent that the absolute figures for per capita income have dropped, while in others the prevailing situation over the past few years has been one of stagnation. Very few countries have succeeded in maintaining a satisfactory upward trend in their over-all and per capita production.

To this unsatisfactory picture must be added in many cases monetary and price instabilities which are becoming chronic and keep both producers and consumers in a state of uncertainty which is damaging to the development of investment and the maintenance - let alone the improvement - of the levels of living. In certain countries, inflation has become extremely serious endangering social harmony and even economic progress itself, while in others attempts to contain excessive monetary expansion by stabilization plans have led to restrictions on private credit or public expenditure, thereby creating economic tensions and stopping or temporarily slowing down a number of activities.

While there are many reasons for this unsatisfactory state of affairs, trade problems have undoubtedly carried considerable weight. Latin America has had no part in the trade expansion which has taken place in other areas of the world. Before the Second World War, its share of world trade was 7 to 8 per cent, but this has now shrunk to about 6.5 per cent. Although the volume of world trade has doubled since 1938, Latin America's exports have grown by only 70 per cent, or 40 per cent if petroleum is excluded. Nor is this all over the past ten years the relative prices of Latin America's traditional exports have been falling. If 1954-55 are taken as base years, it will be seen that, despite a 38 per cent increase in the volume of the region's exports, their purchasing power increased by only 12 per cent. In other words, the deterioration in the terms of trade reduced by two-thirds the effect of the increased volume of exports.

Efforts have been made to combat this deterioration in export trade by accelerating import substitution and resorting more intensively to external financing in the form of foreign loans or private investments. The policy of import substitution has resulted in an increase in industrial output which is undoubtedly the most promising sign in the structural change of the Latin American economies. But the fact that this improvement has taken place under the pressure of foreign exchange shortages and negative

/foreign trade

foreign trade prospects has often led to distortions which have had direct effects on productivity, efficiency and price and cost levels, and have sometimes resulted in monopolistic or privileged situations for some sectors. Even more serious is the fact that, as the substitution process advances, there are fewer possibilities of maintaining a satisfactory rate of industrial growth because of the small size of domestic markets, so that the moment of stagnation in the industrial sector is far approaching.

With regard to external financing, Latin America has in recent years made intensive use of long-term loans for investment and compensatory capital to cover balance-of-payments deficits, as well as of direct private investment. Altogether, external financing represented some 11 per cent of total investment in 1960-61. In absolute terms expressed in dollars at 1950 prices, net entries of capital into Latin America (excluding Cuba), for all purposes, totalled 8,000 million dollars in 1955-61. Under normal conditions, this sum would have made an appreciable contribution to accelerating Latin America's economic development. However, during the same period, the loss suffered by Latin America through the negative effect of the terms of trade was well in excess of 10,000 million dollars, so that entries of foreign capital have not counterbalanced the losses occasioned by price deteriorations. Added to this is the fact that the already chronic situation of the balance of payments has been aggravated in many countries by the servicing of foreign debts which, excluding Cuba and Venezuela, represented in 1961 some 22 per cent of current foreign exchange revenue from exports of goods and services. It can therefore be seen that, under present conditions, external financing has not proved a satisfactory substitute for foreign trade. Moreover, Latin America's capacity for indebtedness is seriously limited in relation to its immediate growth requirements.

There is no easy way over the barrier to development imposed by the external sector. Although it is true that there have been aggravating factors attributable to the Latin American countries themselves, such as lack of foresight, the want of vigorous national policies and so forth, which are more clearly understood today, it is equally true that external structural factors have also had an important bearing together with certain economic and political conditions prevailing in the world. These are matters which should be examined in detail at the forthcoming United Nations Conference on Trade and Development. Apart from such factors as the lower income elasticity of demand for most basic commodities and the substitution of, and economy in, raw materials as a result of technical change, serious harm has been inflicted upon Latin America's trading position by policies of protectionism, subsidies, preferences and discriminations, and the quantitative restrictions enforced by the industrialized countries that constitute Latin America's traditional markets. These adverse factors appear to have been intensified by the formation of regional groupings.

The conditions just described make the Conference of Trade and Development an event of paramount importance for Latin America. Member Governments of the Commission recognized this at the tenth session, when they decided that it was essential to hold a meeting of Government experts

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in order to devise a common stand for Latin America to take at the Conference. The meeting, which is being carefully prepared by the secretariat, will be held at Brasilia from 20 January 1964, and its findings will be included in the final version of this report. The preparations have included the two meetings of the panel of experts referred to before, together with a special meeting of the Central American Trade Sub-Committee to discuss the policies to be adopted by the Central American countries in relation to the Conference.

It is also in the light of these facts that the work on integration falls into perspective. At its tenth session, the Commission requested the Secretariat to concentrate its efforts on problems of integration. Consequently work is being intensified on the various problems connected with the prospects for industrial integration in Latin America as a whole. At the same time, efforts have been made to bring about an even closer working relationship with the ALALC. With this in mind, the Executive Secretary paid a visit in September 1963 to the headquarters of the Latin American Free Trade Association at Montevideo in order to discuss with its Permanent Representatives and Secretariat ways and means of implementing joint or complementary programmes between ALALC and the ECLA secretariat in order to speed the formation of a Latin American common market. In Central America, where negotiations have been completed and work is proceeding on the implementation of the various agreements and treaties, progress is being made by the five countries concerned in their movement towards economic integration. The institutions and organizations set up by the Economic Co-operation Committee are working actively towards this end, while ECLA, the Latin American Institute for Economic and Social Planning, the Organization of American States (OAS), the Inter-American Development Bank (IDB), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and the Central American Bank for Economic Integration (BCIE), have combined to set up a Joint Programming Mission for Central America which is now in the field. The different sub-committees have also been active, with particular reference to electricity inter-connexion and the development of road networks. Problems relating to Central American Industrial Integration are to be discussed at a special meeting in January, with a view to expediting procedures.

The current situation in Latin America and the efforts being made by several Governments to introduce or draw up development plans were described by the Executive Secretary at the meeting of the Inter-American Economic and Social Council at the Ministerial Level held at Sao Paulo, Brazil, in November 1963. The ECLA secretariat also participated in the IA-ECOSOC meeting at the Expert Level which preceded the other. A meeting of the ECLA/OAS/IDB Ad Hoc Committee on Co-operation was held immediately afterwards, at which a number of joint projects were discussed.

Trinidad and Tobago became members of the Economic Commission for Latin America in October 1963. Jamaica had joined earlier, in April 1963. The Secretariat is fully conscious of its obligations towards these newly independent countries and is anxious to undertake more intensive research into problems affecting them, but is finding difficulty in doing so for budgetary reasons. However, the Executive Secretary plans to visit these

new members of the Commission early in 1964, in order to establish initial contacts with their Governments and discuss ways and means of including studies on this area in the secretariat's work programme.

The secretariat has been considerably strengthened over the past year by the assignment to it of some 15 regional advisers, provided through the United Nations Bureau of Technical Assistance Operations (BTAO) as part of the regional technical assistance programme for Latin America. Steady progress is being made in the decentralization of technical assistance activities in the region, with the result that the Commission has been able to make a greater contribution to them.

Work on the United Nations building in Santiago is proceeding satisfactorily. In November 1963 the General Assembly agreed to provide additional funds to offset the rise in costs which had taken place since the original estimates had been prepared. In addition, gifts of cash or materials have been received from several Governments.

One issue of the Economic Bulletin for Latin America has been published since the tenth session of the Commission. Volume VIII, No. 2, which appeared in October 1963, contained revised versions of several short documents submitted to the tenth session, such as "Some aspects of the Latin American economic situation in 1962" (E/CN.12/679); "Progress in planning in Latin America" (E/CN.12/677); "Agriculture in Latin America: Problems and prospects" (E/CN.12/686); and "A measurement of price levels and the purchasing power of currencies in Latin America, 1960-62" (E/CN.12/653). This issue also included an informative note on the United Nations Conference on Trade and Development, a brief summary of recent ECLA activities, and methodological notes on the adoption of machine tabulation for national foreign trade statistics, with reference to Ecuador (Mario Movarec).

Volume IX, No. 1, is due to go to press at the beginning of 1964. It will include the report of the Governing Council of the Latin American Institute for Economic and Social Planning, signed articles on tax incentives and on protectionism, a study on import substitution in Brazil, and a review of recent activities.

A. ACTIVITIES OF SUBSIDIARY BODIES

The ECLA Trade Committee has not met since the tenth session; however two meetings of experts and a seminar of Government experts were held in preparation for the United Nations Conference on Trade and Development and are described under "Meetings and Seminars" later in this report. This section of the report is therefore confined to the activities of the Central American Economic Co-operation Committee and its sub-committees.

CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

With the completion of the stage of drawing up treaties and designing the framework for Central American economic integration,^{1/} work was concentrated, during the period under review, on the operative stages of the programme and on the problems to be solved in integrating the economies of the countries in the area. In this connexion, a Joint Programming Mission for Central America was set up early in 1963 under the co-sponsorship of ECLA, OAS, IDB, SIECA and BCIE, which formed an Advisory Committee under the chairmanship of the Director of ECLA's Mexico Office. The Mission has started work in the different countries on the over-all and sectoral diagnoses of their economies and on projections for the next ten years.

Another important aspect of the work in the last few months of 1963 and early 1964 has consisted in the preparations for the United Nations Conference on Trade and Development and the analysis of the problems of Central America's external sector in relation to the Conference. For this purpose an extraordinary session of the Central American Trade Sub-Committee was held from 6-9 January 1964, to examine these problems at the technical level and make recommendations to Governments on Central America's policy for the Conference. These recommendations were submitted immediately afterwards to an extraordinary meeting of the Ministers of Economic Affairs of the Central American countries, held at San José, Costa Rica.^{2/} The report of this meeting was, in turn, made available at the seminar of Latin American Government experts on trade policy convened by the ECLA secretariat and held at Brasilia towards the end of January 1964.

With respect to trade, work has also continued on the possible incorporation of Panama in the Central American Common Market and on problems relating to the customs union.

Among the practical achievements of 1963, particular mention should be made of the progress in the electric power and transport fields. The agreements reached at the second session of the Central American Electric Power Sub-Committee constitute a step towards the co-ordinated utilization of regional electric power resources. It was clear from that meeting that the integration of the electricity sector will come about through the joint development of electricity services rather than through co-ordination of the respective national policies. The projects for the interconnexion of the central systems of El Salvador and Honduras and the combined development of the systems serving the frontier regions of Chiriqui (Panama) and Golfito (Costa Rica), which were discussed and approved at the meeting, are at the

^{1/} See paragraphs 24 to 31 of ECLA's last annual report (E/3766/Rev.2) for a description of the framework built up.

^{2/} Reports of these two meetings will be included in the final version of this document.

stage of feasibility and financing studies, and represent a decisive advance towards the integration of the sector.

With respect to transport, the decisions taken at the Central American Transport Sub-Committee at its second session lay the foundations for the preparation of regional plans for the economic integration of the sector. They will also facilitate the completion of the Central American road network within the time required for the operation of the Common Market in conditions adequate for the needs of the whole area. Moreover, these decisions at the technical level were taken after the meeting in Guatemala in August 1963 of Ministers of Economic Affairs and Public Works, so that work is now progressing on the construction of a road network of regional scope, which goes far beyond the possibilities offered by national programmes.

The meeting of Ministers of Economic Affairs and Public Works examined certain aspects of industrialization within the Central American Common Market, and decided to pursue the matter further at a meeting to be held in January 1964 for the sole purpose of analysing the main problems presented by a policy of economic integration for the manufacturing sector. 3/

The secretariat is carrying out, jointly with SIECA, several studies which represent a new approach within the Central American programme. In the two years that have elapsed since the Common Market was established by the Governments of the area, it has become clear that it is vital to determine, as soon as possible, the extent to which the integration targets are being reached in the field of industrial development. It is particularly necessary to determine how far the Central American Common Market is acquiring its own productive capacity on the basis of the incentives and possibilities offered by free trade, the common tariff and other instruments adopted for this purpose.

With respect to agricultural problems, the secretariat has worked with FAO, SIECA and BCIE on a study of demand and supply conditions for maize, rice, beans and sorghum in Central America, with a view to establishing a regional policy for maintaining producers' prices, and for regulating the grain trade to ensure that it is completely free among the countries of the area. The study recommends the establishment of more storage facilities and the expansion of existing grain purchasing programmes on the part of the regulating institutions, and lays stress on the importance of certain mechanisms of a regional nature to facilitate free trade arrangements.

Preparations are also being made for the first meeting of the Central American Agricultural Development Sub-Committee in February 1964, which will undertake a broad review of the present state of Central American

3/ More detailed information will be included in the final version of this report.

agriculture and consider the problems that the Common Market arrangements represent for agricultural commodities. The background material for the meeting is being collected by the secretariat and by FAO, and is based on the answers to special questionnaires which have been distributed to the Ministries of Agriculture, agricultural credit banks, development and price stabilization institutions, land settlement and reform agencies and agricultural extension offices.

The general status and prospects of the Central American Economic Integration Programme are reviewed in a document to be submitted to the Committee of the Whole. 4/

In addition to the work of the secretariat directly related to the Programme, ECLA's Mexico Office is completing a study on the economic development of Nicaragua and is carrying out a similar study on the development of Central America as a whole.

Central American Housing, Planning and Building Sub-Committee

Second session: 13 - 19 May 1963

Chairman: Mr. Edgardo Napoleón Delgado (El Salvador)

Rapporteur: Mr. Carlos Paniagua (Costa Rica).

At its second session, held at San Salvador, El Salvador, the Housing, Building and Planning Sub-Committee examined the studies prepared in accordance with the requests made at its first session and at the eighth session of the Economic Co-operation Committee (San Salvador, El Salvador, 21 - 29 January 1963), for which assistance was obtained from experts of the ILO and OAS.

The Sub-Committee was particularly concerned with the need for housing policies and programmes, and recommended that national housing institutions should prepare integrated projects and programmes within the framework of economic and social development plans, co-ordinating their action with that of the planning offices. Such programmes, whether long, medium or short-term, should be carried out at an investment rate compatible with the development process and preferably cater to the needs of lower-income groups, using building materials of Central American origin with a view to the complete elimination of imported materials. The Sub-Committee was also concerned with the need for concentrating greater efforts on rural housing, and urged that experimental houses should be built with a view to reducing costs as much as possible. At the same time, it urged Governments to provide national housing institutions with adequate legal instruments for lowering the price of land and facilitating its purchase for social purposes.

In addition, the Sub-Committee stressed the importance of self-help and mutual aid for building purposes and of further experimental projects

4/ See E/CN.12/AC.57/3.

on a pilot basis. National treatment should be given to Central American building companies, in keeping with the integration programme.

The report of the Working Group on Modular Co-ordination in Housing in Central America (San Salvador, El Salvador, 15 - 23 August 1962) was examined, and it was decided to adopt the basic criteria on modular co-ordination set out in it.

Finally, the Sub-Committee undertook a thorough revision of its own programme of activities, in the light of the recommendations made at the eighth session of the Economic Co-operation Committee, for subsequent submission to that Committee. 5/

Central American Electric Power Sub-Committee.

Second session: 27 May - 1 June 1963

Chairman: Mr. Hugo A. Ordóñez (Guatemala)

Rapporteur: Mr. Jorge Mandas Chacón (Costa Rica).

The Central American Electric Power Sub-Committee held its second session at Guatemala City, Guatemala. It agreed that complete feasibility studies should be started immediately, if possible with BCIE financing, on the project for interconnecting the central electricity systems of El Salvador and Honduras. This is the first positive step towards common and co-ordinated use of the region's electricity resources.

At the same time the Sub-Committee approved a broad programme for research on water resources and their evaluation in terms of different uses; decisions were taken concerning the extension of electricity services to new rural and urban areas, and the foundations were laid for expanding the Sub-Committee's field of activities to the entire energy sector.

The Sub-Committee also examined the conclusions reached by a specially constituted working group to study the prospects for joint development of the electricity systems of Chiriqui (Panama) and Golfito (Costa Rica) in the respective frontier zones, and requested the ECLA secretariat and the Central American Electric Power Mission to continue collaborating in work on this project.

Recommendations were also made on the regulation of the electric power industry, the co-ordination of national electric power agencies with the central planning offices and the desirability of assistance in that connexion from the Central American Joint Programming Mission, and the establishment of a uniform system of accounts, cost studies and statistics for the electric power industry. 6/

5/ See the report of the Sub-Committee meeting (E/CN.12/CCE/306-E/CN.12/CCE/SC.5/30).

6/ See the report of the Sub-Committee (E/CN.12/CCE/306).

Central American Transport Sub-Committee

Second session: 17 - 21 June 1963

Chairman: Mr. Manuel Amaya Leclair (Nicaragua)

Rapporteur: Mr. Napoleón María Carrillo (Costa Rica)

The Central American Transport Sub-Committee held its second session at Managua, Nicaragua, and agreed at the technical level to carry out a number of measures for accelerating the construction of a Central American road network in 1963 and 1964. For this purpose a co-ordinated approach was worked out to different aspects of a road system of direct regional interest, the construction of which had formerly depended on the possibilities offered by national programmes. The Sub-Committee also specified the studies and projects to be carried out in each country during the two years in question and decided that the countries should negotiate the necessary financing on a joint basis.

Two special working groups, one formed by the delegations of Honduras and Nicaragua and the other by the delegations of El Salvador, Guatemala and Honduras, were set up within the Sub-Committee to examine certain projects for regional highways, to set priorities and to establish the general characteristics of the projects within the Central American road programme.

The Sub-Committee laid the foundations for drawing up regional economic integration plans in the transport sector, and took decisions concerning inter-country co-ordination in terms of priorities, joint work schedules, uniform specifications and characteristics for the projects, joint negotiations for financing and multi-national mechanisms for action.

The Sub-Committee recommended, among other things, that the Governments of the area should carry out a number of specific projects in 1963-64 in connexion with the road network. Recommendations were also made on road maintenance, technical and administrative training in road organizations, and the adaptation of road construction techniques and designs to Central American requirements and conditions. The Central American Governments were urged to strengthen sectoral planning bodies within the Ministries of Public Works so that the study and programming of the transport sector could be co-ordinated with the activities of the central planning offices.

A work programme was drawn up for submission to the Central American Economic Co-operation Committee, and the Sub-Committee agreed to hold its third session at El Salvador during the fourth quarter of 1964.

/Seminar on

Seminar on Housing Programming

Chairman: Mr. Edgardo Napoleón Delgado (El Salvador)

Rapporteur: Mr. Andrés Pérez Maliaño (Nicaragua)

A Seminar on Housing Programming was held at ECLA's Mexico Office from 2 to 7 December, convened jointly by the secretariat and BTAO in compliance with resolutions adopted by the Housing, Building and Planning Sub-Committee in May 1963, which recommended that several working groups should be formed to explore different aspects of the problems relating to the sector. Experts from all countries represented on the Economic Co-operation Committee participated, together with experts from Panama and representatives of OAS, IDB and ECIE. BTAO specialists on housing and others from the Joint Programming Mission for Central America collaborated with the secretariat.

The main purpose of the Seminar was to study preliminary bases for the adoption of a uniform housing policy and for joint housing programming in the context of Central American economic integration and planning. The discussions centred on three main subjects: (a) the relationship between the housing programme and the economic and social development plan; (b) a review of the housing problem; and (c) the adaptation of programming techniques to the needs of this economic sector. Several recommendations were made, which will be submitted to the Sub-Committee for consideration at its third session and to the national housing institutions. 7/

Other meetings connected with the work of the Central American Economic Co-operation Committee

Several other meetings took place during the period under review which were connected directly or indirectly with the Central American Economic Integration Programme, and in which the ECLA secretariat played a very active part. A brief report on them is given below:

Meeting of development and price stabilization institutes (Guatemala City, 6 - 10 May 1963).

The secretariat collaborated with FAO, SIECA and ECIE in the preparation of a document for the meeting on basic grains in Central America and Panama.

Working group on foreign trade statistics (Guatemala City, 23 September through October).

This was convened by SIECA in response to a request from the Statistical Co-ordination Sub-Committee. Experts from Guatemala, El Salvador and Costa Rica participated in the work throughout the whole period, while others from Honduras, Nicaragua and Panama did so as and when problems relating to their countries arose. The group was advised by the ECLA secretariat and staff of IASI and ROCAP.

7/ See the provisional report of the meeting (SC.4/SPU/I/2).

The Advanced School of Public Administration for Central America (ESAPAC) organized, with financial assistance from BTAO, a number of seminars on different aspects of the Central American Economic Integration Programme. These seminars, together with the two training courses described below, all took place at ESAPAC headquarters, San José, Costa Rica:

Seminar on Administration for Development (12 - 17 August 1963)

The purpose of this Seminar was to examine the functions of the public agencies in charge of economic development policy, as well as the relationships and interaction of the political, administrative and technical bodies in order to ensure compatibility between economic policy and Government action. ECLA's Mexico Office was responsible for the item on the agenda relating to economic and social planning.

Workshop on Budgetary Classification and Management in Central America and Panama (18 - 30 September 1963).

This Workshop was sponsored by ECLA, the Latin American Institute for Economic and Social Planning, and the Fiscal and Financial Branch of the United Nations Department of Economic and Social Affairs, and held under the direction of the Co-ordinator of Studies of ECLA's Mexico Office. The Workshop reviewed the progress made on budgetary questions in Central America since 1953, when the first budget workshop for Latin America was held. Attention was drawn to the progress that had been achieved in the adoption of performance budgeting by several countries in the area, and an analysis made of the relationship between medium and long-term development plans and the Government budget. 8/

Seminar on Customs Administration (25 - 30 November 1963).

The ECLA secretariat participated in the preparations for this Seminar, which was originally scheduled for May 1963.

First Central American Course on Planning Techniques and Project Evaluation (19 August - 15 November 1963).

This course was sponsored jointly by ESAPAC, BTAO, the Latin American Institute for Economic and Social Planning, ECLA, IDB, and SIECA. Thirty fellowships were provided by IDB, and national organizations in Central America and Panama financed the attendance of thirty additional participants. They included seventeen fellows from Costa Rica, twelve from El Salvador, five from Guatemala, ten from Honduras, seven from Nicaragua and eight from Panama. The teaching staff were supplied by the Institute, ECLA's Mexico Office (which was responsible for directing the course), and the

8/ See the report of the Workshop (E/CN.12/BRW.3/10), which is to be published in the Economic Bulletin for Latin America, Vol.IX, No 1.

Joint Programming Mission for Central America. The curriculum for the course was divided into three stages: the first dealt with social accounting and the preparation and evaluation of projects; the second with general programming and financing, and the third with economic integration and performance budgeting, covering in addition, specialized courses on agricultural, industrial, public sector and transport programming.

Regional training course on administration for development (14 October - 13 December 1963).

ECLA's Mexico Office provided a lecturer to analyse the Central American Economic Integration Programme.

B. OTHER ACTIVITIES

This section deals with the activities of the secretariat that are 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, and are followed by the separate divisional reports.

MEETINGS AND SEMINARS 9/

Working Group on the Classification of Manufactured Products (Santiago, Chile, 4 - 15 November 1963)

The ECLA secretariat convened a working group of experts from seven Latin American countries with a view to revising a standard list of manufactured products in Groups 201 to 399 of the International Standard Industrial Classification of all Economic Activities (ISIC). The revised list prepared by ECLA's Statistical Division is to be used in the industrial censuses and surveys which the Latin American countries are preparing in connexion with the world programme sponsored by the United Nations and the Inter-American Statistical Institute (IASI). Experts from the United Nations Statistical Office and IASI, attended together with five advisers from ECLA's Industrial Development Division and the staff of the Statistical Division.

During the eighteen working sessions, the Group undertook an exhaustive revision of each product on the draft uniform list of manufactured products, eliminating those which were not particularly representative and adding others which, because of their present or possible future importance, should be emphasized. Although some countries use different names for a given product, the Group preferred to use the common Spanish name and suggested the possibility of preparing a list of equivalents for internal use in the Statistical Offices. Stress was laid on the need for standard units of measurement, preferably based on the metric decimal system, for the presentation of physical production data, as well as standard units of power and capacity for generating equipment, motors and other specific types of machinery.

The Group also discussed a proposed sub-classification of Groups 201 to 399 of the ISIC. Although it was generally agreed that a more detailed classification, was urgently needed, it was recognized that recent production data would have to be obtained from the Latin American countries in order to make a classification that would be useful to them and at the same time ensure comparable figures for the region. It was also agreed that for a proposed sub-grouping to have any significance, the goods produced by establishments included in it ought to represent at least 75 per cent of the total output of those goods.

9/ In addition, the secretariat participated in a number of meetings organized by other agencies; these are mentioned in the paragraphs relating to the different substantive divisions.

/Finally, the

Finally, the Working Group urged the ECLA secretariat to proceed with a number of tasks, including: (a) the tabulation of physical production by detailed activities for as many Latin American countries as possible; (b) the preparation, on the basis of these data, of a new draft sub-classification of the ISIC; and (c) the convening, if possible in 1964, of a new meeting of the Working Group in order to examine: (i) the experience obtained while using the list of products in the preparation and execution of industrial censuses and surveys; (ii) the experience obtained in the use of ISIC and national classifications of activity; (iii) the new draft sub-classification indicated in point (b) above.

Consultative meetings on trade policy (First session, Santiago, Chile, 9 - 16 October 1963; Second session, Santiago, Chile, 9 - 16 December 1963)

A group of consultants was convened by the secretariat, with funds from BTAO, in order to seek advice on Latin America's trade problems at the highest level of experience, as part of the preparatory work for the Meeting of Latin American Government Experts convened in January 1964. The consultants who attended the first session were Messrs. Eduardo Figueroa, Plácido García Reynoso, Carlos Lleras Restrepo, Marcio do Rego Monteiro and Jorge Sol. Mr. Raúl Prebisch, the Secretary-General of the United Nations Conference on Trade and Development, participated in these consultations, together with the Executive Secretary, the Director of the Mexico Office and the directors of ECLA's substantive divisions and programmes. Mr. Julio Lacarte Muro and Mr. Adalberto Krieger Vasena, who were unable to attend the meeting, visited the secretariat before and after it, respectively, to give advice and comments on the work being done in preparation for the Conference on Trade and Development.

The second session in December was attended by Messrs. Figueroa, García Reynoso, Krieger, Lacarte, Lleras Restrepo, and Do Rego Monteiro, as well as a new member, Mr. Enrique Gastón Valente. Mr. Sol was unable to attend.

The agenda for the first session included the following topics: a brief review of Latin America's economic development and foreign trade within the world framework; the influence of the external sector in the weakening of Latin America's economic growth; the reduction in Latin America's share of world trade; the changes in the pattern of imports; the external financing situation; the trends followed by some of Latin America's traditional exports; trade restrictions in the industrialized countries which affect the exportation of Latin American products; the impact on Latin America's trade of the policies followed by some industrialized countries in relation to domestic subsidies; the differences between the f.o.b. export price and the final price paid by consumers of Latin America's exports; a study of efforts to regularize prices and income and proposals currently under consideration; the supply of industrial products in terms of export possibilities; prospects for exporting manufactured and semi-manufactured goods from Latin America to the great world markets; an examination of some

/invisible items

invisible items on the balance of payments that have a bearing on the capacity to import; transport problems affecting Latin America's foreign trade; prospects for trading with the centrally-planned economies; prospects for trade with other developing areas; efficacy of existing international mechanisms for adjusting the trade imbalances from which the developing countries are systematically suffering; financing and balance-of-payments problems; preliminary conclusions on the position that Latin America might adopt at the Conference on Trade and Development and the basic areas on which ECLA should concentrate its future studies, etc.

The only working paper presented at the meeting contained some general suggestions for a programme of action by Latin America in the light of its trade problems. However, a verbal statement in connexion with each item on the agenda was made by the corresponding ECLA staff member. On the basis of these statements, the consultants, the Secretary-General of the Conference and the Executive Secretary put forward their ideas. Other questions were raised, and various possibilities suggested for subsequent analysis by the secretariat, with a view to proposing solutions in the document, to be completed for presentation at the second session of the working group.

At the second session, the group of consultants examined several working papers constituting the first draft of the report to be presented by the secretariat at the Conference on Trade and Development. They suggested a number of changes, which have been taken into account in the final draft of the report. This will be submitted to the Meeting of Latin American Government Experts (Brasilia, 20 - 25 January 1964) before a definitive version is made. 10/

ECONOMIC DEVELOPMENT AND RESEARCH DIVISION

Since the tenth session, the Economic Development and Research Division has been engaged in three main tasks: (a) the revision, prior to printing, of the studies on The economic development of Latin America in the post-war period (E/CN.12/659 and Add.1) 11/ and The role of external financing in the economic development of Latin America (E/CN.12/649) 12/; (b) the preparation of material for the consultative meetings on trade policy and for the preparatory meeting of Government Experts in connexion with the forthcoming United Nations Conference on

10/ The account of proceedings at the Brasilia meeting and a summary of the conclusions and recommendations contained in the document will be included in the final version of the present report. The working papers are described briefly in the sections of this report that relate to the Economic Development and Research Division and the Trade Policy Division.

11/ United Nations Publication, to be issued shortly.

12/ To be printed in 1964.

Trade and Development; and (c) co-operation with the Latin American Institute for Economic and Social Planning in connexion with Advisory Groups and training programmes. The last two activities will be described in greater detail below.

In the midst of these high-priority tasks, some thought has been given to another urgent project for the domestic financing of economic development, with particular reference to the provision of incentives to private capital to participate more fully in the economic development of the region. It is anticipated that more intensive work will be undertaken 13/ on this project in 1964 in relation to the industrial integration studies.

The Director of the Division represented the secretariat at the third session of the United Nations Expert Group on Planning for Economic Development, held at Geneva from 5 to 16 August. At that meeting the Group approved the final draft of a report on planning systems and methods in different countries, from the developing nations through the private enterprise countries to the centrally-planned economies. ECLA's contribution consisted in bringing to the fore the work on planning techniques that had been carried out in the ECLA region, and in suggesting the inclusion in the report of more material on the problems encountered in the organization of planning, since country reports tended to stress only the positive aspects and to gloss over the difficulties that had had to be overcome or that still existed.

Preparations for the United Nations Conference on Trade and Development

The Division has concentrated the bulk of its efforts during the period under review on the preparations for the United Nations Conference on Trade and Development. A comprehensive statement was prepared for the first consultative meeting of high-level consultants on trade policy convened by the secretariat in October, and a working paper prepared on the relationship between trade and development in Latin America for the second meeting in December. The findings of this paper are summarized below.

The slackening of the growth rate in the Latin American countries has been largely due to the unfavourable trend of the external sector. This is demonstrated in an analysis of the slow growth of Latin American exports in relation to the world total and their displacement by expanding production and exports from other areas. The main external factors which have tended to limit the potential demand for Latin American exports are: structural factors deriving from the income-elasticity of demand for primary commodities and from technological progress and change; the repercussions of the policy followed by the

13/ This project includes the studies and research requested by the Commission in its resolution 228 (X).

industrial countries and, finally, the part played by other developing areas which have entered the world market on a competitive basis. The net result has been that, whereas in 1953 - when the growth of rate of Latin America's exports had already declined - the region supplied 20.2 per cent of the industrialized countries' requirements of basic commodities (excluding fuel), it was providing only 15.1 per cent by 1960. Had Latin America maintained its 1953 level, its export earnings in 1960 would have been 1,500 million dollars more.

If Latin America's growth is considered in relation to foreign trade, three different patterns can be distinguished. For one group of countries, exports constituted the dynamic factor of growth, whereas for another giving with a low import coefficient it was industrialization or import substitution. The third group is at a stage midway between these other two.

However, the substitution process is limited if external purchasing power does not expand. The structural vulnerability of countries which have gone ahead with import substitution is revealed by the statistics on rates of development, growth of purchasing power and the composition of imports by countries. The economic series included in the study also show the effects of the unfavourable development of the external sector on the balances of payments and on the tempo of growth of the product and income. This analysis is completed in the next chapter, which deals with the evolution of the balance of payments, capital movements and the critical financial situation of the region. The origin of the growing balance-of-payments deficits is described, together with the share of capital movements in external financing, the increasing importance of long-term credits as compared with direct investment and the use which has had to be made of monetary reserves and balance-of-payments loans. Tables are included to show the reduction in the purchasing power of exports, despite the rapid growth in the volume of sales abroad in recent years, and data are given on the deficit in Latin America's foreign accounts and the heavy burden represented by loan servicing. For example, the net deficit for Latin America, excluding Cuba and Venezuela, rose from some 200 million dollars in 1946-50 to about 600 million in 1961; between 1951-55 and 1961 the percentage of foreign exchange earnings required by the same countries for the transfer of profits on direct investment and the servicing of the external debt rose from 11.9 to 22.5 per cent.

The study then explores two fundamental issues: (a) the growth prospects for the Latin American economies under existing conditions, and (b) the extent of the gap between import requirements and the resources available to satisfy them. The prospects and problems of Latin America's development are evaluated by showing the implications of a modest per capita growth target of 2 per cent, in relation to the existing economic and financial situation of Latin America from both the external and domestic standpoints, and the difficulties which will arise in attaining even this limited target.

/The deficit

The deficit on the external account is examined on the assumption that per capita income would grow at the rate of 2 per cent up to 1965, and then at the rate of 3 per cent up to 1970. Conclusions are drawn from a technical analysis of the structural function of Latin America's import demand, by countries and by groups of products. The data showing the potential trade gap are based on two alternative hypotheses: the first assumes that structural demand for imports will follow the same course as in the past; the second presupposes different variants in a process of greater import substitution and control. Given the magnitude of the potential deficit, it is clearly necessary to resort to various complementary or alternative methods for solving the problem, such as: (a) enlarging the purchasing power of traditional exports, by increasing prices, quantities or both; (b) diversifying exports by including manufactured goods; (c) intensifying import substitution within reasonable limits and (d) obtaining adequate external financial co-operation.

The paper concludes by making some general suggestions, based on earlier technical analyses, with respect to the objectives to be pursued by Latin America at the United Nations Conference on Trade and Development.

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

The Director of the Division spent two weeks in both Colombia and Peru to advise the respective Governments on organization and planning, as a contribution to the work of the Joint Advisory Groups operating in those countries.

The Division provided a lecturer and assistant lecturer to give talks on economic development and planning techniques as part of the intensive course held in Peru. The lectures lasted for a month.

For the training programme in Santiago, the Division provided the teacher to take charge of the basic course on economic planning, which was held from September to December 1963. Two weeks of lectures were also given on linear programming. In addition, the Division provided the teacher in charge and two assistants for the course on social accounting, which was held during one month as part of the general course.

The Division seconded a staff member from June to September 1963 and again in January 1964 to help the Joint Advisory Group in Uruguay with the preparation of basic data for the study of the external and fiscal sectors in 1955-61. The work included the training of local counterpart personnel to continue with this study. One of the Division consultants was also assigned to help the Group in the preparation of national accounts and the collection of basic statistics for the development plan.

/Human resources

Human Resources

During the period under review work was carried out on a historical analysis of the employment structure in all the Latin American countries by sector of activity from 1925 and with projections to 1975. This was followed by a historical analysis of manpower productivity in Latin America as a whole by main sectors, for the period 1936-60. Hypothetical projections of alternatives manpower structures and productivity levels were also prepared.

Methodological research was undertaken on manpower productivity in different sectors of the economy and in different occupations. A detailed plan was drawn up for an extensive study of manpower productivity, and several sections on methodology have already been drafted. Work also continued on the methodological analysis and projections of skilled manpower. A new draft classification of skilled manpower was prepared and has been discussed with the ILO, through its Liaison Office with ECLA.

Research is in progress on projections of the labour employment structure in 1960-75 by sector of economic activity in all the Latin American countries, combined with projections of productivity in the same sectors and of over-all demand for goods and services. These are to serve as a basis for projections of the sectoral product, productivity and manpower needs.

Studies on income distribution

Work has proceeded on the study of income distribution in Argentina, which is the first in a series of projects on the subject. The basic statistical data have been collected and the first draft of the study has been completed. The data are now being analysed and revised so that a final draft can be made.

SOCIAL AFFAIRS DIVISION

During the period under review the Division made substantial progress in several ways toward its main objective - the more effective integration of social factors with over-all development strategy. First, in co-operation with the Latin American Institute for Economic and Social Planning, it embarked on a general examination of the theoretical and practical problems involved in social planning, a project that will continue through 1964. Secondly, also in co-operation with the Institute, it studied two specific aspects of the social situation that affect the regional and local application of plans: the functions of urban centres and the settlement patterns of the rural population. Thirdly, it continued with its efforts to improve the quantity and quality of the demographic data needed for planning, a task that involves not only direct compilation and analysis of statistics but also co-operation with the Latin American Demographic Centre (CELADE) in assisting

/Governments to

Governments to produce better statistics and in training national demographers for such work. Fourthly, it dealt with three specific sectors of social programming that have not as yet been effectively linked to over-all development planning in Latin America: housing, community development and social services. In each of these sectors, its work involves, in differing proportions, regional meetings of experts, research, and planning assistance to national agencies - the last serving also as a kind of operational research. In its attempts to improve programming techniques in these three sectors, and at the same time link them with over-all planning, the work of the Division will complement that of the Institute in two other sectors, namely, education and health.

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

As indicated above, the Division is working closely with the Institute in investigating the different factors involved in social planning. This is one of the Division's main tasks, and work is proceeding on research the collection of and background material with a view to drawing up a guide to the key issues of social planning. This will be circulated for comments and criticism and subsequently discussed with a small authoritative group of experts at a meeting scheduled for December 1964.

The Division has also collaborated directly with the different training courses organized by the Institute. Ten lectures on demography were given and a seminar, held during the course on educational planning, organized by the Institute and UNESCO. Demography also formed the subject of seven lectures and two seminars during the course on health planning organized by the Institute and PASB/WHO. Five lectures on demography were given at the intensive training course held in Uruguay in conjunction with the Advisory Group operating there.

Short courses on housing programming were included in the Santiago Training Programme and in the intensive course in Uruguay. Work also went forward on the preparation of a syllabus for a specialized course on housing programming, to be organized by the Institute in 1964, if the necessary financing can be obtained. The Inter-American Development Bank has expressed particular interest in a course of this kind.

Social aspects of economic development

Work is well advanced on a study of rural settlement patterns and community organization. The stage of amassing material is over and drafting is in progress. The study will relate rural settlement patterns to the broader question of geographic population distribution, and deal with the socio-economic implications of such patterns. It will contain an account of the classification of rural settlement patterns formerly used in studies, and make proposals for a regional classification

/and terminology;

and terminology; the relative importance of different types of rural settlement in Latin America will be weighed together with the influences exerted by them up to the present time. A discussion of existing national policies, plans and programmes relevant to these patterns will be followed by a chapter on the co-ordination of pertinent sectoral programmes.

Another study on the functions of urban centres in relation to size and location is under way and the statistical material for it has already been collected. In common with the paper described above, it constitutes part of the follow-up work to the recent study on geographic distribution of population of Latin America and regional development priorities. 14/

Demographic work

The secretariat's demographic work during the period under review was concentrated mainly on technical assistance to Governments at their request, co-operation in the research and training carried out by the Latin American Demographic Centre (CELADE), and lectures for the training courses organized by the Latin American Institute for Economic and Social Planning as described above. In addition, revised population estimates for the countries in the region were prepared for publication in ECLA's Statistical Bulletin.

Comments were also made on several documents drafted by the Population Branch at Headquarters for consideration by the Population Commission, as well as on the chapter dealing with Latin America in the fertility survey prepared by that Branch. Contacts were maintained with the Government of Argentina concerning a sample of the population census in that country.

Technical assistance

The ECLA demographer went to Peru with the regional statistical advisers to give advice on the proposed sample of the population census and on the tabulations needed for demographic studies connected with the work of the Peruvian Planning Institute. Subsequently help was given in organizing the analysis of the data that had been collected. As a result of this mission, the Government of Peru requested technical assistance in connexion with demographic analysis and an expert was provided, who is still working in Lima. Permanent contacts have been maintained with him and he was provided with two studies prepared at CELADE by Peruvian fellowship holders under the guidance of the ECLA demographer.

The ECLA demographer took advantage of his mission to Lima to visit Bolivia, where he prepared comments on the plan of work drawn up by the National Sampling Department.

14/ See Economic Bulletin for Latin America, Vol. VIII, 1963, pp.51-63.

Co-operation with CELADE

Some thirty lectures were given as part of CELADE's training programme in connexion with the preparation of life tables, and guidance was given to four fellowship holders in the preparation of their final research assignments.

Even more important from ECLA's point of view was the work carried out in co-operation with CELADE on new studies and population projections for the countries that have obtained new statistical data from recent censuses. These studies and population projections were prepared with the help of second and third year CELADE students, for Brazil, Mexico and Peru and the ensuing data will replace those currently used by ECLA.

Housing

The secretariat's work on housing was given a fresh impetus during the period under review by the strengthening of its staff resources through the assignment of a regional adviser on housing programming to ECLA headquarters at Santiago, and of a second adviser on construction methods and materials to work for the Central American Economic Integration Programme, with his main base at the ECLA Mexico Office.

With this small nucleus, a minimum programme of work has been prepared covering technical advice to Governments in the formulation of national plans for housing construction; the perfecting of methodological bases for housing programmes; the promotion of studies on subjects relating to productivity in residential construction; and the preparation of courses on housing programming to be organized in 1964 under the auspices of the Latin American Institute for Economic and Social Planning.

In addition, the Report of the Latin American Seminar on Housing Statistics and Programmes (E/CN.12/647), which was held at Copenhagen, Denmark, and Stockholm, Sweden, in 1962, was revised prior to printing.

Rural and community development

The Division took part, together with the United Nations Bureau of Social Affairs and BTAO, in a mission to Venezuela to evaluate community development programmes there. Subsequently, assistance was given in drafting the report of the mission.

Discussions have taken place in the ECLA secretariat and with the United Nations Bureau of Social Affairs on the role of community development in over-all economic and social development plans. This forms part of the preparatory work for the proposed seminar on the role of community development in the acceleration of economic and social development, which is scheduled to take place at Santiago, Chile, in June 1964. This seminar which is restricted to the countries of South America, is intended to bring together high-level experts in planning and community development to explore the part that community development can play in expediting

/economic and

economic and social development. Case studies are being made on the basis of an outline prepared by the secretariat, covering the ten South American countries, with a view to providing a general picture of community development activities and characteristics in these countries and of the progress achieved. With these studies as source material, work is also proceeding on the basic document for the seminar, which deals with the role of community development and public participation in accelerating economic and social development. A third paper, on the origins, methods and aims of community development is being drafted at United Nations Headquarters. A number of reference documents are also being translated for the seminar.

Social services and planning

Several Governments, including those of Bolivia, Brazil and Paraguay, requested advisory services on the problems involved in bringing social services into the framework of economic and social planning and on the formulation of requests for UNICEF-sponsored projects. In addition, technical assistance was given on specific aspects of social services.

In the cases of Bolivia and Paraguay, studies were prepared with a view to reappraising United Nations programmes in the social sectors. These were carried out in response to a request from the United Nations Bureau of Social Affairs. In Bolivia, the Minister of Labour and Social Security requested and received assistance in the form of a programme for reorganizing the different social services into one main agency, which would be responsible for framing the Government's social services policy and co-ordinating it with the targets in Bolivia's ten-year development plan.

In Paraguay, some follow-up work was carried out on a request for UNICEF assistance with respect to social services, and in Bolivia, at the request of UNICEF and the Bureau of Social Affairs, a review was made of a proposed UNICEF-assisted social services project for the National Office for Rural Development.

Help was given to Brazil in preparing requests for UNICEF assistance in obtaining equipment and staff for two projects relating to children's needs, the first in the State of Goias and the second for the School of Social Work in Recife, which is anxious to improve its training facilities and extend them to the entire region of the Superintendencia do Desenvolvimento do Nordeste (SUDENE). The teaching faculty of the School was also helped to draw up the five-year plan requested of it by the Federal Planning Commission.

Systems of social welfare administration were studied in four States in Brazil, in the light of prevailing social conditions. A similar mission was undertaken in the principal northern towns of Chile.

On behalf of the United Nations, the secretariat participated in the International Conference of Family Organizations, held at Rio de Janeiro in late July 1963, the XII Pan American Congress for the Child (Mar del Plata) and the annual meeting of the Inter-American Institute of the Child (Buenos Aires), which were held consecutively in early December.

INDUSTRIAL DEVELOPMENT DIVISION

In view of the volume of work embodied by the programme for this Division and the particular urgency of some of the projects involved, careful thought was given during the period under review to the preparation of a work programme setting immediate priorities. Top priority was given to research in connexion with the United Nations Conference on Trade and Development and to studies and projects concerned with industrial integration in Latin America. With respect to the Trade Conference, research was concentrated on the possibilities of exporting Latin American manufactures to the international market. The competitive position of such goods was analysed, with due regard to all price components (salaries and wages, raw materials, energy, capital costs and so forth); the relationship between wages and productivity; availability of resources; the present level of such exports; economies of scale and so on.

As regards the prospects for industrial integration, meetings of experts are being organized on the chemical industry (mid-1964) and on pulp and paper (late 1964). At a later date it is hoped to organize similar meeting on technological research, on basic equipment, including machine tools, and on small-scale industries and industrial estates, but much more research is needed before the secretariat is in a position to place its findings before the corresponding experts. In the meantime, general problems of industrial integration continue to be investigated, and negotiations are under way with the Inter-American Development Bank (IDB) on a series of joint projects relating to such integration. The details of these projects, which are exclusive of the project already under way with the Bank and the Latin American Iron and Steel Institute (ILAFSA) will be discussed at a joint meeting in January 1964.

During the period under review, three documents which had been submitted at the tenth session were revised and sent to the printers. These were a study of the chemical industry in Latin America (E/CN.12/628 and Adds. 1 - 3) a study on basic equipment in Argentina 15/ (E/CN.12/629 and Adds. 1 - 5) both in Spanish only, and a study on the textile industry in Brazil 16/ (E/CN.12/623 and Add. 1 in English only). In the case of the textile study, the revision involved was considerable since an entire new section was added in which the factors determining low productivity were explored.

15/ Volume III in the series The manufacture of industrial machinery and equipment in Latin America in which two studies on Brazil have already been issued (E/CN.12/619 and E/CN.12/633).

16/ Volume II in the series The textile industry in Latin America in which a study on Chile was previously published (E/CN.12/622).

The Division participated in a seminar on a methodology for integrated industries, held at Santiago, Chile, in November 1963 under the joint auspices of the Brookings Institution, the Institute for Economic Affairs of the University of Chile, the Di Tella Foundation, the Getulio Vargas Foundation and the University of Los Andes in Colombia.

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

In addition to the work carried out in connexion with the Advisory Group in Uruguay, which is described below under the different sub-headings, the Division's staff gave lectures under the Institute's training programme, in particular for its specialized course on Industrial Programming. The lectures covered industrial programming in respect of metals and machine shops, economies of scale, pulp and paper, steel and heavy chemicals.

Heavy industrial equipment

Following the earlier work on heavy industrial equipment in Argentina and on machine-tools in Brazil, a study is being prepared on industrial sectors in Uruguay, covering boilersshops, metal structures, machine-tools and motor vehicle parts. The secretariat is in charge of this study which forms part of the contribution to the work of the Advisory Group and has assigned two staff members to it, who are working in collaboration with two consultants financed by the United States Agency for International Development (AID). After a month's collection of data in the field, an analysis of the data has been undertaken at ECLA headquarters, and the first draft is expected to be ready in December 1963.

Textile industry

Work has continued on the project relating to the textile industry in Latin America. The report for Uruguay was issued in a provisional version, 17/ and will be published in final form once comments have been received and any necessary changes made. The principal findings of this report indicate that the equipment in the cotton industry is fairly modern, whereas in the woollen industry it largely consists of obsolete machines. Nevertheless, the output per machine-hour in the woollen industry is the highest of the countries studied so far, whereas cotton output per machine does not compare favourably with that of other countries. The situation is much the same as regards manpower productivity; the level is favourable in the woollen industry, particularly the spinning branch, but is relatively low for

17/ La industria textil del Uruguay (E/CN.12/691).

cotton textile production. The basic conclusions call for vigorous action to increase productivity, which is low not only in absolute terms but also in relation to the wage level in Uruguay, and to institute some degree of specialization in order to produce the items in respect of which Uruguay could best compete in an integrated regional market.

Progress has been made with the study of the Colombian textile industry and some of the draft material has been sent for comments to Colombian industrialists, who, like the industrialists of the other countries studied, have co-operated actively in this project.

The study on Peru is also at an advanced stage of drafting and should be available in a provisional edition in early 1964. For this study the ECLA secretariat has had the co-operation of the Centro Nacional de Acción para el Incremento de la Productividad (CENIP) of Peru, which seconded one of its textile engineers to work with the ECLA team.

Work is also well ahead on the study of the Bolivian textile industry, and it is hoped to circulate the draft material for comments by the end of 1963.

Field work for the report on Paraguay has been completed and drafting is in progress. A preliminary version is expected to be available in early 1964.

Chemical Industries

Apart from the revision of the chemical study mentioned before, preparations are being made for a joint ECLA/BTAO seminar on the chemical industries to be held in mid-1964 as part of the follow-up to the findings of the study. It will be attended by government and private experts concerned with the development of this sector in Latin America, who will analyse the problems confronting the Latin American chemical industry in order to indicate the measures needed for accelerating its development through regional complementarity and integration.

It is hoped that the Seminar will provide participants with an opportunity for (a) collecting the material necessary for programming the activities of the chemical sector in Latin America; (b) analysing the industry's problems and the difficulties in the way of programming at the regional level, and evaluating possible solutions in terms of integration; (c) discussing programming models for integrated regional development that are applicable to certain basic chemical industries; (d) establishing the general framework for a common programme for the Latin American countries, designed to accelerate the development of the chemical industry.

The Regional Adviser on Chemical Industries, provided through BTAO in May 1963 is assisting the Division in the preparations for the Seminar.

Technological research

This programme was reinforced in January 1963 by the assignment to ECLA of a BTAO Regional Adviser on Technological Research. Work has been concentrated on technological research in connexion with the iron and steel industry, some of the findings of which have been incorporated in a paper prepared for the Iron and Steel Symposium (see "Steel industry" below).

It is planned to hold a seminar on technological research at Santiago, Chile for approximately two weeks during the last quarter of 1965.

ECLA/FAO/BTAO Pulp and Paper Advisory Group

Owing to recruitment difficulties, this Group remained without a chief from the time of the tenth session to December 1963. However, it was reinforced by two associate experts, provided respectively by the Governments of the Netherlands and the Federal Republic of Germany, in addition to the expert supplied by BTAO. These experts have been co-operating with the Advisory Group in Uruguay and have completed a draft study on pulp and paper resources and prospects in that country, which has been circulated for comments and criticism.

Close contacts have been maintained with FAO Headquarters and the FAO Regional Office with respect to the work of the Group, and plans are being made for a short meeting of experts in October 1964 in Brazil. The purpose of the meeting is to examine the development of the pulp and paper industry in Latin America, with particular reference to integration prospects. The provisional agenda includes items on some aspects of the economies of manufacturing; supply, demand and trade in the industry's products; regional co-operation with respect to integration, economic information and standardization, and research, education and training. The meeting will also review the future programme for the industry and determine the parts to be played by FAO and ECLA. The Pulp and Paper Advisory Group is currently collecting material for papers to be presented at this meeting, dealing with economies of scale, economic information and standardization, and research, education and training facilities. Studies on mill modernization and export prospects for Latin America will be prepared by FAO, while ECLA will be responsible for the work on economic integration.

Steel industry

The Inter-American Development Bank provided a grant for the financing of a joint ECLA/ILFAFA study on the steel economy in Latin America. The collection of material and data has now been completed, and an outline of the study has been prepared. It will cover world steel supply and demand; trade in steel products and inherent problems; world steel prices, their variations and probable trends; an economic

/analysis of

analysis of present steel production in different groups of countries and future trends; steel output in Latin America and the economic concepts which should direct its evolution; some bases for Latin American steel complementarity; and problems relating to vocational training in the industry.

In view of the complexity of this study, it is planned to convene a small working group early in 1964 to review the material and comment on the different drafts, before the final version is prepared.

A progress report on the influence of economies of scale and technology on iron and steel making was prepared for the Third Latin American Steel Congress and Fourth General Assembly of ILAFA (Caracas, July 1963), at which the secretariat was represented.

With the assistance of two consultants and of the BTAO Regional Adviser on Technological Research, the secretariat prepared a document for the Inter-Regional Symposium on the Application of Modern Techniques in the Iron and Steel Industry in Developing Countries organized by the United Nations Centre for Industrial Development (Prague, November 1963). This paper dealt with the production of iron and steel in Latin America and future demand prospects. In addition, the ECLA secretariat was consulted at the various preparatory stages of the Symposium, with particular reference to the selection of the Latin American participants.

/TRADE POLICY

TRADE POLICY DIVISION

Since the tenth session the Division has been concentrating on two tasks, namely the preparatory work for the United Nations Conference on Trade and Development and the research connected with the economic integration of Latin America. With respect to the former, the preparations included the convening of two meetings of a high-level group of consultants to review the work done by the secretariat and to comment on it and, at the second meeting, to draw a number of conclusions relating to the policy problems to be dealt with at the Conference. This formed the preliminary work for the Meeting of Latin American Government Experts on Trade Policy scheduled to take place at Brasilia from 20-25 January 1964. 18/

These two main activities are described in more detail below, together with the work done in connexion with the provision of advisory services to Governments and the formation of the Regional Trade Policy Advisers Group. The Director of the Division accompanied the Executive Secretary when he visited ALALC in September 1963 to exchange views on the ways in which the ECLA secretariat could continue to assist the ALALC authorities.

Early in 1963 the Division participated in the Washington meeting convened by the Inter-American Development Bank to review the possibilities for co-ordinating the efforts of all organizations concerned with Latin American integration. A system was agreed upon for exchanging information on the work being undertaken by each agency, and the Division has maintained close contact with the corresponding officials of the other organizations concerned.

Preparations for the United Nations Conference on Trade and Development

The Division has concentrated most of its resources on the preparations for the conference. This has included the work for the two consultative meetings on trade policy convened by the secretariat. For the first meeting, statements were prepared on a number of agenda items, and for the second, working papers were drafted as a basis for discussion. One of these dealt with the main obstacles to the expansion of Latin America's foreign trade, looked at principally from the standpoint of factors affecting demand, since questions of supply depend on the decisions taken by individual countries or by the region as a whole rather than on those taken at the international level. In particular, an examination was made of the trade policies adopted by the principal regions in the world and their effects on Latin America's traditional trade, followed by an analysis of the situation of the staple export commodities. Difficulties and restrictions affecting exports of manufactured

18/ See the section entitled Meetings and Seminars for an account of these meetings.

goods to the industrialized countries were studied with a view to facilitating the diversification of exports, together with trade imbalances in invisibles. A second working paper reviewed future prospects and lines of action in respect of such aspects as Latin America's future import requirements and the prospects for exporting traditional products; possibilities of diversifying exports and of bringing about a geographical expansion in export markets, with particular stress on the prospects for trade with the centrally-planned economies; and the need for a new pattern of world trade and possible ways of achieving it. The emphasis was first placed on traditional exports, which, over the short run, will still account for some 90 per cent of Latin America's export trade, but in the long run it must be shifted to the diversification of exports, both in range of goods offered and on a geographical basis (to centrally-planned economies and other developing countries).

Several possible solutions were put forward in these papers with a view to facilitating the discussions by the group of consultants.

Following the discussions with the consultants, the secretariat made an extensive revision of the different papers in order to complete the final draft of the secretariat's contribution to the Conference. This draft is to be presented at the Meeting of Latin American Government Experts, and will then be submitted in its definitive form to the secretariat of the Conference. A summary of the conclusions and recommendations contained in it will be included in the final version of the present report, together with an account of the Brasilia meeting.

Latin American economic integration

Despite the pressure of work entailed by the immediate preparations for the Conference on Trade and Development, the secretariat has given considerable thought to the problems involved in Latin American integration and, in particular, those affecting the Latin American Free-Trade Association (ALAI). Considerable progress has been made in drafting the study evaluating the results of the first and second rounds of negotiations among the ALAI countries, which is described in greater detail below. In addition a specific programme of work is being prepared, which will involve research into payments and foreign investment problems; the exploration of possibilities for speeding up the negotiations and of evolving a more automatic formula; tariff problems, in particular, those relating to a common tariff; the devising of formulas to ensure adequate treatment for the relatively less developed countries within the Area; and co-ordination of the work on integration carried out by the other substantive divisions of the secretariat and by the Latin American Institute for Economic and Social Planning. The programme will also include a review of the studies required to bring about a closer institutional relationship between the Central American Economic Integration Programme and ALAI.

Evaluation of the progress made by the
Latin American Free-Trade Association (ALALC)

Work has continued on the study designed to provide an evaluation of the results of the first two rounds of negotiations among the ALALC countries.^{19/} The aim is to assess their real results by a thorough analysis of the trade statistics for 1959, 1961 and 1963, so that Governments can form a systematic opinion as to the trade prospects which may have been created or expanded thereby. In this connexion, it should be mentioned that intra-Area trade increased approximately 30 per cent in value between 1961 and 1962. It was this figure which caused the secretariat to explore the whole question with a view to evaluating prospects for the future. The study will also serve as an information paper for Governments and provide them with a guide for the next round of negotiations both in connexion with the national lists and the common schedule.

The statistical work, which has now been completed, has involved an analysis of imports and exports, by products, for each of the nine ALALC countries in terms of trade with the remainder. This analysis has consisted in the following: (a) an examination of the products negotiated in the first and second ALALC conferences, which had been imported from the Area in 1959-61 or during the years 1962 and 1963; these mainly form part of traditional trade in the Area; (b) products negotiated, which had not been imported from any source during those same years; (c) products negotiated, which had been imported from the rest of the world, but not from the Area itself, during the same periods; (d) products negotiated, which first began to be imported in 1962, that is, after the Montevideo Treaty entered into force; and finally (e) imports products not yet negotiated by the ALALC countries that are imported from different parts of the Area.

The statistical data on exports covers the total sold by each ALALC country to the others, whether or not the products which have been the subject of negotiation, in the period 1959-61 and the years 1962 and 1963.

Monographs are also being prepared on each of the ALALC countries. These monographs contain an evaluation of the effects of the first two rounds of negotiations on each country's trade with the rest of the Area. The changes that have taken place in such trade are shown, together with the prospects opened up by the ALALC negotiations for future exports. Five monographs have already been completed.

Work is simultaneously proceeding on the second stage of the study, which summarizes the conclusions contained in the different monographs and indicates the problems that have arisen in intra-Area trade as demonstrated in the analysis of the data. The study will also make some suggestions on the measures that should be adopted to solve these problems.

^{19/} See the annual report for 1962-63 (E/3766/Rev.2), para. 236.

Advisory services on trade policy

During May and June the Division provided the Government of Venezuela with the services of a staff member to advise on the implications for Venezuela of accession to the Montevideo Treaty (ALALC).

The Regional Trade Policy Advisory Group was constituted in May, with the appointment of the chief of the Group. The other two members were recruited in the last quarter of 1963. The Group, which is financed by BTAO as a regional technical assistance project, has its headquarters at Montevideo, and its chief is also the permanent representative of the ECLA secretariat to ALALC. The Group participated in the third ALALC conference, which took place from October to December, and gave advice to the ALALC Governments at their request during the course of the negotiations.

Several Governments have requested the services of the Group to advise them on specific problems, but delays in recruitment and the pressure of work for the Conference on Trade and Development made it impossible to undertake more than one mission - to Bolivia - in 1963. The purpose of this mission was to explore the problems confronting Bolivia in relation to its possible accession to the Montevideo Treaty.

The chief and a member of the Group took part in the two consultative meetings on trade policy convened by the secretariat, and assisted in the preparatory work by providing comments and criticisms on working drafts and obtaining some of the basic material.

JOINT ECLA/FAO AGRICULTURE DIVISION

The Division has played an active role in the preparation of documents for the United Nations Conference on Trade and Development and participated in the consultative meetings on trade policy in October and December 1963.

It also collaborated with the FAO Regional Office in drawing up an agenda for the Eighth Latin American Regional Conference of FAO, to be held at Santiago, Chile, in August 1964. The Director of the Division attended the 12th General Conference of FAO (Rome, October 1963), and held discussions with the staff of FAO on the forthcoming Regional Conference and other matters of interest to the Division. The FAO Conference approved in principle the allocation of two new posts to the Division, designed to attend specifically to the agricultural aspects of Latin American economic integration. The holder of one of these posts, to be assigned to Montevideo, will be called upon to advise the Latin American Free-Trade Association (ALALC), while the other, to be based in Mexico, will be in charge of integration problems in the northern area of Latin America.

/The Division

The Division was represented at the October meeting of the Inter-American Committee for Agricultural Development (CIDA), at which a number of projects for the Committee's work in 1964 were approved, i.e., the continuation of the study on land tenure; agricultural planning missions to Brazil, Costa Rica and Peru; a study on agricultural education, extension and research in Latin America, and a study on agricultural inputs. It was agreed that the main responsibility for the last study should rest with the Joint ECLA/FAO Agriculture Division, which would be given financial and technical assistance from the Inter-American Development Bank (IDB). During his stay in Washington, the Director of the Division discussed the study with IDB staff. Further details on it are given below.

Study of agricultural inputs in Latin America

One of the Division's most important activities during the period under review has been the preparation of the project for the study on physical inputs and their relationship to agricultural productivity in Latin America, which is the first stage in studying the role of agriculture in connexion with Latin American economic integration. The purpose of this study is to determine (a) present demand for fertilizers, pesticides and other chemical and biological products for agriculture and animal husbandry, improved seed and machinery, tools and small equipment, as well as the main obstacles to more extensive use of them; (b) the supply situation as regards these requirements, based on an examination of their origin (domestic or imported), volume, quality, costs, distribution channels and production organization; (c) approximate potential demand for such inputs, in terms of the development programmes of the Latin American countries; (d) the most desirable policies to adopt to increase consumption, production and trade in respect of such requirements, within the framework of integration; and (e) possible investment projects for production and trade in these physical inputs within a regional market.

Although the study will cover all the Latin American countries, it will not be undertaken simultaneously in each one because of the shortage of resources. The ALALC countries and Venezuela will be studied to begin with, to be followed by the Central American countries and the rest of the region.

The study for Chile has been started on an experimental basis, in order to test the methodological approach and to acquire experience for the studies of the other countries. Apart from the financial contribution to be made by IDB, it is expected that support and assistance will be forthcoming from national technical bodies, particularly for the collection of data and direct surveys among farmers. The field work will be guided and supervised by staff of the Joint Division, who will also analyse the resulting material and undertake the final drafting. The first stage of the study will be completed towards the end of 1964.

/Livestock studies

Livestock studies

Work has started on the collection of data for the study of livestock in Argentina. Four consultants have been engaged for such specialized aspects as beef and dairy cattle, the marketing of beef and dairy produce, and animal health. They are gathering the basic data for the study, and are expected to complete the field work by March 1964 when the analysis and drafting will begin. The final report should be ready by the end of 1964.

A similar study is planned for Central America to complete the series of representative country studies.^{20/} These are to be eventually followed by an over-all study of the livestock industry in Latin America.

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

The Division played an active part in organizing and giving the specialized course on agricultural programming included in the Institute's Santiago Training Programme. In addition, four lectures were given on development programming for the livestock industry.

The Division also assisted in the work of the Advisory Group in Bolivia, and provided two staff members who went there for two weeks to help in revising the agricultural aspects of the Ten-Year Development Plan and the Two-Year Plan. They also reviewed specific projects on agricultural development.

Subsequently a short mission was sent to Paraguay to assist the Advisory Group in reviewing its progress in connexion with agricultural programming and to help in formulating guiding principles for the preparation of specific projects.

In the case of Peru, discussions were held with the Peruvian authorities on the organization and composition of an agricultural programming mission under the auspices of CIDA, which will form part of the Advisory Group already operating in that country.

^{20/} See Livestock in Latin America: I. Colombia, Mexico, Uruguay and Venezuela (United Nations Publication, Sales No. 61.II.G.7) and Livestock in Latin America: II. Brazil (E/CN.12/636), in press.

NATURAL RESOURCES AND ENERGY PROGRAMME

Activities under this Programme have been concentrated over the past year on the Water Resources Survey Missions and on continued research into problems affecting other natural resources. Preparations are also being made for two meetings on energy problems to take place in 1964 and early 1965 respectively.

Water resources

The ECLA/BTAO/WMO Water Resources Survey Group has continued its work in Argentina, and has completed the phase of collecting data and analysing material within the country. Work has now started on the drafting of the final report, which it is hoped to present to the Government in May 1964.

The preparatory work for the mission in Peru was also continued, and the mission will be formally constituted in January 1964. Contacts have been maintained with the group which has started the preliminary work for the study of water resources in the Central American countries, and the Water Resources Survey Group is expected to begin operations at the end of 1964.

The Investment and Economic Development Commission (CIDE) in Uruguay has requested a preliminary mission in March 1964 in order to explore the possibility of organizing a full-scale water resources mission, which would start operations in the second half of 1964.

The secretariat continued to receive comments on the reports of the missions to Bolivia and Colombia, both of which will be published in 1964.

Experts of the Group have visited British Guiana and Bolivia to give advice on specific problems related to water resources development.

The secretariat participated in the Latin American Conference for the Study of Arid Zones convened by UNESCO and held at Buenos Aires in September 1963, and in the meeting of UNESCO's Advisory Committee on Arid Zones which took place a week later at Santiago, Chile.

The secretariat assisted in briefing a BTAO expert who undertook a preliminary mission on the administrative and physical problems connected with the navigation of the rivers forming the basin. Comments were subsequently prepared on his report. This mission is expected to lead to a Special Fund project.

Natural resources

Work has continued on the study dealing with Latin America's natural resources, the present state of knowledge on this subject, and the research required. With the help of consultants, work has started on two aspects:

/(a) the systematic

(a) the systematic collection of information in the different Latin American countries on geology, mineral genetics and allied subjects, with a view to the publication of an annotated index and a set of maps of an adequate scale; (b) an analysis of the present administrative structure for replenishable natural resources in a given river basin or region. This work will determine the existing degree of integration and co-operation, as well as the availability of technical experts and equipment and funds assigned to them, with a view to identifying future needs and suggesting ways of making the improvements or changes required in relation to national economic development. These studies will provide the basis for national or multi-national technical assistance missions or Special Fund projects designed to complete the evaluation and fill the gaps.

The secretariat has also continued to co-operate with the relevant services of the FAO Regional Office that are concerned with forestry and fisheries. In the latter case, advice is being given on a study of fisheries resources, their economic evaluation and the possibility of bringing the fisheries industry into the system of national economic programming. This study may well provide the starting point for meetings on the subject.

Energy

A programme of work has been drawn up for a study on petroleum in Latin America, and the collection of the necessary material has started. Steps are being taken to recruit the experts who will assist in organizing the work and in drafting the corresponding report.

The second volume of the papers presented at the Latin American Electric Power Seminar (Mexico, August 1961) was revised prior to publication. The Revista Latinoamericana de Electricidad was formally constituted on 19 August 1963 and two numbers have already appeared. The publication of this review had been recommended at the Latin American Electric Power Seminar, and the necessary organizational arrangements were made at a meeting convened by the secretariat in December 1962. It is published by the electricity companies in Latin America, with advice and assistance from the secretariat.

In co-operation with the review and with the national agencies concerned, arrangements are being made for a meeting on rural electrification problems, including electricity co-operatives to be held in Argentina during the second half of 1964; a second meeting, with a broader agenda (hydroelectric resources, national and international electricity interconnexion, manufacture of basic equipment for electricity, etc.) is scheduled to take place in Brazil at the beginning of 1965.

/TRANSPORT PROGRAMME

TRANSPORT PROGRAMME

During 1963, the OAS continued to make the services of three experts available to the joint ECLA/OAS Transport Programme, specializing respectively in maritime, road and railway transport. Work has proceeded on the general study on transport in Latin America, and at the same time assistance was given to United Nations Headquarters in connexion with the study on maritime transport and freight in all the developing countries, to be presented at the United Nations Conference on Trade and Development. Partial reports have also been prepared for the consultative meetings on trade policy convened by the ECLA secretariat as part of its own preparatory work for the Conference.

General study on transport in Latin America

This study, which has been described elsewhere,^{22/} is now being drafted in its final form. It reviews in broad outlines the main aspects of the railways and highways and motor vehicle and maritime transport in all the Latin American countries. For the first time information has been collected on an extensive scale with respect to the development of networks, traffic, transport equipment, transport financing, existing programmes and the co-ordination and regulation of transport in the Latin American countries, compared, in some cases, with representative countries outside the region. The study has served to make it clear what the principal transport problems are in Latin America.

Maritime transport problems

Work has been proceeding on an analysis of problems relating to regional shipping. In connexion with the activities of ALAIC, a study is being carried out on the possibilities of standardizing bills of lading and eliminating consular intervention in the despatch of merchant ships and their cargoes. Short informative papers have been prepared for the Inter-American Ports and Harbours Conference and the ALAIC Transport Advisory Committee, dealing with methods of facilitating international maritime transport and simplifying shipping documents. In connexion with this work, the secretariat participated in the following meetings:

- (a) Second Inter-American Port and Harbours Conference, convened by OAS (Mar del Plata, Argentina, 29 May - 7 June 1963);

^{22/} See the last annual report of ECLA to the Economic and Social Council (E/3766/Rev.2), paras. 283-285.

/(b) First meeting

- (b) First meeting of the ALALC Transport Advisory Committee (Montevideo, 10 - 15 June 1963);
- (c) First meeting of Latin American shipowners, convened by the Chilean National Association of Shipowners (Vía del Mar, Chile, 12 - 15 July 1963);
- (d) First General Assembly of the Latin American Association of Shipowners (Mexico City, 25 - 30 November 1963).

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

Assistance has been given to the Institute in the revision of the study on transport prepared by the Advisory Group in Uruguay, and a number of comments have been made on it. In October 1963, a lecturer on transport problems was lent to the Institute for a week for its intensive training course at Montevideo.

Technical assistance

Comments have been prepared on several reports by transport experts as well as on a number of projects concerned with transport and, in particular, the project on the basin of the River Plate mentioned in connexion with the Natural Resources and Energy Programme.

/STATISTICAL DIVISION

STATISTICAL DIVISION

The efforts of the Statistical Division during the period under consideration were pursued along three main lines: the continuing routine work of supplying data to the different substantive divisions and the preparation of statistical series for publication; the compilation of special series for the studies being prepared for the United Nations Conference on Trade and Development and for ALALC; and the activities of the regional statistician and regional statistical advisers, together with the rendering of technical assistance to Governments at their request.

Another important activity was the preparatory work for the Working Group on Manufactured Products. ^{23/} The Draft standard list of manufactured products (E/CN.12/648) was revised, and a minimum list of 550 products was proposed together with a sub-classification within Groups 201 to 399 of the International Standard Industrial Classification (ISIC). Other reference and information papers were also prepared for this meeting.

Continuing activities

Early in the year the Statistical Supplement to Volume VII, N° 2 of the Economic Bulletin for Latin America was sent to press. In October 1963 the supplement corresponding to Volume VIII was issued in mimeographed form. This supplement will in future be replaced by the Statistical Bulletin for Latin America, the first issue of which is now in press. It includes statistics on exports of selected Latin American commodities, by destination, for the years 1959, 1960 and 1961.

Work has continued on the inventory of existing national income series, including detailed and historical information. A system of parities, taking 1960 as the base year, has been calculated for the purposes of an inter-Latin American comparison of the gross domestic product. The parities used so far, with 1950 as the base year, are of a preliminary nature. Some highly provisional indicators on possible developments in 1963 have also been prepared.

An index of manufacturing output has been worked out for Paraguay and work has continued on the inventory of basic agricultural statistics for selected Latin American countries, covering not only production but also international trade in and apparent consumption of agricultural commodities.

Estimate of the economically active population, by sex and activity, have been made for selected countries in the region. In addition, work has begun on the drafting of a special study on level of living indicators.

^{23/} For an account of the meeting, see the section on Meetings and Seminars. Its final report will be submitted to the tenth session of the Committee of the Whole.

Trade statistics

The Division's Statistical Research Section was seconded to the Trade Policy Division early in the year to work on the documentation for the United Nations Conference on Trade and Development. The work programme of the Statistical Division also laid special emphasis on the need to assist the other Divisions in preparing material for the Conference. Among other things, special statistical series have been worked out on Latin America's imports and exports and on export prices for staple commodities.

Considerable attention has been paid to the needs of the ALALC secretariat and regular contacts have been maintained with its offices. In September, a basic agreement was reached on the exchange of statistical information, in the light of this agreement, a system of machine tabulation was introduced for obtaining data on over-all trade in 1962.

Technical assistance

At the request of the Government of Chile and with the backing of FAO, assistance has been given to Chile in connexion with problems deriving from the preparations for the Agricultural Census. The Joint ECLA/FAO Agriculture Division has been helped in the formulation of comments on the proposed tabulations for the agricultural census in Peru.

Technical assistance on statistical organization has also been given to the Government of Ecuador, at its request. The National Planning Institute of Peru has been helped in connexion with the introduction of the system of machine tabulations for working out foreign trade indices. The system is the same as that applied earlier in Ecuador. 24/

In response to a request from the Government of Chile, the Statistical Division, with the help of the Transport Programme and in co-ordination with the regional statisticians of the ILO and FAO, prepared an inventory and a general evaluation of Chilean statistics. The regional advisers on demographic and economic statistics and on sampling techniques helped in this work, which provided the basis for a Government request for technical assistance experts.

The programme of the three regional statistical advisers has continued to be actively implemented. The regional adviser on sampling techniques gave technical assistance to the statistical services of Bolivia, Chile, Colombia, Ecuador, El Salvador, Paraguay, Peru and Uruguay. In several of these countries he helped to formulate the bases for a sample of industrial and commercial establishments for frequent surveys. In others he helped with specific problems that had arisen in connexion with earlier surveys.

24/ See Mario Movarec, "The adoption of machine tabulation for national foreign trade statistics. The case of Ecuador", Economic Bulletin for Latin America, Vol. VIII, 1963.

The regional adviser on demographic statistics reviewed the basic procedures for preparing vital statistics and the relevant publications in Chile, Peru and Venezuela. This recommendations are considered by the respective authorities to have been most useful.

The regional adviser on economic statistics assisted the statistical services of Chile, Colombia, Ecuador and Paraguay.

MEXICO OFFICE

In addition to its responsibilities in connexion with the Central American Economic Integration Programme described in an earlier section, ECLA's Mexico Office collaborates with the different substantive divisions and programmes in providing data and other information on Mexico, Central America and the Caribbean countries. It also drafts the relevant portions of the Economic Survey.

In recent years the Mexico Office has tended to concentrate on the Central American programme, but now that this has entered the operative stage plans are being made to expand the secretariat's work in Mexico and the Caribbean countries.

Discussions have taken place with official organizations in Mexico with a view to carrying out some industrial studies as part of the general work on Latin American integration. Similarly, the studies on Mexico make an important contribution to the work of evaluating the progress achieved by ALALC. A research programme is also being prepared to study Mexico's irrigation programmes from the economic standpoint.

With respect to the Caribbean countries, staff members from the Mexico Office have already visited some of them for the purpose of reinstating collaboration with their Governments. One of the regional advisers assigned by BTAO to the secretariat is to work specifically on the economic development of the Caribbean area. Although based at the Mexico Office, he will do his work in the Caribbean itself.

A careful revision and evaluation of macro-economic statistics are being undertaken for the countries for which the Mexico Office is responsible, and work has started on those for the Dominican Republic and Mexico.

/WASHINGTON OFFICE

WASHINGTON OFFICE

Work at the Washington Office has concentrated on the compilation of data for the studies that are being prepared as part of the secretariat's contribution to the United Nations Conference on Trade and Development, on the collection of material for the next Economic Survey, and on revision, prior to publication, of the study on External financing and economic development in Latin America (E/CN.12/659).

The Office has represented the secretariat at a number of meetings held at Washington. In response to requests from Santiago and from ECLA's Mexico Office, data and published material have been gathered for use in the studies and research undertaken by the secretariat. In addition, the Office has taken care of administrative and other arrangements for staff working in Washington or passing through on official business.

JOINT ECLA/BNDE CENTRE FOR ECONOMIC DEVELOPMENT

The joint ECLA/BNDE Centre for Economic Development, which is staffed jointly by ECLA and the Brazilian National Bank for Economic Development (BNDE) has centred its activities during the period under review in its training programme, while at the same time proceeding with its research work.

Training programme

The training programme organized by the Centre is carried out with the assistance of the Latin American Institute for Economic and Social Planning, which furnishes some of the material and lecturers. Others are provided by the Centre, and a third group consists of distinguished Brazilians.

The intensive training course held at Rio de Janeiro began on 1 July and ended on 4 November 1963. It was attended by some 57 economists, engineers, lawyers and others concerned with planning in various federal and state organizations. The course was followed by a five-day study tour to the Superintendencia do Desenvolvimento do Nordeste (SUDENE) for fourteen students from the Rio and Curitiba courses.

Two regional courses were held, one at Belem (25 March-22 June) and another at Curitiba (22 July-19 October) as part of a plan to extend the intensive training courses to the different regions of Brazil. They were attended by 46 and 59 participants respectively.

In each case the basic courses included a general introduction to economics; social accounting, the preparation, presentation and evaluation of investment projects, the theory and programming of economic development, and financing and economic policy for development purposes. Two subjects relating to the public sector were also included in the curriculum for the Rio course, i.e., an introduction to performance budgeting and an

/introduction to

introduction to public sector programming. For 1964, these two subjects will be included in the curriculum for all the basic courses.

Supplementary courses were also given on four main points, i.e., specific problems connected with the basic courses; general aspects related to problems of economic development, such as demography, socio-political problems, etc. Brazilian problems, in order to give a more national slant to the courses and, finally, the Brazilian Government's three-year plan.

Apart from its own courses, the Centre helped SUDENE by providing material and lectures for the courses it organized in Salvador and Recife. One of the Centre's staff also lectured on economic analysis at a course organized by the municipality of Recife. Three lecturers were provided for the course on coffee economy organized by the Instituto Brasileiro do Cafe, and lecturer on political economy for the course organized for diplomats by the Brazilian Ministry for Foreign Affairs. A lecture on capital formation in developing countries was given at the Brazilian School of Public Administration of the Getulio Vargas Foundation.

In 1964, it is planned to hold basic courses in Belo Horizonte for participants from States of Minas Gerais, Goiás, Mato Grosso, Espírito Santo and Rio de Janeiro; in Porto Alegre for the States of Rio Grande do Sul, Santa Catarina and Paraná and in Fortaleza for the Nordeste States (SUDENE).

Research programme

The preliminary version of the study on import substitution in Brazil has been completed and circulated for comments and criticism. The study is divided into two parts. The first analyses the import substitution process as a model of recent development in Latin America, taking into account the changes in the development model, the different interpretations of the term "import substitution", the dynamics of the import substitution process and criticisms of the industrialization process in Latin America. The second part deals with the case of Brazil, with particular reference to the external situation, changes in the pattern of imports, the relationship between industrial production and imports, and conclusions and prospects.

The study of the Brazilian fiscal system is also nearing completion, the preliminary version being at the stage of final discussion. The structure of the study, as described in the last annual reports, 25/ has changed somewhat and consists of four parts, the first of which describes the complexity of the public sector and the distribution of instruments of economic policy, as well as the utilization of fiscal

25/ See the last annual report of ECLA (E/3766/Rev.2), para. 320.

/instruments. This

instruments. This introductory section is followed by a section exploring the problems of fiscal decentralization; the third section describes the situation in Brazil and the fourth evaluates the country's experiences.

TECHNICAL ASSISTANCE

During the period under review, considerable progress has been made in the decentralization of technical assistance activities to the ECLA secretariat. In recent months there has been a greater delegation of functions and of authority at the substantive, financial, administrative and operational levels for the United Nations regional technical assistance projects. For example, the necessary arrangements have been made to authorize the Executive Secretary to transfer funds from one item to another within the budget for a given project, in accordance with the needs that may arise while it is being implemented. Furthermore, Headquarters is taking steps to delegate to the ECLA secretariat the authority to engage technical assistance experts for a maximum of 12 months for posts included within these regional projects for which the responsibility has also been transferred to ECLA.

Up to the present, the secretariat's activities in relation to technical assistance have been concentrated mainly on projects of a regional nature such as seminars, working groups, meetings of experts, training courses, and director advisory services to Latin American Government provided by regional technical assistance advisers attached to the ECLA secretariat. Regional projects constitute an important segment of the over-all technical assistance provided by the United Nations to the countries in the region, considered both from the financial standpoint and from that of the efficiency of the assistance rendered. Over thirty regional advisers are providing services in specific activities to the Governments of the region, at their request, as part of the process of strengthening and complementing the work and activities of the ECLA secretariat. In addition, some fifteen technical assistance experts on such questions as demography, administration for development and community development are attached to training institutes for which ECLA, together with Headquarters, has substantive responsibility. Such institutions include the Latin American Demographic Centre (CELADE), the Advanced School of Public Administration for Central America (ESAPAC) and the Regional Fundamental Education Centre for Latin America (CREFAL).

The Bureau of Technical Assistance Operations has provided funds for a number of meetings and seminars, which are described in the sections of this report dealing with the Central American Economic Co-operation Committee's activities and with Meetings and Seminars.

The Central American Economic Integration Programme continues to receive a substantial contribution from the United Nations technical assistance programme. Ten regional advisers are working in different specialties such as socio-economic aspects of development; electric power development; rivers and ports; industrial development; the textile industry; demography; customs union; housing, and economic analysis.

The Latin American Demographic Centre (CELADE) based at Santiago, Chile, was, together with ESAPAC and CREFAL, one of the three regional training institutes whose operations were decentralized to ECLA during the course of 1963. Apart from direct financial assistance provided through the United Nations technical assistance programme, the Population Council of the United States and the Government of the Netherlands have provided financial assistance for CELADE. Through such contributions, some seven experts or teachers have been financed for CELADE, together with four research assistants, eighteen fellowships, a Seminar on Comparative Fertility Surveys and several fertility surveys in different Latin American countries.

The ECLA/BTAO/WMO Water Resources Survey Group completed in 1963 a study of water resources in Argentina and provided advisory services to Bolivia, British Guiana and Peru. It also collaborated with the Joint Advisory Group in Uruguay.

The ECLA/BTAO/FAO Pulp and Paper Advisory Group has continued its research on the pulp and paper and timber industries in Latin America.

These activities, together with those of other technical assistance regional advisers, have been described in the pertinent sections of this report.

The ECLA secretariat has continued to brief technical assistance experts and to comment on their reports.

In October and November, the secretariat was visited by three senior officials of Nigeria, who were on a mission financed by BTAO to study the work being done on economic integration in Latin America. Both in Santiago and Mexico, ECLA staff briefed them on the Commission's approach to integration and on the problems to be faced. Advantage was taken of their visit to exchange views on the trade problems of developing countries.

As a result of ECOSOC resolution 955 (XXXVI), it was agreed at the meeting of Executive Secretaries of the regional economic commissions, held at Geneva in July 1963, together with the United Nations Under-Secretary in charge of the Department of Economic and Social Affairs and the Commissioner for Technical Assistance, that, starting from the Regular Programme for 1965 and the Expanded Programme for 1965-66, the regional commission secretariats would participate in the activities for programming technical assistance at the national level. Hence, it has been agreed with Headquarters that ECLA should, on a trial basis, advise some of the Latin American Governments during the preparation of these programmes. These advisory services will be carried out through programming missions to selected countries whereby senior officers of the secretariat, accompanied at times by Headquarters staff, will visit the countries concerned and, in close collaboration with the Resident Representatives of the Technical Assistance Board, undertake

/consultations with

consultations with the national authorities concerning the preparation of the Regular Programme for 1965 and the Expanded Programme for 1965-66. It is hoped that this unity of action and co-ordination of effort will result in increasingly active participation by ECLA in the preparation of the technical assistance country programmes, with a view to adjusting these to the needs of the economic and social development programmes drawn up by the Latin American countries.

UNITED NATIONS SPECIAL FUND

As in the past, the secretariat has continued to prepare comments on Special Fund projects for Latin America and, in some cases, has assisted Governments, at their request, in the preparation of projects for submission to the Special Fund.

ECLA is the Executing Agency for the Special Fund project relating to the Latin American Institute for Economic and Social Planning, which commenced operations on 1 July 1962 with a grant of 3,068,000 dollars from the Special Fund and of another million dollars from the IDB. The secretariat has co-operated with the Institute in a number of its activities, which are described in the sections on the different substantive divisions. The report of the Governing Council of the Institute on its activities in 1963-64 (E/CN.12/AC.57/8) is to be submitted to the tenth session of the Committee of the Whole with a note by the secretariat.

UNITED NATIONS HEADQUARTERS AND REGIONAL ECONOMIC COMMISSIONS

The secretariat has continued to work closely with the United Nations Department of Economic and Social Affairs in carrying out its work programme, as described in the course of this report. However, particular mention should be made of some aspects, such as the continuous contacts and collaboration that have been a feature of the preparatory work for the United Nations Conference on Trade and Development. The ECLA secretariat has loaned staff for the Conference secretariat and also for the purpose of assisting in the collection of material and drafting of papers to be submitted to the Conference. Close working relations have also existed in connexion with the documents being prepared by the ECLA secretariat for this same purpose. The Secretary-General of the Conference played an active role at both consultative meetings on trade policy convened by ECLA, and consultations have been held with him on a number of problems that have arisen in the course of the work.

The work of the Industrial Development Division has been co-ordinated with that of the United Nations Centre for Industrial Development and forms part of its world-wide programme on industrialization. It will be remembered that the Seminar on Industrial Programming was sponsored jointly by ECLA and the Centre, with financial support from BTAO. 26/

26/ See the last annual report of ECLA (E/3766/Rev.2), paras. 83-92, for an account of the Seminar's proceedings.

The Economic Development and Research Division has participated in activities organized by the United Nations Economic Projections and Programming Centre, and in 1964 even closer collaboration is envisaged since an effort is being made to develop the work of the Latin American Regional Centre for Economic Projections. In this connexion, ECLA was represented at the third meeting of the United Nations Group of Experts on Economic Planning, held at Geneva in August 1963. Advantage was taken of this opportunity to exchange views on questions of planning and projections with the staff from Headquarters and the Economic Commission for Europe (ECE) attending the meeting.

The United Nations Fiscal and Financial Branch worked intensively with ECLA and the Latin American Institute for Economic and Social Planning on the organization of the Workshop on Budgetary Classification and Management in Central America and Panama, and the Statistical Office has provided valuable assistance in relation to a number of projects. ECLA's Social Affairs Division has worked in close co-ordination with the Bureau of Social Affairs and has provided technical assistance to Governments at the request of the Bureau.

The Division of Public Administration has expanded its programme in Latin America in conjunction with ECLA and the Latin American Institute for Economic and Social Planning, and maintains close contact with the work of the BTAO regional adviser on public administration.

With respect to the regional economic commissions, collaboration has been particularly close in connexion with the preparations for the Conference on Trade and Development. Working arrangements have been made with ECE for the exchange of material and data required for papers that are being prepared by that Commission and by ECLA and contacts have also been maintained with the Economic Commission for Asia and the Far East (ECAFE) and the Economic Commission for Africa (ECA) in connexion with the trade problems of developing countries.

The secretariats of ECE, ECAFE, and ECA played an active role in the Seminar on Industrial Programming 27/ and prepared several papers for discussion at the meeting. In particular, the Directors of the Industrial Development Divisions of ECAFE and ECA attended the Seminar, and the latter subsequently visited ECLA headquarters to discuss problems of industrialization in developing countries.

The Executive Secretary of ECLA will take advantage of an invitation to participate in a conference organized by the Council on World Tensions (Kuala Lumpur, February 1964) to attend the annual conference of ECAFE, to be held at Teheran in early March. This is the first time that it has been possible for the Executive Secretary to attend a session of one of the other regional commissions.

27/ See the last annual report of ECLA (E/3766/Rev.2), paras. 83-92 and 335-336, for a description of the Seminar and of the collaboration by ECE and ECAFE.

Apart from collaborating with the Latin American Institute for Economic and Social Planning, the United Nations Children's Emergency Fund (UNICEF) has consulted the secretariat on the possibilities of joint planning for the needs of children. In addition the secretariat's Social Affairs Division has helped several countries to formulate projects for UNICEF assistance.

C. RELATIONS WITH SPECIALIZED AGENCIES AND OTHER ORGANIZATIONS

The secretariat has continued to intensify and expand its collaboration with the United Nations specialized agencies and other organizations. In turn, these - particularly the ILO, FAO, UNESCO, the WHO/PASB, UNICEF, OAS and IDB, have broadened their support for the Latin American Institute for Economic and Social Planning and its training programme. However, since the present report is confined to the activities of the ECLA secretariat, this section will be limited to collaboration in relation to those activities.

Specialized agencies

Constant assistance has been given to the Central American Economic Integration Programme from a number of specialized agencies, notably the ILO, FAO, UNESCO and WHO/PASB, as well as from other organizations. Their assistance has been particularly important in the case of the Joint Programming Mission for Central America, co-sponsored by ECLA, the Institute, OAS, IDB, SIECA and BCIE.

Together with ECLA and the Institute, the ILO organized a course on the programming of manpower requirements. This was held in June 1963 and was attended by nineteen fellows from twelve Latin American countries.

In November the ILO held a regional technical meeting on co-operation, at Santiago, Chile, at which the ECLA secretariat was represented. Close contacts have been maintained with the work of this agency through the ILO/ECLA Liaison Office.

Collaboration with FAO has continued through the Joint ECLA/FAO Agriculture Division, and the Pulp and Paper Advisory Group. In addition, FAO has helped in the work on natural resources.

Consultations were held with Mr. Adiseshiah, the Assistant Director-General of UNESCO, during his visit to Chile in August. Possible joint projects were discussed at the time, with particular reference to the follow-up work resulting from the Conference on Education and Development (Santiago, Chile, March 1962) and from the United Nations Conference on Science and Technology (Geneva, February 1963).

The secretariat loaned its premises for two UNESCO meetings on the planning of education. The first, which brought together UNESCO experts on educational planning, took place from 28 to 30 November, and was followed by a joint planning meeting between these experts and the heads of offices for educational planning in Latin America, from 2 to 6 December.

The ECLA/BTAO/WMO Water Resources Survey Group has continued to enjoy the co-operation of the World Meteorological Organization (WMO), which supplies the hydro-meteorologist for the group.

/Consultations took

Consultations took place with the International Monetary Fund (IMF) on the possibility of working together on a number of studies, with a view to organizing a joint programme of mutual interest.

The ECLA secretariat has assisted the International Bank for Reconstruction and Development (IBRD) with the administrative arrangements for its seminar on conciliation and arbitration, to be held at Santiago, Chile, in February 1964.

OAS/ECLA/IDB Ad Hoc Committee on Co-operation

The OAS/ECLA/IDB Ad Hoc Committee on Co-operation held several meetings in the course of the year, at which the work of the Joint Advisory Groups was reviewed and the position of the Latin American Institute for Economic and Social Planning was clarified in relation to them.

During these meetings the question of the Economic Survey was discussed, and it was agreed that ECLA should continue to publish an annual survey on a par with the other regional commissions. The OAS in turn will issue reports to the Inter-American Economic and Social Council under the title Economic and social situation in Latin America. It was further agreed that OAS and ECLA will continue to supply each other with information of mutual interest for these two documents.

OAS has continued to provide three transport experts for the Joint ECLA/OAS Transport Programme, and ECLA has seconded three staff members to help in the joint research for the annual Economic Survey and for the OAS report on the Economic and social situation in Latin America.

Organization of American States

Both the work carried out with OAS on a bilateral basis and activities under the co-operation programme resulting from the Tripartite Agreement, have continued during the period under review.

The secretariat was represented at the second meetings of the Inter-American Economic and Social Council at the ministerial and the expert levels at São Paulo, Brazil, in October and November 1963. On that occasion the Executive Secretary delivered an address to the meeting at the ministerial level on the economic and social situation in Latin America and the Alliance for Progress. At these meetings it was agreed to set up an Inter-American Committee for the Alliance for Progress (CIAP), which will include the ECLA secretariat among its permanent advisers.

The secretariat was represented at the XII Pan American Congress of the Child and at the annual meeting of the Inter-American Institute of the Child (Mar del Plata and Buenos Aires, December 1963).

/Inter-American

Inter-American Development Bank

Co-operation with IDB has been maintained and expanded. The President of IDB, the Executive Secretary of ECLA and other officials of the two organizations have held a number of meetings to discuss the basic question of Latin American economic integration and the initiation of a number of studies designed to lead to specific projects for industrial integration.

Discussions have also been held to determine the conditions in which the Bank will collaborate with the Joint ECLA/FAO Agriculture Division on the study of problems arising in connexion with the effective use of agricultural inputs and light equipment. This study will indicate ways and means of disseminating these elements more extensively among the Latin American countries, and will also cover practical aspects such as those relating to the distribution and marketing of seed and fertilizers.

Inter-governmental organizations

In accordance with the terms of the Montevideo Treaty, the ECLA secretariat has continued to participate in the work of the Latin American Free-Trade Association (ALALC). The Executive Secretary, accompanied by senior members of the secretariat, was received in September 1963 by the Standing Executive Committee and secretariat of ALALC. On that occasion even closer working relations were agreed upon with a view to providing the framework for an effective economic integration of the area. Questions of Latin American trade policy in general were also discussed, with special reference to the United Nations Conference on Trade and Development.

On behalf of the Commission, ECLA's Permanent Representative to ALALC attended, the Third Session of the Conference of Contracting Parties to the Montevideo Treaty, held at Montevideo in October and November.

The Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) has continued to collaborate with the secretariat in the activities relating to the Central American Economic Integration Programme and the Central American Economic Integration BANK (BCIE). These two organizations, together with ECLA, the Latin American Institute for Economic and Social Planning, and IDB are represented on the Advisory Committee set up under the chairmanship of the Director of ECLA's Mexico Office to co-ordinate the work of the Joint Programming Mission for Central America.

During the Executive Secretary's visit to the Mexico Office in September, discussions were held with the SIECA authorities on questions of mutual interest connected with the Central American Economic Integration Programme.

/Non-governmental

Non-governmental organizations

The secretariat has continued to keep in contact with a number of non-governmental organizations in consultative status with the Economic and Social Council. Particular mention should be made here of the working relations with the Centre for Latin American Monetary Studies (CEMLA), with which the Executive Secretary held discussions on problems of mutual interest during his visit to Mexico in September 1963.

The secretariat sent a staff member to Iquique and Antofagasta, Chile, to lecture on Latin American economic integration and its bearing on the trade union movement at a seminar on trade union problems organized by the Inter-American Regional Organization of Workers (ORIT) and the International Confederation of Free Trade Unions (ICFTU) in August 1963.

The secretariat represented the United Nations at the International Conference on the Family organized by the International Union of Family Organizations at Rio de Janeiro from 21-27 July 1963.

It also took part in the ninth meeting of Central Bank experts at Rio de Janeiro in October 1963.