

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



GENERAL

E/CN.12/573
10 March 1961

ENGLISH

ORIGINAL: SPANISH/ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Ninth Session
Caracas, May 1961

DRAFT ANNUAL REPORT OF THE COMMISSION
TO THE ECONOMIC AND SOCIAL COUNCIL

(30 March 1960 - 15 May 1961)

PART I[★]

-
- ★ The Secretariat deems it advisable to present the attached Part I of the Annual Report to the Economic and Social Council in order to help the Commission in drafting its report. The present section covers ECLA's activities since the end of the session of the Committee of the Whole on 29 March 1960. The remaining parts of the report, dealing with the ninth session, will be drafted during the session.

CONTENTS

	<u>Paragraphs</u>	<u>Pages</u>
INTRODUCTION	1	1
Part I. WORK OF THE COMMISSION SINCE THE SEVENTH SESSION OF THE COMMITTEE OF THE WHOLE	2 - 254	2
A. <u>Activities of subsidiary bodies</u>	9 - 40	4
Trade Committee	10 - 23	4
Working Group on Customs Questions.....	12 - 14	5
Consultative meetings on trade policy among the Greater Colombia countries.	15 - 18	6
Work undertaken in relation with the Provisional Committee of the Latin American Free-Trade Association	19 - 21	7
Joint ECLA/OAS Study on Foreign Private Investments in the Latin American Free-Trade Area	22 - 23	9
Central American Economic Co-operation Committee	24 - 40	10
Second special session	24 - 29	10
Seventh session	30 - 35	11
Central American Trade Sub-committee...	36 - 40	14
B. <u>Other Activities</u>	41 - 228	16
Current Economic Analysis Division	42 - 73	16
Annual Economic Survey.....	42 - 66	16
Economic development in 1960	44 - 47	17
The external sector	48 - 55	18
Manufacturing industry	56 - 62	20
Agriculture	63 - 66	21
Economic Bulletin for Latin America ...	67 - 69	23
Special Study Group on Inflation and Growth	70 - 73	24
Economic Development Division	74 - 122	25
Advisory Groups for Programming Economic Development	74 - 90	25
Colombia	78 - 84	26
Cuba	85 - 88	28
Bolivia	89 - 90	29

	<u>Paragraphs</u>	<u>Pages</u>
ECLA/BTAO Economic Development		
Training Programme	91 - 100	31
Intensive training courses	94 - 100	32
Study on comparative rates of economic growth	101 - 104	34
Studies on the economic development of the Central American countries and Panama	105 - 109	35
Fiscal Policy	110 - 115	37
Inter-Agency working Party on Skilled Manpower in Latin America	116 - 118	38
Joint UNESCO/ECLA/OAS Mission on the Teaching of Economics in Latin America	119 - 122	40
Industrial Development Division	123 - 145	42
Chemical industry	124 - 126	42
Industrial inventory	127 - 128	43
Railway equipment	129 - 130	44
Basic industrial equipment	131 - 132	44
Textile industry	133 - 134	45
Technological research	135 - 138	46
Timber production trends	139 - 142	47
The ECLA/FAO/BTAO Pulp and Paper Advisory Group	143 - 145	48
Joint ECLA/FAO Agriculture Division	146 - 167	48
FAO/OAS Regional Conference	150 - 151	50
Role of agriculture in Latin American common market and Free-Trade Area arrangements	152 - 154	50
Livestock studies	155 - 159	51
Coffee survey	160 - 165	52
Rates of agricultural growth	166 - 167	53

	<u>Paragraphs</u>	<u>Pages</u>
Social Affairs Division	168 - 188	54
Expert Working Group on Social Aspects of Economic Development	170 - 171	54
Conference on Education and Economic and Social Development	172 - 174	55
Demographic research	175 - 181	55
Social services	182 - 188	58
Energy and Water Resources Programme ...	189 - 195	59
Energy	189 - 192	59
Water Resources Survey Group	193 - 195	60
Transport Programme	196 - 202	60
Statistics	203 - 222	62
Statistical Section	205 - 213	62
Tabulation	206 - 207	62
Methodology	208 - 210	63
Study of comparative price levels ..	211 - 213	64
Office of the Regional Statistician	214 - 222	64
Seminar on industrial statistics ...	216 - 217	65
Committee on Improvement of National Statistics (COINS)	218	66
Seminar on foreign trade statistics.	219	66
Study of national income-product accounts	220	66
Study of housing needs	221 - 222	66
Technical Assistance	223 - 226	67
United Nations Special Fund	227 - 228	68

/C. Relations with

	<u>Paragraphs</u>	<u>Pages</u>
C. <u>Relations with Specialized Agencies</u> <u>and other Organizations</u>	229 - 254	68
Specialized agencies	230 - 239	68
International Atomic Energy Agency (IAEA)	240	70
Organization of American States (OAS)	241 - 246	70
Inter-governmental organizations	247 - 251	71
Non-governmental and other organizations	252 - 254	72

Note: As indicated in the footnote on the cover page, this document is only a draft of Part One of the Commission's annual report. Some amendments to it may therefore be included prior to or during the ninth session.

ECONOMIC COMMISSION FOR LATIN AMERICA

Annual report to the Economic and Social Council, covering the
period 30 March 1960 - 15 May 1961

Introduction

1. This annual report of the Economic Commission for Latin America (ECLA) covers the period from 30 March 1960 to 15 May 1961. ^{1/} The Commission submits this report to the Economic and Social Council for its consideration, in accordance with paragraph 12 of the Commission's terms of reference which states that "the Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies".

1/ The previous activities of the Commission and its subsidiary bodies have been reported to the Economic and Social Council in the following documents: Official Records of the Economic and Social Council: Seventh Session, Supplement No. 13 (E/840/Rev.1); ibid., Eighth Session, Supplement No. 4 (E/1099); ibid., Ninth Session, Supplement No. 14 (E/1330/Rev.1); ibid., Eleventh Session, Supplement No. 9 (E/1717); ibid., Thirteenth Session, Supplement No. 8 (E/2021); ibid., Fourteenth Session, Supplement No. 2 (E/2185); ibid., Sixteenth Session, Supplement No. 3 (E/2405); ibid., Seventeenth Session, Supplement No. 2 (E/2536); ibid., Twentieth Session, Supplements No. 10 (E/2756) and No. 10 A (E/2796/Rev.1); ibid., Twenty-Second Session, Supplement No. 10 (E/2883/Rev.1); ibid., Twenty-Fourth Session, Supplement No. 8 (E/2998); ibid., Twenty-Sixth Session, Supplement No. 4 (E/3091); ibid., Twenty-Eighth Session, Supplement No. 4 (E/3246/Rev.2); and ibid., Thirtieth Session, Supplement No. 4 (E/3333).

Part I

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

2. Before entering into details of the Commission's work during the past year, reference should be made to the Third Extraordinary Session of the Committee of the Whole of ECLA, held in New York from 28 to 30 June 1960. This session was convened by the Executive Secretary, after consultation with member countries, to consider possible means of international co-operation in the Chilean reconstruction programme, rendered necessary by the series of earthquakes and tidal waves which devastated the southern region of Chile from 21 to 23 May 1960. The Committee adopted resolution (180(AC.46)) inviting Governments members of ECLA to continue lending their co-operation both for the purpose of relief and for that of reconstruction and economic development; and recommending to the Economic and Social Council and its Technical Assistance Committee that it give favourable consideration to the Chilean emergency programme involving a total amount of 2.2 million dollars. The resolution also requested (a) the Secretary-General to consider the possibility of promoting a concerted plan of international action designed to increase the financial and technical resources needed for the execution of the reconstruction programme; and (b) the Economic and Social Council to ask the Executive Chairman of the Technical Assistance Board to devote the greatest possible share of the resources available under the Expanded Programme of Technical Assistance and under their ordinary programmes to the needs of the Chilean emergency programme. This resolution and its proposals were subsequently endorsed in general terms by the Council in resolution 766 (XXX). ^{2/}

3. Among the immediate results was the decision to provide an ECLA/BTAO Advisory Group for Chile, to which ECLA staff were detailed on an ad hoc basis until the formal constitution of the Group at the beginning of 1961.

^{2/} The report of the Third Extraordinary Session is appended as an annex to this report.

/ Moreover, as

Moreover, as will be seen from the report on technical assistance activities in the ECLA region (E/CN.12/553), every effort was made to comply with the spirit of these resolutions and to render the emergency assistance needed to help the Government of Chile in its reconstruction programme.

4. Over the past year, the work of the Commission has, in general terms, followed the pattern forecast in the programme appraisal for 1959-64.^{3/} With the entry into force of the Montevideo Treaty and the movement towards accelerated integration in Central America, there has been growing emphasis on finding solutions to problems which beset Governments in implementing the respective treaties. This has required research not only into such questions as tariffs and tariff policy, but also in relation to fiscal policy, and industrial, agricultural and transport problems, as well as supporting studies on economic development.

5. Equally important during the period under review has been the work of the Advisory Groups set up jointly by the Commission and the Bureau of Technical Assistance Operations (BTAO), with the collaboration of the Food and Agricultural Organization of the United Nations (FAO) and the participation of other specialized agencies. Such Groups were operating in three countries during the course of 1960, and a fourth was added at the beginning of 1961. As in the past, their work was supplemented by intensive training courses under the ECLA/BTAO Economic Development Training Programme, which were held in three further countries as well.

6. During the early months of 1960 the bases were laid for the competition to select a design for the United Nations building in Santiago. The actual competition was held from mid-July to September inclusive. A preliminary selection of a group of projects was made from some forty entries by an international jury and a final selection was made in New York by the Secretary-General with the advice of two architects of international renown.

^{3/} See Official Records of the Economic and Social Council: Twenty-Eighth Session, Supplement No. 4 (E/3246/Rev.2), annex VII, pp. 63 et seq.

A description of the work done and of the selected project may be found in document E/CN.12/574.

7. During the month of November, the Executive Secretary conferred with the Executive Secretary of the Organization of American States (OAS) and the President of the Inter-American Development Bank, to discuss possibilities of joint work programmes being carried out by the three organizations. They constituted a special Committee which met again early in March 1961. A special report on these negotiations has been prepared (E/CN.12/575).
8. The review of the Commission's work follows below; it is divided into three main sections: A. Activities of subsidiary bodies; B. Other activities; and C. Relations with specialized agencies and other organizations.

A. ACTIVITIES OF SUBSIDIARY BODIES

9. This section deals with the work of the ECLA Trade Committee and of its working groups and the consultative meetings on trade policy in matters bearing on the common market. The activities of the Central American Economic Co-operation Committee and its sub-committees are also covered.

TRADE COMMITTEE

10. The Trade Committee held its third session in conjunction with the Commission's ninth session and submitted a report on its work (E/CN.12/C.1/). During the course of the year, the secretariat has been most active in preparing a number of studies requested by the Provisional Committee of the Latin American Free-Trade Association, established in Montevideo (Uruguay), and in the execution of other work related to gradual progress towards the common market. Although the Trade Policy Division has been mainly responsible for the work on trade, several of ECLA's other substantive divisions have participated in the preparation of different studies, notably the Industrial Development Division, which has focused its attention on studies which have a bearing on the common market and the Free-Trade Area.

11. The only subsidiary body of the Trade Committee to meet in 1960 was the Working Group on Customs Questions, but the seminar on industrial statistics, which is covered in a special report (E/CN.12/561), was of particular importance for the common market studies. Moreover, a further consultative meeting on trade policy among the Greater Colombia countries took place at Quito (Ecuador) in October.

Working Group on Customs Questions

First meeting: 1 - 12 August 1960

Chairman: Mr. Romeo Maeso Sueiro (Uruguay)

Rapporteur: Mr. Mario Espinosa de los Reyes (Mexico).

12. The first session of the Working Group on Customs Questions, convened in compliance with resolution 7 (II) of the ECLA Trade Committee, was held at Montevideo (Uruguay) from 1 to 12 August 1960. ^{4/}

13. The Working Group discussed the issues relating to the definition and identification of charges having an effect equivalent to customs duties, and to what may be considered as duties in force at a certain date. The primary purpose of this discussion was to clarify the subject and to provide the experts with a working hypothesis. Certain conclusions were also reached, expressed in the form of a series of recommendations. These include: the adoption by the Latin American countries of the Brussels Tariff Nomenclature, of the Brussels definition of customs values, and of uniform definitions of basic customs terms and operations. It was also recommended that the ECLA secretariat should carry out studies conducive to the simplification and standardization of customs procedures and documentation in Latin America. The question of schools for training customs officials, both at the national and the regional level, was discussed, and it was recommended that the Latin American countries should, wherever possible, establish such schools, and that the secretariat, in collaboration with the Technical Assistance Board, should give the countries which so requested, assistance in setting up such schools.

^{4/} The complete report of this session (E/CN.12/C.1/WG.3/4/Rev.1) is presented together with a Note by the secretariat in document E/CN.12/568.

14. Finally, the problem of defining and determining the origin of merchandise within a free-trade area was reviewed, and it was suggested that the ECLA secretariat should prepare a draft concerning the means of certifying such origin.

Consultative meetings on trade policy
among the Greater Colombia countries

Third meeting: 7 - 10 December 1960

Chairman: Mr. José Ceballos Carrión (Ecuador)

15. The third consultative meeting on trade policy among the countries of Greater Colombia - which was the fifth in this series of special meetings ^{5/} - was held in Quito from 7 to 10 December 1960. ^{6/} It was attended by representatives from Colombia, Ecuador and Venezuela, and by observers from Argentina and Mexico. It differed from the previous meetings, which had been attended by experts in their personal capacity, since this time it was at a governmental level, the corresponding authorities of the three countries having considered that the work already done and the new circumstances arising out of the present Latin American movement towards multilateral collaboration made it opportune to hold the discussions at an official level.

The meeting dealt with the recent trends of bilateral agreements between Colombia, Ecuador and Venezuela, and the characteristics and machinery of a possible multilateral treaty, with particular reference to the effects of the bilateral treaties on the possible participation of these countries in a multilateral treaty. Guiding principles for future trade policy relating to the Latin American movement for multilateral economic co-operation were also discussed, and the representatives of Colombia, Ecuador and Venezuela placed a joint statement on record at the end of the session, in which they recognized that the Montevideo Treaty, constituting

^{5/} Of the four previous meetings, two were held in Santiago, Chile (August 1958 and April 1959) with experts from Argentina, Brazil, Chile and Uruguay; two more took place with experts from Colombia, Ecuador and Venezuela at Bogotá, Colombia (November 1958) and Caracas, Venezuela (May 1959).

^{6/} See document E/CN.12/555, which contains a complete summary of the discussions.

the Latin American Free-Trade Association, was an adequate instrument for ensuring greater and more balanced economic development in Latin America. Moreover, the Governments of Colombia and Ecuador would take the necessary steps to formalize as soon as possible their entry into the Latin American Free-Trade Association established under the Montevideo Treaty. The Government of Venezuela, while in full agreement with the general principles set forth, said that it would reserve for a future occasion any statement on its possible accession to the Latin American Free-Trade Association.

16. The three Governments agreed to take immediate joint action designed to ensure, in respect of Ecuador, the special treatment provided for in the Montevideo Treaty for members at a relatively less advanced stage of economic development - a requisite which Ecuador considered essential for its accession to the Treaty. In view of the special economic conditions prevailing in Venezuela, it was decided that similar joint action would be taken with a view to obtaining for that country special treatment to compensate for the disadvantages it would suffer if it acceded to the Treaty without the peculiarities of its present economic structure being taken into account.

17. The Governments also undertook to study ways and means of adapting their bilateral agreements to the characteristics and mechanism of the Montevideo Treaty to ensure that accession to this Treaty would not produce unfavourable effects on their respective economies.

18. Finally, the three Governments urged the ECLA secretariat to examine, in consultation with them, the problems relating to the participation of each of them in the Montevideo Treaty, and to suggest possible solutions.

Work undertaken in relation with the Provisional Committee of
the Latin American Free-Trade Association

19. The Provisional Committee was set up at the Inter-Governmental Conference held at Montevideo from 4 to 18 February 1960, at which the Montevideo Treaty establishing a Latin American Free-Trade Association was signed. The Treaty has since been ratified by Argentina, Brazil, Chile,
/ Mexico, Paraguay

Mexico, Paraguay and Peru.^{7/} It will be remembered that the Treaty includes a request by the signatory States for the technical advice of the secretariat of the Commission (article 44 and Protocol No. 3). In accordance with this request, the secretariat has collaborated on a permanent basis with the Provisional Committee, with particular reference to the establishment and technical organization of the Committee's statistical services, consultations with the Committee or its members on specific topics, and the organization of, or rendering of assistance to, meetings of experts on different subjects.

20. A number of studies on tariff problems and procedures has been undertaken ^{8/} with a view to compiling and presenting systematically the information concerning import régimes in Latin American countries, and to determining tariff treatment and other restrictions applied to imports in general and to specific commodities. At the same time, the average level of incidence of such charges is being ascertained for the purpose of analysing those régimes and the impact of these charges on imports. This work was undertaken originally in order to provide the necessary information on some points of the proposal for the common market presented by the Trade Committee's Working Group on the Latin American Common Market at its session in Mexico (16 - 27 February 1959).^{9/} Since then, the work has been expanded to permit its more immediate use for the purposes of the Latin American Free-Trade Area and to facilitate negotiations.

^{7/} The text of the Treaty, its protocols and the resolutions adopted at the Conference is reproduced in document E/3333, annex II, pp. 32 et seq.

^{8/} See, in particular, document E/CN.12/554 and its annexes on Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

^{9/} See also Trade Committee resolution 6 (II), paragraph 3 (c).

21. The secretariat assisted in the organization of the session of a Group of Experts on Foreign Trade Statistics, convened by the Montevideo Provisional Committee and held from 23 to 30 January 1961. The work of the Group related principally to the statistical problems of the members of the Latin American Free-Trade Association in connexion with the provisions of the Montevideo Treaty, and to ways and means of facilitating negotiations leading to its implementation.

Joint ECLA/OAS Study on Foreign Private Investments in the
Latin American Free-Trade Area

22. The origins of this study were described in ECLA's last annual report.^{10/} The consultant group organized by the ECLA secretariat and the Organization of American States completed its research work by the middle of 1960, and subsequent revisions to the draft report^{11/} were made at the suggestion of the two organizations.

23. The report of the group concentrates largely on the industrial sector, with particular reference to the manufacturing industries. This has enabled attention to be focused on the principal adjustments that will have to be made as a result of the Montevideo Treaty constituting the Latin American Free-Trade Association. Likewise, special consideration is given to private direct foreign investments, either alone or with the participation of domestic capital. Foreign loans and credits have also been covered, although primarily in relation to proposed solutions connected with the modernizing and expansion of existing industry, the establishment of new domestic industries and the financing of intra-area capital equipment movements. The members of the group drew a number of conclusions from their findings and have stressed that they have sought, above all, to provide practical suggestions for meeting the adjustments incidental to the establishment of a great regional market in Latin America.

^{10/} See E/3333, paragraphs 26 to 29.

^{11/} The final report E/CN.12/550 is currently in the press and will be published by the United Nations as a joint ECLA/OAS study. It is hoped to present it at the Commission's ninth session.

CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

Second special session: 26 to 29 April 1960

Chairman: Mr. Jorge Borbón Castro (Costa Rica)

Rapporteur: Mr. Juan José Lago Marengo (Nicaragua).

24. The second special session of the Committee was held at San José, Costa Rica, from 26 to 29 April 1960 with a view to: (a) studying the inter-relationship between the Treaty of Economic Association signed by Guatemala, Honduras and El Salvador in February of that year and the treaties and agreements relating to the Integration Programme signed by all the Governments members of the Committee in earlier years; (b) clarifying the procedure whereby the five member countries could consolidate and accelerate the economic integration of Central America.

25. After a detailed review of the matter, the Committee recommended the formulation of a new draft Treaty for the accelerated economic integration of the five countries. To that end, it adopted resolution 101 (CCE) requesting the secretariat to prepare a draft in close consultation with the Central American Governments and in accordance with the bases approved by the representatives of the Governments of Guatemala, El Salvador, Honduras and Nicaragua. The new draft was to be ready for consideration at the Committee's seventh session.

26. In accordance with the said bases, the draft treaty should include:

- (a) An immediate free-trade régime between the contracting Parties, covering all their natural products and all the goods manufactured in their territories;
- (b) An interium régime under which those products, which, because of special circumstances, could not be included, would be considered as exceptions to the said multilateral free-trade régime;
- (c) The provisions required for the early application of the Régime for Central American Integration Industries;
- (d) An undertaking to sign a protocol on the equalization of customs tariffs, based on the Central American Agreement on the Equalization of Import Duties and Charges;

/(e) A

(e) A further undertaking to sign two other protocols, aimed at the establishment of a Central American régime of incentives to industrial development and the equalization of social security payments.

27. The draft should also consider the founding of a Central American development financing institution, to be established with contributions from member States and governed by a special protocol to be signed before 1 January 1961.

28. The countries concerned also decided unanimously that the draft agreement should contain provisions allowing any country in the area that had not signed it originally to do so at any time without any restrictions whatsoever.

29. The Committee further recommended at this meeting that the agreement between the Central American Research Institute for Industry (ICAITI) and the United Nations Special Fund should be signed immediately, and this was done on that same occasion. Under the terms of this agreement, ICAITI will receive a contribution of 900,000 dollars which will enable it to strengthen its financial position and expand its activities in the industrial development of Central America.^{12/}

Seventh session: 9 to 13 December 1960

Chairman: Mr. Juan José Lugo Marengo (Nicaragua)

Rapporteur: Mr. Julio Prado García Salas (Guatemala)

30. The seventh session of the Central American Economic Co-operation Committee was held at Managua, Nicaragua, from 9 to 13 December 1960. The Committee studied the following instruments: the General Treaty on Central American Economic Integration, the Protocol to the Central American Agreement on the Equalization of Import Duties and Charges, and the Agreement Constituting the Central American Bank for Economic Integration. The three instruments were signed by Guatemala, El Salvador, Honduras and Nicaragua on 13 December. Costa Rica stated that it was not prepared for the time being to enter into such commitments.

^{12/} The full report of the Second Special Session of the Committee is contained in document E/CN.12/CCE/210; E/CN.12/542.

31. The General Treaty on Central American Economic Integration aims at setting out in a single instrument the bases and undertakings of the Governments on this subject. It establishes immediate free trade for all natural or manufactured goods originating in the territories of the member countries, except those for which free trade presents problems difficult to solve at the present time. These articles were the object of bilateral negotiations, agreed upon multilaterally by the four countries, in which the temporary régime that will govern them until they are incorporated into free trade was determined. As a general rule, the transition period is five years, but in very exceptional cases this régime can be prolonged further. The Treaty includes an undertaking to adopt within the same period a uniform Central American tariff consistent with the terms of the agreement. The Treaty incorporates the Agreement on the Régime for Central American Integration Industries, which will become effective for the four signatories to the General Treaty when the latter comes into force. There is a clear undertaking to create a Central American Bank for Economic Integration and to sign at the same time the agreement constituting the said Bank. The Treaty further calls for adequate co-ordination in the application of industrial development laws and for their equalization.

32. The General Treaty establishes a Central American Economic Council, composed of the Ministers of Economic Affairs of the contracting countries, an Executive Council consisting of a representative from each member country, and a Permanent Secretariat, which will provide the machinery needed to give effect to the provisions of the Treaty, and to solve any difficulties which may arise in its application. The Economic Council will be the organ responsible for facilitating implementation of the resolutions of the Economic Co-operation Committee.

33. The Protocol to the Central American Agreement on the Equalization of Import Duties and Charges succeeded in bringing about uniformity in over half the items of the NAUCA. The Committee recommended that the Trade Sub-Committee should continue the negotiations so that the unification of the duties might be completed as soon as possible.

/34. The

34. The Central American Bank for Economic Integration will have its headquarters in Tegucigalpa, Honduras, and will be established with a subscribed capital of 16 million dollars. The Committee requested the secretariat to provide the co-operation required in order that the Bank might begin its activities without delay under the best conditions in so far as its organization and operations are concerned.

35. The report of the seventh session of the Committee (E/CN.12/CCE/224)^{13/} covers its activities from 2 September 1959 to 13 December 1960. In it may be found information on the programmes which are under way or are about to be started in compliance with the resolutions of the Economic Co-operation Committee. The following points should be noted:

- (a) The preparation of documents required for the eleventh, twelfth and thirteenth sessions of the Trade Sub-Committee at which negotiations will be concluded for establishing a uniform tariff for imports and the adoption of a common customs code. At that time draft instructions will also be issued concerning the application of the integration treaties as well as draft regulations for determining the origin of goods;
- (b) The signing by States members of the Committee, of the first protocols as soon as the Régime on Integration Industries enters into force, with a view to giving more scope to free trade and accelerating the economic development of the region. For this purpose a meeting of an Ad Hoc Working Group on Industrial Development will be convened;
- (c) The unification of laws on fiscal incentives for industrial development, as well as co-ordination in the administration of such laws. For this purpose a working group will also have to be convened to consider and discuss the documents prepared by the secretariat;
- (d) The continuation of studies relating to the formulation of a Central American highways plan and the adoption of uniform transport regulations, as well as a common maritime code and, if possible, uniform harbour regulations. The second session of the Transport Sub-Committee will be convened for this purpose;
- (e) The holding of the second session of the Electric Power Sub-Committee, which will review the studies on the interconnexion of national electric

^{13/} See E/CN.12/552, United Nations publication, Sales No. 60.II.G.7.

power systems and the work aimed at unifying the accounting systems of the electric power companies in the different countries, the determination of price differences between countries and other projects agreed upon at the first session of this Committee;

(f) Initiation of activities by the Agricultural Economic Development Sub-Committee, for which purpose a general study on problems and prospects of agricultural production in Central America is being prepared, together with a study on possibilities for agricultural specialization and a regional supply of grains and dairy products. FAO is co-operating in this work;

(g) The study, in co-operation with the United Nations Bureau of Social Affairs, of the principal socio-economic problems affecting the integration programmes: housing, land tenure, population movements, etc.

36. The following Sub-Committees of the Central American Economic Co-operation Committee met during the period covered by this report:

Central American Trade Sub-Committee

Seventh session. First working meeting: 28 May to 12 June 1960

Chairman: Mr. Alberto Fuentes Mohr (Guatemala)

Rapporteur: Mr. Oscar Veroy (Honduras)

Seventh session. Second working meeting: 10 to 25 July 1960

Chairman: Mr. Jaime Quesada (El Salvador)

Rapporteur: Mr. Porfirio Morera Batres (Costa Rica)

Eighth session. 7 to 14 November 1960

Chairman: Mr. Alberto Fuentes Mohr (Guatemala)

Rapporteur: Mr. Jaime Quesada (El Salvador)

Ninth session. 5 to 9 December 1960

Chairman: Mr. Luis A. Cantarero (Nicaragua)

Rapporteur: Mr. Alberto Fuentes Mohr (Guatemala)

Tenth Session. 6 February to 2 March 1961

Chairman: Mr. Oscar Veroy (Honduras)

Rapporteur: Mr. Gustavo Guerrero (Nicaragua)

37. The seventh session of the Central American Trade Sub-Committee was divided into two working meetings, at which the negotiations requested by the Committee in its resolutions 83 (CCE), with a view to achieving uniform tariffs for imports of goods from outside the area, were started. The two working meetings resulted in an agreement in principle on uniform duties and charges which were subsequently included in the Protocol to the Agreement on the Equalization of Import Duties and Charges signed at Managua.^{14/}

38. At its eighth session, the Sub-Committee studied the draft of the General Treaty which had been prepared by the secretariat in close consultation with the Governments and in accordance with the bases laid down in resolution 101 (CCE). Preferential treatment between pairs of countries were negotiated for those items in the tariff exempted from the immediate free trade stipulated in the Treaty, and new negotiations were carried out in respect of those items which, notwithstanding the agreement reached at the first working meeting of the seventh session, were the subject of observations by Governments.

39. At the ninth session some tariffs were re-negotiated which had already been agreed upon during the second meeting of the seventh session and which had also been the subject of observations by Governments. At this level the draft General Treaty and the draft Protocol to the Agreement on the Equalization of Customs Duties and Charges were discussed and adopted, as were the schedules for preferential treatment and the uniform tariffs mentioned above. The drafts were submitted for consideration by the Economic Co-operation Committee at its seventh session.

40. During February 1961 the tenth session of the Sub-Committee was held with a view to completing the equalization negotiations in order to draft a new Protocol to the Equalization Agreement which will complete the work of achieving a uniform tariff for Central America.

^{14/} See E/CN.12/552, op.cit., Annex II.

B. OTHER ACTIVITIES

41. Activities of the secretariat not directly connected with the work of the subsidiary bodies mentioned in Section A above are dealt with below.

CURRENT ECONOMIC ANALYSIS DIVISION

Annual economic survey

42. The Economic Survey of Latin America 1960^{15/} begins with an analysis of the nature and origins of short-term fluctuations in the economies of the Latin American countries during the post-war period. From this analysis, the inference is drawn that the course of economic growth throughout this period is linked to the expansion in the volume of exports and their purchasing power abroad. However, the external sector also shows an immediate relationship with the short-term instability of the gross product. A comparative examination of the degree of instability and of the period during which this instability prevailed as regards both the gross product and the exports of eighteen Latin American countries, shows that the correlation between the two variables is not very close in many cases. At the same time, this comparison reveals that, given the degree of instability of the purchasing power of exports, the variations in the product are not quite so marked. This leads to one immediate conclusion: that additional factors have come into play which have superimposed their influence on that of exports to determine the behaviour of the product. These additional factors - identified with the various components of internal demand and with the inherent rigidities of some of the principal production sectors in these economies - are examined for a number of countries specifically chosen for this purpose. Generally speaking it emerges that when, there is a weak correlation between the movements of exports and those of the product, an adequate explanation may be found in those additional factors.

^{15/} See E/CN.12/565 and Add.1.

43. The compensatory role of these additional variables is, however, related to disruptions in other directions. In the Latin American countries, the level of internal saving and investment depends to a large degree on the volume and price of exports and on the level of imports. Thus, wherever a high degree of stability in the gross product has coincided with sharp fluctuations in the purchasing power of exports, the process of adjustment has taken the form of large-scale disequilibria in the balance of payments or in the level and structure of internal prices, or in both at once. The recurrence of these economic difficulties has prompted the Latin American authorities to take measures which frequently conflict with long-term aims.

Economic development in 1960

44. After the stagnation of the Latin American economy as a whole in 1959, the gross product, income and the supply of goods and services, all expressed in per capita terms, showed an upward movement which, in the case of goods and services, was of the order of magnitude of 4.6 per cent.

45. In other aspects as well, the trends followed by economic development in 1960 differed very appreciably from those in 1959. For instance, the external sector took a rather more favourable turn: on the one hand, there was an improvement in the external purchasing power of exports and, on the other, a rise in the hitherto depressed level of imports. Both variables provided incentives to the growth of current economic activity. The enhanced purchasing power stimulated this activity and the increase in imports led to a more ample supply of raw materials and capital goods. Another notable difference in 1960 which is worthy of mention is the change in the trend pursued by the inflationary process where it already existed. In that year, the rapid climb of internal prices, which was particularly marked in 1959, slowed down. But, balance-of-payments disequilibrium reappeared in 1960 in many countries. The sharp contraction of imports in 1959, by means of which many countries hoped to ease the strain on their balance of payments, had depleted stocks of a great many raw materials and, in some cases, had impeded the normal development of current economic activity. Thus, this trend in 1960 should be regarded as the outcome of the inescapable need to raise the low level of imports that had prevailed in 1959.

/46. The

46. The aforementioned recovery of the gross product did not have an equally favourable impact on all the sectors of production. If the share of each sector in the total gross product is considered, it is evident that those of agriculture, construction and services decreased, that of petroleum remained the same and that of industry expanded.

47. Another fact which seems to emerge from the provisional data collected on 1959 and 1960 relates to the coefficients of internal saving and gross investment. For 1959-60 as a whole, there appears to have been a fairly general tendency for these coefficients to be lower than in 1957-58 as a whole. Wherever this was so, it coincided with the introduction or more vigorous pursuance of an economic policy primarily aimed at stabilizing prices, modifying the price structure and preserving balance-of-payments equilibrium.

The external sector

48. The international prices of a large number of Latin American staple exports fell sharply in 1958-59 and the lower level of recent years persisted in 1960. A glance at external market trends for the chief items shows that, in the last three years, the prices of sugar, cotton, cacao, coffee, wheat, maize, wool, nitrate, lead, zinc and linseed oil were lower than in 1950. In the case of other commodities - copper, tin and crude petroleum -, prices remained at a slightly higher level than in 1950, but market conditions deteriorated steadily. Despite this decline in prices, the total value of Latin American exports in 1959 continued to be 22 per cent higher than in 1950, owing to the increase in the export quantum.

49. Latin American trade during the last decade was at its height in 1957. The drop in the value of exports in 1958 (7 per cent below 1957 figures) took place chiefly in the countries that export coffee, sugar, non-ferrous metals and petroleum and reflected, in every case except that of petroleum, the fall in the price commanded by these commodities on the external market. The total value of exports continued to drop in 1959, although less rapidly than in the previous year. External prices of coffee, sugar, cacao and cotton moved down again, but some countries - chiefly the big coffee exporters - managed to offset their losses to a certain extent by stepping

/up their

up their volume of exports. In the case of the major sugar exporters, on the other hand, the decline in prices combined with a contraction in the volume exported to lessen the value of exports. The fall in crude petroleum prices reduced the value of Venezuela's exports, whereas the countries that export non-ferrous metals (except lead) recorded a notable recovery, with the improvement of copper, tin and zinc prices, aided - in Bolivia and Chile - by an increment in the volume of exports.

50. Tentative figures for 1960 point to a gradual recovery, largely attributable to the expansion in the quantum of exports in certain countries: Argentina, Chile, Dominican Republic, Ecuador, Peru and Uruguay. External prices remained at the same low levels as in the preceding year in the case of almost all primary commodities, but that of petroleum sank even further.

51. The contraction of total imports in 1958-59 with respect to their 1957 figure was relatively more intense than that of exports. In 1958, total imports were 9 per cent less than in 1957, a reduction taking place in 16 out of the 20 Latin American countries. In 1959, the value of imports took a further downward turn in 14 countries, sinking 7 per cent below their 1958 level.

52. The deficit in total goods and services transactions in 1958 amounted to about 1,300 million dollars and signified a drop of slightly over 700 million in the region's international holdings. In 1959, a considerable reduction of some 500 million dollars was made in the deficit in the goods and services account. As a result, the international reserves fell by only about 100 million dollars. In both years, part of the deficit on current account was defrayed by means of compensatory credits from the International Monetary Fund and foreign banks.

53. During the first few months of 1960, total Latin American imports showed an increment which nevertheless exceeded the increase in exports. This expansion in imports reflected, on the one hand, the gradual relaxation of the restrictions imposed in 1958-59 and, on the other, the need to replenish stocks and increase supplies of raw materials and capital equipment. Although the deficit in the trade balance was greater than in 1959, the position of international holdings had not become any less tenable by the end of September 1960, largely owing to the substantial foreign credits granted to Argentina.

54. Latin America's balance of payments showed a deficit of slightly over 1,100 million dollars in 1958. Nearly a third of this corresponded to Venezuela and was attributable to both the decline in the value of exports and the virtual cessation of net foreign capital inflows.

Argentina, Brazil, Cuba and Mexico also had very large deficits. In 1959, the total balance-of-payments deficit was reduced to 480 million dollars. Although in the case of Venezuela it was almost as high as in the previous year, other countries - Argentina, Chile, Colombia, Mexico and Peru - recorded a surplus. Cuba was almost the only country to have a larger deficit than in 1958.

55. During the first nine months of 1960, the balance-of-payments deficit continued to shrink. This was largely the result of the substantial cut in Venezuela's deficit. In fact, if this country is discounted, the aggregate deficit for the other countries was higher than in 1959, because of the deterioration in Chile, Colombia and Mexico, among others, and the larger negative balance in Brazil.

Manufacturing industry

56. The year 1959 was characterized not only by a decline in the total gross product of the Latin American economy but also by a slowing-down in the swift rate of growth of industrial production. In 1960, however, industrial production recovered to the extent that its rate of increase was equivalent to the high levels prevailing before 1959.

57. With regard to the iron and steel industry, it should be pointed out that in 1960, the output of pig iron increased by 13.6 per cent, that of steel ingots by 12.8 per cent and that of finished steel by 11.9 per cent.

Despite these appreciable advances and those achieved during the preceding year, the gap between production and consumption is constantly widening.

In 1950, imports of steel ingots for example, amounted to 2.8 million tons while in 1958 the figure for these imports was 3.8 million tons.

This means that the very large-scale development of the iron and steel industry in Latin America was smaller than the growth in internal demand.

58. With respect to the pulp and paper industry, the output of pulp for paper and board increased by 20 per cent in 1960; for paper and board the rise was 9.6 per cent, and for newsprint almost 13 per cent.

59. Cement production supplies almost all Latin American consumption but is subject to demand depending on the level of private and public construction. In 1960, it increased by 6 per cent as compared with the modest expansion of 2.8 per cent in 1959.

60. In Argentina and Brazil, the plans for the production of motor vehicles have gone ahead with the manufacture in 1960 of some 40,000 units in Argentina and about 130,000 in Brazil. These figures were computed on the basis of vehicles - excluding motorcycles and similar units - in which domestically-produced components represent at least one third of the total weight and which are built by plants whose production plans provide for a gradual increase in the use of domestically produced parts.

61. The production plans for tractors make provision for considerable increases in 1960. In accordance with these plans Argentina stepped up its output from 16,000 units in 1959 to almost 22,000 in 1960 and Brazil from 600 to 15,000 over the same period.

62. Among the other industries, it should be noted that the heavy chemicals industry, the metal transforming industry, etc., also showed considerable expansion in 1960, particularly the former.

Agriculture

63. During 1959-60, agriculture in Latin America continued to grow at the slow rate characteristic of it in recent years. Over the short term, agriculture has been virtually static as a result of a variety of factors influencing it in several ways and to varying degrees in the different countries of the area. In 1959, bad weather, in the form of heavy rains sometimes followed by severe floods, had a marked impact on agricultural output in the southern countries of the area - Argentina, Brazil, Chile, Paraguay and Uruguay - causing serious material damage in some of them, and the effects of this continued to be felt well after the beginning of 1960.

64. Furthermore, it should be pointed out that in many Latin American countries, agricultural output for internal consumption failed to keep pace with population growth. Such was the case in 1959 when crop output for internal consumption increased by only 2.4 per cent while the demographic increase for the area as a whole was 2.5 per cent. Food shortages have continued to be averted by importing, the deficit items as a palliative,

/with the

with the result that large quantities of foreign currency have been diverted from much more productive uses. As an example of this, it is worth mentioning that the exports of foodstuffs from the United States to the twenty republics of Latin America during the fiscal year ending June 1960 were of the order of 495 million dollars, or 8 per cent more than the previous year. In addition, the trend in world prices for the main agricultural exports of the area has been somewhat unfavourable in the last two years.

65. The amendment of the United States Sugar Act at the beginning of July 1960 and the elimination of Cuban sugar from the United States market during the rest of the year and the first quarter of 1961 was the most important event to occur in the agricultural economy of Latin America and in the international sugar market. The cancelled Cuban quota was redistributed among other producing countries, with the result that Peru, the Dominican Republic, Mexico, Nicaragua, Haiti, Panama, Costa Rica, Brazil, Guatemala and El Salvador obtained an addition of 675,811 short tons to the normal quota (of the first eight of these countries) of 90,440 tons. The immediate effect of these marked structural changes in the sugar market was a boom in sugar exports from Latin America in the last half of 1960. It would seem that in 1961 the Latin American countries listed above will continue to benefit from the higher sugar prices prevailing on the United States market. Cuba, which in 1960 had sold 2,350 thousand metric tons at world market prices to countries with centrally planned economies, concluded new agreements with these countries under which it will sell them 4 million tons of sugar in 1961 at the price of 4 cents per pound. Cuba has also decreed that there will be no limit on the amount of sugar cane which may be planted this year, so that production may well reach 6,715,000 tons.

66. In the long term, the slow rate of development of agriculture in Latin America is to be explained by the deficient agricultural structure of the area which is based on unequal distribution of the land factor. The concentration of agricultural holdings among a small number of owners has led to more extensive farming methods with resulting low productivity,

/low income

low income and low standards of living for the great mass of the rural population. In this way, agriculture has ceased to be a dynamic factor in the overall economic development of Latin America, as it not only fails to provide the incentive and stimulus necessary to the process of industrialization, but on occasion even retards it considerably. In fact a poor agricultural population cannot be a good market for manufactured goods.

Economic Bulletin for Latin America

67. In addition to the two regular issues of the Bulletin contained in its 1960 volume, a special statistical issue was published which could not be made available until the first few months of 1961 and is being submitted to the Commission at its ninth session. During 1961 - and already as a regular feature - two issues devoted completely to the secretariat's statistical series will be published separately. This procedure was resorted to because the status of the statistical supplement as a special feature in the regular issues of the Bulletin would not have given sufficient scope to the material available and the interest shown by specialists in this field. It was precisely in order to cater more adequately to the needs of the specialized reader that the decision was taken to publish the statistical supplement of the Bulletin separately for the benefit of its reading public and to meet the purpose for which it is intended.

68. Information concerning Volume V, No. 1, of the Bulletin was made available to the Commission at the last session of its Committee of the Whole.^{16/} Volume V, No. 2, published in November 1960, included an article summarizing the main trends of the Latin American economies in 1959 and served to some extent to replace the Economic Survey of Latin America (E/CN.12/541) for that year, which could not be published for various reasons. The same issue contains an article on Central American exports to the United States during the post-war period and a summary of the survey carried out by the ECLA/FAO Division on the coffee industry in the State of São Paulo (Brazil).^{17/}

^{16/} See E/3333, op cit., paragraph 63, pp. 7 and 8

^{17/} Offprints of this article, "The Coffee Industry in São Paulo", were published for circulation among interested readers. They have been submitted, together with a note by the secretariat (E/CN.12/578) to the Commission at its ninth session.

69. The first article in Volume VI, No.1 (March 1961) is written by Mr. Raúl Prebisch and is entitled "Economic development or monetary stability: the false dilemma." It gives the author's personal views on the subject. It is followed by a work on "Relationships between social and economic institutions: a theoretical model applicable to Latin America" by Mr. José Medina. Next comes an article on "Economic policy and the price system" by Mr. Thomas Balogh, Fellow of Balliol College, Oxford. The issue ends with the report of the Expert Working Group on Social Aspects of Economic Development (Mexico City, December 1960).^{18/}

Special Study Group on Inflation and Growth

70. Within the Division a special Study Group was set up in 1959 to analyse problems of inflation and growth. A preliminary version of this study, part of which is submitted to the Commission at its ninth session, is now nearing completion.^{19/}

71. The final report will contain a preface dealing with definitions and basic concepts, followed by chapters summarizing the experience of Latin America over the period 1929-59, the structure of foreign trade and external trends. Work is also in progress on chapters dealing with economic structure and internal trends and with policy experience in different fields, including foreign, economic, fiscal, monetary and wage policies. A final section will offer a general explanation of developments related to inflation in Latin America and suggest the implications that may be drawn for policy purposes.

72. Several draft country studies have also been prepared, but, according to present plans, will not be published with the preliminary version of the general study.

73. In connexion with the work on inflation, the Executive Secretary and four members of the Study Group attended a meeting, held in June 1960 at Lake Como, Italy, under the auspices of the Rockefeller Foundation.

^{18/} As in the case of the article on "Economic development and monetary stability: the false dilemma" offprints of this report have been published for distribution at the Commission's ninth session.

^{19/} See document E/CN.12/563.

This meeting was convened to discuss the organization of a conference on the problem of inflation in Latin America and its relation to growth, with special reference to the principles that should guide policy. In addition to the ECLA staff members mentioned above, the meeting was attended by several economists from Latin America and the United States and a representative of the International Monetary Fund. The tentative agenda of the proposed conference was discussed, after a brief survey of the inflation problem based on papers prepared by the ECLA Study Group and by other participants.

ECONOMIC DEVELOPMENT DIVISION

Advisory Groups for Programming Economic Development

74. During the period under review, the main resources of the Division have been used to staff the Advisory Groups organized jointly by ECLA and the Bureau of Technical Assistance Operations (BTAO), with the active collaboration of FAO and, since March 1961, of the International Labour Organisation (ILO), and the participation of other specialized agencies.
75. In 1960, Advisory Groups were operating in Bolivia, Colombia and Cuba. The Group in Cuba completed its assignment during the course of the year, while two staff members were detailed to a new Advisory Group for Chile, urgently requested by the Government as part of its overall work to overcome the effects of the havoc wrought in southern Chile by the earthquakes of May 1960. Preparations are also under way for an Advisory Group for Venezuela, while requests have been received from two more countries and efforts are being made to comply with them at least on a minimum basis.
76. The Advisory Groups programme was launched in response to requests made by Governments to the secretariat^{20/} to proceed further in its concern with growth problems and with finding the best way to make a substantive contribution towards the development process.
77. The main functions of these Groups are to leave in operation, upon their departure, a policy-making machinery at the Government level, and to train personnel with this aim in view. The Groups operate at a purely technical level and under no circumstances do they advise on the actual

^{20/} See ECLA resolutions 137 (VII) and 155 (VIII).

formulation of policy; they serve rather to set up the mechanism which will enable Governments to take their own decisions. The need to train personnel explains the fact that the intensive training courses ^{21/} are organized, wherever possible, in conjunction with the Advisory Groups, which in turn supplement the courses with on-the-job training for people assigned by the respective Governments to work with them.

Colombia

78. The work of the Advisory Group continued during 1960. Towards the end of the year there were considerable staff cuts, since the ECLA staff members and some other experts assigned to it ceased to work on a permanent basis in Colombia. At the Colombian Government's request, the Group will continue its work during 1961.

79. Decisive measures were adopted by the Government during 1960 with a view to consolidating and putting into operation the programming machinery within the country. The more important of these measures were the legislation setting forth the principal bases for the organization of the planning and budgetary offices within the different ministries, the reorganization of the Budget Office within the Ministry of Financial Affairs and the introduction of programme budgeting.

80. The work of the Group during 1960 included the following fundamental aspects:

(a) Estimating national accounts and other basic statistics. The working groups of national and international experts undertook the following technical functions: (i) the work of compiling national accounts at current and at constant prices was organized very methodically, and annual estimates were prepared for the period 1950-1960; (ii) a demographic study was completed and projections made of the principal future changes in the population; (iii) a detailed statistical analysis was made for public sector accounts; (iv) retrospective detailed analyses and forecasts were prepared for the balance of payments.

(b) Four-year public investment programme. With the advice and direct assistance of the Advisory Group, the Colombian planning bodies prepared a four-year public investment programme which the President presented to Congress at the end of the year. This document includes: (i) general

^{21/} See paragraphs 83, 90 (d) and 94-100 below.

considerations and evaluation of Colombia's economic problems and prospects; (ii) economic and technical evaluation of public investment in Colombia; (iii) investment and financing plans, both overall and sectoral; (iv) analysis of each administrative unit, with its plans and financing.

(c) Re-organization of the Budget Office and the budget mechanism. During 1960, the Government enacted the following legislative decrees, which are now in force in Colombia: (i) Legislative Decree 1016, which sets forth the procedure for the preparation of the budget by programmes; (ii) Legislative Decree 1124, which reorganizes the National Budget Department, creates the section on programme budgeting and groups for budget analysis; (iii) Legislative Decree 550, which sets up budget offices within each ministry.

(d) Introduction of the technique of programme budgeting. In the 1960 budget, with the direct assistance of the Group, the technique of programme budgeting was introduced in several ministries, and in the 1961 budget, sanctioned by Congress, this technique was extended to all ministries and autonomous institutions. Moreover, during 1960 procedures were initiated for controlling the execution of the objectives and programmes established in the Budget.

(e) Administrative organization of programming. Apart from the re-organization established throughout the budget mechanism, Legislative Decree 550 provided for the creation of planning offices within each ministry, thus supplementing the administrative system of planning in Colombia.

(f) Evaluation of economic development problems and prospects. The working groups organized by the Advisory Group have completed reports on the analysis of the economy as a whole and of the principal sectors, including agriculture, industry, energy, the public sector and payments.

(g) General programme for economic and social development. The joint working groups, set up in the relevant ministries and in the planning bodies have completed the basic sectoral projections needed to formulate development programmes. Specific projects and programmes have been prepared for investment in certain activities, in the agricultural, industrial and energy sectors.

81. These projects and programmes are being studied during the early part of 1961 by the planning bodies with a view to drawing up a detailed general economic development programme.

82. The Advisory Group also assisted the planning bodies in the preparation of technical aspects relating to the Government's economic and social platform which was described in a publication issued at the beginning of 1960. This important document outlines the Government's fundamental objectives on matters of economic and social policy.

83. An intensive training course was held, along the lines of the one given in 1959, on the analysis and techniques of programming. The participants were civil servants, including some of high rank, working mainly on economic and social questions.

84. The achievements of the Colombian Advisory Group which have, in their main aspects, been described above, show the way in which the Group has fulfilled its objective of assisting the Government in establishing an analytical and programming mechanism. Moreover, the economic studies and sectoral development programmes are being considered at this time by the official planning agencies with a view to drawing up a general development programme which the Colombian Government proposes to publish during the first half of 1961.

Cuba

85. The Advisory Group in Cuba continued its work during most of 1960. Its activities were facilitated by a series of reforms which the Government adopted for the establishment of an institutional mechanism for planning purposes. In March, the Government set up a Central Planning Board to co-ordinate the functions of formulating both short- and long-term plans, preparing budgets, and collecting and processing statistical data.

86. In drawing up a new budget system, based on the premise of integrating short-term plans within the State budget, the Government was assisted by the Advisory Group. The new system came into operation on 1 July 1960 and was applied to the entire central administration and also to some municipal Governments.

/87. The

87. The Government also organized sectoral offices for planning, budgets and statistics, and here again the Advisory Group's services were used, particularly in training the staff needed for these different offices.

88. During the course of the year, the Ministry of Public Works applied methods for formulating a public works plan, and the National Land Reform Institute (Instituto Nacional de Reforma Agraria-INRA) drew up agricultural plans. These and other State organizations were given technical assistance by the Group in this work and in formulating long-term plans for their respective sectors. Technical assistance was also provided in relation to problems of skilled manpower requirements, statistical organization, standard classification of activities and administrative organization for planning purposes.

Bolivia

89. The Advisory Group was set up at the Bolivian Government's request with the participation of ECLA, BTAO and FAO. The essential objectives of the programme were drawn up by agreement between the Government and the international agencies mentioned and include mainly assistance to the pertinent national institutions for the preparation of a diagnosis of the main economic development problems of the national economy and its prospects; the formulation of an investment programme; the preparation of recommendations concerning planning mechanism and for evaluating the economic policy measures related to programming; and finally, the training of national staff to carry out functions of this kind.

90. The Group began operations in April 1960 and has been working principally through joint groups of national and international experts for the different types of activity. Some of the main aspects covered to date have been the following:

(a) National planning mechanism. The experience gained during the existence of the former National Commission for Coordination and Planning (Comisión Nacional de Coordinación y Planeamiento) was reviewed, and on this basis the creation of a new National Planning Board (Junta Nacional de Planeamiento) was suggested and approved, with a clearer definition of functions and internal structure. The establishment of this new body arose from the idea that any real programming process requires the gradual

/consolidation of

consolidation of an entire national mechanism, of which the new Board will represent the central co-ordinating unit and will be responsible for the technical direction and final preparation of plans and programmes, but will at the same time be closely connected with and supported by planning offices or sections to be progressively set up in other administrative units, including the departmental and municipal Governments. With regard to these other units, special attention has been paid to date to the organization and duties of the Budget Department of the Ministry of Financial Affairs and its relations with the Planning Board, with a view to ensuring adequate co-ordination of general medium- and long-term plans within the annual national budget.

(b) Preparatory research for the formulation of development plans. A very broad and diversified programme of essential research has been drawn up with national experts. It covers the more important problems and sectors of the national economy and has provided the basis for a preliminary diagnosis. This research programme has been designed to include not only the systematic collection of statistical information and the incentives for new programmes to improve statistics, but also by direct investigation of the different problems through missions to the different regions within the country, visits to plants and installations, and round-table meetings with representatives and experts of the public and private sectors who are specialized in the various subjects. This has led to the collection and systematic arrangement of the essential basic material, on the basis of which it is expected that the first general plan for economic and social development will be completed by June 1961. This will include a specific medium-term public investment programme and special programmes for the development of certain parts of the country.

(c) Reforms in the budget mechanism. Work on this subject has been directed towards converting the national budget into an effective programming mechanism. With this aim in view, advice was given on a substantial modification of the traditional pattern of the budget including its adjustment to the techniques of programme budgeting. The Budget for the fiscal year 1961 has already been promulgated in this form. In order to

/consolidate the

consolidate the progress made in budget matters, help has been given in reorganizing the Budget Department and, in a more general way, in studying the reorganization of the Ministry of Financial Affairs.

(d) Training of personnel and dissemination of knowledge. Assistance in training national staff in economic development questions and programming techniques has taken several forms: first of all through daily contact in the course of joint work, meetings and special round-table discussions on methodology, the organization of an intensive training course on economic development problems and a special seminar on budget techniques, etc. Efforts have also been made to ensure more widespread knowledge of the essential techniques and concepts, mainly through public lectures and the initiation by the Planning Board of a quarterly publication, the first issue of which was published in December 1960.

(e) Collaboration on aspects of immediate interest. In the course of the work a number of problems of immediate interest to the national authorities have arisen and have necessitated specific action. As soon as an example of such activities, mention might be made of the assistance given by the Advisory Group in preparing, for presentation to the United Nations Special Fund, a project for an aerophotogrammetric survey and mineral prospecting over an extensive area of the national territory; assistance in formulating a national plan for emergency investments, with their respective priorities, designed to facilitate immediate negotiations for foreign financing; the collaboration given to the mission sent to Bolivia by the Inter-American Development Bank for the purpose of examining what short-term financing operations could be undertaken.

ECLA/BTAO Economic Development Training Programme

91. There has been a long-felt need for a major revision of the scope and activities of the ECLA/BTAO Economic Development Training Programme, but the matter has recently acquired greater urgency because of the personnel problems of the ECLA/BTAO Advisory Groups, both at the national and the international levels. Because of the need to improve and add to the teaching material with a view to such reorganization, the regular

/programme has

programme has been suspended during 1960, but will be resumed in July 1961 on a new basis.

92. The principal features of the proposed reorganization consist of the extension and reorientation of the regular Santiago Programme, whereby the average number of students will be increased from 14 to 35, for an eight months' course. About half of this period will be devoted to instruction in the fundamentals of economic development programming, along the lines of the basic courses taught in the past, to be given to all participants. This will be followed by specialized training in five fields:

(a) general programming; (b) budgetary problems and financing; (c) industrial programming; (d) transport programming; and (e) public works programming. It is hoped later on, to add agricultural programming.

93. During 1960, work has been concentrated on the revision and preparation of teaching materials. This has been an important task of the Programme from the beginning, but efforts have been intensified this year with a view to bridging the broad gap between unduly specific individual projects and impractical generalizations, with particular reference to industry and transport. The aim is to obtain a broad range of factual information on the characteristics of industries in order to use it as a basis for preinvestment and feasibility studies. This information will then be used both for teaching purposes and for the work of the ECLA/BTAO Advisory Groups. The Industrial Development Branch at United Nations Headquarters is playing an active role in the project on industrial programming materials, which is one of its major projects for 1960/61. Moreover, with a view to systematizing the experience already gained and clarifying ideas for future work, ECLA staff and BTAO experts assigned to the Advisory Groups participated at a series of round-table meetings, held at Santiago in January 1961, with particular reference to industrial and transport programming.

Intensive training courses

94. Since 1959, the intensive courses have been organized, wherever possible in conjunction with the ECLA/BTAO Advisory Groups. Their main purpose is to train the officials directly concerned with programming activities so that they can continue after the Advisory Groups leave the

/country in

country in which they work. In 1960, such intensive courses were held in Bolivia and Colombia, while in three more countries - Brazil, Mexico and Uruguay -, the training courses were organized with the collaboration of the host Governments and other national institutions.

95. The basic courses in each case relate to the theory and programming of development, social accounting, project preparation and evaluation, administrative and budget techniques, and the financing of development. Additional basic courses were added to meet special requirements. These included supplementary courses relating to sectoral programming, in Bolivia and Colombia; statistics and economic analysis, in Brazil; linear programming and multi-purpose projects, in Mexico; and agricultural programming, in Uruguay. The basic and supplementary courses were given by ECLA staff or BTAO experts, and in each country a special series of lectures on national problems was also delivered by local professors of renown.

96. The National Commission for Co-ordination and Planning sponsored the intensive course in Bolivia, which was held from 4 July to 30 September 1960 with the collaboration of the University of San Andrés. Over 130 participants attended, drawn from technical and professional ranks, some of whom attended only the basic courses and lectures, while the remainder attended both the basic and the supplementary courses. Ninety-seven hours were devoted to the basic and 52 to the supplementary courses, and 18 to lectures on various topics. Another six hours were assigned to round-table discussion.

97. Colombia. The Administrative Department of Planning and Technical Services (Departamento Administrativo de Planeación y Servicios Técnicos) and the Banco de la República helped with the organization of the course in Colombia, which was held from 18 August to 18 November 1960, with a special closing ceremony on 15 December. It was attended by 80 participants, 33 on a regular or full-time basis, and 47 on a special basis. The courses, including seminars, included 211 hours of lectures, of which 152 were assigned to the basic courses and 59 to special courses. In addition, 12 lectures were given.

/98. In

98. In 1960, the course in Brazil was organized by the Joint ECLA/BNDE^{22/} Economic Development Centre, set up in July in Rio de Janeiro. Classes began on 19 September and ended officially on 7 December. A total of 52 participants was selected, 46 of whom attended on a regular basis and 6 on a special basis. The basic courses included 136 hours of lectures and 32 seminars. In addition, 12 special lectures were given by eminent Brazilian professors, relating specifically to national economic problems. Finally, Dr. Thomas Balogh, Fellow of Balliol College, Oxford, was contracted by the ECLA/BTAO Economic Development Training Programme to give a series of supplementary lectures on monetary policy.

99. The preparatory work for the Mexico course was undertaken by the ECLA Mexico Office and the Ministry of Industry and Trade with the collaboration of the Banco de México. The opening ceremony was held on 5 June 1960 at the Faculty of Engineering of the University of Mexico, and the course ended on 27 August. A committee selected 43 candidates, 27 of whom were accepted on a full-time basis and the remaining 16 as part-time participants. Basic courses included 196 hours of lectures and 65 seminars. Supplementary lectures totalling 50 hours were given.

100. The course in Uruguay was held at the University of the Eastern Republic of Uruguay, which took an active part in organizing it. Seventy-two participants completed the course, 22 on a full-time and 50 on a part-time basis. There were 122 hours of lectures in the basic courses, plus 37 seminars. Supplementary courses consisted of lectures given by Uruguayan professors with special reference to the country's economic development problems.

Study on comparative rates of economic growth

101. The work of compiling and analysing basic data for this study has continued, although it was not until the last part of 1960 that a larger number of staff could be assigned to it.

^{22/} Banco Nacional de Desenvolvimento Economico.

102. Although the study is of a general nature, the analyses are being carried out for nine countries, for which greater statistical information is available. Countries with different levels of income are included.

103. At this first stage of the work, the aim is essentially one of determining what specific and general factors have fostered development in the group of countries which have developed most, and what the limiting factors have been in the group of countries showing a slower rate of growth. The analysis covers the period from the immediate post-war years until the present time, and distinctions are drawn between different stages, depending on the movement of the growth rate.

104. In particular, trends and structural changes are analysed in relation to the whole of the economy as well as by agricultural, industrial, external and Government sectors. An analysis has also been made of the trends and structural changes which may have taken place in capital formation through the rise in income within different countries and the fluctuations in the external sector.

Studies on the economic development of the Central American
countries and Panama

105. The ECLA Mexico Office, with the assistance of the national working groups formed for the purpose, has concluded the studies of the economic development of Panama, El Salvador and Honduras. At the same time, considerable progress has been made in preparing the basic macro-economic series for the study which has already been started on the economic development of Nicaragua. Negotiations have also been completed with the Government of Guatemala for the purpose of conducting a similar study on that country's economy, and the groundwork has been laid for setting up a national working party. The first two studies, which have already been printed, were submitted to the Commission at its eighth session.^{23/}

^{23/} See, in the series Analyses and Projections of Economic Development, Vol. VII - The Economic Development of Panama (E/CN.12/494/Rev.1) United Nations Publications, Sales No: 59.II.G.3, and Vol. VIII - El desarrollo económico de El Salvador (E/CN.12/495) United Nations Publications, Sales No: 60.II.G.2.

106. The study on Honduras provides an analysis of the various factors which have conditioned the country's economic growth during the period 1945-58. Two sub-periods can clearly be distinguished, the first being one of externally-oriented growth in which bananas and coffee were the main commodities which determined the rate of activity. The steep fall in the capacity to import generated by the decline of banana production in 1953 led to a general drop in the level of activity. This heralded the beginning of the second sub-period, characterized by greater participation of the productive sectors catering to the domestic market. There ~~was~~ a considerable rise in public investment in infrastructural works, the import substitution process was stepped up - especially as regards consumer goods - and a notable advance was made in diversifying exports in terms of commodities and of countries of destination. Increased trade with neighbouring countries has been an important factor contributing to this process. It clearly emerges from a study of the second sub-period that there has been an important change in the structure of the economy, in spite of the obstacles created by its traditional pattern.

107. On the basis of these conclusions, and considering the foreign market outlook and the favourable impact which, there is every reason to believe, the approval of the economic integration treaties signed in December 1960 will have, two alternative hypotheses have been advanced for growth over the next ten years. The first assumes of projection of the rate of evolution achieved over the past ten years, while the second is based on an assumption involving, among other things, a considerable effort at capital formation by the public sector and an appreciable expansion in intra-Central American trade, whereby the average standard of living of the population would be increased by one third. This second hypothesis assumes the creation of two large industrial installations: a steel plant capable of supplying the Central American market, and a pulp and paper mill which would provide a broad margin for exports outside the area.^{24/}

^{24/} Apart from the complete text of the study El desarrollo económico de Honduras (E/CN.12/549 and Add.1 - Spanish only), which will eventually constitute volume IX of the series Analyses and Projections of Economic Development, a summary of this study, including the conclusions reached, has been submitted to the Commission at its ninth session (E/CN.12/585).

108. Early in 1960, a working group was set up in Nicaragua which, with advice from ECLA, has been engaged in the preparation of basic economic series for an economic development study on that country. During the year, estimates of the gross domestic product for all economic sectors for the period 1945-59 were completed.

109. In view of the need to examine Central America's development prospects and problems from the point of view of the overall economy of the countries participating in the future Central American common market, a series of analytical instruments is being compiled and prepared for the region as a whole: gross product, domestic investment, existing capital and capacity to import, etc. At the same time preliminary projections of these series have been made up to 1966 and 1970.

Fiscal policy

110. Over the past few months, preparatory work has been carried out by ECLA, the Organization of American States (OAS) Inter-American Development Bank (IDB) and the Harvard University Law School International Programme in Taxation with regard to proposals for a long-range programme to strengthen Latin American taxation systems, with a view to mobilizing resources for financing Latin American economic and social development.

111. This programme might include such items as: the systematic study of tax administration and structure in the Latin American countries; the spreading of technical knowledge; discussions and exchange of ideas and experience; the training of personnel, and, in general, any other activities which the sponsoring organizations can undertake within their respective purviews which would contribute to a better understanding of the importance of tax problems and encourage effective and persistent efforts for solving them.

112. During the early discussions, it was concluded that the programme could be launched at once, beginning with some important activities which could be carried out in 1961 and 1962.

113. A special Co-ordinating Committee, consisting of representatives of ECLA, OAS, IDB and Harvard University, is being set up, to take charge of

/the work

the work for 1961 and 1962. In principle, the present plan of work is as follows:

- (a) A meeting of a group of experts to advise the Special Coordinating Committee on the general direction which the programme should take in terms of studies and meetings;
- (b) A study of fiscal systems in the Latin American countries, divided into two stages: the first relating to tax administration and the second to fiscal policy in general;
- (c) The preparation of studies and papers of a technical nature on tax problems, to be carried out in the two stages referred to under (b) above;
- (d) Based on the findings of the studies just mentioned, two meetings would be convened: the first, on tax administration, to be held possibly in one of the Latin American countries in September 1961; and the second, on fiscal policy, in the early part of 1962.

114. Both these meetings would be convened at the technical level under the joint sponsorship of ECLA and the OAS. The participants would be selected by the two organizations from among persons whose knowledge, experience and functions will enable them to formulate specific and useful conclusions concerning the problems of tax administration and fiscal policy in Latin America. There should be at least one participant from each Latin American country.

115. The various sponsoring organizations will make financial contributions for this work, and the Ford Foundation has already offered to make a substantial grant to help the undertaking.

Inter-Agency working Party on Skilled Manpower in Latin America

116. In compliance with ECLA resolution 149 (VIII), representatives of the United Nations, the ILO, UNESCO and the Inter-Governmental Committee for European Migration (ICEM) met twice in Geneva towards the end of 1959, followed by meetings on 17 and 18 May 1960 at ECLA Headquarters in Santiago, in which the ECLA secretariat and the OAS participated in addition to the three specialized agencies mentioned above. The main

/conclusion of

conclusion of the first two sessions was that detailed work in response to specific requests from Governments would be more important than further general surveys, if the objectives of ECLA resolution 149 (VIII) were to be attained. This would call for an integrated approach by the various organizations, through close general collaboration and joint action in specific fields, if the situation in a given country suggested that this was feasible. In discussing possible inter-agency action, it was stressed at these two meetings that, in the long run, only Government action could be effective in dealing with the situation.

117. The Inter-Agency Working Party held a third session at Santiago, reviewed the reports of the Geneva meetings and recommended that ECLA, as the convening agency, should approach the participating agencies with the following suggestions:

- (a) That a permanent inter-agency working party should be set up and meet annually in Santiago to discuss and exchange information on all matters relating to manpower;
- (b) That the agencies concerned should take steps as soon as possible to work out an integrated methodological approach to manpower problems;
- (c) That ECLA should invite the agencies - in particular the ILO and UNESCO - to collaborate in the ECLA/BTAO Advisory Groups, along the lines already worked out with FAO. The ICEM should also be invited when the groups operated in countries where it was represented;
- (d) That ECLA should also invite the interested agencies to participate in the ECLA/BTAO Economic Development Training Programme, with a view to obtaining regular lecturers on educational and manpower programming.

118. In response to the invitation sent out in connexion with suggestion (c) above, both the ILO and UNESCO have indicated their keen interest in collaborating in the ECLA/BTAO Advisory Groups Programme. The ILO has followed this up by assigning a staff member to this Programme on a permanent basis. Informal discussions have also taken place with regard to suggestion (b). It is hoped to deal further with suggestion (d) when the Training Programme mentioned is being reorganized.

Joint UNESCO/ECLA/OAS Mission on the Teaching of Economics in
Latin America

119. Soon after the inauguration of the ECLA/BTAO Economic Development Training Programme in 1952, it became increasingly clear that United Nations efforts would never be sufficient by themselves to meet the needs of the different countries for highly trained professional men and women, and that therefore every effort should be made to promote the improved teaching of economics in every Latin American country, using its own resources. A second motive for ECLA's interest was the growing evidence of serious gaps in the knowledge of those economics graduates who applied for admission to the training programme. Since this was also within the field of competence of UNESCO, consultations took place with that organization with a view to forming a joint mission to investigate the teaching of economics in Latin American universities.

120. UNESCO succeeded in finding a team-leader for the mission, which was assembled in July 1960 and consisted of Professor Howard S. Ellis, Flood Professor of Economics at the University of California (Berkeley), for UNESCO, and Professor Benjamín Cornejo, Vice-Rector of the University of Córdoba (Argentina), for ECLA. They were joined by Professor Luis Escobar Cerda, Dean of the Faculty of Economics of the University of Chile, appointed by the Organization of American States, which had in June indicated its interest in participating. During the next two months, the Mission visited some 30 faculties of economics and other institutions engaged in graduate or post-graduate studies in ten Latin American countries. A number of negative characteristics were encountered, many of which affected the universities as a whole and not just the faculties of economics. These included: student bodies which were too large; whole-sale admission of students, mainly on a part-time basis; part-time professors; outmoded methods of teaching and promotion of students; absence of clear distinctions between the professional training courses of the economist, the business administrator and the accountant; insufficient

/research work,

research work, both on the part of the professorate and as a medium for the training of students; study programmes which fail to assign enough importance to knowledge of the country's actual economic situation and of related problems.

121. The Mission's report ^{25/} points out that, in the long run, "improvement in the quality of the professional economists must - like most of the other aspects of economic development - come from within these nations". Some suggestions for improvements are made, including those relating to possible international action, which include the granting of fellowships for study abroad, sometimes in Latin American institutions; the subsidizing of a limited number of professorships in economics; the establishment of a Latin American centre or school of higher studies in economics, always providing it is organized in conformity with certain basic principles and operates in co-ordination with existing university centres; the preparation of translations into Spanish and Portuguese of important foreign works on economics and, if possible, assistance in financing the preparation of books evolving arguments in terms of Latin American economies; the provision of library funds; the financing of a small committee of experts to draw up priority lists of books, journals and articles for translation, and, finally, recommendations on books which ought to be written.

122. The report was completed in time for initial presentation at the meeting of Latin American Faculties of Economics, held at Rosario (Argentina) in October 1960. The recommendations for international action were endorsed and a committee was formed to find ways and means of ensuring their implementation.

^{25/} See The teaching of economics in Latin America, report of the Joint UNESCO/ECLA/OAS Mission with a Note by the secretariat (E/CN.12/546/Rev.1 - UNESCO/SS. Teach. Econ/1/Rev.1). This report will be printed shortly by the OAS.

INDUSTRIAL DEVELOPMENT DIVISION

123. The work of this Division during the period under review has been concentrated mainly on industrial studies designed to provide the necessary background material for studying the prospects for industrial integration under a common market programme, as well as for the negotiations deriving from the Latin American Free-Trade Association.

Chemical industry

124. A brief description of the study currently being undertaken on the chemical industry was given in a document submitted to the Commission at its eighth session (E/CN.12/525). The study will present and analyse a broad range of data on imports, production and consumption of about 150 chemical products, by countries and for Latin America as a whole. Projections of demand are based on this factual information, showing the probable future scale of operations for each product or group of products. The use of costs of production in alternative locations throughout Latin America will facilitate consideration of the possible impact of a free-trade area or common market upon the future growth of this industry and show the advantages to be derived from an enlargement of markets and the broad lines of a division of work among the several Latin American countries in the development of new activities relating to chemical production.

125. The first part of this study has been presented at the Commission's ninth session. ^{26/} It includes mainly the factual data on imports of chemical products and the present market for these products. The rest of the study will be ready during the third quarter of 1961, when the final revision of the report will be completed.

^{26/} See The chemical industry in Latin America. Part One. The present market for chemical products (E/CN.12/591).

126. Another study on the chemical industry is also being prepared, referring specifically to Chile. This second study, which is being carried out with the active collaboration of the Chilean Development Corporation (CORFO), is much more detailed than the general one on Latin America and lays special emphasis on determining degrees of tariff protection, both for existing production and for some possible new lines of production.

Industrial inventory

127. This is a continuing project, the first results of which were presented at the Commission's eighth session.^{27/} It is being carried out with the collaboration of industrial associations in the different Latin American countries. The study submitted at the ninth session^{28/} is concentrated on the metallurgical, metal transforming and electro-mechanical industries, and is designed to provide a general view of the distribution of these production activities throughout Latin America, with a precise indication of the degree of potential complementarity - as well as possible overlapping - that exists throughout the region in the manufacture of each product or group of products. It is anticipated that this study will provide a basis for the discussion and negotiation of regional trade in the products concerned. The description of existing production activities is completed by a table of goods from outside Latin America imported by each of the members of the Free-Trade Association for each of the 85 sectors considered separately. Such statistical tables represent a considerable effort on the part of the secretariat to present the official data from the various countries on a comparable basis.

128. The results now submitted to the ninth session refer only to four countries - Argentina, Brazil, Chile and Peru - as regards the description of production activities, but cover the seven members of the Latin American Free-Trade Association, plus Bolivia in so far as the analysis of imports is concerned. There is an important gap in the report, since it proved

^{27/} See ECLA's Annual Report for the period 9 April 1958 to 23 May 1959 (E/3246/Rev.2), paragraphs 72 and 73, as well as the study itself (E/CN.12/524 and Add.1, 2 and 3).

^{28/} See Inventory of Latin American industry. Metallurgical, metal transforming and electromechanical industries. Progress report (E/CN.12/590).

impossible to include Mexico in the series; this will be done at a later stage, when the relevant material becomes available. Only then will it be possible to proceed with a comprehensive analysis of the results, from the standpoint of possible lines of regional complementarity and trade. Current plans are to follow this with a much broader analysis of manufactured products, although in less detail than in the case of the metal transforming sectors.

Railway equipment

129. Further to the report on the railway equipment industry^{29/} presented at the eighth session, the secretariat has prepared a study^{30/} bringing the former one up to date. It covers Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. The sections dealing with Argentina, Brazil and Uruguay are less detailed than the others, since the industry in these countries was covered in the earlier report, in terms of railway networks, re-equipment needs and prospects for producing railway equipment. In addition to investigating railway equipment requirements in the countries mentioned, the obstacles to trade are examined and an annex has been included giving the import tariffs for railway equipment for nine of the eleven countries covered. A number of conclusions have been reached in the course of the work and are summed up at the beginning of the study.

130. Closely linked to the question of railway equipment is another study which is being undertaken in co-operation with FAO on requirements, production and trade in respect of sleepers in Latin America. Data have already been collected for six countries, and it is hoped eventually to deal with all the Latin American republics.

Basic industrial equipment

131. In connexion with the industrial studies relating to the common market, and in compliance with ECLA resolutions 161 (VIII) and, to a lesser extent, 162 (VIII), the secretariat has started a study on basic industrial equipment. Such equipment is understood to be that used by

^{29/} E/CN.12/508.

^{30/} See Railway equipment requirements and import regulations in selected Latin American countries (E/CN.12/547).

plants making pulp and paper, cement, petrochemical products - including petroleum extraction and refining - and iron and steel, and comprises generally all industrial plant manufactured or built "to order" in accordance with specifications laid down in each case and on the basis of an engineering project. Because of its nature, such equipment can be manufactured through widespread subcontracting, by using existing facilities in the different branches of the heavy metal transforming industry.

132. Initially, the study will deal with the manufacture of such equipment in Argentina, Brazil and Chile. Field work has already been completed for Brazil, covering five principal sectors (steelmaking, petroleum refining, electric power, pulp and paper and cement). Work is also proceeding in Argentina and Chile. In this connexion, the secretariat has received considerable assistance, in terms of staff and financial resources to undertake the field work, from the Brazilian Association for the Development of Basic Industries (Associação Brasileira para o Desenvolvimento das Industrias de Base) and from the Argentine Federal Investment Council (Consejo de Inversiones).

Textile industry .

133. The textile industry is one of particular interest to the countries belonging to the Latin American Free-Trade Association, and in view of this and of the general mandate given to the secretariat in ECLA resolution 11 (IV), new work on this industry has recently been undertaken. The association of textile manufacturers of Chile is collaborating with the Industrial Development Division in a brief study designed to ascertain the present status and operating conditions of the industry in Chile, with particular reference to its competitive position within the Latin American Free-Trade Association.

134. Similarly, the textile manufacturers in São Paulo (Brazil) are assigning substantial resources to a study on the state of equipment of the textile industry in São Paulo. The Industrial Development Division has collaborated in preparing an outline for this study and drawing up

/the necessary

the necessary questionnaires. It has also held a series of meetings with two engineers sent to Santiago for that purpose by the São Paulo textile association. Assistance will also be given by the secretariat in drafting the final report.

Technological research

135. In view of the urgent need to investigate technological research facilities in Latin America, the secretariat has given priority to the studies requested under ECLA resolutions 13 (IV) and 53 (V), which have so far been virtually shelved because of lack of funds. On the basis of a detailed memorandum outlining the principal technological research problems in Latin America and setting forth the objectives and methods for the study, work began in November 1960 on a pilot project for Argentina, Brazil and Chile. The aim is to obtain an overall picture of the present situation of technological research facilities in these countries, and, on this basis, eventually to assist Governments in drawing up specific projects for consideration by the United Nations Special Fund or other international financing institutions.

136. These specific projects should open up new possibilities for productive investment, with particular reference to transforming industries, excluding for the time being such sectors as energy, agriculture and transport. The problems involved include the following:

- (a) difficulties encountered in applying traditional processes because the country concerned may lack suitable raw materials or these may have certain unusual characteristics;
- (b) the desirability of developing new processes with a view to reducing the optimum economic size of a factory;
- (c) the need to develop processes which will save scarce raw materials or use others which may have less satisfactory properties;
- (d) the possibility of finding economic applications for certain raw materials or cheap by-products which have no other use at present.

137. Once these problems have been defined more clearly, the aim is to explore the possibility of regional collaboration in technological research facilities and to carry the study to a second stage at which

/other industrial

other industrial countries were included and the data are completed by means of small fact-finding missions.

138. Since the OAS has a special interest in technological research, with particular reference to productivity, close contact is being maintained with its Secretariat to avoid any possible duplication of effort. UNESCO is also keenly interested in this problem and the secretariat has been in constant touch with this specialized agency in connexion with several aspects of the work.

Timber production trends

139. In accordance with the request contained in ECLA resolution 159 (VIII), the secretariat engaged a senior consultant to work on this joint ECLA/FAO study, which was started in July 1960. Since this is a co-operative study which is part of a series already undertaken by FAO with the collaboration of other regional economic commissions - the Economic Commission for Europe (ECE) and the Economic Commission for Asia and the Far East (ECAFE) -, there has been continuous collaboration from the outset between the two secretariats. Most of ECLA's effort so far has gone into the collecting and checking of data on production of forest products in the Latin American countries and on consumption of these products in their major end uses. This work has been virtually completed for six countries, and is well advanced for four others. Some information is available for the remaining countries, but much ground remains to be covered.

140. Work has begun on estimates for timber consumption in various end uses in 1975 and 1985. Considerable thought has been given to the kind of useful projections which can be made with the consumption data available and to the most suitable techniques for making such projections. Data on international trade in forest products is being compiled and some preliminary analyses have been made.

141. FAO personnel in Santiago, Rome and Geneva have helped to collect and compile data on production, consumption and trade. FAO Headquarters is also collecting data on forest resources and wood-using industries, and has started analytical work on these aspects of the study.

/142. In

142. In connexion with this study, and with particular reference to timber requirements for housing purposes, a preliminary report has been prepared by the Office of the Regional Statistician, to determine housing needs for the Latin American countries during 1950-60, with projections for 1975. More details relating to this study are given later in this report.^{31/}

The ECLA/FAO/BTAO Pulp and Paper Advisory Group

143. During 1960 the members of the Pulp and Paper Advisory Group visited Cuba to collect material for the report requested by that country. The preliminary text of this report is almost finished. Advantage was taken of this mission to stop in several countries to collect up-to-date material for the integrated regional study of the pulp and paper industry. The Group also gathered data needed for the timber production trends study, particularly in Peru, Mexico, Venezuela and Brazil.

144. The country studies for Mexico, Venezuela, distributed to the countries concerned early in 1960 have been warmly welcomed and are being given wide distribution by the authorities in those countries.

145. The integrated study on pulp and paper supply, demand and trade in Latin America (E/CN.12/570) has been completed. It analyses for the whole area the imports, production and demand for the various types of pulp and paper products, with a view to analysing the prospects for increasing trade in such products within the Latin American Free-Trade Area.

JOINT ECLA/FAO AGRICULTURE DIVISION

146. The Joint ECLA/FAO Agriculture Division is responsible for preparing the chapter dealing with agriculture in the annual ECLA Economic Survey and co-operates closely with FAO Headquarters staff in preparing material on Latin America for the series The State of Food and Agriculture. In connexion with these functions of the Division, the permanent reference and information services, on which periodic studies of conditions and economic problems affecting Latin American agriculture are based, have had to be improved.

^{31/} See infra paragraphs 221 and 222.

/147. During

147. During the period under review, several basic studies were completed on Latin America's main agricultural activities, relating chiefly to coffee and livestock. Continuation of this type of work is envisaged, the method of direct investigation of economic magnitudes and problems through sample surveys, being applied whenever possible, as was done in the case of coffee. However, in view of the urgent need to solve certain agricultural problems and of attending to requests from Governments, a gradual shift of direction could usefully take place towards more direct assistance to countries with specific economic problems. For instance, in Colombia a project has been initiated for the diversification and overall improvement of agriculture in the coffee-producing zones.

148. Other activities include studies of the institutional problems affecting the farmer, mainly land reform,^{32/} and studies relating to the role of agriculture in the agreements relating to common market or the already established Free-Trade Area. With reference to land reform, the ECLA secretariat has been asked to co-operate in an overall study now being undertaken by the United Nations, and tentative plans are being made to include at least two Latin American country studies. With regard to the common market, the work is principally of two types: (a) commodity studies, including production and marketing aspects which may be helpful in negotiating an increase in the volume of trade; and (b) studies on practical measures for preparing Latin American agriculture for economic integration.

149. Another proposed field of activity is the programming of technical assistance to agriculture in accordance with economic development needs. The Joint Division helps in the establishment and servicing of the Advisory Groups and supplies the agricultural staff attached to the Groups with the economic background data which they require.

^{32/} The FAO Regional Office for Latin America has a number of land reform experts with whom the Joint Division collaborates closely.

FAO/OAS Regional Conference

150. The sixth session of the FAO Regional Conference for Latin America was combined with the Fifth Regional Conference on Agriculture of the OAS and was held in Mexico City from 8 to 19 August. At the Conference, the Joint Division provided the secretary for the Committee on Economic Problems.

151. Two staff members attended the Conference, for which two papers had been prepared by the Joint Division: (a) a progress report on its work between May 1959 and May 1960; and (b) a review of the role of agriculture in Latin American common market and Free-Trade Area arrangements, which is outlined below.

Role of agriculture in Latin American common market
and Free-Trade Area arrangements

152. The document on this subject, (E/CN.12/551) is also being submitted at the ninth session and is based in part on the findings of a series of commodity studies submitted to ECLA at its eighth session.^{33/} The document indicates that, unlike Europe, where manufactured products constitute the bulk of trade among the signatories of the Rome Treaty, intra-regional trade in Latin America consists mainly of agricultural and other primary commodities.

153. Emphasis is laid on the general recognition that agriculture does not lend itself particularly well to regional integration programmes on account of productivity differences among countries, sheltered production and marketing conditions, autarkic policy traditions and other considerations. Hence, it is most essential that countries participating in common market or Free-Trade Area arrangements in Latin America should carefully examine volume and pattern of present agricultural transactions, the implications of the proposed arrangements on production and supply, and the need for agricultural policy confrontations at the international level in order gradually to adapt agriculture to the requirements of economic integration.

^{33/} See, in particular, "The role of agricultural commodities in a Latin American regional market" (E/CN.12/499) and the "Special study on trade in agricultural commodities in Latin America" in the Economic Survey of Latin America, 1957 (E/CN.12/489/Rev.1), United Nations Publication, Sales No.: 58.II.G.1.

154. The document describes the scope and status of present arrangements and programmes and the volume and pattern of present intra-regional transactions, and indicates the possible repercussions of economic integration on agriculture. Finally, the need for formulating agricultural policy in the light of integration is examined.

Livestock studies

155. Field work has been completed for Brazil, Colombia, Cuba, Mexico, Uruguay and Venezuela, and several of these country reports are being presented at the ninth session.^{34/} In the case of Colombia, the findings of the study are being used by the Government as basic material for its livestock programme, and the study will therefore not be distributed until the Government has published its economic development programme.

156. The study analyses problems affecting livestock production in the Latin American countries concerned from the point of view of the production, distribution and consumption of foods of animal origin, in particular meat and dairy products.

157. Some of the conclusions emerging from the different country studies are of particular interest. In the case of Venezuela, for instance, production of beef and dairy products has increased considerably in recent years. This is probably the result of the development programmes undertaken by the Government covering credit, imports of dairy and beef cattle, and intensive campaigns to combat the more common cattle diseases.

158. In Colombia, livestock production has shown a notable upward trend since 1956, particularly in the case of beef cattle. Special interest has also been shown in the development of sheep farming and improved breeding stock has been imported.

159. Livestock production has been increasing at a faster rate in Mexico than anywhere else in Latin America. However, productivity levels and consumption of meat and milk are still very low. The Government has initiated a six-year programme to develop livestock production in order to increase supplies for domestic consumption and for export.

^{34/} See the studies on Colombia (E/CN.12/556), Mexico (E/CN.12/557), Venezuela (E/CN.12/558), Brazil (E/CN.12/559) and Uruguay (E/CN.12/594).

Coffee survey

160. The second part of the series Coffee in Latin America has been completed. The first part dealt with the problems of coffee growers in Colombia and El Salvador.^{35/} The second part contains the results of the joint study carried out in Brazil by ECLA/FAO, the Brazilian Coffee Institute (Instituto Brasileiro do Cafe - IBC) and the Department of Agriculture of the State of São Paulo (Secretaria da Agricultura do Estado de São Paulo - SA). The various reports have been summarized in an article in the Economic Bulletin for Latin America, which provides a synthesis of the main findings of the survey and is submitted to the Commission at its ninth session.^{36/} The published volumes contain a detailed report on the state and prospects of coffee production in São Paulo, a report on the case study of 33 coffee farms, and lastly, a statistical analysis of the factors affecting coffee yields.^{37/}

161. The purpose of this study was to supply information on a variety of characteristics of coffee growing in the State of São Paulo, knowledge of which was hitherto inadequate. Original data had to be collected in the field by means of a large-scale and statistically representative sample of all coffee farms in the State. Quantitative estimates - for example, the number of trees, area, production etc. - are based on a careful on-the-spot investigation of about 2,000 coffee farms. Economic information, such as the number of man-days employed in coffee growing, the use of capital, etc. was based on an even more detailed study of 500 of the 2,000 farms already mentioned.

162. All the data have been meticulously examined and sifted by technicians fully acquainted with coffee-growing methods in the State of São Paulo. In addition, the findings of the survey have been checked with those

^{35/} See Coffee in Latin America. Productivity problems and future prospects. I. Colombia and El Salvador (E/CN.12/490), Sales No.: 58.II.G.4.

^{36/} See The coffee industry in São Paulo (offprint from the Economic Bulletin for Latin America, Vol.V, No.2) with a Note by the secretariat (E/CN.12/578).

^{37/} See Coffee in Latin America. II. Brazil. State of São Paulo (1) The state and prospects of production; and (2) A. Case study of 33 coffee farms; B. Analysis of the functions of production (E/CN.12/548 and Add.1) United Nations Publication, Sales No.: 60.II.G.6 (2 vols.).

obtained on 33 farms which independently kept daily records of activities during the survey period.

163. Although farm data obtained for the first time in a field survey cannot be expected to yield mathematically accurate results, the data presented in these reports may be regarded as reasonably reliable and an adequate reflection of the average conditions under which coffee is produced in São Paulo.

164. On the basis of the coffee surveys carried out in the countries and areas mentioned, a short report has been prepared on the coffee industry in Latin America.^{38/} It contains some tentative conclusions drawn from the work already done in this connexion and stresses the urgent need for diversifying agricultural production in coffee-growing areas and of improving growing methods as a means of making fuller use of resources.

165. Lastly, a separate document informs the Commission about the future activities of the Joint Division with regard to coffee.^{39/}

Rates of agricultural growth

166. The Joint Division has been co-operating with the Economic Development Division in the study on comparative rates of economic growth,^{40/} and is submitting to the Commission at its ninth session a paper outlining the principal findings relating to agriculture.^{41/}

167. It would appear that, while the growth rate of agricultural production in Latin America has slightly exceeded the population growth rate, it has nevertheless lagged far behind that of other sectors of the economy and has failed even to meet all the demand generated by higher incomes and expanding urbanization. The pattern of agricultural growth has been uneven from one country to another and from one period to another. In countries where agricultural commodities for export are an important part of overall agricultural output, the rate of growth has been more rapid in view of the recent rather dynamic external demand. Production for

^{38/} See "Evaluation of the Coffee-growing situation in the producing areas of Latin America" (E/CN.12/595).

^{39/} See document E/CN.12/596.

^{40/} See paragraphs 101 to 104 above.

^{41/} See "Fluctuations in the rate of agricultural growth in Latin America" (E/CN.12/593).

domestic consumption has also increased more rapidly in countries where the agricultural frontier is still expanding and where at the same time the income of the urban population has risen.

SOCIAL AFFAIRS DIVISION

168. The main work of the Division during this year was centered around preparations for the meeting of the Expert Working Group on Social Aspects of Economic Development and for the Conference on Education and Economic and Social Development, both of which are described below. Demographic studies occupy an increasingly important place in the Division's activities, particularly in view of the close collaboration established with the Regional Centre for Demographic Training and Research in Latin America.

169. The Director of the Division and the social affairs adviser of the Mexico Office were detailed to the United Nations Operation in the Congo as from August 1960; a replacement was obtained for the latter.

Expert Working Group on Social Aspects of Economic Development

170. This Working Group met in Mexico from 12 to 21 December 1960, in implementation of ECLA resolution 82 (VI), under the joint auspices of ECLA, UNESCO, DTAO and the Bureau of Social Affairs. Seventeen international experts, including eight Latin Americans presented papers and attended the meeting, under the chairmanship of Mr. Daniel Cosío Villegas of Mexico. In addition to these experts and the representatives of the sponsoring agencies, the meeting was attended by representatives of the ILO, FAO, WHO and the OAS. Two of the papers were prepared by ECLA staff who participated in their capacity as experts.

171. After reviewing the economic, social, political, educational and administrative situation in Latin America with the view of exploring some aspects of social development, the experts drew up a series of recommendations based on the findings of the papers and on the discussions. These papers consider the social aspects of economic development and the problems involved from the standpoint of the economist, the sociologist and the political scientist. A series of research requirements was also examined, and the

/findings were

findings were included in a long list. This list and the recommendations mentioned were incorporated in a summary report of the meeting which was approved by the experts.^{42/} A more extensive report is being prepared by the three Rapporteurs appointed for this purpose and will be published shortly by UNESCO together with the studies submitted.

Conference on Education and Economic and Social
Development

172. Plans are being made to hold, in December 1961, a Conference on Education and Economic and Social Development in Latin America, under the joint sponsorship of UNESCO, ECLA and the United Nations Bureau of Social Affairs. The OAS has also indicated its interest in sponsoring this meeting and plans are now being discussed.

173. The origins of ECLA's interest in this conference may be found in resolution 150 (VIII). The Commission also supported UNESCO's initiative in convening the conference in resolution 176 (AC.45), whereby the Commission decided to co-sponsor the conference and requested the secretariat to co-operate fully in the relevant preparations.

174. All States members of ECLA will be invited to appoint experts to attend this conference, preferably senior Government officials responsible for educational, economic and social planning. The objective is to examine the various aspects of the relation between education, on the one hand, and economic and social development, on the other, in order to shed light on the role of education in such development and on ways in which educational planning can be integrated with general development planning in the Latin American countries. The Conference will be of a technical nature and should reach conclusions which could guide the formulation of policy and the preparation and execution of plans for education in connexion with economic and social development in Latin America.

Demographic research

175. Since early in 1960, the research carried out at the Regional Centre for Demographic Research and Training in Latin America^{43/} has been closely co-ordinated with that of ECLA, and a medium-range programme is being

^{42/} The summary report appears in the Economic Bulletin for Latin America, Vol. VI, No. 1. The relevant offprints have been distributed at the Commission's ninth session.

^{43/} Set up jointly by the United Nations, the Government of Chile and the Population Council Inc.

progressively developed through frequent joint staff meetings. The topics of research are those of interest to Governments, those that are connected with the requirements of ECLA and those which afford suitable research experience to the trainees at the Centre who are sponsored by the United Nations. Pending the receipt of new census data, part of the research is dedicated to improvements in methodology with a view to enhancing the efficiency of research based on the new data from 1962 onwards.

176. The programme includes the preparation of population projections for individual countries, such as those made for ECLA purposes for Bolivia, Colombia and Cuba during 1960, in which the data were classified by sex and age groups and by urban and rural population, as a background for an assessment of needs in respect of employment, consumption, education, housing etc., and to provide data in frequent demand by economists and national authorities.

177. At the same time, a demographic model of the urbanization process under typical Latin American conditions is being prepared, and a technical manual on the evaluation and utilization of census data is in preparation.

178. As a follow-up to the Seminar on the Evaluation and Utilization of Population Census Data, ^{44/} plans are being made for national seminars in several countries, with a view to initiating national demographic studies and, in some instance, forming permanent national teams engaged in demographic analysis for purposes of economic and social programming. These plans involve participation by ECLA, the Centre

^{44/} Held from 30 November to 18 December 1959 at Santiago, Chile, under the joint auspices of the United Nations, ECLA, the Regional Centre for Demographic Research and Training and the Inter-American Statistical Institute (IASI).

and experts through technical assistance. One such study has recently been started in Colombia, conceived as a "case study" which, apart from providing information directly useful to the Colombian Government, may be valuable as an experience for the purpose of future studies.

179. The secretariat was represented at the UNESCO Regional Seminar on the International Standardization of Educational Statistics (Tucumán, 18 to 28 October 1960).

180. The secretariat is also engaged in surveying continuously the salient features of Latin America's demographic situation. Estimates of population trends and structure have been included in the Statistical Supplement of the Economic Bulletin for Latin America; ^{45/} these will be revised, extended and improved from year to year as new data and results of new research, conducted especially at ECLA and the Centre, become available. The programme being carried out jointly by ECLA and the Centre aims at progressive coverage of Latin America by means of country studies.

181. A provisional summary of some of the salient demographic features in Latin America has been prepared for submission at the ninth session. ^{46/} As new census data become available and research findings accumulate, more detailed reports on the demographic situation, as they affect particular aspects of economic and social policy, may be prepared.

^{45/} See the Special Issue of the Supplement (date of publication December 1960 - January 1961) presented at the ninth session.

^{46/} See "Population Trends in Latin America" (E/CN.12/583).

Social services

182. Assistance was given to the Regional Centre for Demographic Training and Research in Latin America in finding professional social service workers and students to help in conducting a survey for analyzing the major variables affecting fertility in Santiago. The report is almost ready.

183. At the request of the United Nations Bureau of Social Affairs, the Division sent a staff member to Bolivia to assess the project for establishing a school for rural social work at Pillapi.

184. Following the decision taken in March 1959 by the Executive Board of the United Nations Children's Fund (UNICEF) to extend that agency's activities to include social services for families and children, substantive discussions relating to the possibility of undertaking specific projects in this field were held between members of the Division and UNICEF officials in Chile and Colombia.

185. The Division also participated, in an advisory capacity, in the work of a commission appointed by the Director-General of the Chilean National Health Service to study how one of the Chilean social service schools could be converted into a post-graduate institute.

186. At the request of the Bureau of Social Affairs, the Division sent a staff member to participate in the OAS Seminar for strengthening the family institution (Caracas, 11 to 18 June 1960). This staff member prepared a short paper for the seminar relating to the action taken by the United Nations in connexion with the subject of the seminar.

187. At the request of the Bureau of Social Affairs, a report was prepared on the administration of social services in Chile and submitted at a meeting of experts held at United Nations Headquarters in January 1961.

188. Moreover, information was collected on the training of personnel in family and child welfare in the countries of South America for presentation at the next meeting of the UNICEF Executive Board.

/ENERGY AND

ENERGY AND WATER RESOURCES PROGRAMME

Energy

189. Over the past twelve months, the efforts of the Programme staff have been concentrated on preparations for the Latin American Electric Power Seminar. This meeting, originally scheduled for January 1961, had to be postponed until the second half of the year, because many of the papers offered by experts were not received or could not be prepared in time. The Seminar is being organized under the joint auspices of ECLA, BTAO and the host Government of Mexico; it will be held in Mexico City from 31 July to 12 August and will be attended by leading Latin American and international experts.

190. The purpose of this Seminar is to discuss some of the principal economic, financial, technico-economic and institutional problems which influence the development of electric power. The secretariat has completed a number of working papers relating to the present conditions and recent trends of electric power development in Latin America - bringing up to date an earlier publication of ECLA;^{49/} hydroelectric resources in the region, with particular reference to their measurement and utilization; methodology for projecting demand for electricity; and the evaluation of that demand together with investment requirements and means of financing them.

191. There will also be a number of important papers by Latin American and other experts. Electric power companies and manufacturers of electrical and mechanical equipment have been invited to deal with the economic aspects of selecting plant and equipment under the conditions prevailing in Latin America.

192. The Economic Commission for Europe, the International Bank, the Organization of American States and the Inter-American Development Bank will be sending representatives to this Seminar, and several leading United States and European electric power companies will be contributing papers.

^{49/} See Energy in Latin America (E/CN.12/384/Rev.1) United Nations Publication, Sales N° 57.II.G.2.

Water Resources Survey Group

193. The Water Resources Survey Programme is financed in part by BTAO. The World Meteorological Organization (WMO) contributes a hydrometeorological expert. The nucleus of the Group consists of three experts: a water economist, a multi-purpose expert and a hydrometeorologist. Other experts are appointed as and when needed, for such specialties as hydroelectricity, legal aspects and irrigation.

194. During 1960, the Group sent a mission to Venezuela, for which ECLA contributed one staff member on a full-time basis. A summary of the report of this mission has been submitted at the Commission's ninth session^{50/} and it is hoped to present the complete report to the Government of Venezuela early in the year. Several of the individual technical reports by the experts have already been sent to the Venezuelan authorities and to BTAO for comment and criticism.

195. Requests for the services of the Group have been received from the Government of Bolivia and Colombia, and missions to these countries will be undertaken beginning in mid-March. In addition, a tentative request has been received from Argentina.

TRANSPORT PROGRAMME

196. The slender resources of the Transport Programme were concentrated in 1960 on the transport problems relating to the work of the ECLA/BTAO Advisory Groups, with particular emphasis on Colombia and Bolivia. Moreover, a considerable amount of work was undertaken at the request of the Transport Sub-Committee of the Central American Economic Co-operation Committee.^{51/}

197. In addition, close attention has been paid to current developments related to transport problems connected with the establishment of the Latin American common market. The secretariat also took an active part in the meeting of transport experts, convened by the Provisional Committee of the Latin American Free-Trade Association in August 1960 at Montevideo (Uruguay). Studies have also been started on problems relating to customs formalities in international land, water and sea transport and traffic.

^{50/} E/CN.12/562.

^{51/} See paragraph 35 (d) above.

198. ECLA was represented by an observer at two meetings convened by the airlines of several countries in the area to discuss the possible establishment of a Latin American airline.

199. There has been collaboration with the Industrial Development Division with regard to the study on the development of production and intra-regional trade in railway equipment in general and the special joint ECLA/FAO project on railway sleepers.^{52/}

200. In 1960, the Chief of the ECLA Transport Programme participated in an International Bank mission to Argentina for the programming of an overall transport survey in that country in connexion with a project to be financed by the Special Fund.

201. The staff of the Programme has participated actively in the preparation of material for the transport programming specialty to be introduced in the ECLA/BTAO Economic Development Programme, and in the round-table meetings on this subject and on the transport problems affecting the ECLA/BTAO Advisory Groups. These meetings were held at ECLA Headquarters in January 1961.

202. An important continuing activity of the Programme is the collection, tabulation and indexing, for the purpose of studies and analyses, of data and information on the transport situation and current developments in Latin America. Work has been started on a systematic collection of data but is proceeding somewhat slowly owing to the other urgent commitments of the small staff attached to the Programme. This shortage of staff is in fact the main factor limiting the work which should be undertaken in Latin America on transport problems. The principal requirements were outlined in a special document relating to these and possible other studies bearing on the common market, which was presented at the second session of the ECLA Trade Committee.^{53/}

^{52/} See paragraphs 129 and 130 above.

^{53/} See "Transport problems in Latin America. Possible studies bearing on the common market" (E/CN.12/C.1/14).

STATISTICS

203. The year 1960 has been one of considerable effort not only by the Statistical Section but by the newly-established Office of the Regional Statistician. The Statistical Section is taking a more active part in the actual execution of studies instead of simply providing the statistical services needed, as will be seen from the paragraphs which follow. It has already begun to participate in special missions of an economic nature, and it is anticipated that this work will be expanded, particularly in connection with the Advisory Groups Programme.

In addition, it is publishing more series on a continuing basis and has enlarged the supplements for the Economic Bulletin for Latin America as described earlier.^{54/}

204. The Office of the Regional Statistician is concerned more with the development of basic statistics within the countries themselves and, with this aim in view, it is planned to organize a series of working meetings in the near future.

Statistical Section

205. ECLA statistical series are divided into two classes: (a) those maintained on a continuing basis, irrespective of the immediate demands of economists; and (b) ad hoc tables compiled to meet special needs at particular times.

Tabulation

206. While basic tabulations were originally confined to a few selected series, e.g., cost-of-living and terms-of-trade series, they now cover all principal aspects of trade, agriculture, industry, energy and national income. Fields where series have not yet been compiled on a firm continuing basis are: transport, manpower, wages, prices, retail sales, distribution and, to a certain extent, investment, health, demographic and vital statistics. The more interesting series were normally published in the Economic Bulletin for Latin America and will henceforth appear in separate special issues which began in December 1960.^{55/} Nevertheless, additional data are available in

^{54/} See paragraph 67 above.

^{55/} See again paragraph 67.

unpublished form in Statistical Section files.

207. Work done by the Santiago office refers in general to the ten countries of South America, the major part of the tabulations for the remaining ten Latin American countries being carried out by the Statistical Section of the Mexico Office. Combined series are presented in the Bulletin, the annual Economic Survey and other ECLA documents. The responsibility for co-ordination between the two offices rests with the Santiago unit, though for practical reasons some tables published in the Statistical Supplement of the Bulletin are prepared in Mexico in final form.

Methodology

208. The methods adopted by the Statistical Section are, in general, identical with those laid down by the United Nations Statistical Commission. It is to be observed that in many fields, e.g., in the compilation of trade indexes, no international standards have ever been established by the Statistical Commission and each international office chooses the system or the methodology which suits its purposes best. In some cases, the standards or systems established by the Statistical Commission are for adoption by national statistical offices in the compilation of basic data and do not apply in the subsequent use of that data (e.g. methods of compiling industrial production statistics, wholesale price indexes, etc.).

209. As a rule, methodology used by various international offices differs in details rather than in principle. A base-weighted formula is, for instance, almost always used for quantum indexes; the "system of national accounts and supporting tables" is followed for national income data; balance of accounts data are arranged in accordance with the recommendations of the International Monetary Fund. However, for ECLA - and other offices - the end-use of the material has necessarily determined the precise form of presentation, the choice of weights, the year selected as the time-base, etc.

210. On the other hand, the Statistical Section relies on national statistical offices as its main source and prefers data published in annual yearbooks to those in monthly bulletins, although the latter are preferable to data in unofficial magazines, newspapers or secondary sources of information. ECLA also uses statistical correspondents for most recent data, pending publication of the definitive series in national bulletins, yearbooks, etc.

Study of comparative price levels

211. For the past year, the Statistical Section has been collecting basic material for use in a measurement of comparative price levels and a calculation of the purchasing power equivalents of currencies in Latin America. The study is designed to provide an indication of parity exchange rates which are required for a number of purposes, e.g., regional aggregates of national income; for summing data relating to industrial, agricultural and mining production; for comparing cost factors in different countries - for example, wages; for computing average regional index series; etc.

212. As a basis for the work, over five hundred consumer goods, services and capital goods were selected so as to cover all important aspects of consumer expenditure and investment as well as governmental services. Prices were collected by direct enumeration in Buenos Aires, Montevideo, Asunción, Rio de Janeiro, São Paulo, Mexico City, Bogotá, Quito, Guayaquil, Lima and Santiago. Similar information was already available for Panama City. Information has also been gathered on expenditure patterns so as to attribute the appropriate relative importance to each item.

213. First results have now been calculated and incorporated in a document which the Commission will have before it at its ninth session. ^{56/} The results relate to ten countries and provide an indication of the relative price levels and the purchasing power equivalents for main groups of expenditure or investment. Preliminary figures are also given for each country as a whole. Work is at the same time proceeding on the collection of data for other countries of Latin America so that all the republics can, it is hoped, be covered during the rest of 1961 or the early part of 1962.

Office of the Regional Statistician

214. With the addition to ECLA staff of a regional statistician in April 1960, work was started, in response to the Commission's request in resolution 154 (VIII), on a study of the minimum list of statistical series needed by Latin American countries for the formulation of economic development programmes.

^{56/} See "Comparative prices and the purchasing power of currencies in selected Latin American countries" (E/CN.12/589).

215. With the co-operation of the United Nations Statistical Office and the Inter-American Statistical Institute (IASI), initial steps were taken to develop a pattern of selective consultation among States members of ECLA with respect to the provision of facilities for mutual discussion of statistical advances under study by more than one country but with limited interest for all countries of Latin America, such as the development of uniform comprehensive commodity lists for use in industrial inquiries by the countries with complex manufacturing economies. This work will be followed by the adaptation of such standards for other Latin American countries through the established channels for regional consultation in statistical matters.

Seminar on industrial statistics

216. This seminar was organized by the Office of the Regional Statistician in collaboration with the United Nations Statistical Office, BTAO and IASI; the Government of Chile provided other services as sponsor. The seminar was held at ECLA Headquarters from 10 to 28 October 1960 and was attended by 44 experts from 19 Latin American countries, the United States and two associate members of the Commission (British Guiana and the Federation of West Indies). The agenda included items on the planning and programming of industrial inquiries; the purpose, field of coverage and concepts of the various inquiries in a system of industrial statistics; classification systems and tables for publishing basic industrial statistics; the processing and compiling of industrial statistics; the designing of questionnaires for industrial inquiries; the sources and collection of industrial statistics; methods of locating and enumerating industrial units and the industrial directory; the compilation of index numbers of industrial production and other indicators.

217. The purpose of the Seminar was to provide an opportunity for the exchange of views on objectives, methods and programmes in the field of industrial statistics, both for periodic censuses and for more frequent current enquiries, and in the preparation of indexes of industrial production. It constituted an important step towards achieving uniformity in Latin American industrial statistics.^{57/}

^{57/} For a summary of the proceedings and conclusions of the seminar see document E/CN.12/561.

Committee on Improvement of National Statistics (COINS)

218. The Regional Statistician attended the seventh session of the Committee on Improvement of National Statistics, sponsored by IASI in co-operation with the United Nations Statistical Office and ECLA, which was held in Mexico City from 28 November to 10 December 1960 for the purpose of reaching agreement on minimum standards for the economic censuses to be taken in Latin America in 1963.

Seminar on foreign trade statistics

219. Plans are currently being made for this Seminar, to be sponsored jointly by the United Nations Statistical Office, BTAO, ECLA and IASI. The Seminar is tentatively scheduled for October 1961, and preliminary work has started with discussions of the related needs of the countries signatories to the Free-Trade Area Agreement.

Study of national income-product accounts

220. The Office of the Regional Statistician and the ECLA Statistical Section are working on a joint study on the national income-product accounts of selected countries, with a view to appraising the adequacy of underlying economic series and testing them in the light of the consistency they show when they are put together in the framework of the national accounts. This work will have demonstrated value for other countries as well through the illustrative examples and should contribute towards a better understanding of the dependence of the national accounts on fundamental statistical series.

Study of housing needs

221. The expert on social statistics who was attached to the Office of the Regional Statistician in November 1960 has completed a preliminary report on estimates of housing needs for the Latin American countries during 1950-60, with projections for 1975. Although these estimates are based on inaccurate and sometimes inadequate statistics and on working hypotheses, the results indicate that during 1950-60 the minimum number of dwellings needed to keep pace with population growth and for replacement purposes, was of the order of 960,000 new units per year. Depending on the estimates involved, the annual number required by 1975 would be between 1,800,000 and 2,600,000. Based on information from various countries, it is apparent that the volume of house construction is much below the minimum needs estimated, and that this activity would have to increase in some countries by as much as 90 per

/cent. in

cent in order to keep pace with population growth and replacement needs alone. No provision is included for absorbing the existing housing deficit, estimated by the OAS to be of the order of 19 million for 1951. According to all the exports, this deficit must have increased considerably by 1960. 222. One of the immediate aims of this study is to provide estimates of timber requirements for housing, as a contribution to the joint ECLA/FAO study on timber trends.^{58/}

TECHNICAL ASSISTANCE

223. References to the joint projects undertaken with the BTAO have been made throughout this report and the Commission has been given full details of the technical assistance furnished to the Latin American countries in 1960.^{59/} Therefore no details need be added here concerning these activities or the joint projects. It is, however, important to note that these joint projects and, in particular, the Central American Economic Integration Programme, the ECAL/BTAO Advisory Groups and ECLA/BTAO Economic Development Training Programme have continued to absorb a considerable proportion of the secretariat's resources. The two other regional programmes - the ECLA/BTAO/WMO Water Resources Survey Group and the ECLA/FAO/BTAO Pulp and Paper Advisory Group - have also been carried out on a joint basis, although the resources assigned to them by the secretariat are much less than in the case of the first three projects mentioned.

224. In some cases, notably Bolivia and Colombia, the ECLA staff assigned to the Advisory Groups have assisted the Resident Representatives of the Technical Assistance Board in the preparation of the technical assistance programme for these countries. This has also been the case in Chile and Mexico.

225. Collaboration with the Commissioner for Technical Assistance and BTAO has continued to be exceedingly close and fruitful. Several problems relating

^{58/} See paragraph 142 above.

^{59/} See document E/CN.12/553, prepared by the Secretariat of the Technical Assistance Board.

to the administrative aspects of joint projects have been solved through greater decentralization and, providing that staff is decentralized together with responsibilities, the secretariat will be in a position to increase the efficiency of regional technical assistance projects.

226. The secretariat was invited to comment on a number of reports by technical assistance experts and, to the extent that these lay within its fields of competence and staff were available, such comments were prepared.

UNITED NATIONS SPECIAL FUND

227. During 1960, the secretariat has been asked to comment on an increasing number of Special Fund projects relating to Latin American countries. This has been done wherever possible, and in some cases Governments have requested assistance from the secretariat in preparing applications for such projects.

228. In Bolivia, the ECLA/BTAO Advisory Group assisted in preparing two projects: one relating to aerophotogrammetric reconnaissance and the other to mineral surveys.

C. RELATIONS WITH SPECIALIZED AGENCIES AND OTHER ORGANIZATIONS

229. Close relations have been maintained with the United Nations specialized agencies and other organizations wherever the nature of the work indicates that such liaison will be fruitful. The various projects carried out in collaboration with these specialized agencies and organizations have been described in this and are therefore mentioned only briefly below.

Specialized agencies

230. The specialized agencies associated with the Central American Economic Integration Programme have continued to give it their active support. Experts from the ILO, FAO, UNESCO, ICAO and PASB/WHO have been covering different aspects of the programme during the period under review. The ILO and FAO were represented at the seventh session of the Central American Economic Co-operation Committee (Managua, Nicaragua, 10 to 13 December 1960).

/231. The

231. The ILO, UNESCO, the Inter-Governmental Committee for European Migration (ICEM) and the Organization of American States (OAS) all participated in the third Inter-Agency Working Party on Problems of Skilled Manpower in Latin America, convened by the secretariat in May 1960.

232. Following this meeting, the Director-General of the ILO recently informed the secretariat that he was stationing staff members on permanent basis for the express purpose of collaborating in the Advisory Groups Programme. UNESCO has also indicated its interest in collaborating with the Groups, and this has in some instances been arranged on an ad hoc basis.

233. FAO is participating actively in the work of the Advisory Groups and, in the case of Bolivia, has channelled a large proportion of its technical assistance programme towards the needs of the Group, providing five experts for this purpose. It has also shared in the work of the Advisory Groups in Chile and Colombia.

234. ECLA is reviewing the possibilities of strengthening its contribution to the staff of the Joint ECLA/FAO Agriculture Division with a view to setting up a section within the ECLA Mexico Office. ^{60/} This Division prepared two papers for the regional FAO/OAS conference held in Mexico in August 1960.

235. With the commencement of the joint study on trends in timber production and consumption, a new ECLA/FAO project has been initiated. The activities of the ECLA/FAO/BTAO Pulp and Paper Advisory Group have continued, and an integrated study of pulp and paper supply, demand and trade throughout the Latin American region has been completed.

236. UNESCO has been working with the secretariat on several joint projects. These include the UNESCO/ECLA/OAS mission on the teaching of economics in Latin America, undertaken in the second half of 1960; the meeting of the Experts Working Group on Social Aspects of Economic Development, sponsored jointly by ECLA, UNESCO, the Bureau of Social Affairs and

^{60/} See paragraphs 146-167 for a description of the work carried out by this Division.

BTAO; the preparation for the conference on education and economic and social development, to be held tentatively in December 1961 under the joint sponsorship of UNESCO, ECLA, the Bureau of Social Affairs and, possibly, the OAS.

237. The International Bank for Reconstruction and Development requested the assistance on a short-term basis of the Chief of ECLA's Transport Section in connexion with the Special Fund project relating to transport in Argentina, for which the Bank is the executing agency. The Bank is also preparing papers for the forthcoming Latin American Electric Power Seminar, organized under the joint auspices of ECLA and BTAO with the Government of Mexico acting as host.

238. The secretariat provided a lecturer on two occasions for courses organized by the Pan American Sanitary Bureau (PASB) and the World Health Organization (WHO) relating to administration and financing of urban water supplies (Mexico, November 1960, and Brazil, April 1961).

239. The World Meteorological Organization (WHO) has continued to collaborate with the Water Resources Survey Group by supplying the services of an expert in hydrometeorology and hydrology.

International Atomic Energy Agency (IAEA)

240. The Director-General of the IAEA visited ECLA Headquarters in November 1960 to discuss matters of mutual interest. This Agency is co-operating in the preparation of papers for the Latin American Electric Power Seminar.

Organization of American States (OAS)

241. The OAS has collaborated in the execution of two joint projects during the period under review: the ECLA/OAS study on foreign private investments in the Latin American Free-Trade Area and the UNESCO/ECLA/OAS mission on the teaching of economics in Latin America. In addition, the OAS prepared papers and sent an expert to the meeting of the Expert Working Group on Social Aspects of Economic Development, held in Mexico in December 1960.

/242. The

242. The secretariat, through the Joint ECLA/FAO Agriculture Division, prepared two papers for the Fifth Regional Conference on Agriculture of the OAS, held in August 1960 in Mexico in conjunction with the Sixth Latin American Regional Conference of FAO.

243. The Executive Secretary of ECLA represented the Secretary-General of the United Nations at the plenary meeting of the OAS "Committee of the 21", held at Bogotá (Colombia) in September 1960.

244. During November 1960 and March 1961 meetings were held between the Executive Secretary of ECLA, the Secretary-General of the OAS, and the President of the Inter-American Development Bank to discuss ways and means of ensuring concerted action in certain fields by the three organizations. A report on these discussions has been presented at the Commission's ninth session (E/CN.12/575).

245. The Inter-American Statistical Institute (IASI) has continued to lend valuable assistance to the Sub-Committee on Statistical Co-ordination of the Central American Economic Co-operation Committee. This Institute cosponsored with ECLA, the United Nations Statistical Office and BTAO the Seminar on Industrial Statistics, held at ECLA Headquarters in October 1960 and is co-operating actively in the preparation for a Seminar on trade statistics, to be held under the same joint sponsorship in October 1961.

246. The secretariat was represented at the seventh session of the Committee on Improvement of National Statistics (COINS), sponsored by the IASI, which met for the purpose of agreeing on minimum standards for the economic censuses of 1963.

Inter-governmental organizations

247. In 1960 the Customs Co-operation Council lent an expert to the secretariat for three months last year to assist in preparing the documentation for the meeting of the Working Group on Customs Questions and to advise on certain problems relating to the Brussels Tariff Nomenclature.

/248. The

248. The Inter-Governmental Committee for European Migration (ICEM) participated in the third session of the Inter-Agency Working Party on Skilled Manpower in Latin America, held at ECLA Headquarters in May 1960.

249. The Organization of Central American States (OCAS) has continued to collaborate with the ECLA secretariat in the work relating to the Central American Economic Integration Programme.

250. The secretariat has continued to work closely with the Provisional Committee of the Latin American Free-Trade Association (LAFTA).

251. The secretariat was represented at the last session of GATT and has continued to maintain close contact with this organization.

Non-governmental and other organizations

252. The secretariat has maintained its customary relations with the non-governmental organizations recognized by the United Nations as having consultative status. Particular mention should be made of the working relationship maintained with the Inter-American Council of Commerce and Production (IACCP).

253. Several non-governmental organizations were represented at the ninth session of the Commission.

254. In connexion with monetary questions and credit and payments problems, the secretariat received the valuable co-operation of the Centro de Estudios Monetarios Latinoamericanos (CEMLA), with which it held frequent consultations. This organization will also collaborate in the inflation studies being carried out by the secretariat. Members of the ECLA secretariat and of CEMLA have represented their respective organizations at various meetings.

