CEPAL (1396)
VOL - 5 v.2 ingl.
Comisión Económica para América Latina
NACIONES UNIDAS
Biblioteca

INDEX

Conference Room Papers

No.1	Report submitted to the Trade Committee by the Central Banks Working Group on a multilateral payments system
No.2	Spanish only
No.3	Spanish only
No.4	Committee II - Incorporation of a short-term compensatory policy in development programming
No.5	The technique of analyses and projections in development policy
No.6	Committee II - Foreign capital and the transmission of technology
No.7	Committee II - Disequilibrium between agricultural and industrial development
No.8	Committee III - Study of Latin American timber trends and prospects Draft resol. submitted by the Working Group consisting of Argentina, Bolivia, Brazil and the United States of America
No.9	Committee III - Productivity and agriculture - Draft resol. presented by the delegations of Argentina and Chile
No.10	Committee IV - Current programme of work
No.11	Committee II - Construction of shipping canals - Draft resol. submitted by the Bolivian delegation
No.12	Committee II - Studies on geological prospective - Draft resol. submitted by the delegation of Bolivia
No.13	Committee II - Development and economic integration of Latin America Draft resol. submitted by the delegation of Bolivia
No.14	Committee II - Technical co-operation with investors - Draft resol. submitted by the delegation of Bolivia
No.15	Committee II - Special meeting on the mining industry - Draft resol. submitted by the Bolivian delegation
No.16	Committee II - Utilization of rivers and lakes - Draft resol. submitte by the delegation of Bolivia
No.17	Committee I - Intra-regional payments system - Draft resol. prepared by the Working Group
No.18	Committee IV - Draft resol. submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico and Uruguay
No.19	Committee IV - Note by the United States delegation as to suggested criteria to be applied to programme of work and priorities
No.20	Committee III - Draft resol. submitted by the delegation of Ecuador
No.21	Committee II - Iron and steel making and transforming industries - Draft resol. submitted by the delegation of Brazil
No.22	Committee II - Social aspects of economic development - Draft resol. submitted by the delegations of Bolivia, Chile and Costa Rica
No.23	Committee II - Economic integration of Central America - Draft resol. submitted by the delegations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua

Conference Room Papers

No.24	Committee II - Technical Assistance - Draft resol. submitted by the delegation of Ecuador
No.25	Committee II - Nuclear Energy - Draft resol. submitted by the delegation of Bolivia, Brazil, Chile and Mexico
No.26	Committee I - European Common Market - Draft resol. submitted by the delegation of Bolivia
No.27	Committee I - Trade of landlocked countries - Draft resol. submitted by the delegation of Bolivia
No.28	Committee II - Pulp and Paper Advisory Group - Draft resol. submitted by the delegation of Brazil
No.29	Committee II - Register of experts for technical assistance - Draft resol. submitted by the delegation of Ecuador
No.30	Committee II - Import substitution - Draft resol. submitted by the delegation of Ecuador
No.31	Building for the United Nations in Chile - Committee IV - Draft resol. submitted by the delegation of Ecuador
No.32	Committee IV - Terms of reference of the Economic Commission for Latin America
No.33	Committee I - Session of the Trade Committee - Draft resol. submitted by the Working Group
No.34	Committee III - Uneconomic farms - Draft resolution submitted by the Working Group consisting of Argentina, Bolivia, Brazil, Ecuador, Mexico, the United States and Venezuela
No.35	Committee III - Economic Problems of agriculture - Rapporteur's Report
No.36	See Conference Room Document No.53
No.37	Committee IV - Programming by sectors and areas, and preparation, presentation, and evaluation of projects
No.38	Committee I - Report on the regional market to the session of the Inter-American Economic and Social Council - Draft resol. submitted by the Working Group
No.39	Committee I - Study on commodity trade - Draft resol. submitted by the Working Group
No.40	Committee I - Latin American regional market - Draft resol. submitted by the Working Group
No.41	Committee I - Inter-Latin American transport - Draft resol. submitted by the Working Group
No.42	Committee I - Impact of the European common market - Draft resol. submitted by the Working Group
No.43	Committee I - Trade of landlocked countries - Draft resol. submitted by the Working Group
No.44	Committee II - Import substitution - Draft resol. approved by the Working Group
No.45	Committee II - Economic Integration of Central America - Draft resol. approved by the Working Group

Conference Room Papers

No.46	Committee II - Social aspects of economic development - Draft resol. approved by the Working Group
No.47	Committee II - Technical assistance - Draft resol. approved by the Working Group
No.48	Committee II - Register of experts for technical assistance - Draft resol. approved by the Working Group
No.49	Committee II - Iron and steel making and transforming industries - Draft resol. approved by the Working Group
No.50	Committee II - Pulp and Paper Advisory Group - Draft resol. approved by the Working Group
No.51	Committee II - Nuclear Energy - Draft resol. approved by the Working Group
No.52	Committee II - Utilization of rivers and lakes - Draft resol. approved by the Working Group
No.53	Committee II - Special meeting on the mining industry - Draft resol. approved by the Working Group
No.54	Committee I - Trade - Rapporteur's Report
No.55	Committee IV - Tentative programme of work and priorities for 1957-1958
No.56	Committee IV - Preliminary statement by the Executive Secretary on financial implications of the Commission's work programme
No.57	Committee II - Rapporteur's Report
No.58	Committee IV - Possibility of the admission of Spain to membership in the Economic Commission for Latin America
No.59	Committee IV - Building for the United Nations in Chile - Draft resol. approved by the Working Group
No.60	Committee IV - Programme of Work and Priorities for 1957-58, co-ordinatio with the Inter-American Economic and Social Council and miscellaneous matters - Rapporteur's Report
1 to 13	Orders of the Day

ECONOMIC COMMISSION FOR LATIN AMERICA
Seventh Session
La Paz, Bolivia, 15 May 1957

Conference Room Paper N° 1

REPORT SUBMITTED TO THE TRADE COMMITTEE BY THE CENTRAL BANKS WORKING GROUP ON A MULTILATERAL PAYMENTS SYSTEM

(Note by the secretariat)

REPORT SUBMITTED TO THE TRADE COMMITTEE BY THE CENTRAL BANKS WORKING GROUP ON A MULTILATERAL PAYMENTS SYSTEM

NOTE BY THE SECRETARIAT

In accordance with resolution 1 (I) adopted by the Trade Committee of the Commission at its first session (Santiago de Chile, November 1956), the Central Banks Working Group met at Montevideo, Uruguay, from 29 April to 10 May 1957. The result of its work appears in the attached report, which the Working Group is submitting to the Trade Committee but which the secretariat believes should be brought to the attention of the seventh session of the Commission.

/TABLE OF

TABLE OF CONTENTS

	Page
INTRODUCTION. SCOPE OF THE REPORT	9
I) THE CENTRAL BANKS WORKING GROUP	12
A. Delegations present and organization of work	12
1. Preliminary meeting	12
2. Inaugural meeting	13
3. Closing meeting	13
4. Delegations present	13
a) Credentials	13
b) List of:	
i) Delegations	14
ii) Representatives attending the session	14
iii) Observers	15
5. Organization of work	15
a) Officers	15
b) Committees	15
c) secretariat	16
B. Agenda	17
C. Account of the proceedings:	19
Introduction	19
1. Standard payments agreement	21
2. Coordination of clearing accounts; compilation, classification and exchange of comparable data	27
3. Operational system	32
4. Technical studies on the organization of the multilateral payments system	33
5. Other business	37

/ II)RESOLUTIONS

Page

II) RESOLUTIONS APPROVED 39

ANNEXES

1. Address by Mr. Francisco S. Forteza, Chairman of the Board of the Banco de la República and Honorary Chairman of the Working Group, at the inaugural meeting on 30 April 1957.... 68

2. Address by Mr. Pedro Ramón Chamorro, General Manager of the Banco Central de Paraguay and delegate of Paraguay, at the inaugural meeting on 30 April 1957 74

3. Address by Mr. Esteban Ivovich, Chief of the Trade Section of the secretariat of the United Nations Economic Commission for Latin America, at the inaugural meeting on 30 April 1957 ... 78

INTRODUCTION

SCOPE OF THE REPORT

1. This document reviews in outline the achievements of the Working Group made up of representatives of the Central Banks [1/] (or corresponding authorities) of the Latin American countries which conduct their reciprocal trade through clearing accounts. (Montevideo, Uruguay, 29 April - 10 May 1957).

2. The Working Group was set up in compliance with a resolution adopted by the Governments members of the United Nations Economic Commission for Latin America at the first session of the ECLA Trade Committee (resolution 1 (I) of 28 November 1956). This resolution requested that the Group should study the possibilities of gradually establishing a multilateral payments régime and should suggest to the Trade Committee the measures best calculated to achieve that end.

The above resolution also takes note that the Latin American countries which settle their reciprocal trade payments through clearing accounts are prepared to take transitional steps towards the gradual establishment of a multilateral payments system. To this end, the countries concerned record in the resolution their intention of adopting and applying currently, at the time they consider appropriate certain basic principles. These principles comprise equal

1/ In the present report, the term "Central Bank" should be taken to include other monetary authorities fulfilling the same functions.

/quotations for

quotations for units of account and convertible currencies, for the same operations; trade at prices not higher than those prevailing on the world market; payment through the agreement-accounts of specific trade services: the granting of reciprocal credits adequate for the satisfactory development of trade, due allowance being made for seasonal fluctuations; and the transfer, under given conditions, of bilateral balances to other inter-Latin-American clearing accounts.

With further reference to the measures designed to prepare the way for transition to multilateralism, resolution 1 (I) records the fact that the Central Banks of the clearing-accounts countries are willing to exchange information on balances periodically and opportunely, in order to facilitate transfers.

3. The background documents for the discussions of the Working Group at its first session were prepared by the secretariat of the Economic Commission for Latin America, taking into account the replies of the Central Banks concerned to a questionnaire which it had duly sent them.

4. This report on the Groups' activities is divided into two parts. The first describes the composition of the delegations and the organization of the work. It also sums up the discussions and offers an objective interpretation of the conclusions reached. Part II contains the resolutions adopted by the Group.

5. Annexed to

5. Annexed to the report are the texts of the following three addresses delivered at the opening meeting: that of Mr. Francisco S. Forteza, Chairman of the Board of Directors of the Banco de la República Oriental del Uruguay and Honorary Chairman of the Meeting; that of Mr. Pedro Ramón Chamorro, General Manager of the Banco Central del Paraguay, who spoke on behalf of the foreign delegations; and that of Mr. Esteban Ivovich, Chief of the Trade Section of the secretariat of the Economic Commission for Latin America.

6. This report was adopted by the Central Banks Working Group at its closing meeting, to be submitted for consideration by the Trade Committee.

Part I

THE CENTRAL BANKS WORKING GROUP

A. DELEGATIONS PRESENT AND ORGANIZATION OF WORK

1. Preliminary Meeting

7. This meeting was held in the Board Room of the Banco de la República Oriental del Uruguay on 29 April 1957. To begin with, Mr. Esteban Ivovich the representative of the secretariat of the Commission, expressed the gratitude of ECLA to the Government of Uruguay for its invitation to the Working Group to hold its first session in Montevideo. He also thanked the Bank authorities for the facilities they had provided. The officers were then elected, the agenda was adopted, and it was decided to set up two sub-committees (see item 4b). It was also agreed that tributes should be addressed to the first Chairman of the Trade Committee, Mr. Arturo Maschke, President of the Banco Central de Chile, and to Dr. Raúl Prebisch, the Executive Secretary of the Commission, in appreciation of their work on behalf of the expansion of inter-Latin-American economic relations.

8. Mr. Francisco S. Forteza, President of the Banco de la República Oriental del Uruguay, was unanimously elected Honorary Chairman of the session.

9. Before the preliminary meeting rose, the delegations stood for one minute in silence in memory of Mr. Fermín Silveira Zorzi, in homage to his ability and his devotion to the cause

/of Latin

of Latin American interests. The fifth anniversary of his death coincided with the date of the preliminary meeting.

2. Inaugural Meeting

10. The opening of the Working Group was held in the auditorium of the University of Uruguay on 30 April 1957. Among those present were Dr. Francisco Gamarra, the Uruguayan Minister of Foreign Affairs, other members of the Uruguayan Government, foreign diplomatic missions, Directors of the Banco Central de la República, and representatives of various public and private institutions. On this occasion addresses were delivered by the President of the Banco de la República Oriental del Uruguay, the General Manager of the Banco Central del Paraguay who spoke on behalf of the foreign delegations, and the Chief of the Trade Section of the ECLA secretariat, which be represented.

3. Closing Meeting

11. The closing meeting was held on 10 May 1957, in the Junta Departamental de Montevideo.

4. Delegations present

a) Credentials.

12. In accordance with rule 14 of the rules of procedure of the Commission, the Credentials Committee reported to the meeting that the credentials of the delegations present had been examined and found correct.

b) List of delegations, representatives attending the session and observers:

/i) DELEGATIONS

i) DELEGATIONS

ARGENTINA:	Rodolfo Korenjak Aquiles P. Baudou
BOLIVIA:	Reinaldo Urquizo
BRAZIL:	Abeillard Barreto Enrique Duprat
CHILE:	René Sepúlveda Marcelo Ringeling
COLOMBIA:	Augusto Hanaberg
ECUADOR:	Eduardo Larrea Stacey Alfredo Blum Flor
PARAGUAY:	Pedro Ramón Chamorro Federico Mandelburger
URUGUAY: Committee of the Board of Directors of the Banco de la República:	Juan A. Rebella Tabaré Berreta
Delegates:	Antonio Odicino Lezama Luis Isidro Carlevaro Julio C. Solsona Flores Armando Carrasco Alberto Morrillo Otero Oscar Y. Bonti Carlos Fernández Goyechea Alberto Casal Flaubiano Simoens Arce
Advisers:	Luis C. Panizza Juan A. Eguiluz Raúl H. Torre Washington Souto Juan C. Mussio Miranda Mario Buchell

ii) REPRESENTATIVES ATTENDING THE SESSION

Ministry of Foreign Affairs of Uruguay:	Ariosto González
Assistant:	Crisólogo Brotos
Ministry of Finance of Uruguay:	Walter Lusiardo Asnarez

/iii) OBSERVERS

iii) OBSERVERS:

Resident Representative of The United Nations Technical Assistance Board:	Miguel Albornoz
International Monetary Fund:	Frans Keesing
Bank of England:	Robert Lambert
Inter-American Trade and Production Council:	Carlos Sanguinetti Luis Zaffaroni Alcides E. Pittaluga
Ministry of Finance of Uruguay:	Nilo Márquez Nelson Revello Abel Gerpe Hector Díaz Fausto Díaz Paulós Julio César Recine Fernando Carle Hugo de Marco Lauro Rodríguez Jaime Padros Mario Maldini

5. Organization of work

a) Officers

At the preliminary meeting on 29 April 1957 the following officers were elected:

Chairman:	Antonio Odicini Lezama (Uruguay)
Vice-Chairman	Eduardo Larrea Stacey (Ecuador, and Augusto Hanabergh (Colombia)
Rapporteur:	Abeillard Barreto (Brazil)

b) Committees

To facilitate the study of the items on the agenda, it was decided at the preliminary meeting that two Committes should be set up, the following officers being elected for each:

/Committee 1

Committee 1 on coordination and exchange of comparable data:

Chairman:	René Sepúlveda (Chile)
Rapporteur	Reinaldo Urquizo (Bolivia)

Committee 2 on the standard agreement and system of operation:

Chairman:	Rodolfo Korenjak (Argentina)
Rapporteur:	Pedro Ramón Chamorro (Paraguay)

c) secretariat

The secretariat of the Session of the Working Group was made up as follows:

General Secretary:	Esteban Ivovich, Chief of the Trade Section of the secretariat of the Economic Commission for Latin America
Consultant:	Eusebio Campos
Aides to the General Secretary:	Mario Real de Azúa, Secretary of the Embassy to the Ministry of Foreign Affairs
	Mario Movarec, United Nations official
	Luis Fugasot 2/
Information and Press:	Roberto Fabregat 2/
Secretarial services:	Chief: Eugenio Klempfner
Stenographers:	Celestino Rubio 3/
	Francisco Carissimi 3/
	Juan Carlos Ferrando 3/
	Carlos Carissimi 3/
	León Cestau 3/
	Alba Rubio 3/
	Jorge Peluffo 3/
	José Torres 3/
Typists:	María Sara Abelenda 2/
	Ofelia C. de Barrera 2/
	Nelly S. de Cambón 2/
	María Teresa Irujo 2/

2/ Officials of the Banco de la República Oriental del Uruguay.

B. AGENDA

13. At the preliminary meeting, on 29 April 1957, the Group adopted the following agenda:

1. Opening of the session
2. Election of Officers
3. Adoption of the Agenda
4. Preparation of bases for:
   (a) the application of standard methods of registering operations and determining comparable balances in the inter-Latin American clearing accounts, and
   (b) the regular functioning of the machinery for the compilation and periodical distribution of information on these accounts, in connexion with the transfers of balances envisaged in resolution 1(I) of the Trade Committee.

Background documents:

Study of inter-Latin American trade (E/CN.12/369/Rev.1) chapter V;

Payments and trade in Latin America (E/CN.12/C.1/3);

Report of the Trade Committee to the Economic Commission for Latin America (E/CN.12/C.1/7/Rev.1);

Registration of operations transacted through inter-Latin American clearing accounts and exchange of comparable data (E/CN.12/C.1/WG.1/2).

5. Preparation of a preliminary draft standard agreement on a payments régime.

/Background documents:

Background documents:

Study of inter-Latin American trade (E/CN.12/369/Rev.1), chapter V;

Payments and trade in Latin America (E/CN.12/C.1/3);

Report of the Trade Committee to the Economic Commission for Latin America (E/CN.12/C.1/7/Rev.1);

Bases for the draft standard agreement on a payments system (E/CN.12/C.1/WG.1/3).

6. (a) Study of the possibilities for the clearing of balances on the basis of operations actually transacted through inter-Latin American clearing accounts in 1955 and 1956.

Background documents:

Study of inter-Latin American trade (E/CN.12/369/Rev.1), chapter V;

Payments and trade in Latin America (E/CN.12/C.1/3);

Report of the Trade Committee to the Economic Commission for Latin America (E/CN.12/C.1/7/Rev.1);

Clearing of balances in inter-Latin American trade (E/CN.12/C.1/WG.1/1).

(b) Round-table discussions on the possible establishment of a credit pool among existing inter-Latin American clearing accounts.

7. Consideration and adoption of the report of the first session of the Working Group on a Multilateral Payments System to the Trade Committee of the Economic Commission for Latin America.

8. Date and place of the next session.

/C. ACCOUNT OF

C. ACCOUNT OF THE PROCEEDINGS

Introduction

14. In conformity with the recommendations in resolution I (I) of the Trade Committee, the aim of the experts composing the Working Group was to study the most suitable technical procedure whereby a beginning might be made as soon as possible to convert the bilateral trade system prevailing in the southern zone of Latin America step by step into a multilateral régime. The Group felt that an essential pre-requisite for such an undertaking was the removal of certain obstacles connected with the payments system. It also bore in mind that solutions at the payments level, conducive as they would be to the expansion of trade, would yield much more solid results if at the same time the countries concerned arranged to co-ordinate their trade policies, so as to provide incentives for a growing volume of trade in both natural and manufactured products.

From another point of view there were those who felt that the resolutions considered by the Group in connexion with the first steps towards a multilateral régime might within a relatively short time come to seem unnecessarily cautious. It was pointed out that the European common market and other developments in economic co-ordination in certain parts of the world would perhaps induce Latin America to pursue a similar line of conduct before very long. Should that be so, it might necessitate a relatively rapid reform of the current system of payments through clearing accounts and of some of the basic principles at present governing inter-Latin-American trade policy.

/While giving

While giving due heed to that warning, the Group considered that the ultimate success of its work would depend to an appreciable extent on the prudence by which the first steps towards a multilateral system were guided, especially if the initial stage were viewed with two considerations in mind. One was the fact that the strictly bilateral methods in force were widespread and very deep-rooted and that they still exerted a powerful influence on the attitude adopted by more than one country to both theoretical and practical trade problems. The other related to the technical complexity of the various questions to be dealt with. It was felt that the nature of those questions called for certain special preliminary studies to be undertaken, for otherwise it would be no easy task to discover a way of reconciling the various situations existing within each clearing arrangement with the regional importance attaching to the co-ordination of the agreements concerned. In that way, proceeding step by step, it would be possible to avoid the discouragement which too much haste might bring in its train. In the same context it was considered that the permanent body set up by the Working Group for co-operation between the Central Banks might in the future prove a decidedly important factor.

15. At the close of the session the delegations expressed satisfaction with the constructive and practical nature of the resolutions adopted.

/1. Standard payments

1. Standard payments agreement

16. The nature of that document was very clearly defined. It was to be a model for the conclusion of bilateral agreements. Hence there was no intention of its being signed collectively by a group of Governments. It would serve as a pattern in accordance with which payments relations between pairs of countries could be systematized on a unified basis, with the adjustments called for by the circumstances and characteristics of each bilateral trade channel, so as to pave the way for the future integration of all such bilateral clearing accounts into another of a multilateral type. On one point there was a consensus of opinion: the standard agreement would be an important means of imparting greater flexibility to intra-regional trade and thus contributing to its expansion. To that end, it would be necessary for the Governments concerned to bear the standard agreement in mind when revising their existing bilateral agreements or negotiating new ones; it would thus de facto acquire multilateral scope. In that context, two delegations stressed how useful it would be for the Trade Committee to ask the Latin American Governments to consider the possibility of concluding a pact whereby the standard agreement would be established as a model for their bilateral payments relations within a short term to be fixed by the Governments themselves.

17. Among the other factors which would necessarily influence the establishment of a relative multilateralism by means of uniform agreements would be the maintenance of equal quotations

/for the

for the various inter-Latin-American units of account and the convertible dollar for similar operations. The desirability of that rule was discussed in Santiago last November, at the session of the Trade Committee, which accepted it as one of the guiding principles on which the transition towards multilateralism would have to be based. There was consequently no need for the first session of the Working Group to consider the question from the point of view of the acceptance of the principle, since it had already been accepted by the Committee. The Group therefore discussed its practical application, country by country.

As was pointed out, the maintenance of parity implied the adoption of decisions adapted to the special features of each country's exchange system. In some countries, it was stated, it was necessary for the Central Bank to intervene on the market concerned as a buyer of units of account at times when a seasonal contraction in demand seemed likely to bring down the quotations for those currencies. The foreign exchange purchased when demand was slack was subsequently allocated by the Bank for imports. In other cases, the exporter handed over to the Central Bank the units of account corresponding to the exports effected, receiving in exchange certificates which he negotiated at the same selling price that he would obtain for convertible dollars. In yet other countries, parity was the result of arbitrage at the expense of the Treasury. Although the existing situations varied widely, the universal observance of parity between units of account was emphatically considered

/to be

to be the basis of any action in favour of multilateralism. It was also pointed out that the recent exchange reforms, which were designed to replace over-valued exchange rates by realistic rates, facilitated the attainment of that end.

18. The expansion of the scope of the agreements would be greatly influenced, according to opinions expressed during the session, by the extent to which parity was observed. If the aim was the establishment of a multilateral system in the region, the trend would have to be towards the inclusion of the greatest possible number of payments in that system.

One delegation laid special emphasis on the advisability, in view of the shortage of convertible dollars and the consequent balance-of-payments difficulties, of avoiding as far as possible the disbursement of convertible foreign exchange.

It was unanimously agreed that a large number of invisible items which were at present handled through the free or so called "parallel" markets could not be included in the clearing system, if the transactions effected through the latter involved the risk of reducing the sum obtained when the units of account concerned were converted into real currency.

This was felt to apply particularly to maritime freights and in some cases also to freights for other types of transport. The following observation was made with respect to the Latin American shipping companies. If payment for their services was made in units of account, and they ultimately received for such services a proportional amount of currency lower than the

/sum they

sum they obtained when freight charges were liquidated in convertible dollars, their capacity to compete with shipping of other flags was undermined. In such cases, they might also find themselves compelled to raise their freight charges, in terms of local currency, in order to offset the undervaluation of the unit of account. Broadly speaking, the feeling of the Group on that point was that the treatment accorded to the freight earnings of Latin American shipping in relation to the payments agreements should in all cases be viewed in the light of the importance of developing and strengthening the maritime transport services of the region, which were essential to the expansion of its trade.

Consequently, only a limited list of invisible trade payments - pursuant to resolution 1 (I) of the Trade Committee - would be automatically included in the account. Others, enumerated in the agreement, would be dealt with by ad hoc arrangements between the parties.

19. The delegations strongly advocated the inclusion in the standard agreement, by way of example, of a list of those payments which each pair of countries, if it so desired, could include within the clearing account in the course of the application of the bilateral instrument concerned.

20. The Group attached special importance to the incorporation in the agreements of clauses covering multilateral operations connected with the transformation of raw materials produced in the territory of one of the contracting parties or of a third

/country, for

country, for the supply of countries within the region itself. There was a unanimous consensus of opinion on the following point. The phenomenon of idle capacity is beginning to loom increasingly large on the industrial scene in several Latin American countries. Accordingly, the payments system must help to relieve the problems deriving from the existing low productivity, by facilitating, through suitable clauses in the agreements, the transaction of multilateral operations relating to the purchase, transport, transformation and re-export of the commodities concerned.

One delegation drew attention to the desirability of submitting to the Trade Committee, for consideration in due course, the question of bringing customs regulations on such matters as temporary admission, suspension of duties etc. into line with the system in question.

21. During the Group's meetings differing opinions were expressed as to the attitude that should be adopted towards re-exports. It was pointed out that various bilateral agreements stipulated that the commodities traded were to be used only for consumption by the parties, and not for re-export. Undoubtedly, as was pointed out, such clauses had a great deal to do with the failure to maintain parities. One of the reasons for their existence was the need to prevent or control certain types of operation. It was common knowledge that in order to take advantage of the margin of profit left available by the non-observance of parities, re-export transactions

/were effected

were effected which, it was felt, were often prejudicial to the interests of the country of origin of the commodity in question.

In this connexion the following observation was formulated: as progress was made in the maintenance of parity between units of account, and balances became transferable from one account to another, substantial changes would presumably take place in the current attitude to re-exports, which would become more consistent with the new régime of parity and transferability.

As that subject fell mainly within the field of trade policy, it was considered that it should be brought up, at an opportune moment, in the discussions of the Trade Committee.

22. The Group studied points connected with payment for supplies of petroleum products through the clearing account, in relation both to imports for domestic consumption and to purchases effected by foreign shipping and aircraft in the ports and airports of the various countries.

Attention was drawn in this connexion to operations effected within the clearing accounts for the purpose of acquiring part of the petroleum royalties of some of the Latin American countries.

There was a consensus of opinion to the effect that on so important a point it was not at present advisable for regulations to be laid down in the standard agreement. It was suggested that further research by the Trade Committee on that matter would be exceedingly useful.

/One delegation

One delegation mentioned that the Committee's study of that subject should take into account the obstacles to intra-regional trade in petroleum products created by the differing levels of domestic taxes and by the resultant repercussions, at times, on export prices.

23. The Group discussed the effect on the expansion of inter-Latin-American trade that might be produced by exempting commodities of Latin American origin from the prior deposit which some countries required from importers. That type of stimulus to trade would also include the abolition of permits for any intra-regional commodity trade operations. Those were subjects which chiefly pertained to trade policy, close as was their relationship with the question of payments. For that reason, and also because special studies would have to be carried out before they could be discussed by the Working Group, it was considered undesirable to include them, for the time being at any rate, among the points covered by the standard agreement. One delegation observed that when the time came for an analysis of such questions to be made, it ought to be carried out in close contact with the appropriate trade policy authorities in each of the countries concerned.

2. Coordination of clearing accounts; compilation, classification and exchange of comparable [redacted]

24. The delegations were in full agreement as to the importance, for the expansion of trade, attaching to the exchange, on

/comparable bases,

comparable bases, of periodic information as to the state of the accounts, both with a view to facilitating transfers of balances and a step towards the co-ordination of the bilateral machinery concerned.

25. It was also agreed that the exchange of information should be organized in such a way as to ensure the availability of certain data relating to the possible future trend of the balance, as a guide to the import authorities. It was felt that such data would be especially useful to countries whose debit balances were close to the credit limit stipulated, beyond which the liquidation of the corresponding excess might involve the disbursement of convertible currencies.

26. In the course of discussion, stress was laid on the need for such exchange of information to be begun at the earliest possible opportunity, in two stages. The first, which would begin early in the second half of 1957, would relate to the compilation and distribution of certain data which each country would be in a position to supply at once, under the system of registration followed in the inter-Latin-American clearing accounts. In the second stage, to be initiated from the beginning of next year, the supply of data would be improved in accordance with the terms of resolution 2 adopted by the Working Group, the text of which appears in Part II of the present report. Appended to the resolution is the form to be used for the distribution of information, which was examined and approved by the Group.

/27. The

27. The following point, on which there was unanimous agreement, was placed on record. That resolution, or others that might be adopted with a view to improving the form to be followed in the registration and exchange of data, did not involve the inter-Latin-American clearing-accounts countries in any commitment, either present or future, to include within those accounts payments other than those specifically indicated in the pertinent bilateral instruments.

28. All delegations endorsed the view expressed by one of their number, to the effect that the exchange of comparable data constituted a highly significant first step in the transition to a multilateral system.

Consequently, if that objective was to be attained, the satisfactory functioning of the exchange of information was of great importance.

From that point of view, the Group felt that it would be useful to lay down the rule to be followed by the agency responsible for centralizing the information in determining, for the purpose of the statements which it would periodically prepare and distribute, the state of the various accounts. The Group wished to place on record its opinion as to the procedures which might prove useful if the appropriate data were not supplied in good time by the Central Bank responsible for keeping the master account. On that point, as well as in relation to cases where duplicate accounts exist, the following principles were unanimously considered satisfactory;

/(a) If the

(a) If the Central Bank in charge of the master account should for any reason fail to supply the requisite information, the centralizing agency would request it from the Central Bank of the other party to the agreement concerned. When the data had been obtained, the position of the account on the periodic statement would obviously be altered, since it would have to be recorded in the name of the country supplying the information;

(b) Where duplicate accounts existed, the corresponding Central Banks would decide between themselves which of them was to be responsible for supplying the information. The necessary consultations for that purpose could be carried out through the centralizing agency.

29. One delegation pointed out that the foreign trade system of certain countries would make it rather difficult for them to supply information on exports about to be effected, and suggested that in such cases, the centralizing agency might conveniently utilize the figures for import permits granted by the buyer country, in order to prepare the statements.

30. It was made clear that the centralizing agency would collect, classify, and distribute the information. On the other hand, the carrying out of any transfers of balances shown to be possible by the statement summing up the data submitted would be entirely in the hands of the Central Banks, which would be responsible for undertaking the necessary consultations and formalities.

31. Another proposal which received unanimous support was

/that the

that the Group should request the secretariat of the Economic Commission for Latin America to accept responsibility for centralizing and distributing the information, the possibility being left open that at a later date, when the opportune moment arose, the final allocation and mode of fulfilment of this function should be studied with the assistance of the secretariat itself. The secretariat was consulted by cable and sent a favourable reply.

When it was resolved that the information should be centralized in the secretariat, attention was also drawn to the fact that the latter needed to know the figures for real payments registered in the accounts in order to carry out its technical study on the possible establishment of a multilateral clearing organization. Thus the exchange of information would serve several purposes. It would constitute the initial phase of practical collaboration between Central Banks, with a view to the co-ordination of the clearing accounts; it would establish the possibilities for the transfer of balances; and it would facilitate the compilation of the statistics required for continuing the study of the multilateral system.

32. The representative of the International Monetary Fund asked whether the resolution on the exchange of data among Central Banks excluded the possibility of making them available to his organization. The Group resolved to note in its report that, in view of its terms of reference under resolution 1 (I) of the Trade Committee, it felt that a decision on that point should preferably be left to that Committee; as, however the Central

/Banks represented

Banks represented at the Session attached positive importance to the Fund's co-operation in the task of gradually establishing a more flexible intra-regional trade system than that at present prevailing, that reply should be regarded as essentially a formality. One delegation stated that as far as it was concerned it saw no objection to supplying such data to other organizations forthwith, since its country published them every month in the bulletin issued by the Central Bank.

Furthermore, the Group replied to a question asked by the representative of the Fund that, as far as it was concerned, the text of the resolution on the exchange of information did not preclude the adoption of a future decision by the appropriate body in favour of the transmission of such information to other organizations.

3. Operational system

33. It was pointed out that with a view to the adoption of common practices in existing bilateral agreements the standard payments agreement contained a clause the purpose of which was to empower the Central Banks of the contracting parties to agree directly among themselves, once the agreement was signed, on the technical regulations for its operation.

In order to ensure that there should be no deviation from the ends pursued in the preparation of the standard agreement, the Group strongly advocated that it should be supplemented by a model set of regulations for its operation. It was unanimously agreed that in drawing up such a model the principal aspects taken into consideration should include, inter alia, the

/determination of

determination of the stage of the transaction at which each operation should be registered by the parties in the account; the mechanism of documentary credits and orders of payment; the method to be followed in relation with commercial banks participating in such operations by permission of the Central Bank concerned; and the procedure for current contacts, with respect to financial operations deriving from trade, between such institutes in the contracting countries. Furthermore, it was noted that the model prepared by the Group aimed at standardizing the relevant banking terminology for intra-regional clearing operations.

General support was given to the point made by one delegation that the differing operational systems in each pair of countries helped to account for the failure to maintain parity between the units of account. The establishment of an operational system on common bases would therefore further the aim of ensuring equal quotations for such units of account, for similar operations.

4. Technical studies on the organization of the multilateral payments system

34. The Group considered Information document N° 2, presented by the secretariat, which reported on the progress of the technical study which the secretariat had been requested to undertake under one of the points in resolution 1 (I) of the Trade Committee.

35. It was agreed that the study on the establishment of a multilateral payments system draw attention to certain problems

/which were

which were just beginning to arouse the interest of Governments, Central Banks and other relevant institutions in Latin America. ECLA's work on the subject was therefore useful. While it was recognized that the carrying out of studies on multilateralism properly so-called might later on become a more or less urgent task, according to the nature of the repercussions in the Latin American region of the agreements on a European common market, the following opinion was also voiced. The experience which would be acquired during the next few months in the practical application of resolutions 1, 2 and 3 of the Central Banks Working Group would in itself afford valuable guidance in the analysis and preparation of the formulae to which it might ultimately be deemed advisable to resort.

36. The delegations unanimously took note with satisfaction of the work already carried out by the secretariat in the field in question.

In connexion with a query under point III of the secretariat's information document N° 2, the Group resolved to inform the secretariat that it fully agreed that in view of the stage the technical study had now reached, the time had come to request the collaboration of such international organizations as the secretariat might ask to co-operate with it at the moment it considered opportune.

37. Unanimous support was given to the proposal of one delegation that a recommendation should be transmitted to the secretariat to the effect that in continuing the study it should explore the possibility of a further intermediate step between the transferibility of balances referred to in resolution 1 (I) of

/the Trade

the Trade Committee, and a more advanced system of multilateral transfers.

The purport of that suggestion was that the study should consider whether specific percentages of the increases in debit balances shown by the master accounts relating to the agreements, within given annual or half-yearly periods, could or could not be treated automatically transferable. Such a system of transferibility would in any event be confined in all cases to the region itself, but it might provide for payment by the debtor country to the creditor country in a convertible currency, if the transfer gave rise to a balance in excess of the margin of credit laid down in the payments agreement in force.

38. One delegation drew attention to aspects of trade which, while not strictly within the Group's sphere of action, related to topics which should be borne in mind and should be submitted for consideration by the Trade Committee, whose terms of reference fully covered them. The delegation declared that steps taken to promote multilateralism bore a close relation to other efforts designed to reduce disequilibria by the expansion of commodity trade. It would therefore be important to carry out market studies on a permanent basis, with respect to intra-regional trade in commodities of Latin American origin, both from the point of view of the region as a whole, and in relation to the problems and possibilities deriving from such trade in each bilateral channel.

Currently, the main source for the statistical data required

/for such

for such studies consisted in the trade balance figures, which were not always available in good time.

On the other hand, the work of their department of economic research, some Central Banks in the region had already begun to include in as a source of background data for their own specific tasks, studies corresponding to certain types of market surveys designed to supplement or expand the research pursued in a similar direction by other official organizations in the country concerned.

In conclusion, the delegation suggested that the Central Banks might usefully give consideration, so far as possible, to the desirability of including in the work programmes of their departments of economic research some exploration of market problems and prospects in relation to commodities which were or might be traded within Latin America. The data thus collected might serve, among other purposes, that of facilitating the preparation by ECLA of market studies for the region as a whole.

39. Also on the plane of trade matters directly covered by the terms of reference of the Trade Committee, one delegation made a number of observations, for transmission to the Trade Commmittee, on the experience of the analogous European organization in certain lines of commercial action which should accompany the gradual transition towards multilateralism. Worthy of study was Europe's experience in the drafting of standard contracts for private foreign trade transactions, which were further encouraged by the organization of international fairs for regional products.

/In preparation

In preparation for such fairs, conditions and facilities were arranged in advance in regard to customs regulations for samples, installations, admissible quantities of products displayed, privileges or exemptions in connexion with passport visas for foreign visitors, sale of the articles exhibited or their transfer to other countries, etc. Indirect commercial methods such as those might in the long run help to promote and normalize trade, and might in practice become dynamic elements of trade policy.

In conclusion, the delegation expressed the view that the Group's report to the Trade Committee should include a suggestion that, in the course of the progressive development of its programme and as a supplement to measures of trade policy, it should take into consideration the importance of paving the way for inter-Latin-American fairs or exhibitions.

5. Other business

40. It was unanimously resolved that the next session of the Central Banks Working Group should be held, when convened by the secretariat, in Rio de Janeiro.

41. The Central Banks Working Group resolved to record in the report on its first session its congratulations and thanks to the ECLA secretariat, and in particular to the Executive secretary, Dr. Raúl Prebisch, to the Chief of the Trade Section, Mr. Esteban Ivovich, and to the Consultant, Mr. Eusebio Campos, for their contribution to the work for the expansion of inter-Latin-American trade.

/42. Mr. Esteban

42. Mr. Esteban Ivovich, Chief of the Trade Section of the ECLA secretariat and General Secretary for the session, expressed the secretariat's thanks for the friendly assistance given in the organization of the meetings by the Ministry of Foreign Affairs of Uruguay and the Banco de la República. He stressed the efficiency and selflessness of the officials of the Bank who had been attached to the secretariat for the session. He also drew attention to the help given by the stenographers from the Senate of Uruguay.

/RESOLUTIONS APPROVED

STANDARD PAYMENTS AGREEMENT

Resolution N°1 of the Central Banks Working Group on a Multilateral Payments System, approved 7 May 1957

The Central Banks Working Group on Multilateral Payments,

CONSIDERING that, in accordance with resolution 1 (I) of the Trade Committee, the Latin American countries which maintain bilateral agreements between themselves are prepared, during the transition period until the attainment of multilateralism as provided for in that resolution, to take measures designed to bring about more flexible commercial relations between them;

That, to this end, between the stages of progressive multilateralism, the said countries agree to adopt, as they consider convenient, certain concurrent principles in their future agreements;

that it is desirable to standardise the provisions of such agreements, as a contribution to the creation of the conditions necessary for progress towards a multilateral system;

that the adoption of common bases would simplify transfers between accounts in the region, thereby contributing

/to the

to the creation of a multilateral payments area;

that a standard agreement would go far to simplify the practical application of these principles;

RESOLVES:

1. To submit to the Trade Committee the annexed draft standard Agreement - as an integral part of this Resolution - for consideration by the Governments of the Latin American countries which maintain or subscribe to clearing agreements between themselves.

2. To propose to the Trade Committee:

(a) that it should recommend to the said Governments that they should adapt their present payments agreements to the text of the standard agreement; and

(b) that it should consider the advisability of obtaining from the respective Governments the establishment of a fixed period which should be as short as possible, for the process of adaptation mentioned in the preceding sub-paragraph.

ANNEX TO

ANNEX TO RESOLUTION 1

STANDARD PAYMENTS AGREEMENT

Article 1

The object of this Agreement is to regulate payments between the contracting Parties, and to promote their gradual adaptation to a multilateral system.

Article 2

The payments enumerated in the following articles, originating in direct operations between ..... and ..... , will be made in United States dollars, through the Account mentioned in article 5, hereinafter referred to as the "Account", (or "Accounts", if the double accounts system is adopted).

Payments will be made in accordance with the laws and regulations governing international exchange and transfers of funds in force in both countries at the time of the operation in question, and will be effected direct between the Central Bank of 1/ ..... and the Central Bank of ..... They may also be made through other banks or institutions authorized to operate in international exchange.

1/ For the purpose of this Agreement, the expression "Central Bank" will also include institutions carrying out the functions of such banks.

/Article 3

Article 3

Payments relating to the following operations will be made through the Account:

(a) The FOB value of natural or manufactured products, originating in ..... and in ...., which are traded by the contracting Parties, including accessory costs as agreed by both Central Banks;

(b) freights earned by ships or aircraft flying the flag of or registered in..... or ..... in the transport of goods 1/ ..... traded by the Parties, and the expenses of such ships or aircrafts in the ports or airports of the contracting countries;

(c) insurance covering the trade between the Parties;

(d) other agreed items or concepts.

(Here the Parties could specify in the text of the Agreement what payments they agree to include under this heading. Without prejudice to other items, the following are mentioned by way of illustration:

(i) underwriting of insurance of the trade between both Parties, and the surplus of underwriting by either Party in the territory of the other;

(ii) freights for merchandise in the territory of the Parties;

(iii) freights and expenses for services rendered by ships or aircraft flying the flag of or registered in.....

1/ In this agreement the term "goods" includes both natural and manufactured products.

/and.....

and..... in connexion with trade operations of either of the Parties with third-party Latin American countries which maintain payments agreements with one of them;

(iv) insurance of trade operations of either of the Parties with third -party Latin American countries which maintain payments agreements with one of them;

(v) payments covering the costs of transformation of raw materials or products of either of the two Parties, or of a third country, which are sent to the other Party for processing;

(vi) costs of fuels and lubricants supplied to ships or aircraft of ..... and .....

(vii) students' allowances;

(viii) frontier trade payments (as defined by the Parties to the agreement concerned); and

(c) any other payments agreed on between the Central Bank of ..... and the Central Bank of .....

Article 4

Both Parties agree to allot, either directly or through the competent organizations, the foreign exchange required for remittances under the headings enumerated in article 3, on request by the interested Parties in accordance with the provisions in force in each country.

Article 5

The Central Bank of ..... acting on behalf of the Government of ....., will open and maintain a master account in United States dollars in the name of the Central Bank of ....,

/acting on

acting on behalf of the Government of ....., to be called ".....Agreement Dollar Account", in which account will be credited or debited, as the case may be, the payments mentioned in article 3.

Article 6

The Central Bank responsible for keeping the Account will advise the Central Bank of the other country on the first banking day of each month of the balance in the Account on the last day of the previous month. It will also forward monthly to the other Central Bank a detailed statement of the movement of the Account during the preceding month.

The registration of operations of the Account will be made in such a way as to simplify the interchange of information between the Central Banks, having regard to the resolutions of the Trade Committee and any other resolutions supplementing them.

Article 7

Goods exchanged between the two contracting countries and financial operations resulting from such exchange will be quoted, invoiced or expressed in United States dollars.

Article 8

The Central Bank of ..... and the Central Bank of ..... may authorize commercial banks in their respective countries to open such documentary credits or process such payments orders as may be necessary for the purposes of trade. Such operations will be effected in accordance with the banking

/rules and

rules and practices prevailing in each of the contracting countries. Payments against the aforesaid credits or payment orders will be when they are entered in the Account, in accordance with the procedure agreed between the two Central Banks.

Article 9

The Government of ..... authorizes the Central Bank of ..... and the Government of ..... authorizes the Central Bank of ..... to agree upon:

(a) the technical and ancillary provisions relating to the operational system and any changes which may be made in it:

(b) suitable arrangements for the transfer of balances to clearing accounts in operation with other Latin American countries; and

(c) the machinery for the application of the provisions of article 10.

Article 10

Both Parties agree to take such measures as are necessary to ensure that the Account-dollar is quoted at the same rate as the free United States dollar for similar operations. Accordingly, the Central Bank of ..... and the Central Bank of ..... will for this purpose apply to the Account-dollar the corresponding ruling quotations, (official free market, brokers' or other quotations) applicable according to the call, to the liquidation of similar operations in free United States dollars.

Article 11

Article 11

When the two Central Banks so agree, the payments mentioned in article 2 may be made in exchange other than the Account-dollar.

Article 12

While this Agreement remains in force the Account may show a debit or a credit balance. The Central Bank of the creditor country will not request the reimbursement of the credit balance in its favour so long as such balance does not exceed the sum of ..... dollars.

When the balance exceeds the specified amount the Central Bank of the creditor country may request the total or partial transfer of the excess to another clearing account in operation with a third Latin American country, in accordance with the procedure approved as provided in sub-paragraph (b) of article 9, or may reach an agreement with the Central Bank of the debtor country for the payment of the excess in other exchange. If within a period of ..... the excess is not cleared by the methods referred to, the Central Bank of the creditor country may request its total or partial payment in free United States dollars, by cable transfer.

(The Parties may agree that when the balance exceeds the sum of ..... dollars, the excess over this limit will bear interest at a rate of ..... per cent.)

Article 13

Goods paid through the Account may be sent, consigned

/or re-exported

or re-exported to a third country, if so agreed in advance by the competent agencies of both Parties.

Article 14

The value of goods originating in any other country, which one of the Parties acquires from the other, and the cost of insurance of such operations, may be paid through the Account, if so agreed by the Central Banks of the contracting Parties.

Article 15

The Central Bank of the debtor country may at any time pay to the Central Bank of the creditor country in free United States dollars, by cable transfer part or all of its debit balance in the Account. It may also pay this balance in other exchange agreed by both Central Banks.

Article 16

On the expiry of this agreement the Account will remain open for a period of ..... for the purpose of the following operations:

(a) Payments for the liquidation of pending obligations contracted while the Agreement was in force;

(b) Payments for operations carried out after the expiry of the Agreement for the sole purpose of reducing or clearing the balance of the Account.

The provisions of this Agreement will remain in force for the specified period of ..... for the purpose provided for in this article.

/Article 17

Article 17

After an interval of ..... following the expiry of the period specified in article 16, the balance will be paid by the Central Bank of the debtor country at the request of the creditor in free United States dollars, by cable transfer, unless both Central Banks agree to other forms of payment.

Article 18

Without prejudice to its ratification in due course, this Agreement will provisionally enter into effect - where the laws of the contracting countries so permit - on ....., and will remain in force for a period of ..... years; it will be renewed annually by tacit agreement unless one of the Parties gives not less than three months' notice of termination during any year of its validity.

If the trade and payments conditions existing at the date of signature of this Agreement should undergo any substantial changes at any time during the period of validity of the Agreement, either of the Parties may request immediate negotiations for the purpose of adapting the Agreement to the new situation.

/If the

If the Parties fail to arrive at an agreement within..... months from the date of the request for negotiations, the Agreement may be denounced, to terminate a period of ..... months.

Note:

Latin American countries which maintain bilateral agreement between themselves are recommended, pending the renewal of those agreements in accordance with the bases of the present standard agreement, to endeavour to adopt for immediate bilateral application, adminisyrative measures leading to the same end. It is also recommended that when bilateral agreements conforming to the present standard agreement have been concluded, the two countries concerned should where necessary bilaterally bring into force, pending the ratification of such agreements, such clauses as are compatible with their laws.

/EXCHANGE OF

EXCHANGE OF COMPARABLE DATA ON INTER-LATIN AMERICAN CLEARING ACCOUNTS BETWEEN CENTRAL BANKS OR MONETARY AUTHORITIES PERFORMING THE FUNCTIONS OF SUCH BANKS

Resolution N° 2 of the Central Banks Working Group on a Multilateral Payments System, approved on 7 May 1957

The Central Banks Working Group on a multilateral payments system,

CONSIDERING resolution 1 (I) of the Trade Committee; and considering that, in order to implement the agreement entered into in accordance with that resolution by the Central Banks maintaining inter-Latin American clearing accounts, to exchange information on the state of such accounts so as to facilitate the transfer of payments, it is necessary to establish the bases whereby the data may be furnished in comparable form; and that in reply to the requests addressed by the Executive Secretary of the Economic Commission for Latin America to the respective central bank or monetary authorities performing the functions of such banks, these bodies have expressed their opinion on the manner in which the data should be furnished, and have stated their intention to initiate the exchange of information immediately;

RESOLVES AS FOLLOWS:

1. The general procedure for the exchange of data instituted by resolution 1 (I) of the Trade Committee will be the following:

(a) Figures relating to the balance of inter-Latin American

/clearing accounts

clearing accounts will be compiled monthly;

(b) the said figures, will be furnished monthly in duly classified form, to the central banks or corresponding monetary authorities of the countries maintaining the accounts.

2. The data to be exchanged will include;

(a) total monthly receipts,

(b) total monthly payments,

(c) real balance (balance of each account)

(d) total documentary credits and collections or bills for:

(i) exports

(ii) imports

(e) statistical balance,

(f) total contracted sales, 1/

(g) outstanding balance of contracted imports 1/ (prior permits, licences, foreign exchange options, prior deposits, etc., as applicable),

(h) potential balance of each account.

The central bank or monetary authority maintaining the account pertaining to the agreement in question will be required to provide the figures referred to in (a) and (b) of this paragraph. The remaining figures will be furnished by the two countries signatories to the agreement, with the exception of

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1/ Excluding transactions covered by documentary credits and collections or bills.

/the figures

the figures referred to in (e) and (h), which will be calculated by the central co-ordinating body.

3. The exchange of data will begin with figures relating to the state of the accounts on 30 June 1957.

4. The information will be sent to the co-ordinating body monthly within the following time-limits:

(a) receipts, payments and real balance of accounts: within five days following the end of each month;

(b) documentary credits and collections or bills: within fifteen days following the end of each month;

(c) contracted sales - if possible - and outstanding balance (of prior permits, licences, promised foreign exchange, prior deposits, etc): within two months following the month to which the information refers.

5. The data will include only the figures for transactions effected or to be effected within the accounts, in conformity with the provisions of each payments agreement.

6. The date of 31 December 1957 will be set as the final date by which the central banks or corresponding monetary authorities will classify the information they submit on receipts and payments registered in the accounts in the following manner:

(a) Debits - (Receipts of seller country)

F^B value of exports;

Freights and port charges received from abroad;

Commission and other expenses of foreign trade;

/Investment of

Investment of foreign capital in country furnishing the information;

Repatriation of capital;

Financial services payable from abroad;

Insurance and re-insurance premiums;

Consular fees;

Other transactions.

(b) Credits -(Payments of buyer country)

CIF value of imports (or C & F value, depending on system in use in importing country);

Freight and port charges transferred abroad;

Commissions and other expenses of foreign trade;

Investments abroad;

Outgo of capital;

Financial services to be paid for abroad;

Insurance and re-insurance premiums;

Consular fees;

Other transactions

7. Notes that the decision relating to the classification of receipts and payments contained in paragraph 6 implies no present or future commitment regarding the inclusion in the accounts of payments for items not specifically provided for in the corresponding agreements.

8. Takes note that the central banks or corresponding monetary authorities are prepared to furnish the periodic

/information in

information in conformity with the classification contained in paragraph 6, even before the indicated date, if possible.

9. Decides that, if any of the central banks or monetary authorities performing the functions of such banks is unable to adjust its methods to the classification provided for in paragraph 6, the co-ordinating body will request the information from the central bank or corresponding monetary authority of the other country signatory to the agreement.

10. Stipulates that it will be the responsibility of the central banks or corresponding monetary authorities to initiate the consultations, proposals and formalities which may be necessary to effect any transfers of balances whose practicability may become evident through the exchange of data.

11. Express its gratitude to the Executive Secretary of the Economic Commission for Latin America for having agreed at the request of the Working Group to accept responsibility for the co-ordination and circulation of the data referred to in this resolution.

Economic Commission for Latin America
Trade Committee
Resolution 2 of the First Meeting of the
Central Banks Working Group
on a Multilateral Payments System
Montevideo, 7 May 1957

Country _____

STATE OF BILATERAL CLEARING ACCOUNTS WITH LATIN AMERICAN COUNTRIES

on _____
(in thousands of dollars)

Country	DEBITS (Receipts of selling country) a/	CREDITS (Payments of purchasing country) a/	REAL BALANCE (Balance of the account) b/	DOCUMENTARY CREDITS (Including collections and bills) c/		Statistical balance d/	Contracted sales e/	Outstanding balance (prior permits, licenses, foreign exchange options, prior deposits, etc.) e/	Potential balance d/
				Exports	Imports				
(A)	(B)	(C)	(D)	(E)	(F)	(D)+(E)-(F) (G)	(H)	(I)	(G)+(H)-(I) (J)

a/ Monthly

a/ Monthly figures supplied by the Central Bank or the corresponding monetary authority responsible for keeping the master account, within five days following the end of each month.

b/ Balance of the Account at the end of the month, supplied by the two countries maintaining each account, within five days following the end of each month.

c/ Information supplied by the two countries maintaining each account, within 15 days following the end of each month.

d/ Figures calculated by the Economic Commission for Latin America.

e/ These figures do not include operations covered by documentary credits and collections or bills. Figures for these will be supplied by the two countries maintaining each account within two months following the month to which the information relates.

STANDARD BANKING PROCEDURE FOR THE OPERATION OF INTER-LATIN AMERICAN CLEARING ACCOUNTS

Resolution No. 3 of the Central Bank Working Group on a Multilateral Payments System.

CONSIDERING that in order to supplement the standard payments agreement referred to in Resolution No. 2 of this Group and to facilitate the transfer of balances between inter-Latin American bilateral accounts, it is desirable to set up a standard machinery for such transfers;

RESOLVES

to recommend to the central banks - or corresponding monetary authorities - of countries which maintain or subscribe to payments agreements the adoption so far as possible of the following banking procedure for the operation of the said accounts:

"In order to give effect to the provisions of the ..... Agreement, the Central Bank of ..... agrees to adopt the following procedure:

"In accordance with the terms of article 5 of the Agreement, Central Bank "A" will open and maintain an account in United States dollars in the name of Central Bank "B", namely, "The ..... Agreement Dollars Account", hereinafter known as the "Account" through which the payments provided for in article 3 will be effected by means of documentary credits or payments

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Note: The numbering of the articles corresponds to that of the standard payments agreement. This draft, by way of example, designates as Central Bank "A" (country "A") that which keeps the account and Central Bank "B" (Country "B") the holder of the account.

/orders which

orders which will be opened or issued directly by the banks or authorized institutions of both countries.

The details concerning such operations will be for the account and under the exclusive responsibility of the banks and authorized institutions which take part in them.

The reimbursement of the operations effected through the "Account" will be carried out in the following manner:

A) PAYMENTS BY COUNTRY "B" TO COUNTRY "A"

1) Covered by documentary credits:

When banks of country "B" open documentary credits for the import of products from country "A", Central Bank "B", immediately after the opening of the credits, will send by air mail a corresponding notification of such opening to Central Bank "A". Such notices will have the effect of reimbursement authorizations, and by virtue thereof Central Bank "A" will be empowered to make reimbursements, for the equivalent in "..... Agreement Dollars", against the payments carried out by the banks of country "A" and charged to the corresponding documentary credits, up to the account of the respective authorizations.

At the request of the banks of country "B", the reimbursement authorizations referred to in the foregoing paragraph may be sent by cable, in which case an air mail communication will serve as confirmation.

The aforesaid authorizations, correspondingly numbered, will be sent immediately by Central Bank "B", and will specify:

/a) the amount

a) the amount of the credit in ".....Agreement Dollars";

b) the name and address of the bank in country "B" which ordered its opening;

c) the number assigned to the credit by the bank of country "B";

d) the name and address of the beneficiary bank in country "A".

The banks and authorized institutions of country "A" may request Central Bank "A" for the amounts to be paid, as soon as they have made the documentary credits effective, in accordance with the conditions of the same, provided that the reimbursement authorization issued by Central Bank "B" is in the hands of Central Bank "A". In virtue of the payments made by the banks and authorized institutions, Central Bank "A" will debit the "Account" with the respective amounts. At the same time, it will inform Central Bank "B" daily by telegram or air-mail, as agreed, of the debits made, specifying for each operation:

a) the name and address of the bank of country "B";

b) the number of the credit assigned by the bank or country "B"; and

c) the amount in "..... Agreement Dollars" reimbursed.

2) Other payments:

a) By cable.

At the request of the banks of country "B", Central Bank "B" will remit payment orders to Central Bank "A" by cable, thereby authorizing Central Bank "A" to debit the "Account".

Payment orders by cable must contain the following particulars:

/(a) the

(a) the corresponding number assignment by Central Bank "B";

(b) the amount in ".... Agreement dollars";

(c) the purpose of the payment (goods, freights, etc.);

(d) the name and address of the bank of country "B";

(e) the name and address of the bank of country "A";

(f) the name and address of the beneficiary; and

(g) the name and address of the remitter.

Such payments orders, and the above information, must be confirmed by air mail.

b) By air mail.

In order to effect payments by air mail from country "B" to country "A", the banks or authorized institutions of country "B" will remit payment orders bearing the appropriate reference number direct to their correspondents in country "A".

Central Bank "B" will send direct to Central Bank "A", by the same means, reimbursement authorizations corresponding to the payment orders referred to in the previous paragraph.

The mere issue of such authorizations will signify that Central Bank "A" is authorized to debit the "Account" with the corresponding amounts.

Reimbursement authorizations, bearing the appropriate reference numbers, will be sent immediately, accompanied by duplicate copies of the orders, or, in lieu thereof, by the following particulars for each order:

/ (a) the number;

(a) the number;

(b) the amount in "....Agreement dollars"

(c) the purpose of the payment (goods, freights, etc.);

(d) the name and address of the bank of country "A", and

(e) the name and address of the bank of country "B".

B) PAYMENTS FROM COUNTRY "A" TO COUNTRY "B"

1) Covered by documentary credits:

When the authorized banks or institutions of country "A" open documentary credits for the import of products from country "B", Central Bank "A" immediately after the opening of the credits, will send by air-mail a corresponding notification of such opening to Central Bank "B". Such notices will have the effect of reimbursement authorizations, and by virtue thereof Central Bank "B" will be empowered to make reimbursements, for the equivalent in "..... Agreement Dollars", against the payments carried out by the banks of country "B" and charged to the above-mentioned documentary credits, up to the amount of the corresponding authorizations.

At the request of the banks of country "A", the reimbursement authorizations referred to in the foregoing paragraph may be sent by cable, in which case air mail communications will serve as confirmation.

The aforesaid authorizations, correspondingly numbered, will be sent immediately by Central Bank "A", and will specify:

(a) the amount of the credit in "..... Agreement Dollars";

(b) the name and address of the bank of country "A" which ordered its opening;

/(c) the number

(c) the number assigned to the credit by the bank country "A", and

(d) the name and address of the beneficiary bank in country "B".

The banks and authorized institutions of country "B" may request Central Bank "B" for the amounts to be paid, as soon as the documentary credits are to be made effective, in accordance with the conditions of the same, provided that the reimbursement authorization issued by Central Bank "A" is in the hands of Central Bank "B". Central Bank "B" will report daily, by telegram or air mail, as agreed, what payments have been made for each operation:

(a) the name and address of the bank of country "A";

(b) the number of the credit assigned by the bank of country "A"; and

(c) the amount paid in ".....Agreement Dollars".

On receipt of the notification referred to in the previous paragraph, Central Bank "A" will immediately credit the "Account" with the amounts indicated in such notification.

2) Other payments:

(a) By cable:

At the request of the banks of country "A" Central Bank "A" will remit payment orders to Central Bank "B" by cable; the issue of such orders will in itself indicate that the amounts in question have been credited to the "Account" and that Central Bank

/"B" is empowered

"B" is empowered to reimburse the banks of country "B" in respect of such amounts.

Payment orders by cable must contain the following particulars:

(a) the corresponding number assigned by Central Bank "A";

(b) the amount in "..... Agreement Dollars";

(c) the purpose of the payment (goods, freights, etc.);

(d) the name and address of the bank of country "A";

(e) the name and address of the bank of country "B";

(f) the name and address of the beneficiary;

(g) the name and address of the remitter.

Such orders and the above information, will be confirmed by air-mail.

(b) By air mail:

In order to effect payments by air mail from country "A" to country "B", the authorized banks or institutions of country "A" will remit payment orders bearing the appropriate reference number direct to their correspondents in country "B".

Central Bank "A" will send direct to Central Bank "B", by the same means, reimbursement authorizations by virtue of which Central Bank "B" will be empowered to reimburse the banks of country "B".

The mere issue of the authorizations mentioned in the preceding paragraph will signify that Central Bank "A" has credited the "Account" with the corresponding amounts. These

/authorizations

authorizations bearing the appropriate reference number, will be sent immediately, and will indicate the following particulars for each order:

(a) the number;

(b) the amount in ".....Agreement Dollars";

(c) the purpose of the payment (goods, freights, etc.);

(d) the name and address of the bank of country "B"; and

(e) the name and address of the bank of country "A".

C) GENERAL

(a) General considerations relating to documentary credits:

1) The authorized banks or institutions of both countries must be in receipt of the reimbursement authorization issued by their respective Centralizing Institutions before the corresponding reimbursement can be effected.

2) If after reimbursement authorizations have been granted, changes are made in the documentary credits in question, Central Bank "A" and Central Bank "B" will notify each other accordingly, and, if necessary, will grant each other the appropriate authorizations.

3) When a bank which has opened a documentary credit requests the total or partial cancellation of that credit, Central Bank "A" and Central Bank "B" will notify each other accordingly by cable or air-mail, with a view to the total or partial cancellation, as the case may be, of the reimbursement authorizations already issued.

/(Optional clause

(Optional clause: Where the changes or partial or total cancellations referred to in the preceding paragraphs are effected within the period of validity of an irrevocable credit, and the authorized bank or institution is in possession of the reimbursement authorization - such authorization having been issued by Central Bank "A" or Central Bank "B" - the changes or partial or total cancellations will be considered to take effect as soon as Central Bank "A" or Central Bank "B" receives the consent of the intermediary authorized bank or institution.

4) Nevertheless, the supplementary authorizations and cancellation notices referred to in the preceding paragraph will not affect any reimbursements which have already been made in accordance with previous authorizations.

5) Any differences originating with respect to imports paid for in accordance with the above-mentioned authorizations will be settled direct between the authorized bank or institution which opened the credit and the negotiating authorized bank or institution concerned; where it becomes necessary to make any partial or total refund for imports which have already been paid for, the transfer must be effected as if for a new operation.

(b) Other matters:

1) In transmitting the communications referred to in chapters A and B above, Central Bank "A" and Central Bank "B" will limit themselves to passing on the information and data relating to the respective operations in the form in which they were

/received. They

received. They will assume no responsibility for any difference which may arise between the Parties in connexion with the operations dealt with in such communications.

2) The Central Bank "A" and Central Bank "B" will notify each other immediately in the event of any cancellation of telegraphic or air mail payment orders. Such notices will not affect any reimbursements already effected under previous authorizations.

3) Where payment orders are transmitted by cable, Central Bank "A" and Central Bank "B" will not be responsible for any consequences resulting from delays, losses or other difficulties arising in transmission.

4) Central Bank "A" will send a daily statement of operations registered in the "Account"; such statement will include the following particulars for every operation:

(a) the amount debited or credited;

(b) the number of the relevant payment order or documentary credit;

(c) the name of the bank of issue;

(d) the name of the beneficiary bank.

5) Central Bank "A" and Central Bank "B", acting in their capacity as Centralizing Institutions under the Agreement, will not in general debit each other with commissions or expenses for transactions carried out under the present Agreement, except in special cases where they will be entitled to claim for expenses incurred for the account of third parties.

/ 6) The two

6) The two institutions will transmit to each other list of names and addresses of banks and institutions authorized to effect exchange operations in their respective countries, and will notify each other at all times of any changes in such lists.

7) Central Bank "A" and Central Bank "B" will keep each other informed as to the operation of the present banking procedure, with a view to making such changes as may be judged necessary in the light of experience.

8) The present procedure, regulating payments under this Agreement, will take effect simultaneously with the Agreement.

Note: The provisions of this standard banking procedure to be applied to the operational system will be adapted to the conditions prevailing in the countries in which the Central Banks operate directly, by means of documentary credits or other forms of external payments.

/ADDRESS BY

ADDRESS BY MR. FRANCISCO S. FORTEZA, CHAIRMAN OF THE BOARD OF THE BANCO DE LA REPUBLICA AND HONORARY CHAIRMAN OF THE WORKING GROUP, AT THE OPENING MEETING ON 30 APRIL 1957

This meeting of experts of Central Banks is indeed an auspicious occasion, and we can state, without fear of error and without over-optimism, that our peoples are placing the greatest hopes in it. That is because the recommendations it will make may open up a new path to the people of our America; and if that path is followed without undue hesitation or fear, in a spirit of loyal and brotherly co-operation, discarding all out-dated ideas, it may well lead our peoples towards a future of peace, prosperity and progress.

Much has been written and even more spoken about economic co-operation in Latin America. We note with regret that so far we have been able to achieve little, or almost nothing, despite the magnificent efforts made by the United Nations through the Economic Commission for Latin America (ECLA) and by the Organization of American States through its Inter-American Economic and Social Council (IA-ECOSOC). Looking to the North we see the stupendous economic power of the United States, that "continent without frontiers", as it has been called; to the East, the Soviet Union and the so-called "people's democracies" form a powerful economic bloc of undeniable weight in the world; while Western Europe, with the Organization for European Economic Co-operation, the European Payments Union, the European Coal and Steel

/Community and

Community and now the newly formed "Common Market", is moving with giant strides towards, not the co-operation, but the economic integration of that part of the Old World.

It was indeed high time, then for our countries to decide to take positive action, by organizing and co-ordinating our economic activities, towards an objective that is of vital importance for true and effective economic development, brought about by our own efforts.

If we look back only at the events immediately preceding this meeting, I may be permitted to recall that at the last session of ECLA, held at Bogota in 1955 it was decided at the proposal of the Uruguayan delegation to establish the Trade Committee, with a view to increasing inter-regional trade. Accordingly, at the first meeting of that Committee, held in Santiago, Chile, last November, the Latin American Governments which maintain bilateral payments agreements between themselves were invited to set up, through their monetary authorities, a Working Group to study and suggest the methods necessary for the gradual establishment of a system of multilateral payments in Latin America. Thus the first step has been taken, for there is no denying that a study of the general problem of transferability of our currencies is the necessary basis for any really effective system of economic co-operation.

It is gratifying to point out, furthermore, that, over and above the aims at the specifically operative and

/technical level,

technical level, this Montevideo Session is a clear expression of the resurgence of the traditional solidarity of peoples who do not belie their historic origin nor their common principles. This Montevideo Session constitutes a stage in the process of co-ordination and exchange of economic resources which within vast regional dimensions, our Governments have decided to support, thus demonstrating their praiseworthy and constructive concern.

This Session of experts from Central Banks must be devoted mainly to the study of two specific basic points: namely, the transferability of periodical trade balances between our national markets, and the operative parity of their respective currencies. Both ends obviously tend to go beyond the bilateral solutions which have recently prevailed of channelling inter-Latin American trade, in an effort towards regional exchange multilateralism, so that it may effectively allow of a development of the volume of goods produced and traded in the area, with all the resulting economic and social advantages.

The preparatory studies made and the reports prepared for this meeting by the ECLA secretariat confirm the high degree of technical efficiency of this Regional Economic Commission under the direction of Dr. Raul Prebisch its Executive Secretary. Happily they confirm something more: namely, that in the picture presented by the trade between our countries in recent years, within the prevailing bilateral trade system, there is already a sound material basis for the

/possible success

possible success of any combined initiative towards an increasingly closer harmonization of the activities of our markets.

What are the facts? They emerge clearly from certain eloquent statements in the respective official reports, according to which the greater part of bilateral inter-Latin American trade for the past three years shows net balances below the level of the credits established in the agreements. From this it is easy to infer that, as pointed out in the report "Clearing of balances in Inter-Latin American Trade" presented by ECLA at this session, during this period a multilateral organization responsible for the transfer of balances between existing Latin American clearing accounts would have been able to operate under relatively satisfactory conditions, on the basis of a triennial period of liquidation of the net positions. As the ECLA Trade Committee realized, all these complex problems must be examined from two angles, one being that of the dynamic co-ordination of the resources and economic production of our countries, in order to lay the foundation of a regional market; and the other that of the establishment of methods and forms of financing our trade which will help to promote the progress, security and stability of its respective currents. There are thus two parallel lines - which we consider to be closely linked - in the process of this task which, although long and difficult, is absolutely necessary and of incalculable future interest for our peoples.

/This Session

This Session of experts will have to devote its meetings to examination of the problem from the exchange point of view, that is, from one of the angles mentioned earlier, and the more or less immediate solutions of common advantage which may be recommended must be regarded as prior and basic to the attainment of the high objectives pursued. We must bear in mind, however, that these solutions will consolidate their definite practical significance and will increase their usefulness to the extent to which positive advances are made in the field of basic co-ordination of the regional market that is contemplated.

We must add that in our opinion it will greatly contribute to the better conduct and effective progress of efforts towards regional economic co-ordination if investment financing problems in the area were approached through the help of active and well-conceived forms of credit assistance on a common regional basis. For this - and naturally only in very brief outline, which is all that can be attempted here - a harmonic combination of contributions primarily, and basically by the Governments of the region might suffice at first to lead to the great ends to which we have referred.

Latin America would thus initiate a timely movement to eliminate, let us say, the old disparities between the volume of investment demanded by the progress of its productive activities and the traditionally inadequate local sources of capital which have adversely affected and still affect the

/greater economic

greater economic development and the consequent possibilities of social improvement, with all the obvious and understandable results in the way of interference from the political point of view.

In any case, what is certain is that at this moment we have the good fortune to be present, if not at the birth of a "Latin American Payments Union" in a specific and final form, al least at what may be called the laying of the foundation stone.

As Chairman of the Board of Directors of the Banco de la República Oriental del Uruguay, I have the honour and pleasure to declare open this Session of Central Banks Experts. And, while extending a hearty welcome, on behalf of the Uruguayan people and Government, to all the delegates present, I express my best wishes for the success of this Session; indeed I am confident of its success, for although the task will be arduous you are all fully conscious of the historic mission you are called upon to fulfil..

ADDRESS BY MR. PEDRO RAMON CHAMORRO, GENERAL MANAGER OF THE BANCO CENTRAL DE PARAGUAY AND DELEGATE OF PARAGUAY, AT THE INAUGURAL MEETING ON 30 April 1957

It is my great honour to speak on this occasion on behalf of the representatives of Latin American Central Banks here present, thanks to a kindly gesture on their point towards my humble self, a gesture which will be much appreciated by the Banco Central de Paraguay.

I should first like to express our sincere gratitude to the national and monetary authorities of this country, which in a noteworthy spirit of American co-operation is affording us the necessary means and encouragement for outlining in specific form the bases and conditions which will facilitate the expansion of Latin American trade to the greatest possible degree. At the same time I must express our special appreciation to the Economic Commission for Latin America, which through its dynamic efforts and the acknowledged ability of its Executive Secretary and of its highly qualified experts has made the most comprehensive studies of Latin American economy and trade, which will serve as a basis for the work to be carried out. These studies represent a great technical and intellectual effort, which may prove to be the most valuable contribution to the economic history of this part of America.

This Session, as you know, is held in compliance with the mandate of the ECLA Trade Committee, in its Resolution 1 of 28 November 1956, inviting the Central Banks or monetary

/authorities of

authorities of the Latin American countries that maintain bilateral payment agreements among themselves to set up a Working Group which would study the possibilities of gradually establishing a multilateral payments regime and would suggest the measures best calculated to achieve that end."

The difficulties in intra-regional trade, which are constantly increasing, are the subject of legitimate concern throughout Latin America.

Post-war economic policy in this region has of necessity been indicated towards the problems of inflation and economic development. The shortage of means for international payments and the demand for goods, accumulated during the war, compelled most of the Latin American countries to impose more or less drastic exchange restrictions. At the same time, in order to safeguard trade within the area from the problems created by the shortage of convertible currencies, a number of bilateral agreements were concluded. This was an attempt to facilitate development whilst economising in scarce means of payment, which had to be reserved for purchases of essential goods in the great world markets.

It must be admitted that as ECLA points out, bilateral payments had the advantage of enabling intra-regional trade to survive and expand. Nevertheless, as time went on the rigidity of the bilateral agreements proved to be a negative factor in the attainment of the desired ends. There appeared in the region, as in other parts of the world, a

/tendency to

tendency to seek more flexible methods for obtaining a greater trade expansion. Moreover, for some time nearly all these countries had been introducing exchange reforms, the concepts and operating methods of which did not fit into the rigid methods of the agreements in force.

This movement towards more multilateral systems, accompanied by greater liberality in exchange restrictions, converted the current bilateral system into a mechanism which did less and less to facilitate the desired expansion of reciprocal trade in the region. This brings us to the meeting of the Trade Committee, held in Santiago de Chile in November of last year, where the unanimous desire of all countries maintaining bilateral agreements to find new formulas more adequate to the new situation became obvious.

Since so far-reaching a change in the payments system can only be achieved by degrees, in relation to the various economic circumstances of each of the countries concerned, it is to be hoped that there will be a combined effort on the part of the Governments and close co-operation on the part of the Latin American monetary authorities or Central Banks, which may lead to a solution of the problems of trade relations and payments.

An example is to be found in the practices introduced in the payments policies of certain countries, such as using sterling or other transferrable currencies in their transactions, or the possibility of establishing triangular

/transfers or

transfers or multilateral clearing arrangements.

As you know, trade between the countries of South America is being conducted mainly on the basis of some fifteen payments agreements. Deficits in this trade are met by reciprocal credits amounting to some 83 million dollars either way. A study of the figures of the trade conducted by Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay and Uruguay on the basis of bilateral clearing accounts has shown clearing account trade to be calculated at about 85 per cent of a total trade of approximately 861 million dollars in 1955, a fact which shows the advantage of providing Latin American trade with more flexible clearing and payments mechanisms than those which resulted from the bilateral system.

I cannot close this short address without declaring my profound faith in the future improvement of trade relations and Latin American payments. I hope for an increasing and efficient co-operation among the monetary authorities and the central banks, which, as the authorities responsible for the monetary and exchange policy of their respective countries, must play a predominant part in the attainment of this noble objective. I also wish this Working Group of representatives of Central Banks the greatest possible success in its task.

/ADDRESS BY

ADDRESS BY MR. ESTEBAN IVOVICH, CHIEF OF THE TRADE SECTION OF THE SECRETARIAT OF THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA, AT THE INAUGURAL MEETING ON 30 APRIL 1957

As the Central Banks Working Group on a Multilateral Payments System embarks upon its task, my first words must be to express the gratitude of the Economic Commission for Latin America and of Dr. Raul Prebisch, its Executive Secretary, whom I have the honour to represent at this time, for the invitation of the Government of Uruguay to hold this session in Montevideo. At the same time, I wish to express our appreciation to the Banco de la República Oriental del Uruguay, which has enhanced the prestige of the Conference by providing the accommodation for the meetings and supplying the stimulus arising from the intelligent and careful consideration which it has for long been giving to the problems of supreme importance to Latin America which are included in the agenda of the meeting.

Dr. Francisco Forteza, President of the Banco de la República and Dr. Pedro Ramón Chamorro, General Manager of the Banco Central del Paraguay, have already drawn attention to the importance to Latin American development of strengthening reciprocal trade relations. They also outlined the aims and objectives of the task before the Central Banks Working Group.

The outlook in inter-Latin American economic relations summons us to action. Many efforts have been made to increase the flow of trade and there have been achievements which may be displayed with pride, although they are confined to the

/bilateral field.

bilateral field. Nevertheless, the future of reciprocal relations as a whole is still dominated by obstacles whose elimination requires a collective effort. It is worth while to glance at them, beginning with some that concern trade policy. It is common knowledge that, with a few differences from country to country, Latin American trade policy has from time immemorial followed one primary aim: to safeguard and strengthen the placing of primary goods and foodstuffs in the great world centres. In the days before the pressure which now weighs on our countries to raise the level of living was felt, and when the expansion of exports was greater than the growth of the population, trade agreements were prompted above all by the desire to obtain security and favourable conditions for the products of the region in its overseas buyer markets. After the world crisis of the nineteen-thirties, circumstances changed considerably. The level of exports no longer exceeded the rate of growth of the population. Producing a new phenomenon, the growth of exports began to operate at a slower rate than that of the net income of the Latin American countries as a whole. The deficit trend began to predominate in the balances of payment. In its more or less chronic disequilibrium - with certain exceptions amongst the regional countries - a new factor appeared: expenditure for the purchase of equipment and raw materials required by the import substitution policy, which in its turn was due to the weakening of external resources from the point of view of per capita national income.

In recent decades we have seen how the new conditions

/arising from

arising from the effects of the great crisis are changing trade policy in Latin America. As before, this continues to safeguard the basic interests involved in trade movements with the great centres which take its exports, at the same time limiting the scope of traditional tariff commitments. Its aim is to have a margin in which, within the customs tariffs, it can support plans for diversification of domestic productive sources. And, as can be appreciated in practice, this does not have the effect of limiting trade with the great centres, since it is these centres which in fact determine the amount of reciprocal trade by the volume of their purchases and the level of trade is not affected by changes in the composition of purchases by Latin America.

It should be noted that this change in trade policy is developing on the plane of a promising understanding with the countries which have from time immemorial provided a market for surpluses of primary goods and products traditionally exported by the region. The experience of recent years clearly shows that it is possible to reconcile two positions: that of safeguarding the advantage of a growing trade with the great areas, and that of ensuring that the composition of imports is gradually adjusted to the requirements of development.

It is at the level of inter-Latin American relations that adaptation of trade policy to the new circumstances still seems scanty, or barely starting. It is generally appreciated that the regional market offers a considerable

/potential demand

potential demand for exportable Latin American goods, the production of which could be increased without reducing the level of deliveries required by habitual purchasers in other areas. The fact that many natural products complement each other offers an encouraging basis for future trade expansion.

There is yet another aspect. The new industries in the region are making semi-finished goods and manufactured goods of the type for which the demand increases with population growth and increase of income. Furthermore, together with this fact, which collaboration between trade policies could utilize to the common benefit, the outlook presents certain disturbing factors. Purchases by countries of the region of raw material and foodstuffs from the region, and payment by means of their own exportable surpluses, are often made difficult by the absence of suitable pacts or by limitations arising from the rigid bilateral system which predominates in inter-Latin American trade.

The equalizing effects of the most-favoured nation clause are not extended to all Latin American countries. There is thus a paradoxical case in which, in the absence of agreements, which apply this rule as a minimum trade condition, higher customs duties are applied to Latin American products than to similar goods from other areas. Together with this peculiar situation, there are others. In some countries, import substitution is already covering most of the goods in whose production capital investment is attractive from the point of

/view of

view of the present and potential capacity of the respective consumer markets.

Industrial parallelism is growing, as also idle installed capacity for many durable and non-durable consumer goods. The generally small domestic demand reduces incentives for the heavy capital investments required for the manufacture of certain types of equipment and machinery necessary for development or for the purchase of raw materials whose production in the country requires considerable financial resources. At the same time, the lower productivity often inherent in industrial activities which are mainly based on supplying one single small market makes it difficult and often impossible to overcome the competition which similar outside products offer to the penetration of surpluses in other consumer centres.

In this brief outline of some of the present characteristics of Latin American trade policy, other matters which affect the economic and trade relations of the countries might be mentioned. To quote only one, I may perhaps be permitted to mention that concerning inter-Latin American co-operation in such important problems as those of maritime traffic. On the one hand for lack of direct sea transport services, the need to tranship at various points of the Latin American coast prejudicially increases the incidence of freight on trade and thus makes market competition difficult between regional products and those from other sources. On the other hand, the conclusion of isolated bilateral agreements, without co-ordination, for the purpose

/of transporting

of transporting in equal portions the freights of the reciprocal trade in ships of the two countries has become an element which does not encourage the introduction of the direct services required to normalize transport costs, at the same time presenting a field where collaboration in trade policy could produce beneficial results for the region as a whole.

After these references to some of the current limitations of inter-Latin American trade, which also provide food for thought about its great possibilities, let us consider for a moment the general picture of payments in the area. The ideal of complete liberty in international monetary transactions is attractive to countries which at the intra-regional level make their payments for reciprocal trade on the basis of accounts. During certain periods of acute lack of convertible currencies, the clearing method supported the levels and continuity of trade between the Latin American countries which employed it. But it lacks the dynamic power which would enable it to be used as an instrument for a more active economic co-operation than at present, because of the known defects and gaps in the rigid isolationism of bilateral liquidation. We thus have in the area a series of payments agreements with notably heterogeneous structures but with one common denominator: the repeated immobilization of trade balances between pairs of countries and the consequent depressive effect of this phenomenon on the normal movement of transactions.

In view of this prospect - not very different from that

/which predominated

which predominated in the area a decade ago - Uruguay proposed in 1948, during the first session of the Economic Commission for Latin America, the establishment of a multilateral system, as a transitionary measure. That was at the time when the European Payments Union was testing its first formulae, which after many adjustments have made it an efficient organization for the economic recuperation and growth of the member nations. The technical study made as a result of Uruguay's proposal of 1948 advised against its adoption at that time. Years later, in 1953, a further suggestion by Uruguay - this time supported by Chile and later by all member states of the Economic Commisssion for Latin America - brought the Trade Committee into being. Its programme includes the search for practical solutions to problems such as those already mentioned in trade policy, maritime transport and payments. The Trade Committee met in Santiago last November with all the member Governments of ECLA represented, and amongst other matters examined that of payments. On that ocassion one point became evident: to a greater or lesser degree the countries which maintain inter-Latin American clearing accounts are at present unable to devote to their financial operations the working capital in convertible exchange which they would require to establish liberty of transactions. This capital would have to be taken from that used in the daily movement of traffic with some world centres, or from that set aside to cover obligations which must be met in convertible currencies. It also became clear,

/however, that

however, that with the experience of the European Payments Union and of the Hague Club, it is possible to put into practice methods of transition towards the desired liberty of trade. Amongst other principles, and for basic orientation in its task, the Trade Committee made it clear that the proposed system of relative multilateralism may be seen as only one progressive step towards complete liberalization of trade, both in Latin America and in the rest of the world.

Thus, any new rules that may be adopted with reference to inter-Latin American clearance payments would go hand in hand with other rules designed to ensure the gradual elimination of trade restrictions. This implies another point. Steps should also be considered with a view to setting up machinery for co-operation between the countries members of the system, the object being to correct or reduce disequilibria in bilateral payments by increasing the volume of commodity trade. Clearly, the attainment of these objectives will help to transform the complementary nature of the natural areas of production into a real factor for economic development, thereby paving the way for the conclusion of agreements which will eventually forge links between markets and thus contribute to the solution of problems of investments, productivity, and costs and levels of living.

The technical studies already carried out on the possibility of implementing the proposals submitted by the Governments of States members of the Trade Committee concerning payments between Latin American countries indicate that this task can

/be accomplished

be accomplished and that it holds out promising prospects. It will of course necessitate a considerable joint effort, particularly as effective economic co-operation between the Latin American countries has not yet been developed to a sufficiently high level. All these considerations serve to emphasize the importance of the task which has been undertaken by the eminent experts of Central Banks who are now embarking upon their work. We hope that on this occasion the Latin American peoples will prove that the geographical, historical and social bonds that make their respective countries a well-defined unit within the community of nations can also help us to achieve that economic co-operation which is essential for a better future.

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session

La Paz, Bolivia, 15 May 1957

Conference Room Paper N° 4

(Committee II)

INCORPORATION OF A SHORT-TERM COMPENSATORY POLICY IN DEVELOPMENT PROGRAMMING

(Note prepared by the secretariat as a basis for the discussion of agenda item 5 (a))

The Latin American economies have traditionally been highly vulnerable to external fluctuations and contingencies. It might be expected that they would be progressively less so now that, in most countries, the relative importance of income from external sources in economic activity as a whole is gradually declining. Yet the experience of the Latin American countries affords ready proof that a fall in the import coefficient does not necessarily entail a reduction in external vulnerability. Indeed, when income from external sources decreases, domestic activity can be maintained or expanded only if there are enough external resources available to finance the imports essential to the economic activity in question.

If the objectives of a development policy are to be attained, vulnerability to external fluctuations must be reduced. A sudden drop in income from external sources may lead to a substantial contraction of aggregate demand, accompanied by under-utilization of capacity in many sectors and an over-all regression in development. Furthermore, measures adopted indiscriminately on account of such a contraction in order to maintain the level of demand are usually apt to provoke persistent disequilibria which have an equally adverse effect on the rate of growth.

The incorporation in a long-term development programme of a short-term policy designed to lessen external vulnerability is a highly complex task. The sole purpose of this document is to call attention to the need for an import

/substitution policy

substitution policy to be based simultaneously on both long-term and short-term considerations, or, in other words, for the modifications in economic structure involved in import substitution to enable the economy both to attain definite targets over the long term and to protect itself against abrupt contractions of external origin.

The role of an import substitution policy in a development programme has been fully dealt with in previous studies. It is sufficient here to recall that an upward trend in the import coefficient is a widespread and familiar phenomenon in those Latin American countries which are endeavouring to intensify their development, and that, apart from exceptional cases where the evolution of the capacity to import is very favourable, this trend causes severe disequilibria and slows up development. The aim of the import substitution policy is to avoid an imbalance between demand for imports and capacity to import, along lines consistent with the targets of a development programme. But such targets are established without reference to the short-term fluctuations in income from external sources, for the very reason that these fluctuations do not necessarily affect the trend of such income over the longer term. Self-compensatory though they are, however, the fluctuations in question may have secondary effects on the level of demand and hamper the execution of a programme. Thus, the degree of success achieved by a policy designed to correct short-term disequilibria of external

/origin may

origin may be a principal factor in the attainment of the objectives of a development programme.

The need of co-ordinating short-term compensatory and longer-term development policies becomes even more manifest if it is borne in mind that the very execution of a programme, by intensifying the rate of growth and necessitating increased import substitution, may create situations less favourable to the implementation of short-term compensatory policies. Indeed, the success of a policy of the latter kind presupposes the individual or combined action of the following three factors:

(a) The existence of abundant monetary reserves accumulated during periods of prosperity;

(b) Adequate availabilities of foreign credit; and

(c) An import structure which allows for a reducible margin, by using which imports essential to internal economic activity can be maintained or increased in difficult times.

If the margin referred to in point (c) is very narrow, and if in addition there is a shortage of the resources deriving from factors (a) and (b), what usually happens is that a decline in exports entails a contraction in domestic activity, because the latter cannot be supplied with the essential imports it requires. In such circumstances a compensatory policy of an expansionist type will tend to aggravate the disequilibrium and to give it a definitely inflationary character.

The problem of the margin of imports susceptible of short-term reduction must be stated in dynamic terms. At any

given moment the imports of an under-developed country may be divided into two groups. The first comprises those intended for the direct satisfaction of consumer and capital formation requirements. The second is composed of those commodities which are to be used as inputs in internal productive activity. A reduction of the imports included in the first group - not preceded by a fall in income - immediately affects the levels of real consumption investment. A satisfactory redirection of investment, aimed at reducing its foreign exchange component, may be enough to maintain the level of demand and avert an over-all contraction. A decrease in imports in the second group assumes a different guise, as in large sectors of production it leads to the disemployment of factors which will not be absorbed with the mere expansion of monetary demand.

As growth becomes more intensive under a development programme, it is perfectly possible that the ratio of imports in the second group to total imports may increase. Consequently, even if the import coefficient declines, the vulnerability of the economy to short-term fluctuations in its income from external sources may be aggravated. In other words, there will be less possibility of pursuing short-term compensatory policies with success. If short-term fluctuations in the level of income increase, the long-term rate of growth will inevitably suffer. Therefore, an attempt to intensify growth as part of a programme may ultimately produce negative results unless the conditions necessary for the success of short-term policies to protect income levels are ensured.

/An import

An import substitution policy must be subordinated to the general economic criteria which determine the ways in which productive resources are utilized within a development programme. But in formulating such a policy, care must be taken not to lose sight of the need for the import structure to be compatible with the implementation of short-term compensatory policies. Even so, in examining this problem consideration must be given at the same time to the possibility of expanding the volume of exports and increasing the amount of external liquid resources that can be mobilized over the short term.

The co-ordination of a long-term development programme, in which targets for the key sectors are defined, with short-term compensatory policies must be approached from the following angles simultaneously.

(a) Promotion of exports. In so far as exports can be expanded without a substantial deterioration in the terms of trade, every effort in this direction contributes at one and the same time to the attainment of the objectives of a programme, since for an under-developed country an increase in exports implies an improvement in the product-capital ratio and enhances the compensatory policy's prospects of success, always provided that it permits the widening of the margin for import restriction.

(b) Import substitution. Once the expansion possibilities of the capacity to import deriving from export earnings have been approximately defined, the margin of import substitution essential to the fulfilment of the aims of a programme must be estimated. Import substitution policy must be based, however,

both on the general criteria determining the channelling of investment - marginal social productivity, capital intensity per unit of manpower or of natural resources absorbed, etc. - and on others deriving from the need to widen the margin of imports that can be restricted over the short term without affecting the level of internal productive activity. From the second point of view, high priority should be given to import substitution of industrial metals, chemicals and fuels, since any reduction in imports of these intermediate products affects the level of internal employment.

(c) Foreign investment. Apart from its importance in a development programme as an element whereby domestic saving can be supplemented and the transfer of technique facilitated, foreign capital available over the short term can substantially improve the chances of success of a compensatory policy. If, in addition to short-term resources, a substantial flow of longer-term foreign capital is maintained, it will be possible not only to offset the depressive effects of a contraction in income from external sources, but also to continue the investment projects for the expansion of productive capacity envisaged in the development programme.

(d) Monetary policy. A policy for the handling and cyclic accumulation of reserves is the more essential, the smaller the external resources available over the short term and the narrower the reducible margin of imports. As the reserves accumulated constitute non-productive, or virtually non-productive, investment, every effort to widen the reducible margin

of imports through import substitution also helps to facilitate the attainment of the targets established in a programme, in so far as it reduces the amount of reserves required and increases the volume of productive investment.

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session
La Paz, Bolivia, 15 May 1957

Conference Room Paper No. 5

THE TECHNIQUE OF ANALYSES AND PROJECTIONS IN DEVELOPMENT POLICY

(Note prepared by the secretariat as a basis for the discussion of agenda item 5 (a)).

1. Development policy and programming

The absence of satisfactory economic development in most of the so-called under-developed countries can be attributed to specific causes, more or less influential depending on each case, which persist over the course of time and which can be remedied only by positive action on the part of the community, especially by the State, with precise objectives in view and by means of definite measures. Such State action does not necessarily imply direct intervention by the governmental organizations in the economic process; it may also take the form of creating conditions favourable to greater freedom of action and increased efficiency on the part of private enterprise. The point is that the elimination of obstacles to a higher degree of economic development requires a policy deliberately directed towards this end.

A national economic development policy must be based on fairly accurate knowledge of the extent to which the factors militating against development are operative in the specific enviroment concerned. At the same time it must have efficacious means of dealing with these factors, as it is unlikely that the spontaneous action of economic forces will counteract them within a reasonable length of time, except under very special circumstances in which new and powerful incentives come to the fore (for example, an unusually large inflow of foreign capital attracted by the discovery of great natural wealth). Even in these exceptional cases, it is hardly likely that the new stimuli could produce their full effect without

/a complementary

a complementary economic policy. Thus, heavy foreign investment in an export activity would lead to unbalanced development, unless advantage were taken of such investment to promote higher productivity in the agricultural and other sectors, or part of the income increment were utilized to spread education and technical progress among the population.

These points are so obvious that they might even seem superfluous. Nevertheless, it is common knowledge that many under-developed countries have no satisfactory economic development policy. In Latin America this situation is mainly due to the fact that the attention of the economic authorities has been completely absorbed by the inmmediate problems. The fact remains that public action in many countries consists of measures or systems of fiscal, monetary and over-all economic policy which are mutually incompatible, directed towards no clearly-defined ends, and, in the final issue, useless or worse than useless for ensuring balanced economic development. Still more frequent is the case of countries where the will and the resolve to promote economic development exist, but where the potential effects of measures adopted for this purpose are weakened or nullified by concurrent expedients producing the opposite effect. For instance, alongside unco-ordinated infrastructural programmes and a protectionist policy in favour of industry, unsatisfactory fiscal and exchange systems or inflationary processes still persist, as a result of which the distribution of income is such as to discourage saving and

/productive investment,

productive investment, while the flight of capital and purely speculative activities are fostered.

All these circumstances indicate how urgent is the need to supplement theoretical studies on economic development with ideas that will serve as a guide for development policy. In other words, an attempt must be made to replace unco-ordinated action and improvisation by a rational policy based on the maximum possible uniformity and consistency.

The aim of a development policy may be to overcome the most serious of the difficulties which are retarding economic growth by means of specific measures applied at given key points, and to leave to the free interplay of private forces the attainment of higher income levels and standards of living. Thus, for example, private investment would be encouraged and conditions favourable to the inflow of foreign capital would be created; fiscal measures to promote saving would be introduced; health and educational conditions would be improved; anachronistic land-tenure systems would be reformed; and basic projects would be undertaken in the fields of transport, irrigation, electricity and perhaps in some industrial branches where, for one reason or another, private investors proved reluctant to take part.

The distinctive feature of such a policy is that its aim is to attain, within a given period of time, objectives which may be precise or approximate, but which are quantitatively defined, as far as possible, for the over-all economy

/or for

or for the various sectors. Its weakness lies in its failure to visualize the future of the economy as a whole and to recognize the relevant inter-relationships. This may mean that factors favourable to development are not utilized to their maximum extent. Thus, ignorance of the long-term trends and probable pattern of demand may lead to excessive investment in some sectors and too little in others. The lack of co-ordination between the various investment projects involves a risk of over-production here and of bottlenecks there. Foreign exchange resources (i.e. the capacity for external payment) are as a rule in short supply in the under-developed economies, and if the most rational way of utilizing them is not planned beforehand, they may not be turned to the best account. Development may also give rise to disequilibrium in foreign accounts because no provision has been made for co-ordination between domestic requirements and the capacity to import. All these shortcomings can be gradually remedied as they become evident, but the final balance will always register a more or less serious waste of resources and effort, and the utilization of the latter for economic development will never attain optimum levels.

Despite these weaknesses, it must be acknowledged that the mere creation of over-all conditions favourable to economic development, particularly if the steps taken are based on a conscientious study of the country's situation, implies progress in the field of economic policy. The pursuit

of such a line of conduct as distinct from the lack of direction previously referred, would by itself constitute an improvement of which the effects on the situation of many under-developed countries would be incalculable. In certain cases it may perhaps happen that the need for immediate action, technical difficulties or the prevailing politico-social conditions offer no other alternative, at any rate for a time. Some of the Latin American countries may be in this position.

The purpose of a development policy based on an over-all programme would be to establish more specific objectives to be attained by the community within a given length of time, to ensure as far as possible compatibility or co-ordination between these objectives, and to adapt the measures of economic policy to the ends pursued. The aim would be to ensure by these means, within given environmental conditions, that optimum utilization of natural, human and capital resources is attained; that production, in so far as the technique of economic analysis permits, is commensurate with probable future demand, both external and internal; that investment is turned to the best possible advantage in regard to the expansion of the social product and its contribution to the subsequent growth of the economy; that predictable waste and bottlenecks are eliminated or reduced; and that the use of the capacity to import is brought more into line with the country's development requirements.

If these ends are to be attained, a programme must include

/the following

the following essential elements: in the first place, a prior evaluation of the community's requirements of goods and services, based on reasonable development hypotheses; and, secondly, an appraisal of the resources of every kind that are or may be available for the satisfaction of these requirements. A comparison of resources and requirements will make it possible to determine the development potentialities of the economy and the degree of effort which might be expected or demanded of the community in order to obtain more or less intensive rates of growth. Thirdly, there must be a determination of the objectives to be attained by the over-all economy and by its different sectors with a view to reaching given levels of production and income. Fourthly comes the establishment of priorities for the use of available resources, with a view to achieving and co-ordinating the objectives proposed and, lastly, the determination of the means to be employed for the utilization of resources and the attainment of the ends pursued, i.e. of the measures of economic policy which it is intended to use.

It is worth pausing here to prevent a possible misapprehension. Programming does not imply State control of the economy. The setting-up of specific targets as possible results of the community's effort involves no implications as to whose is to be the responsibility or the mission of achieving such objectives. It may well happen that a programme is confined to pointing out to private interests the paths

/they might

they might be best advised to follow in order to avoid set-backs or difficulties and reach higher production levels. More probably, the programme will serve as a guide to the State in the adaptation of its projects for public infra-structural investment to the aims of development, and in the integration and co-ordination of its economic and especially its fiscal and monetary policy, so as to encourage private enterprise to attain the targets proposed for the various sectors of production. Nor, of course, is it forgotten that the public sector may decide to assume responsibility for activities formerly in the hands of private enterprise. The extent to which the State participates or intervenes in economic life will basically depend upon the prevailing political philosophy; but the adoption of a development programme is compatible with any of the contemporary political ideologies.

There are several technical possibilities for the preparation of development programmes of the kind described. In recent years, many models and practical schemes have been added to the economic literature on this subject. Among the latter projects it is enough to mention - to confine examples to the economies based on free enterprise - the programmes of Norway, the Netherlands, India, Pakistan and other Asian countries, and those carried out in every part of the world by the missions of the International Bank for Reconstruction and Development.

A brief outline follows of the methodology which the Economic Commission for Latin America has been preparing for the

/guidance of

guidance of economic policy in the under-developed countries of the region. This methodology, as can be seen in the publications mentioned later, is still at the formative stage and the procedures employed are subject to modification.

/2. The use

2. The use of projections in determining the objectives of economic development policy

The technique of projection is a method which is being increasingly widely applied in economic analysis. Once the basic structural relationships are known, and given certain hypotheses on the behaviour of a few key variables, the requisites for development and stabilization can be clearly defined and even quantified.

The method of projections utilized in the ECLA studies comprises three stages. The first consists in the preparation of over-all projections for the economy, the second is that of projections for the various sectors; and the third, in the correlation of the over-all and partial projections so that the necessary corrections and adjustments can be made.

The preparation of the projections must be closely linked to as complete an analysis as possible of the country's past economic development and the present situation. Such an analysis calls for a thorough study of the evolution and patterns of growth; of the levels attained by the rates of increase of product and income; of the break-down of this latter by consumption and saving, as well as of its distribution; of the composition of the population and the labour force, and, lastly, of the magnitude and quality of the available natural and human resources. Only on the basis of such information will it be possible to evaluate the behaviour of the various sectors of the internal economy and of foreign trade in relation to development, and to determine the key points conditioning this

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process.

One basic feature of the methodology under consideration is the taking of the over-all projections as a point of departure. The aim of this procedure is to make a preliminary estimate of the alternative targets or objectives for the economy as a whole which might result from economic policy or from programming along specific lines. Each of these alternatives is dependent upon the fulfilment of certain conditions in economic relationships with other parts of the world, or on the attainment of given degrees of effort on the part of the community, and especially on the latter's willingness to devote a larger or smaller share of its future income to capital formation. The over-all projections must take into account the probable or possible situations which might arise within a given period and the results which might be expected from these differing sets of circumstances, both in order that the targets selected may be as realistic as possible, and with a view to the introduction of sufficient flexibility for the targets to be modified in accordance with changes that may take place in the conditioning factors.

Thus, the aim of the over-all projections is to define in quantitative terms the future levels that might be attained by the economy in a reasonable space of time, by virtue of the available elements of analysis, and on the basis of reasonable hypotheses as to the behaviour of its dynamic factors.

These factors are, in essence, exports, the rate of saving,

/the productivity

the productivity of capital, the inflow of foreign capital and the capacity to import.

The second stage in the preparation of the projections consists in estimating how these over-all figures would be reflected in the various components of the economy; that is, the preparation of the sectorial projections.

The calculation of these projections by sectors is based essentially on an estimate of the community's future demand for goods and services. Unlike what happens in the case of war-time economies or those subject to a high degree of control, in a society in which freedom of the consumer is assumed to exist the structure of demand will depend upon an infinite number of individual decisions as to the distribution of expenditure. Consequently, methods must be discovered whereby reasonable hypotheses regarding the future composition of demand can be formulated.

For programming purposes, the ECLA technique takes four large groups into account in the analysis of demand, namely: (a) and consumer goods; (b) intermediate products; (c) services; and (d) capital goods. For each of these groups, methods of analysis already presented in other documents are utilized. 1/

1/ See the following studies in the series entitled Analyses and projections of economic development: I. Introduction to the technique of programming (E/CN.12/363), United Nations publication, Sales No.: 1955. II. G. 2; II. The economic development of Brazil (E/CN.12/364), United Nations publication, Sales No.: 1956. II. G. 2; III. The economic development of Colombia (E/CN.12/365), United Nations publication, Sales No.: 1957. II. G. 3 (Spanish only); The economic development of Bolivia (E/CN.12/430)(for English text, see E/CN.12/448).

/The third

The third and final stage of the methodology referred to consists in checking the results of the sectorial projections against the initial assumptions, i.e. the over-all projections, and adjusting them. It is to be expected that considerable differences and discrepancies will appear between the two sets. The only way to reconcile them is to revise the previous hypotheses on the basis of the more specific elements resulting from the detailed study of each sector. This involves making a series of approximations which will lead to the establishment of hypotheses or alternatives consistent both as a whole and in respect of the relationships between their various components.

The projection method thus briefly outlined was originally worked out as part of a programming technique. However, its usefulness is not exclusively confined to those cases where economic development policy is based on a programme. The point of departure for an investment policy must always be a prior assessment of the future bahaviour of both the over-all economy and its principal sectors, and especially of the demand for goods and services likely to derive from the investment in question. The method of projections permits a more accurate estimate of these future conditions, and thus comes to constitute a very valuable element for the guidance of private investors, for the establishment of an order of priority in public investment, and, finally, as a general guide for economic policy even in cases where this is not incorporated in a programme proper. At the present time, in both the

/advanced and

advanced and the under-developed countries, large private enterprises are baginning to use projections when planning future investment. In the case of national economic development policies, this methodology can even more justifiably be regarded as valuable.

However, the usefulness of a system of projections is not confined to investment. An analysis of the inter-relationships of the system and its behaviour vis-a-vis the world economy is also of inestimable value in inducing economic policy to take into account the need for maintaining both internal and external equilibrium.

3. Criterion and technique for the selection, evaluation and preparation of projects

The implementation of a development policy, whatever form it takes, entails the execution of specific projects, or, to be more exact, the allocation of resources to the production of specific goods and services. In view of the shortage of financial and technical resources, means of external payment, etc., in the under-developed countries, criteria for the selection of projects constitute a basic element in the implementation of economic policy, if failure and waste are to be avoided and the undertakings carried out are to yield the maximum social productivity. Moreover, the lack of specific projects, adequately studied from both the economic and the technical standpoints, has meant and still means that some countries have been unable to take advantage of international

credit facilities at the opportune moment.

To help to meet this need, ECLA and the Technical Assistance Administration agreed to undertake the preparation of a Manual on economic development projects,[2/] with the intention of combining, in a single coherent and specific text, the data and information indispensable for the preparation and evaluation of projects. A preliminary version of this Manual is presented to the seventh session, with a view to calling attention to the problem and inviting critical comment and suggestions which may contribute to the improvement of the text. In its present version, the Manual is divided into two volumes. The first, consisting of two parts, contains the text proper, dealing with the technique of preparing, presenting and evaluating investment projects. The annexes comprising the second volume contain examples and cases, taken from industrial and economic experience, which provide specific and practical illustrations of this technique.

4. Public administration and economic policy

At the sixth session of ECLA it was recommended that the secretariat and Technical Assistance Administration should make a study of the problems arising in the field of public administration in connexion with the adoption of economic development programmes.

The importance of this subject is too well-known for

2/ See E/CN.12/426 and E/CN.12/426Add.1.

/detailed discussion.

detailed discussion. With the undertaking of development programming and the attempt to put into practice more elementary measures for the promotion or encouragement of productive activities, the existing systems of public administration have proved to constitute a considerable obstacle in many of the Latin American countries. Faced with more ambitious aspirations, a number of countries have set up special co-ordinating and programming organizations, with very unequal degrees of success.

A study[3/] presented to the seventh session contains the findings of the research carried out in a small group of countries by an expert of the United Nations Public Administration Division with the collaboration of the ECLA secretariat staff. This study is only the initial phase of what will have to be a much longer and more laborious undertaking. The comments and suggestions put forward in the course of discussion here will be very useful as a guide to the organizations concerned in their future research.

3/ See La administración pública en la política de desarrollo, Conference Room Paper No.3 (Spanish only).

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session
La Paz, Bolivia, 15 May 1957

Conference Room Paper No. 6

(Committee II)

FOREIGN CAPITAL AND THE TRANSMISSION OF TECHNOLOGY

(Note prepared by the secretariat as a basis for the discussion of agenda item 5 (d)).

Thanks to the studies on economic development in Latin America undertaken by the secretariat in recent years, a few generalizations - still subject to more careful research and fuller experience - may be hazarded on the capacity to save and the structural problems affecting both this and the adequate utilization of savings. These conclusions will now be briefly considered, especially as regards their bearing on the contribution to development represented by the transfer of foreign capital to Latin America as a means of supplementing the saving generated within the countries of the region themselves.

It cannot be asserted that the rate of saving is low, satisfactory or high in the Latin American countries without reference to the volume and nature of the investment required. The capacity to save is conditioned by the over-all productivity of an economy, and this in its turn is dependent on stock of capital, economic and social structure, political, social and economic institutions and the incidence of external factors such as market trends, price fluctuations, or changes in demand on the internal development process.

The over-all rate of gross saving is higher as a rule in those Latin American countries whose economies register, on an average, greater productivity and a marked degree of efficiency in the utilization of their natural and human resources and of their capital. These conditions, which are almost invariably found in the countries which have also succeeded in becoming more fully integrated both economically and socially, are the

/result of

result of a relatively balanced and long-standing development process.

At the stage of incipient development, total saving is necessarily small and is bound to be inadequate for industrial requirements if these are conceived in terms of a target fixed under an economic and social policy and not as the result of the free inter-play of the commercial factors in the economy. The development of countries going through this phase, whose short-term prospects of more active participation in world trade are limited, is hardly likely to gather momentum without the co-operation of foreign capital. These are the cases in which, it is easiest to envisage on broad lines and without entering into specific considerations, the role that can be played by both public and private foreign capital. The former would take the shape of loans and even, in some cases, special grants-in-aid, for purposes of basic social capital and investment in education and public health; while the latter would be placed both in the export sectors and in those concerned with the development of the domestic market. It is in these cases too that the technology which usually accompanies capital cannot be acquired *in vacuo*, i.e. without reference to a specific process of development.

The Latin American countries in which productivity is relatively high set out from a different starting-point. If they possess a thriving and diversified export sector, and if their development is programmed along long-term lines, they are in a

/position to

position to attain a relatively satisfactory rate of saving. It is true that part of their saving is not utilized within the country. The circumstances that lead to the flight abroad of personal and even of entrepreneurs' savings are well-known. Nevertheless, it is a proven fact that such countries have been able to maintain high rates of growth, as the result of public and private investment financed mainly with domestic saving. In these cases the role of foreign capital is at once supplementary and selective.

If the export sector lacks dynamic vigour and diversification, the capacity to save, even where the productivity of the economy is relatively high, may not provide the basis for a sufficient and satisfactory rate of investment because the proportion of imports needed to make up total demand, and above all net investment, would necessarily constitute an obstacle so long as there was a chronic shortage of foreign exchange, or, in other words, little capacity to import. This explains the paradoxical fact that some countries, where the level of <u>per capita</u> income is high, register inadequate investment coefficients and utilize their capacity for saving inefficiently or unproductively. Foreign capital, in its double capacity as additional investment and inflow of foreign exchange with which to finance imports, may represent in such circumstances - even if, quantitatively speaking, its value is not very great - a key contribution to the process of development and to the creation of such conditions as will enable this process to be continued

/over the

over the long term.

On the basis of these general concepts, and without analysing the specific conditions which also influence saving and which derive from the monetary and banking institutions, from social legislation, from the system of land tenure, etc., it is important to attempt to indicate the possible nature of the economic - not the juridical, monetary or political - incentives which would serve to attract public and private foreign capital to the countries in need of it.

It may be useful to bear in mind the distinction previously drawn (which is not, of course, a classification) between countries with little physical capital and low productivity, countries where productivity is higher but the export sector is dynamic, and countries where again productivity is relatively high but the export sector stationary. All of these share certain common features with respect to the type of basic investment which is being or ought to be effected. The experience of a large number of countries in Latin America and elsewhere suggests that more than half the annual gross investment and fixed capital is earmarked for a group of activities composed of public services (transport and communications, energy, gas, water supply), housing and construction and public works; that is, the infra-structure. Except in the case of specific public services sectors, especially that of electric energy, the economic incentive to foreign investment is not as a rule very marked. This is clearly a promising field for the

co-operation of foreign capital in the shape of medium and long-term loans. There are also possibilities - more limited, perhaps, and subject to the effects of public services tariff policy as well as of exchange and other measures - for direct private foreign investment. The capital of the country concerned is often interested in this type of investment and in such instances there would be good prospects for joint local and foreign investment.

The economic prospects offered to foreign capital by the mining, petroleum and agricultural export sectors are not the same in all countries. Even if local attitudes to foreign investment in these sectors are set aside, there remains the question of the volume of available natural resources, current and potential, and of the long-term market prospects. These factors tend to restrict possible capital contributions to specific countries and to the production and export of particular goods (although in cases where the transforming or refining of the primary commodity is included, investment per employed person may be very substantial).

As part of an over-all development process, the growth of Latin America's industry is nowadays one of the factors most capable of attracting foreign capital, both public and private. Several considerations suggest themselves here. In many countries the range of operation of direct private foreign investment is limited by the size of the markets in relation to the minimum economic unit for an industrial plant, and by the

/lack of

lack of continuity in the expansion of an industry's output capacity on account of the indivisibility of the equipment and the very narrowness of the markets. In addition to this economic risk, foreign investors have at times to reckon with others relating to exchange rates or to social or political problems. On the other hand, foreign contributions in the form of medium and long-term loans are possible. Once industrial development is under way, and as it becomes better integrated and reaps the benefit of a more satisfactory distribution of income, the economic risk for foreign capital obviously tends to diminish.

Furthermore, the import substitution policy, to which the pressure on the balance of payments deriving from development is conducive, opens up attractive prospects for foreign industrial investment in the production of durable and non-durable consumer goods, and, in so far as resources exist, the basic studies are carried out and the necessary technique is available, that of capital goods as well. In some Latin American countries industry has reached a stage of development at which both diversification and demand suffice to justify, in addition, the installation of industries producing intermediate goods, spare parts, remanufactures and other specialized items. This is a field which is being newly opened up to a form of co-operation on the part of private foreign capital which will result in direct saving of foreign exchange and will tend to convert many of the present assembly plants into producer industries.

/II. The foregoing

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The foregoing general observations may usefully be followed by reference to an aspect of foreign investment which has not been dealt with in previous secretariat studies.[1/] This is the transmission of industrial technology as a phenomenon characterizing direct private investment. Technology is not a feature peculiar to foreign investment, nor to private investment only, since the development of technological sevices in many parts of the world means that technique can be "hired" independently of specific foreign investment; moreover, technological experiments of considerable value are already being initiated in Latin America itself. And, over and above all this, thanks to the universality of science, advances of a general nature are possible everywhere. But it is a fact that nowadays industrial research in the field of technology is undertaken on a large scale in the more advanced countries, to a great extent by private enterprise, which usually transmits the results to other countries in connexion with its investments abroad. Public and private expenditure on research and promotion of the natural sciences and engineering is estimated to have amounted to 5,000 million dollars in the United States in 1953.

1/The amount and the juridical framework of foreign investment were dealt with in Foreign investment in Latin America (E/CN.12/360 and ST/ECLA/28), United Nations publication, Sales N°: 1954.II.G.4; general problems in International co-operation in Latin American development policy (E/CN.12/359), United Nations publication, Sales N°: 1954.II.G.2; and the balance-of-payments aspects in various issues of the annual Economic Survey.

A study of this phenomenon revealed that the transmission of technique through private enterprise follows different patterns.

Utilizing all its available resources, the enterprise projecting investment abroad carries out complete studies of the supply of raw materials and intermediate products, as well as extensive market surveys, with a view to determining the scale of operation of the plant and the technique applicable having regard to the economic factors. It can thus place at the disposal of its project the whole range of technical and technological services required for the processing or manufacture of goods based on local raw materials, and, in particular, it can carry out the necessary scientific research and organize its plant in accordance with the highest standards of physical productivity. Many enterprises actually introduce technical innovations in the investment countries through the discovery of new methods of utilizing primary commodities and processing the final product. Advantage is often taken of such progress by other enterprises and in other countries. Familiar too are the cases where enterprises, on establishing themselves abroad, process goods specially adapted to the investment country but as yet unknown in the enterprise's own country of origin.

Once installed, most of the private foreign enterprises continue to receive technical services from their main offices. While in some instances they obtain these free of charge, in others the main office collects a percentage of the income or turnover of the branch or a predetermined commission.

/The technical

The technical training programmes undertaken by enterprises abroad have gathered considerable momentum in the last few years. They are carried out in various ways, sometimes in the industrial plants themselves, in other cases through special courses at centres established in the investment country, and, finally, through study and training at the main office of the company, or in universities and technological institutes abroad. These last activities chiefly concern the highly-qualified personnel. 2/ Although it cannot always be guaranteed that the technician will afterwards remain permanently in the employ of the enterprise that gave him his training, the benefit for the investment country is far-reaching in effect since he launches enterprises of his own or lends his services to other enterprises or to the Government.

It must be pointed out that the introduction of new techniques by foreign companies is also a stimulus to the country's own enterprises, which often have access to the same technology without having to purchase industrial ownership rights (although it is perhaps more common for the use of patents to be secured through the payment of royalties or even the allotment of shares).

This last point raises the problem of whether access to foreign technology must always imply financial control of an

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2/ During the Second World War, the United States Government began granting industrial fellowships to medium-level Latin American technicians for their practical training in United States plants. There are now many enterprises which regularly conduct similar programmes, besides contributing to the training of technicians in national educational institutions.

investment by foreign capital. In Latin America a growing interest in developing in the ways of transmitting technique which do not weaken the position of the national enterpreneur, is already manifest. The patterns into which experiments fall comprise the following four basic elements: (1) the transmission of technology should be arranged by contract; (2) the supplier of the technique often contributes little or no capital or equipmemt, and has only a minority share in the capital represented by shares carrying the right to vote; (3) payment is effected in accordance with a predetermined formula, either in cash or in securities (shares); and (4) a limit is fixed to the duration of the contract, with the possibility of prolonging it. There is a wide variety of types of contract of this sort, which can, however, be roduced to the following two main categories: permits for the use of patents and industrial procedures, and contracts for administration and advisory technical assistance. 3/

Firms may license production abroad when they wish to enter or maintain their name, product or process in a foreign country which may otherwise be closed or limited to them by reason of various tariff or other legal restrictions, or they may use this device merely because it enables them to earn a return on their proprietary rights with less risk and at a lower financial outlay than would be involved in the use of a direct investment "package". The licensers generally offer specific patents, often accompanied by continuous access to some of their other

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3/ According to estimates, the United States enterprises receive about 500 million dollars annually from abroad under the head of contractual royalties and commissions.

own supplies of technical knowledge. These agreements apply over some given period of time, for example 5 or 10 years, and are often renewable. Royalties are usually based upon the profitability-record of the licensee, such as a proportion of gross sales or gross profits, and might be paid by a straight cash remittance, by the receipt of equity or debenture stock, or by some combination thereof. Where payment is made in the form of equity shares, however, it seems typical for the licenser to limit his aggregate holdings to something less than 50 per cent of the total voting stock outstanding, and maximum provisions of 25 per cent have more often been noted. Licensing agreements extend over a wide variety of fields, ranging from electrical apparatus and household appliances on the one hand, to chemicals and pharmaceutical products on the other, and while they are by no means new to international business activities, they are reported to have been increasingly used in the recent past.

Management and consultant contracts may take several forms. They may only involve the management of an existing concern in one country by personnel provided by the contractor in the other country, or the foreign party to the contract may offer some engineering advice, and possibly working-capital assistance as well, before the concern is organized. More often, however, the management contract becomes operative after the applicant firm has already begun its normal stage of operations. As with licensing agreements, the contract is usually set for a given, albeit renewable, period, and the applicant firm may have

/continuous access

continuous access to processes and techniques of the foreign supplying concern. Payment might be based entirely upon annual sales or profits, or conversely on a fixed initial fee plus a proportion of the gross or net return.

Probably the most widely known types of consultant contracts provide purely engineering and constructions skills, but one characteristic of the post-war decade has been the growing use of engineering-economic consultants, by both private and public concerns. Consultant contracts may relate to a single project only, encompassing all activities from market surveys, site-location decisions and blueprints up to the stage of actual construction, or they may provide identical services for a complete range of projects up to a nation-wide developmental programme. Here, unlike the previous instances noted above, the period of the contract can be limited to the time covered by the project. Moreover, fees are more usually based, not upon any indication of project-profitability, but rather upon a fixed sum or a "cost plus" formula.

Another variant, confined to sub-soil (mainly petroleum) development in a few countries, involves a contract signed by a private foreign corporation in one country enabling it to participate in the development of some publicly-owned or controlled enterprise of another country. Such contracts usually provide for the payment of royalties in cash or in kind, and are of larger duration.

Again, administrative contracts and contracts concerning the use of patents are frequently combined and inter-related.

/The advantages

The advantages of the transmission of technology under contract which do not involve the relinquishment of financial control by the enterprise in respect of national capital - particularly since, in many cases and in different countries, it may be necessary to relinquish such control because of the amount of investment required and because of the shortage of national entrepreneurs - may be summed up as follows. Local enterprise is encouraged to participate actively and directly in the application of modern productive techniques. Where foreign capital is not as essential to the successful operation of a given enterprise as foreign knowledge, the latter can be purchased from abroad at an advanced stage of technological proficiency and at costs far below those required to develop such knowledge domestically. In addition to the direct knowledge so obtained at a price, additional benefits are derived without charge, such as on-the-job experience with the foreign specialists and subsequent imitation. And finally, from the balance-of-payments point of view, to the extent that domestic capital is adequate to meet the investment requirements of the company concerned, the foreign exchange required for royalty or fee transfers should be less than that involved in servicing foreign direct investments of comparable magnitude.

This is certainly an experiment which should be carried further in the coming years at the same time as the Latin American technological research institutes progress and a larger number of scientific and technical personnel from

/Latin America

Latin America itself are trained. The stimulus given to technical development and vocational training would certainly prove to be a factor of increasing importance in conditioning the flow of foreign private capital and of joint national and foreign capital.

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session

La Paz, Bolivia, 15 May 1957

Conference Room Paper No. 7

(Committee II)

DISEQUILIBRIUM BETWEEN AGRICULTURAL AND INDUSTRIAL DEVELOPMENT

(Note prepared by the secretariat as a basis for the discussion of agenda item 5 (b)).

The experience of Latin America, especially during the last ten years, clearly shows that the lack of a proper balance between the development of agricultural and of industrial production is one of the main factors responsible for the trend towards internal disequilibrium and the decrease in the rate of growth registered in many of the region's economies.

A thorough study has been made of the immediate reasons why agricultural production has lagged behind in some Latin American countries. In most cases, exchange and price policies have played a principal part in its discouragement. There have also been instances in which the most powerful of the influences tending to reduce production has been that exerted by the world market situation and prospects for specific agricultural commodities.

Yet, if conclusions of practical value for the formulation of development policies are to be reached, the study of this subject should be approached in the context of the over-all economic development problem. It is not enough to diagnose the immediate causes of the deterioration of agricultural production in a particular area. Research must be carried farther, so that the elements common to the experience of all the different countries may be assembled. In the analysis of this problem it is important not to lose sight of the fact that, in most countries of the region, it is agriculture that has provided the means of financing their incipient economic development. The channelling towards industry of part of the savings accumulated in the agricultural sector has in many instances been

/the formula

the formula applied by the Latin American economies to enable them to continue growing when it was no longer possible to expand further their exports of agricultural commodities. But there are also cases on record of economies which have used resources accruing from the mining export sector to finance the early stages of their industrial development, and which, furthermore, have found that the decisive handicap to the development of agricultural production resides in the comparative inelasticity of the domestic supply of such commodities.

In stating this problem, a distinction must be drawn from the outset between the two functions of agricultural production in most of the Latin American economies, i.e. its function as the sector that creates the capacity to import and its function as the chief element in the supply of consumer goods in general.

In the first of these capacities, agricultural production plays a strategic role in economic development. Upon it depend, albeit indirectly, the process of capital formation, the incorporation of new techniques, and even that flexibility of domestic supply which is essential if the economy is to keep up a rapid rate of growth without a marked trend towards instability.

As an element in the domestic supply of consumer goods, agricultural production contributes a substantial proportion of the consumer goods absorbed by the mass of the population, and an increment in such production therefore constitutes the basis of the urbanization process called for by economic development.

The following is the fundamental problem that arises: how

/can the

can the necessary balance be achieved between the growth of agricultural and of industrial production? An answer to this question is a pre-requisite for the formulation of any investment policy, in relation to investment not only in the two main sectors producing goods, but also in transport and the entire economic infrastructure.

The question is, therefore, what proportion of the saving generated in the agricultural sector should be withheld for purposes of this sector's own development. The solution to this problem depends, on the one hand, on export prospects and, on the other, upon the predictable or necessary rate of industrialization, the main element in the urbanization process.

Another point to be considered is the policy that must be pursued with respect to relative prices for agricultural and industrial commodities. Experience suggests that a relative-price policy aimed at transferring resources from agriculture to industry creates in the long run a bottleneck which hinders industrial development. But it has also sometimes been observed that a price policy designed to favour the agricultural sector has led to cycles of over-production of export articles and even to a deterioration in the terms of trade.

The conditions in which the price incentive will bring about an expansion of agricultural supply must also be determined. If such an expansion does not take place, the rise in agricultural prices will necessarily involve a transfer of resources that usually entails less capital investment in industry and an increase in non-productive investment.

/What rate

What rate of expansion of the domestic supply of agricultural commodities - foodstuffs and raw materials - should correspond to a given rate of growth of industrial production? If the supply of agricultural commodities does not increase at a satisfactory rate, the relative prices of such commodities will tend to rise, and this will entail a reduction in real urban wages and higher costs in the industrial sector, especially in the highly labour-intensive industries. It is not uncommon for situations of this kind to provoke economic and social instability, with an accompanying loss of resources for the economy as a whole and the consequent slowing-up of development. The greater use agriculture makes of equipment and inputs produced by domestic industry, the more serious will be the negative impact of the rise in industrial costs on the mechanization of farming.

Other root points are the extent to which the replacement of imported agricultural equipment and inputs by domestic production can raise farming costs without upsetting the balance between agricultural and industrial development; and the degree of priority that should be assigned to import substitution in respect of the equipment and inputs in question.

These are some of the problems which the authorities responsible for the formulation of economic development policy are now facing. The studies already carried out by the secretariat help to shed light on some of their basic aspects. The application of the technique of analysis and projection which the secretariat has been perfecting is also very likely to prove useful for the statement in dynamic terms of the general problem of balanced

/agricultural and

agricultural and industrial development. However, no systematic effort has as yet been undertaken in this sector.

If the delegations deem this an opportune moment to describe the experience of their respective countries in this field, the discussion, besides providing the opportunity for a profitable exchange of views, will also serve to indicate the desirability of the secretariat's continuing and intensifying its research on this important subject.

Committee III

STUDY OF LATIN AMERICAN TIMBER TRENDS AND PROPOSPECTS

Draft resolution submitted by the Working Group consisting of Argentina, Bolivia, Brazil and the United States of America

The Economic Commission for Latin America,

Having regard to the Note by the secretariat on a study of Latin American timber trends and prospects (E/CN.12/438),

Whereas general economic development and higher living standards imply an increase in the consumption of timber products and entail a growing demand for such products, which is at present partially unsatisfied,

Considering the insufficiently utilized wealth constituted by the natural woodlands, the substantial earnings deriving from carefully managed forest plantations and the part played by trees in protecting the soil against erosion,

Whereas large-scale imports of forest products represent a very large amount in Latin America which possesses vast areas where forest density is the highest in the world,

Considering the need for each Government to collect data which will enable it:

(a) to appreciate the importance of forests and forest products for its national economy;

(b) to know the medium-term and long-term development possibilities of the primary and secondary forest products industries and of the reforestation industries;

/(c) to determine

(c) to determine the priority to be assigned to each aspect of forestry development with a view to channelling public investment in this direction and to providing the interested private capital investors with the necessary information and facilities,

Considering the present and future importance of timber products in the inter-Latin American market and in world trade,

Declares that it is a matter of urgency to proceed with the most detailed study possible of the trends and prospects of Latin American timber production and consumption,

Decides:

1. To request the ECLA secretariat to undertake this study, in co-operation with FAO, and to concentrate on the immediate and medium-term aspects, while taking into due account the contemplated long-term projections, the need for which the Commission fully recognizes;

2. To recommend to the Governments:

(a) that they immediately take all appropriate steps to improve the information on their forest resources as well as the statistics on forestry production, utilizing, where necessary, the technical assistance of the specialized agencies (TAA and FAO) and other bodies;

(b) that they collaborate to the greatest possible extent in providing their specialized financial, economic, industrial, agricultural and forestry services for the purposes of this study.

(c) to determine the priority to be assigned to each aspect of forestry development with a view to channelling public investment in this direction and to providing the interested private capital investors with the necessary information and facilities,

Considering the present and future importance of timber products in the inter-Latin American market and in world trade,

Declares that it is a matter of urgency to proceed with the most detailed study possible of the trends and prospects of Latin American timber production and consumption,

Decides:

1. To request the ECLA secretariat to undertake this study, in co-operation with FAO, and to concentrate on the immediate and medium-term aspects, while taking into due account the contemplated long-term projections, the need for which the Commission fully recognizes;

2. To recommend to the Governments:

(a) that they immediately take all appropriate steps to improve the information on their forest resources as well as the statistics on forestry production, utilizing, where necessary, the technical assistance of the specialized agencies (TAA and FAO) and other bodies;

(b) that they collaborate to the greatest possible extent in providing their specialized financial, economic, industrial, agricultural and forestry services for the purposes of this study.

Coference Room Paper N° 9

Committee III

PRODUCTIVITY IN AGRICULTURE

Draft resolution presented by the delegations of Argentina and Chile

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

Bearing in mind resolution 87(VI) adopted on 15 September 1955 (E/CN.12/396),

Considering:

(a) That the secretariat has prepared an over-all study on the productivity of labour and land which is included in the Economic Survey of Latin America 1956 (E/CN.12/427);

(b) That in the Latin American countries there is a wide disparity between the low income levels of the agricultural population and the income of the population employed in other sectors;

(c) That even within the agricultural sector itself there is a disparity between the income of the population employed in capitalized and mechanized farming and that of the population engaged in traditional farming with a low level of productivity;

(d) That the balance of economic development must be preserved both within the agricultural sector and between this and the other sectors of the economy,

Takes note with satisfaction of the secretariat study on productivity mentioned in considerandum (a), and

/Recommends

Recommends

1. To the member Governments, that in their programmes of research on the agricultural economy of their countries they attach special importance to the study of the productivity of labour, land, capital and inputs;

2. To the ECLA secretariat and to the Food and Agriculture Organization that, in so far as it is feasible, (a) they continue their over-all studies on productivity; (b) they furnish interested Governments with the methodology necessary for the undertaking of country studies in this field.

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session

La Paz, Bolivia, 15 May 1957

Conference Room Paper No 10

(Committee IV)

CURRENT PROGRAMME OF WORK

Note by the secretariat

This paper reproduces the annoted list and order of priority of projects for 1956/57, approved by the Commission's Committee of the Whole in May 1956. The secretariat is presenting it as an information document for delegations to have readily at hand when discussing the part of agenda item 13 dealing with the revision and concentration of the work programme, concerning which document E/CN.12/441 was presented to the Commission for its consideration. When the Committees have advanced sufficiently in their work, the secretariat will submit a draft programme of work for 1957/58.

ANNOTED LIST OF PROJECTS

This document refers to the order of priority for projects and the way in which they will be carried out in 1956-1957. The notes on the projects are given to identify them, but the pertinent resolutions are the official guide to their full and real scope.

The resolutions of the Economic Commission for Latin America are identified by an arabic numeral indicating the serial number, followed by a roman numeral, in parentheses, indicating the session at which they were adopted.

The resolutions of the Committee of the Whole are identified by an arabic numeral indicating the serial number, followed by the appropriate Committee symbol, in parentheses.

The resolutions of the Central American Economic Co-operation Committe are identified by an arabic numeral followed by the symbol "CCE" in parentheses.

SECTION I. CURRENT ECONOMIC SITUATION

(a) Continuing projects and activities of high priority

1. Economic Survey of Latin America - resolutions 44(V) and 79(VI) (published annually).

2. Economic Bulletin for Latin America - resolutions 32(IV) and 79(VI) (published twice yearly).

SECTION II. ECONOMIC GROWTH AND TECHNIQUE OF PROGRAMMING

(a) Continuing projects and activities of high priority.

3. General problems of economic development and technique of programming - resolutions 48(V) and 81(VI).

(i) Analysis and projections of economic growth in individual countries - resolution 48(V).

The report on the economic development of Brazil (E/CN.12/364/Rev.1) has been entirely revised and is now in the press. The revision of the report on the economic development of Colombia (E/CN.12/365) will be completed shortly and it will be sent to press during the course of the year. These documents will constitute volumes II and III, respectively, of the series Analyses and Projections of Economic Development; volume I contained the Introduction to the Technique of Programming (E/CN.12/363).

/Studies on

Studies on the economic development of Argentina and Bolivia have been initiated.

Several Governments have requested similar studies and the secretariat expects to begin work on studies of two other countries during 1957.

(ii) Analysis and projections of economic growth for the region as a whole, taking into account the possibilities of complementary development - resolution 81 (VI).

Work on this study may not start before several more country studies have been completed, since much of the material for a general regional study must be derived from the analyses and projections of economic growth in individual countries.

(iii) Study of monetary and fiscal policies for programming economic development - resolution 81 (VI).

Analysis of government income and expenditure, taxation and other sources of revenue, and the influence of government fiscal, credit, trade and exchange policy upon consumption and investment in the different economic sectors.

A preliminary study on this subject has been prepared and is included in the Economic Survey for 1955. Research will continue in order to establish a report on the basic elements of the fiscal and monetary policy required for economic development.

(iv) Study of organization and administrative procedures for the planning and execution of economic development programmes - resolution 81 (VI).

Work has begun with the co-operation of the Technical Assistance Administration.

(v) Study of social factors affecting economic development - resolution 82 (VI).

In resolution 82 (VI) the Commission recommends the continuation of the present work, as described in document E/CN.12/374, and also requests the secretariat to concentrate on the practical aspects of this problem.

The work implied in this resolution is being undertaken actively by the unit established within the secretariat to deal with the special aspects of economic development, as

/described in

described in paragraphs 76 and 77 of this report.

(vi) Study of demographic growth and manpower requirements in relation to economic development - resolution 83 (VI).

See document E/CN.12/375 for a description of work on this project. The secretariat has started work on a report scheduled to appear at the end of 1956.

4. Economic integration and reciprocity in Central America - resolutions 24 (IV), 55 (V), 84 (VI) and 27 (CCE).

Work is proceeding in accordance with the resolutions adopted by the Commission and with those of the Central American Economic Co-operation Committee. Apart from the secretariat studies, the programme as a whole is being carried out in conjunction with the Expanded Programme of Technical Assistance, in response to requests made by the Governments of the Central American republics. A session of the Committee is scheduled for January 1957.

In accordance with resolution 27(CCE) the secretariat must submit, at each ordinary session of the Committee, an evaluation study of the Central American economic integration programme, in addition to a report on the status of the projects currently in progress, and at the same time propose, if possible, new measures for the progressive attainment of integration.

(i) Industrial and agricultural studies - resolutions 2 (AC.17), 1 (CCE), 2 (CCE), 8 (CCE), 14 (CCE), 20 (CCE), 26 (CCE), 27 (CCE) and 28 (CCE).

With the co-operation of TAA and FAO experts, studies are under way or scheduled on forest industries, pulp and paper production, cotton and textiles, live-stock and dairy industries, and the general trends of agricultural development.

In accordance with resolution 27 (CCE), the secretariat will publish the evaluation study of the Central American economic integration programme submitted to the Committee at the third session, as well as an information pamphlet on the programme.

In order to facilitate the industrialization process, the Committee has agreed, by its resolution 29 (CCE), to create a Central American Commission for Industrial Initiative, which will have the collaboration and advice of the secretariat, the Central American Research Institute for Industry, and TAA experts. It was also decided to draft

/a uniform

a uniform law establishing a definition of regional integration industries.

(ii) Research and training institutes - resolutions 6 (AC.17), 23 (AC.17), 5 (CCE), 6 (CCE) and 31 (CCE).

The advanced school of public administration - a TAA project - established in Costa Rica in 1954, is continuing its activities in accordance with its programmes. A special course on customs administration was included at the request of the Committee.

The Central American Research Institute for Industry was inaugurated on 20 Jaunuary 1956 in Guatemala and is now in full operation. Close liaison is maintained with the secretariat.

By resolution 31 (CCE), the Committee recommended that the Governments of Central America, in collaboration with UNESCO, should study the possibility of organizing a Central American Advanced School of Industrial Engineering and Management for the training of specialized technical personnel.

(iii) Transport - resolutions 4 (AC.17), 21 (AC.17), 18 (CCE) and 19 (CCE). Work by TAA experts continues on the implementation of recommendations contained in the 1953 ECLA/TAA report on transport in Central America, with special reference to maritime transport, international highway traffic and co-ordination of road plans.

The Committee has requested that the secretariat should call a meeting of traffic authorities for the purpose of agreeing on all standardpolicies connected with highway traffic.

With regard to maritime transport, the Committee has agreed to request that a TAA expert should prepare a model draft of Central American port and maritime legislation and that the secretariat should call a meeting of experts from the interested countries to study this model draft.

In resolution 19 (CCE), the Committee also agreed to request an expert to prepare a study on the measures which should be adopted to co-ordinate the efforts aimed at the modernization of ports, the revision of port charges, dues and services, and the improvement and standardization of customs procedures in Central America. In the same resolution it calls on the secretariat to convene a meeting of the competent port authorities to study the report and

/make pertinent

make pertinent comments.

(iv) Central American Trade Sub-Committee - resolutions 9 (AC.17), 18 (AC.17), 19 (AC.17), 4 (CCE), 7 (CCE), 11 (CCE), 22 (CCE), 23 (CCE) and 24 (CCE).

Work is proceeding, in co-operation with TAA experts where appropriate, on the implementation of the Standard Central American Customs Nomenclature, on a standard customs code and procedures, on uniform weights and measures, on inter-Central-American trade and trade policy, and on tariff equalization. Meetings of the Sub-Committee are scheduled according to the progress of the studies under way.

In accordance with resolution 22 (CCE), the secretariat will include in the draft customs code and procedures any modification which may seem appropriate in the light of the comments made by Central American Governments on this project.

The ad hoc Commission established by resolution 23 (CCE) to draw up a draft multilateral treaty on free trade and economic integration among the Central American countries, has held a meeting in Mexico and has accomplished its mission with the collaboration of the secretariat.

In resolution 24 (CCE) the Committee calls on the Sub-Committee, with the help of the secretariat and of other United Nations agencies, to draw up a draft plan for the equalization of customs tariffs in Central America, as a first step towards the formation of a customs union.

(v) Statistical Co-ordination Sub-Committee - resolutions 20 (AC.17), 3 (CCE) and 21 (CCE).

In co-operation with the United Nations Statistical Office, the Inter-American Statistical Institute and FAO, preparatory work is being carried out for this Sub-Committee, which will meet according to the requirements of the work in question.

(vi) Financing of economic development - resolutions 10 (AC.17) and 22 (AC.17).

A report on the capacity of Central American tax systems to finance economic development is being prepared in co-operation with the United Nations Department of Economic and Social Affairs, and will be submitted to the Sub-Committee at its next session.

(vii) Electric energy - resolutions 3 (AC.17) and 25 (CCE).

/The Committee

The Committee adopted the suggestion of sponsoring a meeting of Central American authorities in the field of electricity to be held at San José, Costa Rica, and of establishing a Documentation and Information Centre.

(viii) Social problems - resolution 27 (CCE).

In resolution 27 (CCE) the Committee requests the secretariat to carry out a study of the demographic problems of Central America and their effect on the economic development of the area, and in particular, of the relationship between demographic growth and the problems of economic integration in Central America.

5. Joint ECLA/TAA training programme for economists - resolutions 4 (IV), 48 (V) and 85 (VI).

This is a continuation of the training programme wherein groups of selected Latin American economists work with ECLA economists on practical and theoretical problems of development and programming. In resolution 85 (VI) the Commission calls for an expansion of this programme, with the co-operation of member Governments.

The regular course given at ECLA headquarters began on 15 April 1956, with the participation of twelve trainees. An intensive course for Brazilian economists will be held from September to December 1956 in Rio de Janeiro.

A manual is being prepared of the evaluation, preparation and presentation of development projects; the preliminary draft should be ready by the end of 1956. Some parts of the manual have already been utilized in this year's regular training course.

6. Study of transport problems - resolutions 38 (AC.16) and 69 (V).

Transport problems and the obstacles to economic development which they constitute are dealt with in the Central American Integration Programme and in studies on the economic development of Brazil and Colombia.

A preliminary report on certain aspects of maritime transport in relation to inter-Latin-American trade has been completed and is embodied in document E/CN.12/369.

A Transport Section has recently been organized within the secretariat. It is planned that work in this field will be principally concerned with transport problems and

/requirements in

requirements in relation both to economic development in individual countries and to inter-Latin-American trade.

Work in this field is now mainly focused on the economic development studies of Argentina, Bolivia and Central America.

(b) Ad hoc projects of high priority

7. Meeting of Experts on Problems of Economic Growth and the Technique of Programming - resolution 48 (V).

It is planned to hold this meeting at the end of 1957.

8. Preliminary survey of organization and structure of capital markets in Latin America - resolutions 3 (IV).

This project was given a low priority at the fifth session of the Commission. However, the Committee of the Whole, at its session held at Santiago in May 1955, requested the secretariat to place it in the high-priority category. This work will be included in the study of fiscal and monetary policy and the analysis of investment trends and problems to be incorporated in the next Economic Survey (1956).

(c) Other projects

9. Study of technical, economic and social factors affecting productivity in the Latin American economy - resolutions 86 (VI).

Some of the elements of this problem are being analysed in other studies which the secretariat is carrying out, especially on agriculture, industry energy and the social factors of economic development. Although important, it is suggested that the general study of factors affecting productivity may be delayed until it can draw on the material being assembled in the present studies. Estimated duration of the work: two to three years.

10. Study of technical research and training in Latin America - - resolutions 13 (IV) and 53 (V).

This project would require substantial financial resources and technical personnel not available to the secretariat. It is suggested that at a future date this project might be carried out in collaboration with TAA and the specialized agencies. Estimated duration of the work: two to three years.

11. Relation of migration to economic development

/- resolution 6

- resolution 6 (IV).

It was originally intended to make an intensive study based on field research in a selected area in process of rapid economic growth, with particular reference to its capacity for absorption of migrants, especially from foreign countries.

Certain aspects of migration as a source of manpower will be analysed in a study on demographic growth and manpower requirements in relation to economic development.

Most of the work will be done in co-operation with the secretariat by the Regional Centre for Demographic Research and Training (see document E/CN.12/AC.34/7) as soon as this Centre is in full operation.

12. Influence of taxation on private capital exports - resolutions 3(IV) and 52(V).

This study is being continued, under the terms of General Assembly resolution 825 (IX), by the Department of Economic and Social Affairs at United Nations Headquarters.

13. Cyclical fluctuations in Latin America (E/CN.12/190).

Section III Economic problems of agriculture (Projects undertaken with the collaboration of FAO)

(a) Continuing projects and activities of high priority

14. Selective expansion of agricultural production and co-ordination of programmes between countries - resolutions 87 (VI) and 88 (VI).

In these resolutions the Commission calls on the FAO and ECLA secretariats to continue studies of this problem. In part this work will be carried out in conjunction with projects 15 and 17, the latter of which has already been initiated. Moreover, at the request of FAO, it was agreed at the end of 1955 to undertake a joint study of the various policies adopted in connexion with agricultural prices in Latin America and their effect on the production, export and consumption of agricultural commodities. The study is already under way and abundant data have been collected in various countries. Estimated date of completion: beginning of 1957.

15. Agricultural development, programming in individual

/countries and

countries and technique of agricultural programming - resolutions 62 (V) and 89 (VI).

This project is being carried out in part through the studies of economic development of individual countries. In addition, arrangements are being made between the ECLA and FAO secretariats, on the one hand, and the secretariats of FAO and the Economic Commission for Asia and the Far East, on the other, for the joint preparation of a manual on agricultural programming which may be applied to any under-developed country.

(b) Ad hoc projects of high priority

16. Study of productivity and costs of coffee production in relation to economic development - resolutions 63 (V) and 90 (VI).

See document E/CN.12/379 for a description of the work being done on this project. Field work in El Salvador has been completed and the preliminary draft of the relevant report is being revised. Field work in Colombia has begun with the co-operation of the Federación Nacional de Cafeteros. Estimated date of completion: end of 1957.

17. Study of factors affecting development of live-stock industry in Latin America - resolution 91 (VI).

Agreement has been reached with the secretariat of FAO on a programme of work for this project. A preliminary description of live-stock problems in Latin America was included in the first regular issue of the Economic Bulletin for Latin America. A detailed survey was initiated in Argentina and Chile, while research in Uruguay will be followed by studies on other countries where conditions for live-stock development are typical of Latin America. Estimated date of completion: 1958.

18. Study of productivity of labour and of capital in agricultural production - resolution 87 (VI).

This study is already under way as regards coffee and it is planned to obtain other basic data from the study of the live-stock industry. The secretariat has started to collect information for this project.

19. Study of possibilities of increasing investment in agriculture - resolution 92 (VI).

Although this is one of the most important projects in connexion with the economic problems of agriculture, the secretariats of ECLA and FAO have not yet begun work

/on it

on it owing to lack of resources. The work is expected to begin after the seventh session of the Commission.

(c) Other projects

20. Preliminary study for establishment of a programme of research in the Amazon area - resolution 93 (VI).

This study will be implemented in co-operation with UNESCO. Estimated duration of the work: one year.

21. Agricultural credit - resolutions 14 (IV) and 65 (V).

Duration of the work estimated at three years.

22. Factors affecting agricultural production -resolution 61 (V).

The objectives of this project are largely covered by projects 14 to 19 above.

23. Investigation of agricultural statistical systems and methodology in Latin America - resolution 64 (V).

Work in this field is being done by the Inter-American Statistical Institute (IASI), and there might be duplication if such research were undertaken by ECLA. However, the secretariat has held preliminary discussions with both IASI and FAO with a view to assisting the efforts being made to improve agricultural statistics in Latin America.

24. Study of economic and technological problems of the banana industry - resolutions 65 (V) and 94 (VI).

Estimated duration: one year.

25. Study of production, industrialization and export markets of hard fibres - resolution 68 (V).

The Food and Agriculture Organization of the United Nations is making a study of hard fibres which effectively fulfils the objective of this resolution.

Section IV. Industry, mining and energy

(a) Continuing projects and activities of high priority

26. Iron and steel making and transforming industries - resolutions 10 (IV), 57 (V) and 96 (VI).

(i) Study of iron and steel transforming industries

/in individual

in individual countries.

The secretariat is preparing the background papers for the Latin American meeting of experts on these industries (see paragraph 42 of this report).

(ii) Meeting of experts on iron and steel making and steel transforming industries to be held in Sao Paulo, Brazil, in 1956.

(iii) Committee of experts on specifications and standards in iron and steel industries.

This Committee will be set up with the collaboration of the industries concerned if the results of the Sao Paulo meeting of experts warrant its creation,

27. Study of chemical industries - resolutions 59 (V) and 97 (VI).

The work required for the preparation of the Sao Paulo meeting has made it necessary to suspend the activities initiated on this project, but they will be resumed when the meeting is over.

28. Joint FAO/TAA/ECLA Expert Advisory Group to assist countries in the development of the pulp and paper industries - resolutions 58 (V) and 98 (VI).

The group of experts has begun to work in Argentina and Chile.

29. Development of energy resources - resolutions 99 (VI) and 100 (VI).

(i) Revision of the provisional study, "Production and utilization of energy in Latin America - its possibilities and problems" (E/CN.12/384). This work is near completion and is scheduled to go to press in September 1956.

(ii) The secretariat has continued the compilation and analysis of statistical data on energy. Most of this information appears in the Economic Survey of Latin America, 1955 (chapter VI).

(iii) Evaluation of hydro-electric resources in specific regions in order to determine potential and optimum utilization. In accordance with the relevant resolution,

/this work

this work will be carried out in co-operation with the competent government agencies and TAA. Discussions are being held with TAA, and the Government of Ecuador has expressed interest in obtaining the assistance of the United Nations in this work.

(iv) Proposed field surveys, by teams of experts, on the efficacy of the production and utilization of the various forms of energy in the more important economic activities in selected countries. The first stage of the work will commence in Argentina during the second half of 1956.

(v) Circulation of information of interest to Latin American Governments on the developments in the field of nuclear energy.

30. Preliminary examination, based on existing information, of multiple water resource utilization in Latin America - resolution 99 (VI).

Work programmes are being drawn up for this project, which is scheduled to begin by the end of 1956.

(b) Ad hoc projects of high priority

31. Meeting of experts on problems of energy development - resolution 99 (VI).

At this conference the secretariat papers referred to under project 29 (ii) and (iii) above will be available as background documents, together with special technical papers prepared by experts on the production and utilization of energy resources. It is planned to hold the meeting in 1958.

32. Mining - resolution 57 (V)

Compilation of data on estimated reserves of non-ferrous ores and metals, and study of economic and technical problems related to mining. Estimated duration of the work: two years.

(c) Other projects

33. Collection and classification of data available on non-agricultural resources in Latin America - resolution 60 (V).

As regards energy and water resources, the aims of this resolution will be met by projects 29 and 30. The

/duration of

duration of this work is estimated at three years.

34. Studies of possibilities of establishing processing industries utilizing domestically-produced raw materials - resolutions 46 (V) and 94 (VI).

This project is being partially fulfilled by the studies on the economic development of individual countries and the industry studies listed under projects 26, 27 and 28, above.

35. Food-processing industries - resolutions 10 (IV) and 94 (VI).

Duration estimated at two years.

36. Textile industry - resolution 11 (IV)

The secretariat has been collecting data, covering the last five years, on various aspects of this industry. It is planned to publish a brief analysis, either in the Economic Bulletin or the Economic Survey for 1956.

Section V. International trade

(a) Continuing projects and activities of high priority

37. Foreign Trade Committee - resolution 101 (VI).

The Committee will concern itself with the preparation of specific proposals, in harmony with the bilateral and multilateral commitments of member Governments, for the solution of practical problems hampering the expansion of inter-Latin-American trade. It will also prepare the groundwork necessary to facilitate trade negotiations among the countries of the region.

In discharging its functions, the Committee will take into account the topics considered in the secretariat report (E/CN.12369), such as inter-Latin-American payments problems, trade policy, specific problems of trade in certain commodities, and maritime transport. Similarly, other studies and subjects related to the objectives of the Committee, as well as comments and reports of member Governments thereon, will be considered, and full use will be made of relevant material prepared by the IA-ECOSOC and other international organizations.

For the purpose of its sessions, the Committee will be formed by the representatives of the Governments

/participating in

participating in the session. The secretariat will convene the sessions, the first of which will be held during the first week of October 1956.

38. Trade between Latin America and the rest of the world - resolution 45 (V).

(i) Possibility of expanding production of Latin American export commodities - resolution 45 (V).

The secretariat plans to publish a limited study on this subject in 1957.

(ii) Study of future trends of demand for products exported by Latin America - resolution 102 (VI).

(iii) Study of changes in composition of Latin American imports from industralized countries - resolution 45 (V).

39. Studies of the terms of trade an their influence on the rate of economic development - resolution 46 (V).

This topic is periodically discussed in the annual Economic Survey of Latin America. A special study on the subject is being prepared and will be published in 1956.

(b) Ad hoc projects of high priority

40. Study of multilateral compensation operations among Latin American and European countries - resolution 47 (V).

The secretariat will continue to study this problem, will follow developments in multilateral arrangements affecting Latin American countries and will report on these to the member Governments. Proposed date of completion: 1957.

(c) Other projects

41. Collection and circulation of information on changes in customs duties and trade treaties of Latin American countries - resolution 103 (VI).

As soon as resources permit, this project will be transferred to group (a): "Continuing projects and activities of high priority".

Committee II

CONSTRUCTION OF SHIPPING CANALS

Draft resolution submitted by the Bolivian delegation

The Economic Commission for Latin America,

Considering:

1. That the resolution, adopted at the second session of the Economic Commission for Latin America (E/CN.12/151) on the proposal of the Economic and Social Council, only refers to the necessity for the six countries specially concerned to carry out research studies of the Amazon basin in co-operation with the Commission;

2. That resolution 93 (VI), adopted by ECLA, only refers specifically to a preliminary study of the wealth of the Amazon basin, considering the welfare and progress of the group of participating countries interested in the exploitation of this great wealth;

3. That the Economic Survey of Latin America, recently distributed by ECLA, does not contain any special chapters referring to the difficult position of the landlocked Latin American countries in regard to ensuring an improvement of the river traffic through the basins of the Amazon and the Plate,

Decides:

1. To request the secretariat to make a special study of the possibilities existing in specific geographical areas of South America for the construction of shipping canals joining

/the basins

the basins of the Amazon and the Plate, with a view to solving the problems arising from the landlocked position of some of the Latin American countries;

2. That the Governments of the countries lying within both basins should extend their full co-operation to the technicians designated by the ECLA secretariat in carrying out this study.

Conference Room Paper No. 12

Committee II

STUDIES ON GEOLOGICAL PROSPECTIVE

Draft resolution submitted by the delegation of Bolivia

Considering:

That, within the Western Hemisphere, Latin America has great potentialities for the production of minerals essential to economic development;

That in many cases Latin America's mineral wealth cannot be opportunely and efficiently utilized for want of mineralogical studies and of the preliminary prospecting necessary for large-scale production when this is appropriate or feasible,

Decides to recommend to the technical agencies of the United Nations that, in collaboration with the geological services of the countries cencerned, they carry out studies on geological and geophysical prospecting and on the determination of mineral reserves in Latin America, especially in countries where adequate surveys of this kind have not yet been made, with a view to increasing the production of such minerals as contribute to economic development.

Conference Room Paper No. 13

Committee II

DEVELOPMENT AND ECONOMIC INTEGRATION OF LATIN AMERICA

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering:

That the development and economic integration of Latin America constitute questions to which ECLA has been giving priority in its work programmes and on which several studies have already been carried out by ECLA;

That such studies have not, however, dealt with the special characteristics of the trade relationships and access to world markets of the landlocked countries, whose problems are closely connected with the development of the regional economy, so important for the guidance of South American economic integration policy,

Decides:

1. To recommend to the ECLA secretariat that, in addition to the research and studies it is carrying out on the development and economic integration of Latin America, it should make a special study of the particular features characterizing the problem of the landlocked countries in respect of their sea and river communications and their access to foreign markets.

2. To recommend that such studies be undertaken in collaboration and co-ordination with other specialized agencies and with the United Nations Technical Assistance Administration.

Conference Room Paper No. 14

Committee II

TECHNICAL CO-OPERATION WITH INVESTORS

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering that one of the ways of accelerating the economic development of those under-developed countries which produce mineral ores is to promote the construction of smelters and refineries,

Decides to recommend to the international financial agencies and to countries which are potential investors that they extend the fullest possible technical and financial co-operation to countries or private institutions concerned with the establishment of such smelters or refineries in Latin America.

Conference Room Paper No. 15

Committee II

SPECIAL MEETING ON THE MINING INDUSTRY

Draft resolution submitted by the Bolivian delegation

The Economic Commission for Latin America,

Considering:

That the mining industry is one of the most important industries in Latin America;

That it is necessary to sponsor special meetings at which the problems of the mining industry can be specially studied and discussed, since they are of interest to the majority of the Latin American countries, in the same way in which special meetings have been organized and held to consider problems of other specialized industries,

Decides to recommend to the ECLA secretariat that it should make the necessary studies and consultations with the specialized agencies of the United Nations and the Governments of the Latin American countries, for the purpose of sponsoring and holding a special meeting on the Latin American mining industry, to study, examine and recommend the necessary measures for the improvement of the industry.

Conference Room Paper N° 16

Committee II

UTILIZATION OF RIVERS AND LAKES

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering:

That the utilization of the waters of lakes and rivers forming hydrographic basins common to several countries is a question of vital importance for the economic development of the countries concerned;

That such utilization would often appear to be feasible on the basis of joint effort;

That studies and projects for the satisfactory utilization of the waters of international rivers and lakes are feasible only in so far as effective co-operation is established between the Government agencies concerned with hydraulic problems,

Resolves:

1. To recommend to the ECLA secretariat that it approach the Governments of the Latin American countries with a view to ensuring that the utilization of rivers and lakes, situated in international hydrographic basins, for hydro-electric energy, irrigation, navigation and any other useful purposes to which they may lend themselves, be effected on the basis of adequate planning undertaken by international technical commissions;

2. To suggest to the secretariat that it lay down the essential guiding principles for the constitution and functioning of Joint Technical Commissions.

Committee I

INTRA-REGIONAL PAYMENTS SYSTEM

Draft resolution prepared by the Working Group

The Economic Commission for Latin America,

Considering:

1. That the Trade Committee, set up by virtue of resolution 101(VI) adopted at the sixth session, held its first session at Santiago, Chile, in November 1956, and has presented at this seventh session a report on the results of its work;

2. That, at the aforesaid session, the Governments members of the Trade Committee adopted, among others, resolution 1(I), indicating the lines that should in their view be followed in the work of gradually converting the bilateral methods prevalent in inter-Latin American trade into a multilateral system;

3. That, in the same resolution, the Committee takes note of the fact that the Latin American clearing-accounts countries are prepared, during the transitional period before the proposed multilateralism can be achieved, to adopt various principles and measures designed to impart greater flexibility to their payments relations and to make possible the transfer of balances between the various bilateral accounts in force;

4. That, under the terms of this resolution, a Working Group was set up composed of representatives of the Central Banks, or equivalent authorities, of the Latin American clearing-accounts countries;

/5. That, at

5. That, at its first session (Montevideo, 29 April - 10 May 1957), this Central Banks Working Group, besides discussing the progress of the technical studies referred to, reached agreement on various points relating to draft agreements and to the procedures to be observed by the Central Banks, or equivalent authorities, of the countries between which bilateral agreements are in force, in order to put the principles and measures mentioned in paragraph 3 of this preamble into effect;

6. That it is proposed to hold the second session of this Working Group early in the second quarter of 1958;

Decides:

1. To take note with satisfaction of the report on the results of the work of the Trade Committee at its first session, in so far as an intra-regional payments system is concerned, and to endorse resolution 1(I) of the aforesaid Committee;

2. To take note with satisfaction of the report on the first session of the Central Banks Working Group on a Multilateral Payments System;

3. To take note of the fact that the Latin American clearing-accounts countries are prepared to study the possibility of initiating, on the occasion of the second session of the Central Banks Working Group and immediately thereafter, a study of the agreements in force for each pair of contracting parties in Latin America. This study will relate to those agreements which, in the opinion of the countries themselves, require

/revision in

revision in order to bring them into line, so far as may be consistent with the situation and characteristics of trade between each pair of countries, with the draft standard on payments agreement, adopted at the first session of the Central Banks Working Group, subject to any adjustments that may be agreed upon by the parties before the second session;

4. To request the secretariat that, in carrying out this study, it co-operate at the technical and secretariat levels with the group of countries concerned;

5. To request the secretariat that it transmit to the Trade Committee and to the Latin American clearing-accounts countries the observations formulated during this seventh session on the draft standard agreement on payments and procedures prepared by the Central Banks Working Group on a Multilateral Payments System, so that the countries in question may bear them in mind when revising existing agreements or negotiating new ones.

Committee IV

Draft resolution submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico and Uruguay

The Economic Commission for Latin America,

Bearing in mind the studies and other work carried out by the secretariat to date on the problems of Latin America's economic development and the methods of analysis and projection which it has prepared for this purpose;

Considering that the studies presented at the current session (The economic development of Bolivia, External disequilibrium in Latin America's economic development: the case of Mexico, and the progress report on the study of the economic development of Argentina) constitute contributions of primary importance as regards the application and extension of the aforesaid method of analysis, and are documents essential to a better understanding of the process of economic development in Latin America as a whole;

Considering that the secretariat has presented a Manual on Economic Development Projects, prepared by an expert of the Technical Assistance Administration in collaboration with the secretariat itself, this document being designed to facilitate the evaluation and preparation of individual development projects within the general context of over-all programming or policies designed to promote economic growth;

Considering that an expert of the Technical Assistance

/Administration, in

Administration, in collaboration with the secretariat, has prepared a preliminary report on problems of public administration in relation to economic development policies;

Considering that various Latin American countries are using the method of analysis and projection prepared by the secretariat as an instrument for the programming of development and for development policies;

Considering, further, that over-all programming needs to be supplemented by programming by sectors and areas, and that within each sector and in area programmes the objective evaluation of individual projects and the careful preparation of new projects must be increasingly undertaken on lines compatible with the over-all projections of the economy;

Considering, in consequence, that it is desirable for the Governments, in connexion with their development policies by sectors or by areas and with the evaluation and preparation of individual projects, to make use of the experience acquired by the ECLA secretariat in the application of its methods of analysis and in its study of the process of growth of the Latin American countries;

Taking into account the fact that, with respect to pulp and paper, the secretariat has acquired, through the joint ECLA/FAO/TAA advisory group, positive and significant experience which has enabled the Governments to make considerable progress in the practical solution of problems relating to the industry in question;

/Mindful that

Mindful that resolution 99 (VI) recommended to the secretariat that it assist Governments, when they so request, in establishing the relevant economic factors and in co-ordinating energy development programmes,

Decides:

1. To request the secretariat that, without discontinuing its methodological studies on the analysis and projection of development on the basis of the experience of the Latin American countries, it devote attention to the specific problems relating to programming by sectors and areas and to the preparation, presentation and evaluation of individual projects, and that it advise Governments, which so request, on such matters;

2. To recommend to the secretariat that for this purpose it secure, whenever opportune, the co-operation of other United Nations agencies, in order to avoid the dissipation or duplication of effort, duly taking into consideration the technical assistance programmes for which Governments have applied, or are applying, to the United Nations.

Committee IV

NOTE BY UNITED STATES DELEGATION AS TO SUGGESTED CRITERIA TO BE APPLIED TO PROGRAMME OF WORK AND PRIORITIES

(a) The fullest possible consideration should be given to the criteria for the establishment of priorities as elaborated by the ECOSOC at its eleventh session (see attachment);

(b) The programmes should be established on a long-term basis with concentration on a few major fields of activity, in keeping with ECOSOC resolution 557(XVIII) B I which instructed all commissions "to concentrate their efforts on issues of major importance and avoid recommending activities not likely to make a substantial contribution to the promotion of the objectives of the United Nations";

(c) Within these long-range programmes, short-range projects conducive to early results in more than one or a small group of countries should be given preference;

(d) Both in the establishment of long-range programmes and of short-range projects overlapping with other international agencies and particularly the specialized agencies should be avoided. There should be consultation with the other interested bodies and agencies before programmes and projects are finally accepted;

(e) Studies of merely academic interest should be avoided; only such studies should be undertaken as are essential to

/formulation of

formulation of enlightened policies, both regionally and nationally;

(f) Projects of technical assistance to specific countries should not be undertaken by the ECLA secretariat but left to UNTAA and the specialized agencies;

(g) In order to assure appropriate representation (both of sufficiently high governmental level and expert character) at various meetings of sub-committees, working parties, expert groups, etc., the number and frequency of such meetings should be reduced;

(h) Wherever possible in line with 20th ECOSOC's "General Review of the Development and Co-ordination of the Economic, Social and Human Rights Programme", other bodies, inter-governmental, governmental and private, including universities and research centres, should be stimulated to and might better undertake studies or projects relevant to the work of the Commission rather than to have these studies and projects carried out by the Commission itself;

(i) The interests and programmes of other UN bodies and international organizations should be taken into account so as to assure that the work undertaken by ECLA should be closely co-ordinated with that of these other bodies and would feed into world wide economic studies and developments.

/ATTACHMENT

ATTACHMENT

Criteria for Priorites

as approved by the 11th session of ECOSOC

Urgency: Is there a pressing need for action of the kind proposed?

Feasibility:

a) Can qualified personnel be made available?
b) Are local conditions likely to be favourable?
c) Will the Governments concerned participate?

Scope:

a) Will the proposed action benefit directly or indirectly a significant number of Member States?
b) Will the proposed action benefit directly or indirectly a significant number of people?

Preparation and co-ordination:

a) Have the necessary preliminary studies and preparations been made?
b) Has full account been taken of work already carried out in this field by other organization?
c) Have the possibilities of action or financing from sources other than United Nations and the specialized agencies been fully explored?
d) Is the organ or agency concerned best suited to undertake the proposed action ?
e) Can the proposed action be integrated into other projects in the same field?

Results:

a) Are results likely to be significant in relation to the outlay of effort and financial resources and are they likely to accrue within a reasonable time?
b) Will those results be demonstrable?
c) Will the States concerned be in a position to carry on the proposed activities after they have ceased to be under international auspices?
d) Will the proposed action assist and stimulate national action so as to ensure that the international effort expended produces the maximum results at the national or regional level?
e) Will the proposed action assist a significant number of those Member States or those people whose needs for economic and social advancement are greatest?
f) Will the proposed action further significantly the total effort of the United Nations and the specialized agencies for the promotion of the economic and social objectives outlined in the Charter?

Conference Room Paper N°.20

ECONOMIC COMMISSION FOR LATIN AMERICA

Seventh Session
La Paz, Bolivia, 15 May 1957

Committee III

Draft resolution submitted by the delegation of Ecuador

The Economic Commission for Latin America,

Taking into account:

(a) Resolution 66 (V) (E/CN.12/351), dealing with questions of land reform including inter alia those relating to land tenure;

(b) The conclusions reached by the Latin American Seminar on Land Problems, held at Campinas, Brazil, in 1953;

Considering:

(a) That the existence of the smallholding is one of the factors most prejudicial to the efficiency of agricultural production and the conservation of natural resources;

(b) That in many of the Latin American countries, the smallholding constitutes a problem worthy of consideration, which, moreover, is tending to become more serious with the passage of time;

(c) That the methods and procedures for solving the problems of the smallholding are particularly complex, a high level of technique and experience being required for the study and formulation of the appropriate policies;

Decides to recommend:

1. To the ECLA secretariat that, in co-operation with FAO, it give due consideration to such requests for guidance

/and assistance

and assistance as may be submitted to it by those Latin American countries that are endeavouring to solve the problem of the smallholding;

2. The the Governments of the member countries, that they undertake an exchange of studies and data on the system of smallholdings in their territories, the effects of their existence on the technical and economic aspects of farming, and the results of the measures applied to convert such smallholdings into units better adapted to the charateristics of agricultural production, or to prevent their proliferation.

Committee II

IRON AND STEEL MAKING AND TRANSFORMING INDUSTRIES

Draft resolution submitted by the delegation of Brazil

The Economic Commission for Latin America,

Considering:

(a) That the iron and steel making and transforming industries are of capital importance for the economic development of the Latin American countries;

(b) That the secretariat, in compliance with instructions issued to it during the fifth session of the Commission, organized, in co-operation with the United Nations Technical Assistance Administration, the Government of Brazil and the Associação Brasileira de Metais, a Latin American Meeting of Experts on the Iron and Steel Making and Transforming Industries, held at São Paulo from 15 to 28 October 1956, and prepared a report on this subject;

(c) That the aforesaid Meeting of Experts suggested a series of points on which studies should be begun, continued or carried out in fuller detail by the secretariat of the Commission, either alone or in collaboration with the Technical Assistance Administration,

1. Takes note with satisfaction of the report on the Meeting (E/CN.12/425) presented by the secretariat;

2. Expresses its satisfaction at the successful results of the Meeting of Experts at São Paulo;

/3. Recommends

3. Recommends to the secretariat that, provided available resources so permit, it carry out the studies suggested by the Meeting of Experts, namely: (a) classification, simplification and standardization of non-current and quality steels; (b) standardization of rolled steel products; (c) productivity in iron and steel foundries, and an economic survey of the procedures for the reduction of iron ores; (d) economic evaluation of metal-working processes; (e) the motor vehicles industry; (f) training of and demand for engineers, technicians and skilled workers; (g) preparation of production and consumption statistics; (h) expansion and improvement of the glossary of technical terms and terms relating to industrial products in Spanish, English and Portuguese;

4. Reaffirms the authorization given to the secretariat at the fifth session to convene, when the progress of the work so justifies, and with the co-operation of the Governments, the Technical Assistance Administration and the specialized agencies concerned with this subject, a Committee of Experts to examine the studies carried out and suggest any changes in the programmes that it may deem advisable.

Committee II

SOCIAL ASPECTS OF ECONOMIC DEVELOPMENT

Draft resolution submitted by the delegations of Bolivia, Chile and Costa Rica

The Economic Commission for Latin America,

Considering:

1. That it is highly desirable to bear in mind the social aspects of economic development as well as the economic problems proper;

2. That, as is stated in resolution 82 (VI) adopted on 15 September 1955, the improvement of human conditions, the standard of living and the welfare of the peoples of the American continent is of fundamental concern to the member Governments;

3. That, although the foregoing concepts are clearly recognized by the secretariat of the Commission, as can be seen from some of the documents presented, it would be desirable for the secretariat to extend its sphere of action in this connexion,

Takes note with satisfaction of the secretariat study on the Social Aspects of Economic Development (E/CN.12/437);

Recommends:

1. That these activities be conducted as an organic whole, with a view to furthering the economic and social progress of Latin America;

2. That, nevertheless, the greatest effort be concentrated, as far as possible, on studies and activities directly relating to economic development;

/3. That, in

3. That, in cases where Governments so request, assistance be given in the preparation of blueprints or plans for research in the social field that are in line with ECLA's over-all economic picture of the country and may thus lead to significant conclusions with respect to the programming or more thorough interpretation of the country's economy;

Deems it to be understood that the secretariat will undertake to establish the procedures for implementing the type of assistance contemplated in the present proposal.

Conference Room Paper N° 23

Committee II

ECONOMIC INTEGRATION OF CENTRAL AMERICA

Draft resolution submitted by the delegations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua

The Economic Commission for Latin America,

Taking into account the fact that the Central American Economic Co-operation Committee, established in 1952 in pursuance of resolution 9 (IV), held its fourth regular session at Guatemala City, in February 1957, and has presented a report on the session and on its activities during the preceding year;

Considering the great practical importance of the Committee's activities for the economic development and integration of Central America, and the value of its experience for other projects relating to economic integration or complementarity, as well as to the promotion of intra-regional trade, in various parts of Latin America;

Bearing in mind the report by the secretariat (E/CN.12/431) reviewing its co-operation with and the advisory service rendered to the Committee and the technical assistance extended to the programme by the United Nations Technical Assistance Administration, FAO and other specialized agencies,

Decides:

1. To take note with deep satisfaction of the activities and resolutions of the Economic Co-operation Committee, as

/well as

well as of the work of the secretariat and those United Nations agencies that provide technical assistance in connexion with the programme.

2. To congratulate the Committee on the progress achieved, and, particularly, on the success of the Advanced School of Public Administration for Central America, the recent establishment of the Central American Research Institute for Industry, the work on a standard tariff nomenclature and statistical co-ordination, the studies and projects designed to facilitate the development of new industries and the increasing participation of Central American private enterprise in the evolution and programming of the economic integration of the region; and, further, to recommend that it continue to implement its work programmes;

3. To take note of the importance of the agreement reached by the Committee during its fourth regular session concerning the signing by the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, in the near future, of the Central American Multilateral Free Trade and Economic Integration Treaty and the Agreement on Central American Integration Industries;

4. To recommend to the Governments members of the Commission that they study the procedures and progress of the Central American Economic Integration Programme, as constituting an experiment of great value for the execution of other possible similar projects in Latin America, especially those relating to the Latin American regional market the study of which is being sponsored by the Trade Committee.

Committee II

TECHNICAL ASSISTANCE

Draft resolution submitted by the delegation of Ecuador

The Economic Commission for Latin America,

Mindful of the importance of technical assistance for the economic development of the Latin American countries;

Considering:

(a) That the experience of the Governments of the Latin American countries suggests that studies and research on the economic development process and the provision of technical assistance, activities which in Latin America are incumbent upon ECLA and the Technical Assistance Administration, respectively cannot be kept entirely separate if the countries concerned are to obtain the maximum benefit from the limited financial resources available;

(b) That the financial resources currently at the disposal of the organizations participating in the Technical Assistance Programme are not sufficient to cover all the projects applied for by the various Governments concerned;

(c) That, for this reason, it is of the greatest importance that the projects undertaken should be those most advantageous to the economic development of the countries receiving technical assistance;

(d) That, in order to ensure efficient selection and execution of technical assistance projects, it is desirable for the recipient Governments to have the opportunity of

/utilizing the

utilizing the knowledge and experience acquired by the secretariat in relation to the economic development problems of the countries concerned;

(e) That, on many previous occasions, in resolutions adopted at the sessions of the Commission or of the Committee of the Whole, the Commission has suggested to the Secretary-General the advantages that would accrue from utilizing as fully and actively as possible the services of the secretariat (see resolution dated 20 June 1950 (E/CN.12/192), repeated in paragraph 4 of resolution 12 (IV) of 16 June 1951; resolution 39 (AC.16), of 14 February 1952; resolution 85 (VI) of 15 September 1955; and, lastly, resolution 110 (AC.34) of 14 May 1956, which expresses satisfaction at the initiation of the experiment in decentralizing the Technical Assistance Administration services),

1. Takes note with satisfaction

(a) Of the document Expanded Programme of Technical Assistance: assistance rendered to the countries and territories of Latin America during 1956 (E/CN.12/444), prepared by the Technical Assistance Board;

(b) Of the document Technical Assistance Activities in the ECLA region (E/CN.12/432), prepared by the Technical Assistance Administration;

(c) Of the document Report on the Joint ECLA/TAA Economic Development Training Programme (E/CN.12/433), prepared by the secretariat;

/(d) Of that

(d) Of that part of the document Progress report by the Executive Secretary (E/CN.12/445), which relates to the collaboration between the secretariat and the decentralized units of the Technical Assistance Administration;

2. Expresses its gratitude to the General Assembly for having authorized the decentralization of the Technical Assistance Administration services, on an experimental basis;

3. Considers that, during the brief period in which the Technical Assistance Administration has enjoyed the collaboration of the secretariat of the Commission, the efficiency of the Technical Assistance Programme in Latin America has considerably increased;

4. Expresses its interest in the establishment on a permanent basis of the experiment in the decentralization of technical assistance in Latin America, subject to periodic revision by the Secretary-General;

5. Requests the Secretary-General to take into account, in evaluating the experimental decentralization of the Technical Assistance Administration services, the views of the Latin American Governments receiving such assistance, giving due weight to the advantages of decentralized operation and of the secretariat's more intensive collaboration in the programming and implementation of technical assistance projects in Latin America.

Committee II

NUCLEAR ENERGY

Draft resolution submitted by the delegations of Bolivia, Brazil, Chile and Mexico

The Economic Commission for Latin America,

Whereas:

(a) Because of the scientific and technological progress achieved in recent years, nuclear energy has become, in some countries, a new large-scale source of energy;

(b) This source of energy, together with hydraulic energy and fuels, constitutes an additional means of producing electricity and other forms of energy on an industrial scale;

(c) These are great advantages to be derived from distinguishing, in regard to atomic energy matters, between the two following aspects:

(i) general questions of national and international regulation, scientific research and uses which do not involve the large-scale production of energy, and

(ii) the application of nuclear energy for industrial-scale energy production;

(d) In this last respect it is desirable that the application of nuclear energy be economically and technically co-ordinated with the general problem of each country's energy supplies from the various sources on which it draws;

(e) It is necessary in the Latin-American countries

/for the

for the industrial-scale generation of nuclear energy be utilized economically and in conformity with the circumstances of each country,

Decides:

1. To call the attention of the Governments of the member countries to the desirability of systematically studying the possibilities of utilizing nuclear energy in combination with other methods of large-scale energy production;

2. To recommend to the Governments of the member countries that the study and application of nuclear energy for large-scale supply be carried out by the public or private entities responsible for the various aspects of energy supply;

3. To suggest to the member Governments that it would be desirable for national nuclear energy commissions, or corresponding bodies, to adopt appropriate measures in order to promote the study and large-scale application of nuclear energy by the entities responsible for the supply, or by the consumers, whether they belong to the public or the private sector;

4. To recommend to the secretariat that it continue to collectdata on a permanent basis and to prepare reports on the economy of the processes of industrial-scale generation of nuclear energy, with a view to their periodic dissemination, for which purpose it should keep in touch, through the Secretary-General of the United Nations, if it deems this necessary with the International Atomic Energy Agency when it is established, or other appropriate United Nations agencies.

Committee I

EUROPEAN COMMON MARKET

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Considering that the European Common Market has aroused justifiable apprehension among the Governments members of the Commission concerning its possible consequences in the form of differing quotations as between competing commodities produced in Latin America and thOse produced in other parts of the world, as well as concerning a possible rechannelling of European investment towards other sectors unconnected with the Latin American market,

Decides:

1. To recommend to the secretariat that it carry out an exhaustive study of the possible impact on the Latin American economies of the creation of extra-regional economic blocs, and to suggest to the member Governments the appropriate measures whereby investment may be continuously attracted towards Latin America;

2. To study recommendations to the Governments of the member countries on an international economic policy whereby stable and similar prices may be maintained for commodities competing with those from other latitudes.

Committee I

TRADE OF LANDLOCKED COUNTRIES

Draft resolution submitted by the delegation of Bolivia

The Economic Commission for Latin America,

Whereas:

(a) At the 915th plenary meeting of the Economic and Social Council, on 9 August 1956, and at the 656th plenary meeting of the General Assembly on 20 February 1957, and these bodies adopted, respectively, resolutions 614 (XXII) and 1028 (XI) in the first of which the attention of the United Nations regional economic commissions is called "to the advisability of studying difficulties preventing expansion of international trade", while in the second the Governments of Member States are invited "to give full recognition to the needs of land-locked Members in the matter of transit trade";

(b) The economic development of landlocked countries is largely determined by satisfactory transit trade conditions enabling them to expand their international trade to the extent desirable,

Decides to recommend to the Governments of the Member States that they grant every facility to the expansion of the international trade of the landlocked countries.

Committee II

PULP AND PAPER ADVISORY GROUP

Draft resolution submitted by the delegation of Brazil

The Economic Commission for Latin America,

Considering that the secretariat has presented a report on the activities of the Pulp and Paper Advisory Group for Latin America (E/CN.12/434);

Considering the desirability of obtaining reliable data on the proper prices of imported equipment for the pulp and paper industry, and bearing in mind the intensification of this activity forecast for the region;

Considering the posibility that equipment for pulp and paper may come to constitute an important item in the trade of the future regional market;

Decides:

1. To recommend of the Pulp and Paper Advisory Group be continued in the countries that so request;

2. To recommend to the secretariat that it take steps:

(a) To ensure that the Pulp and Paper Advisory Group for Latin America organizes standard budgets for investment in pulp and paper mills with a daily capacity of 50, 100 and 150 tons, in accordance with the main industrial processes and hypotheses, and in sufficient detail for local investors to evaluate their financial requirements and plan their purchases of machinery;

(b) To ensure that the Pulp and Paper Advisory Group for Latin America evaluates the posibilities of purchasing machinery for pulp and paper from the countries of the region, as well as

/of manufacturing

of manufacturing specific heavy equipment by integrating the productive resources already existing in the countries themselves.

Committee II

REGISTER OF EXPERTS FOR TECHNICAL ASSISTANCE

Draft resolution submitted by the delegation of Ecuador

The Economic Commission for Latin America,

Mindful of the importance of technical assistance for the economic development of the Latin American countries;

Whereas:

(a) On the one hand, the financial resources available for technical assistance programmes are insufficient to meet the countries' requirements, and that, on the other, the formalities to which the programming and implementation of technical assistance are subject are necessarily slow in order to ensure an equitable distribution of funds;

(b) As regards their requirements of experts to solve specific problems, the Governments often find themselves in a position where they need only the services of one expert on short-term contract, which could be financed by the country concerned,

Decides:

(a) To recommend to the secretariat that it collaborate with the Technical Assistance Administration in preparing and keeping up to date a register of Latin American experts in the various fields of economic activity, whose technical assistance might be of use to the member Governments, so that by this means guidance as to the availabilities of such experts

/may be

may be given, when the interested countries so request;

(b) To recommend to the member Governments that they assist in the preparation of the register referred to in the foregoing paragraph, by supplying the Technical Assistance Administration with such information as may be necessary on experts in their countries, whose knowledge might temporarily be utilized by other countries in the region, and that they grant such experts the necessary facilities for the fulfilment of these functions, so far as may be possible without prejudice to the technical and administrative efficiency of the work for which the experts in question are normally responsible.

Conference Room Paper No. 30

Committee II

IMPORT SUBSTITUTION

Draft resolution submitted by the delegation of Ecuador

The Economic Commission for Latin America,

Whereas:

The amount of foreign exchange at the disposal of a given country partly determines the degree to which its economy is vulnerable to external fluctuations and contingencies;

One of the requisites for attaining the objectives of a development policy is to reduce vulnerability to external fluctuations, and that this can, up to a point, be achieved by means of an intelligent import substitution policy;

Certain background data on which to base decisions must be available if import substitution is to be consistent with the economic development programme and the consideration that must be given to short-term and long-term problems,

Decides to recommend to the secretariat that it study methodology for the examination and implementation of an import substitution policy which would afford the countries methodical guidance in the determination of import substitution priorities.

Conference Room Paper No. 31

Committee IV

BUILDING FOR THE UNITED NATIONS IN CHILE

Draft resolution submitted by the delegation of Ecuador

The Economic Commission for Latin America,

Takes note with satisfaction of the promulgation by the Government of Chile of Act No. 12,437, dated 5 February 1957, under the terms of which the President of the Republic of Chile is empowered to transfer free of charge to the United Nations part of the property situated in the area known as Vitacura Park, adjacent to the city of Santiago;

Takes note, likewise, that the provision of adequate premises in Vitacura Park will enable ECLA to carry out more economically the important tasks incumbent upon it under the terms of resolution 106 (V), adopted by the United Nations Economic and Social Council at its fifth session,

Decides:

1. To place on record the gratitude of the member countries for the valuable contribution offered by the Government of Chile to the work of the Economic Commission for Latin America;

2. To request the Secretary-General of the United Nations that, in view of the foregoing considerations, he take the appropriate action to facilitate the construction of ECLA's offices, ancillary buildings and other associated facilities on the property offered by the Government of Chile.

Committee IV

TERMS OF REFERENCE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA*

1. The Economic Commission for Latin America, acting within the framework of the policies of the United Nations and subject to the general supervision of the Council, shall, provided that the Commission takes no action in respect to any country without the agreement of the Government of that country:

(a) Initiate and participate in measures for facilitating concerted action for dealing with urgent economic problems arising out of the war and for raising the level of economic activity in Latin America and for maintaining and strengthening the economic relations of the Latin American countries both among themselves and with other countries of the world;

(b) Make or sponsor such investigations and studies of economic and technological problems and developments within territories of Latin America as the Commission deems appropriate;

(c) Undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate;

(d) Give special attention in its activities to the problems of economic development and assist in the formulation and development of co-ordinated policies as a basis for practical action in promoting economic development in the region;

(e) Assist the Economic and Social Council and its Technical Assistance Committee in discharging their functions with respect

* As adopted by the Economic and Social Council at it sixth session and amended at its ninth and thirteenth sessions.

/to the

to the United Nations technical assistance programme, in particular by assisting in their appraisal of these activities in the Latin American region.

2. The Commission shall direct its activities especially towards the study and seeking of solutions of problems arising in Latin America from world economic maladjustment and towards other problems connected with the world economy, with a view to the co-operation of the Latin American countries in the common effort to achieve world-wide recovery and economic stability.

3. (a) Membership of the Commission shall be open to Members of the United Nations in North, Central and South America, and in the Caribbean area, and to France, the Netherlands and the United Kingdom. Any territory, or part or group thereof, within the geographic scope of the Commission's work, may, on presentation of its application to the Commission by the Member responsible for the international relations of such territory, part or group of territories, be eligible for admission by the Commission as an associate member of the Commission. If it has become responsible for its own international relations, such territory, part or group of territories may be admitted as an associate member of the Commission on itself presenting its application to the Commission.

(b) Representatives of associate members shall be entitled to participate without vote in all meetings of the Commission, whether sitting as commission or as committee of the whole.

(c) Representatives of associate members shall be eligible to be appointed as members of any committee or other subordinate

/body which

body which may be set up by the Commission, and shall be eligible to hold office in such body.

4. The geographical scope of the Commission's work is the twenty Latin American States Members of the United Nations, participating territories in Central and South America which have frontiers adjoining any of these States, and participating territories in the Caribbean area.

5. The Commission is empowered to make recommendations on any matters within its competence directly to the Governments of members or associate members concerned, Governments admitted in a consultative capacity, and the specialized agencies concerned. The Commission shall submit for the Council's prior consideration any of its proposals for activities that would have important effects on the economy of the world as a whole.

6. The Commission shall invite any Member of the United Nations not a member of the Commission to participate in a consultative capacity in its consideration of any matter of particular concern to that non-member, following the practices of the Economic and Social Council.

7. (a) The Commission shall invite representatives of specialized agencies to attend its meetings and to participate, without vote, in its deliberations with respect to items on its agenda relating to matters within the scope of their activities; and may invite observers from such other inter-governmental organizations as it may consider desirable in accordance with the practices of the Council.

/(b) The Commission

(b) The Commission shall make arrangements for consultation with non-governmental organizations which have been granted consultative status by the Council, in accordance with the principles approved by the Council for this purpose.

8. The Commission shall take measures to ensure that the necessary liaison shall be maintained with other organs of the United Nations and with the specialized agencies, with special attention to the avoidance of the duplication of efforts.

9. The Commission shall co-operate with, and take the necessary measures to co-ordinate its activities with the appropriate organs of the Inter American System and may be necessary with the Caribbean Commission in order to avoid any unnecessary duplication of effort between those organs and itself; to this end the Commission is empowered to, and shall seek to, make working arrangements with the appropriate organs of the Inter-American System regarding the joint or independent study or execution of economic problems within its competence and the fullest exchange of information necessary for the co-ordination of efforts in the economic field. The Commission shall invite the Pan American Union to nominate a representative to attend meetings of the Commission in a consultative capacity.

10. The Commission may, after discussion with any specialized agency concerned, and with the approval of the Council, establish such subsidiary bodies as it deems appropriate, for facilitating the carrying out of its responsibilities.

11. The Commission shall adopt its own rules of procedure, including the method of selecting its Chairman.

/12. The Commission

12. The Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies.

13. The administrative budget of the Commission shall be financed from the funds of the United Nations.

14. The Secretary-General of the United Nations shall appoint the staff of the Commission, which shall form part of the secretariat of the United Nations.

15. The headquarters of the Commission shall be at Santiago de Chile. The first session of the Commission shall be held during the first half of the present year in that city. The Commission shall at each session decide upon the place of meeting for its next session, with due consideration for the principle that the countries of Latin America be chosen in rotation.

16. The Council shall, from time to time, make special reviews of the work of the Commission.

Committee I

SESSION OF THE TRADE COMMITTEE

Draft resolution submitted by the Working Group

The Economic Commission for Latin America,

Considering:

That, in accordance with resolution 101(VI) the ECLA Trade Committee was created and met for the first time at Santiago, Chile, in November 1956;

That the work which has been undertaken pursuant to the resolutions of this Committee is progressing satisfactorily;

That, in compliance with resolution 1(I) of the Trade Committee, the Central Banks Working Group on a Multilateral Payments System has already met at Montevideo;

That the Secretariat of the Commission has announced that, in pursuance of resolution 3(I), a group of experts will meet in the second half of the current year to study the possible structure of a regional market which will help to promote the development of Latin American industries along sound lines,

Requests the Secretariat to make the necessary arrangements for the Trade Committee to hold its second session during 1958.

Committee III

UNECONOMIC FARMS

Draft resolution submitted by the Working Group consisting of Argentina, Bolivia, Brazil, Ecuador, Mexico, the United States and Venezuela

The Economic Commission for Latin America,

Taking into account:

(a) Resolution 66 (V) (E/CN.12/351), dealing with questions of land reform, including inter alia those relating to land tenure;

(b) The conclusions reached by the Latin American Seminar on Land Problems, held at Campinas, Brazil, in 1953;

Considering:

(a) That in some Latin American countries there is an increasing number of farms where the possibilities of capital formation are slight, and of which the scope and conditions are inadequate to absorb the working capacity of the rural family and afford it a satisfactory standard of living;

(b) That the methods and procedures for solving the problem created by farms of this type are particularly complex,

Recommends:

1. To the ECLA secretariat that, in agreement with FAO, and to the extent which the two organizations' respective resources and terms of reference permit, it give due

/consideration to

consideration to such requests for guidance and assistance as may be formulated by those Latin American countries that are endeavouring to solve the said problem;

2. To the Governments of the member countries concerned, that they undertake an exchange of studies and data on the patterns followed by farms of this type, the effects of their existence from the technical and economic aspects, the measures applied to convert them into units better adapted to the characteristics of agricultural production, and the results of such action.

Committee III

ECONOMIC PROBLEMS OF AGRICULTURE

Rapporteur's report

Committee III on Economic Problems of Agriculture held 5 meetings between 20 and 24 May, under the chairmanship of Mr. Alejandro Hales, Chairman of the Chilean delegation. Representatives of Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, United Kingdom, United States of America, Uruguay and Venezuela were present at all or some of the meetings, which were also attended by representatives of the United Nations Food and Agriculture Organization and observers from the following organizations and countries: Inter-American Economic and Social Council, International Bank for Reconstruction and Development, International Monetary Fund, International Confederation of Free Trade Unions (ICFTU), Inter-Governmental Committee for European Migration, General Agreement on Tariffs and Trade, Federal Republic of Germany, Italy, Japan and Rumania.

The discussions on the varied range of problems confronting Latin American agriculture, and the analysis of the measures that might facilitate a satisfactory solution of such problems to the benefit of the region's agricultural and economic progress, were carried on in an atmosphere of complete co-operation. It was evident that the Latin American republics

/all share

all share the anxiety to overcome the obstacles to the more rapid development of their economies, especially those of which the removal would tend to promote progress in every aspect of the region's agricultural and livestock sectors.

Apart from the discussion of general points, the Committee devoted particular attention to the following four main topics: (a) the current situation of agriculture; (b) agricultural productivity; (c) agricultural and livestock export prospects; (d) trends in timber production.

The following documents presented by the secretariat were used as a basis for discussion:

Economic Survey of Latin America, 1956 (E/CN.12/427), chapter X;

The selective expansion of agricultural production in Latin America and its relationship to economic development (E/CN.12/378/Rev.2), United Nations publication, Sales No.:1957.II.G.4;

Economic Bulletin for Latin America
Vol.I, No.1: article on "Recent trends in the exports and prices of some products";
Vol.I, No.2: article on "Exports and prices of some products";
Vol.II, No.1: article on "Possibilities for the expansion of wheat production in Brazil";

Prospects for Latin American trade in agricultural products (document presented by FAO);

Productivity of the coffee industry in El Salvador (E/CN.12/435);

Progress report on the study on coffee in Colombia (E/CN.12/436);

Note by the secretariat on a study of timber production trends in Latin America (E/CN.12/438);

Studies on the economic development of Bolivia, Brazil

/and Colombia

and Colombia, relevant chapters.

(a) Current situation of agriculture

Most of the representatives reported on the agricultural situation in their respective countries, the progress achieved in recent years and the problems that have to be tackled in order to expedite the development of this branch of economic activity.

With respect to the situation in 1956, the Committee stressed that farming in Latin America had been affected by adverse factors of both internal and external origin. In most of the countries serious losses had been registered in production on account of weather conditions, which in some cases had affected only specific crops, whereas in others all branches of farming had suffered. The uncertainty of world market prospects, attributable to the competition for markets on which to dispose of accumulated surpluses as well as to unfavourable prices, had compelled several of the Latin American countries to restrict the areas under export crops.

Agricultural production in general had fallen about 1.5 per cent below the preceding year's satisfactory level, although production for domestic consumption had increased by 3 per cent. To judge from the slight increment in per capita production in this sector, a larger volume of commodities had been available for domestic consumption than in 1955, but it had not been possible to satisfy demand for foodstuffs completely, because of the rapid growth of the population and the rise in income. Production for export had undergone one of

/the most

the most serious setbacks registered since the war; it had decreased by 9 per cent in relation to 1955.

(b) Agricultural productivity

In analysing this topic the Committee was able to establish several basic facts. Outstanding among these were the low productivity of agricultural labour, which was almost universal throughout the region, and the unduly slow rate of improvement characterizing its development in recent years. Stress was laid on the serious nature of this situation, since about 50 per cent of the region's active population was employed in the agricultural and livestock sectors. Furthermore, it was noted that such improvement as there had been was attributable to increased mechanization rather than to higher yields. In this connexion, attention was called to the fact that a more widespread assimilation of farming techniques would raise the productivity of land, capital and labour. Moreover, the introduction of improved techniques would be the only way to control soil erosion and prevent the depletion of other renewable natural resources.

As an outcome of the discussion, the Committee welcomed with interest a draft resolution recommending that studies on agricultural productivity be continued both by the secretariat in co-operation with FAO, and by the Governments on their own account.

(c) Export prospects

The Committee considered the FAO report on export trends

/for Latin

for Latin American agricultural products and on the present commodity situation and prospects, as well as a statement by the representative of FAO on the current status of international discussions on commodity situations.

With regard to exports, Latin America had gained from the fact that a large part of the value of its agricultural exports derived from products such as coffee, cacao, bananas and wool, for which world demand had generally been strong and rising. As a result, the value of Latin American exports of these products, corrected for price levels, had reached far higher figures than before the war. Despite fluctuations, the over-all trend registered for these commodities was expected to continue. Latin America had also improved its situation with respect to cotton by filling part of the gap left by the reduction in United States cotton exports, but the advantage thus obtained was disapp[illegible]ing with the development by the United States of a more vigorous export policy. In the case of other products, such as wheat, beef, maize and linseed, low Latin American exports had coincided with a general downward trend in demand on the part of importing countries. The River Plate countries, which were currently expanding production of such commodities, thus faced less promising export markets than did the more tropical countries. Sugar, tobacco and sisal were in an intermediate position, with a moderate upward trend in demand. In the case of many of the commodities in question, a rapid increase in domestic consumption in the Latin American countries

/was enlarging

was enlarging requirements beyond the export possibilities.

In an effort to stabilize markets and prices, some countries had created special international commodity committees or study groups for a number of products, under the auspices of FAO. Among the commodity groups which would meet during the remaining months of 1957 were those on grains (bread grains and coarse grains), to be convened at Rome on 27 May; on cacao (Ibadan, Africa, 17 September); on coconut and copra (Rome, late in 1957); and on rice; as well as a dairy panel, to meet during the session of the Committee on Commodity Policy (Rome, November 1957). Cotton was handled separately by the International Cotton Advisory Committee, meeting next at Istanbul, from 20 to 28 May. Matters relating to surplus disposal were dealt with in a special FAO Sub-Committe on Surplus Disposal, meeting frequently in Washington. All countries interested were eligible to send representatives to participate in the sessions of the groups or committees mentioned.

(d) Trends in timber production

The Committee considered the desirability of a detailed study, to be undertaken by the ECLA Secretariat in collaboration with FAO, on trends and prospects for the production and consumption of timber and derived products in Latin America.

In the course of the discussion on this point, the representatives drew attention to the essential and urgent nature of such a study, in view of the wealth constituted by natural woodlands and plantations, of the increase in consumption of

/timber products

timber products consequent upon the improvement in the standard of living, and of the importance of forest products for intra-regional trade and for the world market. It was recommended that the study should be conducted along lines which would produce immediate and medium-term results, without prejudice to the long-term forecasts which were of genuine interest, particularly for the purpose of evaluating the feasibility of forest industry projects. The representatives expresed their desire that Governments should facilitate the proposed study, by providing the full co-operation of their services, making thenceforth a special effort to improve forest statistics, and, whenever necessary, requesting technical assistance from the competent agencies.

The study would have to be integrated with a similar world-wide survey undertaken by FAO. The part relating to Europe, which had been prepared with the assistance of the Economic Commission for Europe, was already completed; that on the Far East and the Pacific was in course of preparation, with the co-operation of the Economic Commission for Asia and the Far East.

(e) Uneconomic farms

One of the delegations submitted a draft resolution in which attention was called to the problem existing in certain countries of improving conditions on farms which do not afford a satisfactory standard of living for the rural household. The Committee considered this to be a problem of the highest

importance, and

importance, and it was decided to recommend to Governments that they undertake an exchange of studies and data on this point, as well as to request the ECLA Secretariat that, in co-operation with FAO, it give due consideration to such requests for guidance and assistance as might be formulated by those Latin American countries that were endeavouring to solve problems of such a nature.

(f) Draft resolutions adopted by the Committee

The following draft resolutions were the outcome of the Committee's deliberations:

(1) Study of Latin American timber trends and prospects;

(2) Productivity in agriculture;

(3) Uneconomic farms.

Committee IV

PROGRAMMING BY SECTORS AND AREAS, AND PREPARATION, PRESENTATION AND EVALUATION OF PROJECTS

Draft resolution approved by the Working Group and made up of the delegations of Argentina, Bolivia, Brazil, Chile, Ecuador, France, Mexico, The United Kingdom, the United States and Uruguay

The Economic Commission for Latin America,

Bearing in mind the studies and other work carried out by the secretariat to date on the problems of Latin America's economic development and the methods of analysis and projection which it has prepared for this purpose;

Considering that the studies presented at the current session (The economic development of Bolivia, External disequilibrium in Latin America's economic development: the case of Mexico, and the progress report on the study of the economic development of Argentina) constitute contributions of primary importance as regards the application and extension of the aforesaid method of analysis, and are documents essential to a better understanding of the process of economic development in Latin America as a whole;

Considering that the secretariat has presented a Manual on Economic Development Projects, prepared by an expert of the Technical Assistance Administration in collaboration with the secretariat itself, this document being designed to facilitate the evaluation and preparation of individual development projects within the general context of over-all programming or

/policies designed

policies designed to promote economic growth;

Considering that an expert of the Technical Assistance Administration, in collaboration with the secretariat, has prepared a preliminary report on problems of public administration in relation to economic development policies;

Considering that various Latin American countries are using the method of analysis and projection prepared by the secretariat as an instrument for the programming of development and for development policies;

Considering, further, that over-all programming needs to be supplemented by programming by sectors and areas, and that within each sector and in area programmes the objective evaluation of individual projects and the careful preparation of new projects must be increasingly undertaken on lines compatible with the over-all projections of the economy;

Considering, in consequence, that it is desireable for the Governments, in connexion with their development policies by sectors or by areas and with the evaluation and preparation of individual projects, to make use of the experience acquired by the ECLA secretariat in the application of its methods of analysis and in its study of the process of growth of the Latin American countries:

Taking into account the fact that, with respect to pulp and paper, the secretariat has acquired, through the joint ECLA/FAO/TAA Advisory Group, positive and significant experience which has enabled the Governments to make considerable progress

/in the

in the practical solution of problems relating to the industry in question;

Mindful that resolution 99 (VI) recommended to the secretariat that it assist Governments, when they so request, in establishing the relevant economic factors and in co-ordinating energy development programmes,

Decides:

1. To recommend to the secretariat that, without discontinuing its methodological studies on the analysis and projection of development on the basis of the experience of the Latin American countries, it devote attention to the specific problems relating to programming by sectors and areas and to the preparation, presentation and evaluation of individual projects, and that it advise Governments, which so request, on such matters, seeking for this purpose the fullest possible co-operation from the various United Nations sources of technical assistance, in order to avoid the dissipation or duplication of effort;

2. To recommend to Governments that, in the case of all topics or programmes not directly related to the development studies carried out by ECLA, they apply to the technical asasistance services of the United Nations, following the established procedures.

Committee I

REPORT ON THE REGIONAL MARKET TO THE SESSION OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

Draft resolution submitted by the Working Group

The Economic Commission for Latin America,

Considering:

That, in August 1957, an Inter-American Economic Conference, convened by the Organization of American States, is to be held in the city of Buenos Aires;

That one of the items on the agenda for this conference is the promotion of inter-Latin American trade;

That ECLA has made considerable progress in this field through its Trade Comittee, the Central Banks Working Group on a Multilateral Payments System and several studies carried out by the secretariat;

That, in conformity with resolutions 31 (IV), 70 (V), 106 (VI) and 107 (VI), on co-operation and co-ordination of the work of ECLA and IA-ECOSOC, in their respective spheres of activity, it is highly advisable to avoid duplication of effort or of expenditure;

That, consequently, it is from every point of view desirable that a complete report on the work carried out and scheduled by ECLA in the same field up to the date of the aforesaid conference be presented to the countries participating therein,

Decides that, for purposes of information, the ECLA

/secretariat

secretariat shall transmit to the secretariat of IA-ECOSOC for the aforesaid Economic Conference of the Organization of American States, and, in advance, to the Governments of the countries participating therein, a full report on the studies carried out, under way or scheduled up to that date in relation to the problem of payments and the possibility of creating a regional market in Latin America, with a view to co-ordinating the efforts of ECLA and IA-ECOSOC and preventing the duplication of their activites;

Declares that it would view with satisfaction any co-operation that the secretariat of IA-ECOSOC might extend to the ECLA secretariat in proceeding with the studies on inter-Latin American trade.

Conference Room Paper No. 39

Committee I

STUDY ON COMMODITY TRADE

Draft resolution submitted by the Working Group

The Economic Commission for Latin America,

Considering:

That its member States are at present endeavouring to seek formulae and procedures which will, so far as reciprocal payments are concerned, promote the transition from a bilateral to a multilateral system;

That, to this effect, the Trade Committee adopted resolutions 1 (I) and 4 (I), at its first session;

That over-all payments equilibrium in Latin America depends, in the final analysis, on the elimination of those structural economic causes which are tending to maintain certain countries of the region in a permanently debtor position;

That the need to abolish such conditions and encourage trade, both intra-regional and with the rest of the world, gave rise to resolution 101 (VI), adopted at the sixth session held at Bogotá;

That the development of intra-regional trade in conditions of steady expansion and, as far as possible, of equilibrium, is a basic requisite for the establishment and maintenance of a multilateral payments system and likewise for extending the participation of the Latin American countries in world trade.

Decides:

1. To take note of resolution 4(I) of the Trade Committee;

/2. To

2. To recommend to the secretariat that it continue and intensify its studies on inter-Latin American trade, principally with a view to suggesting measures whereby the aforesaid structural disequilibria in the balance-of-payments situation of some of the Latin American countries may be remedied, and to expanding trade both within and outside the region, at increadingly high levels, calculated to expedite the transition towards greater liberalization of trade and a multilateral payments system.

Committee I

LATIN AMERICAN REGIONAL MARKET

Draft resolution submitted by the Working Group

The Economic Commission for Latin America,

Considering:

That the Trade Committee, established under the terms of resolution 101(VI) adopted at the sixth session of the Commission, held its first session at Santiago, Chile, in November 1956, and has presented a report on the result of its work (E/CN.12/423) to the current session of the Commission;

That it is desirable to complete the studies specifically relating to the creation of a regional market in Latin America;

That the trends indicated in document E/CN.12/C.1/4, presented at the first session of the Trade Committee, have become more clearly marked since that date, a development which might have negative repercussions on Latin America's extra-regional and intra-regional trade;

That resolutions 46(V), 69(V) and 101(VI) recommended to the secretariat and to the Trade Committee that they devote special attention to the trade of those Latin American countries which are landlocked, or whose economic structure is based on a single branch of production or is little diversified;

That greater mobility of capital among the Latin American countries would be an advantage;

That it is desirable for the said regional market to be gradually extended until it covers Latin America as a whole, in order to increase the benefits and possibilities of fuller

/development

development and economic integration which such a market may offer,

Decides:

1. To congratulate the secretariat on the efficiency with which it has discharged its responsibilities pursuant to resolution 101(VI);

2. To express satisfaction at the success of the Trade Committee's first session, to take note with satisfaction of all those aspects of its report relating to the regional market, and to endorse resolutions 2(I) and 3(I) of the aforesaid Committee;

3. To take note of the recommendations addressed to the secretariat both as regards the inventory of existing industries in Latin America and with respect to the convening of a group of experts to undertake the work pursuant to resolution 3(I);

4. To recommend to the secretariat:

(a) That it consider the desirability of expediting the implementation, within the shortest possible time, of resolutions 2(I) and 3(I) of the Trade Committee, with a view to taking a more decisive step towards their underlying objective;

(b) That it conduct research and compile all data that may serve as a basis for the work of the Group of Experts mentioned in resolution 3(I), at the earliest opportunity, so that the availability of such background information may facilitate the task of the Group in question;

(c) That it call the attention of the Group of Experts to the specific situation of those Latin American countries which

/are landlocked

are landlocked or whose economic structure is dependent on a single branch of production or little diversified, so that the said Group may consider, in planning the structure of the regional market, the possibilities for the absorption of the exportable commodities of such countries and for facilitating their industrial development within such a market;

(d) That it further request the Group of Experts to consider, in planning the structure of the regional market, the desirability of facilitating the creation of enterprises with capital from two or more countries in combination;

(e) That the said Group be invited to study the difficulties confronting the development of a regional market in which each and every Latin American country is taken into consideration, with due regard to its situation and possibilities;

5. To empower the secretariat to request, should it deem this necessary, the collaboration of other competent international agencies in the preparation of the studies or compilation of the data referred to in the preceding paragraph.

Committee I

INTER-LATIN AMERICAN TRANSPORT

Draft resolution submitted by the Working Group

The Economic Commission for Latin America,

Considering:

That the existence of satisfactory means of maritime transport and their co-ordination with land transport routes and inland waterways is a requisite for the expansion of inter-Latin American trade;

That at the present time the defects of the transport system, and especially the existence of inadequately served trade routes, constitute an obstacle to the maintenance of regular trade relations between certain zones of the region;

That chapter IV of the secretariat report entitled "Study of inter-Latin American trade" (E/CN.12/369/Rev.1) contains background material useful for research into possible solutions for such problems;

That resolution 101 (VI) assigns to the Trade Committee the responsibility of preparing specific formulae for the removal of obstacles to inter-Latin American trade, among them, the problem of transport,

Decides:

1. To recommend to the secretariat that, after prior consultation with the secretariat of the Inter-American Economic and Social Council, to avoid duplication, it continue the studies on inter-Latin American transport and the problems

/thereof, especially

thereof, especially inadequately served trade routes, in order to guide countries in the adoption of measures designed to impart greater regularity to inter-Latin American maritime transport;

2. To recommend to the Trade Committee that it devote particular attention to questions relating to transport, including the pertinent items on the agenda of its forthcoming session.

Committee I

IMPACT OF THE EUROPEAN COMMON MARKET

Draft resolution submitted by the Working Group

Considering:

That it is of great importance for all the Latin American countries to continue to observe the experiments in economic integration in progress in Europe and projected in other areas;

That, under the terms of resolution 102(VI), this Commission recommended to the secretariat that, in co-operation with the Department of Economic and Social Affairs of the United Nations, it should continue the analysis of the markets for those basic commodities which are of decisive importance for the economy of the Latin American countries;

That both the stability and the prosperity of the economies of the Latin American countries, as well as the possibilities of their development at a satisfactory rate, largely depend on the volume and value of their exports of primary commodities, which in turn are conditioned by the situation of the available markets;

That the creation of the European Economic Community and the possible formation of a free trade zone in Europe may have repercussions on the sales prospects and prices of Latin American primary commodities on the world markets, to an extent which it is not yet possible to assess;

That the trend towards European economic integration, while deserving the fullest sympathy from the Latin American

/countries nevertheless

countries, nevertheless arouses in them some apprehension as to what may be the implications of the establishment, at any rate for a time, of a preferential trade system, and, further, as to the possible decrease in the rate of growth of European investment in Latin America,

Decides:

1. To take note with interest of the preliminary study (E/CN.12/449 and Add.1) presented by the secretariat on the possible repercussions of the European common market on Latin America's export trade;

2. To recommend to the secretariat that it continue to observe closely the economic integration of Europe and other areas, and that it keep the member Governments supplied with the relevant information;

3. To recommend to the secretariat that it carry out studies on world market prospects for Latin American primary commodities, taking into consideration in particular the consequences that may arise from the European common market, from the possible establishment of a free trade zone in Europe, and from other similar projects;

4. To recommend that these studies be conducted along broad lines, so that they cover both the indirect effects on Latin American trade that may derive from possible repercussions of European integration on third areas, and also the probable trend of trade in Latin American primary commodities over a reasonable

/future period;

future period;

5. To suggest that the secretariat endeavour to co-ordinate the execution of such studies with others of a analogous nature undertaken by the secretariat of the General Agreement on Tariffs and Trade, by the Economic Commission for Europe and the Economic Commission for Asia and the Far East, and by other competent United Nations agencies;

6. To make the following recommendations to the member countries of the Commission, especially those of Latin America: (a) that they study the desirability of employing a procedure of consultation as to the possible repercussions of the European common market; and (b) that they send representatives, in the appropriate capacity, to international conferences at which questions are considered that have a bearing on the European common market and its possible effects on Latin America's economy and trade.

Committee I

TRADE OF LANDLOCKED COUNTRIES

Draft resolution submitted by the Working Groups

The Economic Commission for Latin America,

Whereas:

(a) At their plenary meetings on 9 August 1956 and 20 February 1957, the Economic and Social Council and the General Assembly adopted, respectively, resolutions 614 (XXII) and 1028 (XI), in the first of which the attention of the United Nations regional economic commissions is called "to the advisability of studying difficulties preventing expansion of international trade", while in the second the Governments of Member States are invited "to give full recognition to the needs of land-locked Members in the matter of transit trade";

(b) The economic development of landlocked countries is largely determined by satisfactory transit trade conditions enabling them to expand their international trade to the extent desirable,

Decides to recommend to the Governments of the Member States the desirability of granting the greatest possible facilities to the expansion of the international trade of the landlocked countries.

Committee II

IMPORT SUBSTITUTION

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Whereas:

The amount of foreign exchange at the disposal of a given country partly determines the degree to which its economy is vulnerable to external fluctuations and contingencies;

One of the requisites for attaining the objectives of a development policy is to reduce vulnerability to external fluctuations, and this can, up to a point, be achieved by means of an intelligent import substitution policy;

Certain background data on which to base decisions must be available if import substitution is to be consistent with the economic development programme and the consideration that must be given to short-term and long-term problems,

Decides to recommend to the secretariat that it study methodology for the examination and implementation of an import substitution policy, and other policies, including fiscal and monetary policies, which would reduce the external vulnerability of the Latin American countries.

Committee II

ECONOMIC INTEGRATION OF CENTRAL AMERICA

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Taking into account the fact that the Central American Economic Co-operation Committee, established in 1952 in pursuance of resolution 9 (IV), held its fourth regular session at Guatemala City, in February 1957, and has presented a report on the session and on its activities during the preceding year;

Considering the great practical importance of the Committee's activities for the economic development and integration of Central America, and the value of its experience for other projects relating to economic integration or complementarity, as well as to the promotion of intra-regional trade, in various parts of Latin America;

Bearing in mind the report by the secretariat (E/CN.12/431) reviewing its co-operation with and the advisory service rendered to the Committee and the technical assistance extended to the programme by the United Nations Technical Assistance Administration, FAO and other specialized agencies,

Decides:

1. To take note with deep satisfaction of the activities and resolutions of the Economic Co-operation Committee, as well as of the work of the secretariat and those United Nations agencies that provide technical assistance in connexion with the programme.

/2. To congratulate

2. To congratulate the Committee on the progress achieved, and, particularly, on the success of the Advanced School of Public Administration "American Central", the recent establishment of the Central American Research Institute for Industry, the work on a standard tariff nomenclature and statistical coordination, the studies and projects designed to facilitate the development of new industries and the increasing participation of Central American private enterprise in the evolution and programming of the economic integration of the region; and, further, to recommend that it continue to implement its work programmes;

3. To take note of the importance of the agreement reached by the Committee during its fourth regular session concerning the signing by the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, in the near future, of the Central American Multilateral Free Trade and Economic Integration Treaty and the Agreement on Central American Integration Industries;

4. To recommend to the Governments members of the Commission that they study the procedures and progress of the Central American Economic Integration Programme, as constituting an experiment of great significance for the evaluation of other possible similar projects in Latin America, especially those relating to the Latin American regional market the study of which is being sponsored by the Trade Committee.

Conference Room Paper No. 46

Committee II

SOCIAL ASPECTS OF ECONOMIC DEVELOPMENT

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Considering:

1. That it is highly desirable to bear in mind the social aspects of economic development as well as the economic problems proper;

2. That, as is stated in resolution 82 (VI) adopted on 15 September 1955, the improvement of human conditions, the standard of living and the welfare of the peoples of the American continent is of fundamental concern to the member Governments;

3. That, although the foregoing concepts are clearly recognized by the secretariat of the Commission, as can be seen from some of the documents presented, it would be desirable for the secretariat to extend its sphere of action in this connexion,

Takes note with satisfaction of the secretariat study on the Social Aspects of Economic Development (E/CN.12/437);

Recommends:

1. That these activities be conducted, in co-ordination with other organizations, the United Nations and the Organization of American States, so far as their respective terms of reference permit, as an organic whole, with a view to furthering the economic and social progress of Latin America;

2. That, nevertheless, the greatest effort be concentrated, as far as possible, on studies and activities directly relating to economic development;

/3. That, in

3. That, in cases where Governments so request, assistance be given in the preparation of blueprints or plans for research in the social field that are in line with ECLA's over-all economic picture of the country and may thus lead to significant conclusions with respect to the programming or more thorough interpretation of the country's economy;

Deems it to be understood that the secretariat will undertake to establish the procedures for implementing the type of assistance contemplated in the present proposal.

Committee II

TECHNICAL ASSISTANCE

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Mindful of the importance of technical assistance for the economic development of the Latin American countries;

Considering:

(a) That the experience of the Governments of the Latin American countries suggests that studies and research on the economic development process and the provision of technical assistance of the United Nations, activities which in Latin America are incumbent upon ECLA and the Technical Assistance Administration, respectively must be carefully co-ordinated if the countries concerned are to obtain the maximum benefit from the limited financial resources available;

(b) That the financial resources currently at the disposal of the organizations participating in the Technical Assistance Programme are not sufficient to cover all the projects applied for by the various Governments concerned;

(c) That, for this reason, it is of the greatest importance that the projects undertaken should be those most advantageous to the economic development of the countries receiving technical assistance;

(d) That, in order to ensure efficient selection and execution of technical assistance projects, it is desirable for the recipient Governments to have the opportunity of

/utilizing the

utilizing the knowledge and experience acquired by the secretariat in relation to the economic development problems of the countries concerned;

(e) That, on many previous occasions, in resolutions adopted at the sessions of the Commission or of the Committee of the Whole, the Commission has suggested to the Secretary-General the advantages that would accrue from utilizing as fully and actively as possible the services of the secretariat (see resolution dated 20 June 1950 (E/CN.12/192), repeated in paragraph 4 of resolution 12 (IV) of 16 June 1951; resolution 39 (AC.16), of 14 February 1952; resolution 85 (VI) of 15 September 1955; and, lastly, resolution 110 (AC.34) of 14 May 1956, which expresses satisfaction at the initiation of the experiment in decentralizing the Technical Assistance Administration services),

1. Takes note with satisfaction

(a) Of the document Expanded Programme of Technical Assistance: assistance rendered to the countries and territories of Latin America during 1956 (E/CN.12/444), prepared by the Technical Assistance Board;

(b) Of the document Technical Assistance Activities in the ECLA region (E/CN.12/432), prepared by the Technical Assistance Administration;

(c) Of the document Report on the Joint ECLA/TAA Economic Development Training Programme (E/CN.12/433), prepared by the secretariat;

/(d) Of that

(d) Of that part of the document Progress report by the Executive Secretary (E/CN.12/445), which relates to the collaboration between the secretariat and the decentralized units of the Technical Assistance Administration;

2. Expresses its gratitude to the General Assembly for having authorized the decentralization of the Technical Assistance Administration services, on an experimental basis;

3. Considers that, during the brief period in which the Technical Assistance Administration has enjoyed the collaboration of the secretariat of the Commission, the efficiency of the Technical Assistance Programme in Latin America has considerably increased;

4. Expresses its interest in the continuation of the experiment in the decentralization of technical assistance in Latin America;

5. Requests the Secretary-General to take into account, in evaluating the experimental decentralization of the Technical Assistance Administration services, the views of the Latin American Governments receiving such assistance, giving due weight to the results of the decentralization of technical assistance operations in Latin America.

Committee II

REGISTER OF EXPERTS FOR TECHNICAL ASSISTANCE

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Mindful of the importance of technical assistance for the economic development of the Latin American countries;

Whereas:

(a) On the one hand, the financial resources available for technical assistance programmes are insufficient to meet the countries' requirements, and that, on the other, the formalities to which the programming and implementation of technical assistance are subject are necessarily slow in order to ensure an equitable distribution of funds;

(b) As regards their requirements of experts to solve specific problems, the Governments often find themselves in a position where they need only the services of one expert on short-term contract, which could be financed by the country concerned,

Decides:

(a) To recommend to the secretariat that it collaborate with the Technical Assistance Administration in preparing and keeping up to date a register of Latin American experts in the various fields of economic activity, whose technical assistance might be of use to the member Governments, so that by this means guidance as to the availabilities of such experts

/may be

may be given, when the interested countries so request;

(b) To recommend to the member Governments that they assist in the preparation of the register referred to in the foregoing paragraph, by supplying the Technical Assistance Administration with such information as may be necessary on experts in their countries, whose knowledge might temporarily be utilized by other countries in the region, and that they grant such experts the necessary facilities for the fulfilment of these functions, so far as may be possible without prejudice to the technical and administrative efficiency of the work for which the experts in question are normally responsible.

Committee II

IRON AND STEEL MAKING AND TRANSFORMING INDUSTRIES

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Considering:

(a) That the iron and steel making and transforming industries are of capital importance for the economic development of the Latin American countries;

(b) That the secretariat, in compliance with instructions issued to it during the fifth session of the Commission, organized, in co-operation with the United Nations Technical Assistance Administration, the Government of Brazil and the Associaçaō Brasileira de Metais, a Latin American Meeting of Experts on the Iron and Steel Making and Transforming Industries, held at Saō Paulo from 15 to 28 October 1956, and prepared a report on this subject;

(c) That the aforesaid Meeting of Experts suggested a series of points on which studies should be begun, continued or carried out in fuller detail by the secretariat of the Commission, either alone or in collaboration with the Technical Assistance Administration,

1. Takes note with satisfaction of the report on the Meeting (E/CN.12/425) presented by the secretariat;

2. Expresses its satisfaction at the successful results of the Meeting of Experts at Saō Paulo;

/3. Recommends

3. Recommends to the secretariat that, provided available resources so permit, and with the collaboration of the Technical Assistance Administration and other public and private organizations, it carry out, giving due consideration to the findings of the Inter-American Meeting of Experts on Technical Standards the studies suggested by the Meeting of Experts, namely: (a) classification, simplification and standardization of non-current and quality steels; (b) standardization of rolled steel products; (c) productivity in iron and steel foundries, and an economic survey of the procedures for the reduction of iron ores; (d) economic evaluation of metal-working processes; (e) the motor vehicles industry; (f) training of and demand for engineers, technicians and skilled workers; (g) preparation of production and consumption statistics; (h) expansion and improvement of the glossary of technical terms and terms relating to industrial products in Spanish, English and Portuguese;

4. Reaffirms the authorization given to the secretariat at the fifth session to convene, when the progress of the work so justifies, and with the co-operation of the Governments, the Technical Assistance Administration and the specialized agencies concerned with this subject, a Committee of Experts to examine the studies carried out and suggest any changes in the programmes that it may deem advisable.

Committee II

PULP AND PAPER ADVISORY GROUP

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Considering that the secretariat has presented a report on the activities of the Pulp and Paper Advisory Group for Latin America (E/CN.12/434);

Considering the desirability of obtaining reliable data on the proper prices of imported equipment for the pulp and paper industry, and bearing in mind the intensification of this activity forecast for the region;

Considering the possibility that equipment for pulp and paper may come to constitute an important item in the trade of Latin America,

Decides:

1. To recommend of the Pulp and Paper Advisory Group be continued in the countries that so request;

2. To recommend to the secretariat that it take steps:

(a) To ensure that the Pulp and Paper Advisory Group for Latin America organizes standard budgets for investment in pulp and paper mills with a daily capacity of 50, 100 and 150 tons, in accordance with the main industrial processes and hypotheses, and in sufficient detail for local investors to evaluate their financial requirements and plan their purchases of machinery;

(b) To ensure that the Pulp and Paper Advisory Group for Latin America evaluates the possibilities of purchasing machinery for the manufacture of pulp and paper from the countries of the region, as well as of manufacturing specific heavy equipment.

Committee II

NUCLEAR ENERGY

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Whereas:

(a) Because of the scientific and technological progress achieved in recent years, nuclear energy has become, in some countries, a new large-scale source of energy;

(b) This source of energy, together with hydraulic energy and fuels, constitutes an additional means of producing electricity and other forms of energy on an industrial scale;

(c) These are great advantages to be derived from distinguishing, in regard to atomic energy matters, between the two following aspects:

(i) general questions of national and international regulation, scientific research and uses which do not involve the large-scale production of energy, and

(ii) the application of nuclear energy for industrial-scale energy production;

(d) In this last respect it is desirable that the application of nuclear energy be economically and technically co-ordinated with the general problem of each country's energy supplies from the various sources on which it draws;

(e) It is necessary in the Latin-American countries

/for the

for the industrial-scale generation of nuclear energy be utilized economically and in conformity with the circumstances of each country,

Decides:

1. To call the attention of the Governments of the member countries to the desirability of systematically studying the possibilities of utilizing nuclear energy in combination with other methods of large-scale energy production;

2. To recommend to the Governments of the member countries that they consider the desirability of placing the study and application of nuclear energy for large-scale supply in the hands of the public or private entities responsible for the various aspects of energy supply;

3. To suggest to the member Governments that it would be desirable for national nuclear energy commission, or corresponding bodies, to adopt appropriate measures in order to promote the study and large-scale application of nuclear energy by the entities responsible for the supply, or by the consumers, whether they belong to the public or the private sector;

4. To recommend to the secretariat that, as regards this subject, it keep in touch, through the Secretary-General of the United Nations, with the International Atomic Energy Agency, when it is established, with other competent agencies of the United Nations and with agencies of the Organization of American States, and that it keep the Member Governments informed of those economic aspects of the problem which are of special importance for them.

Conference Room Paper N° 52

Committee II

UTILIZATION OF RIVERS AND LAKES

Draft resolution approved by the Working Group ...

The Economic Commission for Latin America,

Considering:

That the utilization of the waters of lakes and rivers forming hydrographic basins common to several countries is a question of vital importance for the economic development of the countries concerned;

That such utilization would often appear to be feasible on the basis of joint effort;

That studies and projects for the satisfactory utilization of the waters of international rivers and lakes are feasible only in so far as effective co-operation is established between the Government agencies concerned with hydraulic problems,

Resolves: To recommend to the ECLA secretariat that it approach the Governments of the Latin American countries with a view to ensuring that the utilization of rivers and lakes, situated in international hydrographic basins, for hydro-electric energy, irrigation, navigation and any other useful purposes to which they may lend themselves, be effected on the basis of adequate planning undertaken by international technical commissions;

Committee II

SPECIAL MEETING ON THE MINING INDUSTRY

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Considering:

(a) That the mining industry is one of the most important in Latin America;

(b) That in many cases Latin America's mineral wealth cannot be opportunely and efficiently utilized for want of mineralogical studies and of the preliminary prospecting necessary for large-scale production when this is appropriate or feasible;

(c) That it is necessary to sponsor special meetings for the study and discussion of the particular problems of the mining industry, in view of the fact that they concern most of the Latin American countries, in the same way that special meetings have already been organized and held for the purpose of considering problems of other specialized industries,

Decides:

1. To recommend to the member Governments that they submit requests to the technical agencies of the United Nations for studies to be carried out, in collaboration with the geological services of the countries concerned, on general and economic geology and on the determination of mineral reserves in Latin America, especially in countries where adequate surveys

/of this

Committee I

TRADE

Rapporteur's report

1. Committee I at the seventh session of the Economic Commission for Latin America was responsible for the study of matters connected with the Latin American countries' foreign trade and payments, with the constitution of a regional market and with the repercussions of the creation of the European common market on trade and investment in the Latin American countries.

2. Under the chairmanship of Mr. Ariosto González, the representative of Uruguay, and with Mr. Emilio Barreto, the representative of Peru, as Rapporteur, the Committee held five plenary meetings from 20 to 25 May 1957, which were attended by the representatives of Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, United Kingdom, United States of America, Uruguay and Venezuela, as well as by observers from Bulgaria, Czechoslovakia, the Federal Republic of Germany, Hungary, Italy, Japan, Romania, Spain, the Union of Socialist Soviet Republics, the United Nations Food and Agriculture Organization, the International Bank for Reconstruction and Development, the International Monetary Fund, the Inter-American Economic and Social Council, the General Agreement on Tariffs and Trade and the World Jewish Congress. A further five meetings were held by the Working Group appointed to make a special study

/of the

of the draft resolutions submitted to it. This Working Group, composed of the representatives of Argentina, Brazil, Chile, Mexico, the United Kingdom and the United States of America, who were afterwards joined by the representatives of Ecuador, France and Peru, met under the chairmanship of Mr. José Garrido Torres, of Brazil. The Committee, in the course of the meetings mentioned above, considered regional trade, the payments system and the repercussions of the European common market project on Latin America's foreign trade. In connexion with these topics, the Committee approved eight resolutions.

3. Payments system. The Committee took cognizance of the report on its first session submitted to the Trade Committee by the Central Banks Working Group on a Multilateral Payments System, which met at Montevideo from 29 April to 10 May 1957. Its object was to prepare practical measures for applying the principles adopted by the Latin American clearing-accounts countries in resolution 1 (I) of the Trade Committee.

4. There was a consensus of opinion to the effect that the documents prepared at the first session of the Central Banks Working Group, comprising an account of its proceedings, a draft standard payments agreement and standard banking procedure for the operational system of the accounts, related to matters within the purview of the clearing-accounts countries. The countries in question, whose reciprocal trade relations were conducted under a bilateral system, intended to revise their agreements along lines which would permit a gradual approach towards multilateralism.

5. It was

5. It was unanimously agreed that the technicals aspects of the subjects dealt with in the documents prepared at Montevideo should be elucidated during the next session of the Trade Committee. As the delegations of some of the States participating in the Montevideo meeting had pointed out, this would not mean that these documents could not be taken into account in the monawhile when existing payments agreements were revised or new ones negotiated.

6. The delegations were also unanimous in their desire to recommend to the secretariat that, after prior consultation with the Central Banks or equivalent authorities, it transmit monthly to the International Monetary Fund the comparable data on balances in the inter-Latin American clearing accounts referred to in resolution 2 adopted by the Central Banks Working Group at its first session. The Executive Secretary explained that the secretariat shared the anxiety expressed by some delegations that ECLA's efforts might be misdirected if it had banking operations assigned to it. He further pointed out that ECLA's function was of a limited and temporary nature, to tide over the interval until a system of transfers were introduced which could justify the establishment of a special organization. In no circumstances would the secretariat be empowered to suggest that clearing operations be effected. The ECLA secretariat would be happy to discharge the proposed function if it were requested so to do, and to explore the possibilities of some other arrangements, including the establishment of a special agency.

/The session

The session of the Working Froup at Montevideo was a step towards multilateralism, as provision was made for measures not previously applied for the purpose of facilitating voluntary clearing operations by the Central Banks. The secretariat would now wish to study means of reducing bilateral balances through trade expansion, so that a multilateral agreement could be concluded at a higher level of trade. The situation of the Latin American countries differed widely from that of the European countries, which were endeavouring to re-establish trade after the war. In the case of the latter the objective was to multiply the channels of trade.

The secretariat, in submitting the report of the Working Group for consideration by the Committee, had no intention of launching an exhaustive discussion on the subject, since that was the Trade Committee's function. Nevertheless, the opinions voiced might be of great assistance in the preparation of the document which would have to accompany the Working Group's report when it was submitted to the Trade Committee.

7. Two delegations, one a member of the Commission and the other of observer status, called attention to the interpretation that might be placed on article 12 of the draft standard agreement. The said article related to the settlement of balances by the debtor country, when they exceed the limit of the credit stipulated in the agreement concerned. Since the general tenor of the article seemed to suggest that the liquidation of balances in excess of the credit limit was voluntary, it apparently conflicted with the purport of

Trade Committee resolution 1 (I), In such a case it would not signify an improvement on the previous system, but merely its maintenance, and the accumulation of unliquidated balances might lead to the stagnation rather than to the expansion of trade. This would happen under any system which left the settling of the balance to the discretion of the creditor or the debtor country, and article 12, however it were interpreted, did vest such powers of discretion in the creditor. It therefore did not seem to be consistent with resolution 1 (I).

The existing bilateral agreements usually provided that balances in excess of the credit limit should be paid in convertible currency. It was true that for six years this contractual right had been waived by the majority of the countries. For one reason or another it was felt preferable to wait until the balance was reduced by means of an increase in the exports or a contraction in the purchases of the debtor country. If in any new agreements concluded in accordance with the guiding principles of the draft standard agreement - the gradual adoption of multilateral practices - it was officially acknowledged that the creditor could not demand settlement of the excess balance in convertible foreign currencies, the latter's position deteriorated from both the technical and the juridical aspects. In essence, the result would be a reaffirmation of bilateralism.

One delegation and one observer pointed out that the standard agreement ought to state in precise language the creditor's right to demand the automatic settlement of

/balances in

balances in excess of the swing credits.

8. The delegation of one of the countries that had been represented through their Central Banks at the Montevideo session declared that the term "may request" was preferable to the words "shall demand", since the latter expression was too strong for use between autonomous parties. In actual fact, the creditor country had the right to make demands, and this could be established in any agreement if the parties deemed it desirable. Of course, the risk of an accumulation of balances in excess of the swing credits would be less, provided that the credits were adequate, under the new system facilitating the transfer of balances to the accounts of third countries.

Another delegation, of a country whose Central Bank had also been represented at the Montevideo session, supported the foregoing interpretation of article 12 of the draft standard agreement.

9. The observer for the International Monetary Fund said that in his opinion, an alternative formula to that set forth in article 12 of the draft standard agreement might be desirable, and offered to present through the secretariat two alternative texts to be reproduced in the present report. These read as follows:

(a) Automatic transfer. "While this Agreement remains in force, the account may show a debit or credit balance indiscriminately up to the sum of ..... dollars.

"At any time, the Central Bank of the creditor country

/may request

may request from the Central Bank of the debtor country the total or partial transfer of the excess to another clearing account in operation with a third Latin American country, in accordance with the procedure approved as provided in article 9, sub-paragraph (b) or may reach an agreement with the Central Bank of the debtor country for the payment of the excess.

"When the balance exceeds the specified amount, the Central Bank of the creditor country may reach agreement with the Central Bank of a third Latin American country for the total or partial transfer of the excess. If within a period of ..... the excess is not cleared by the method referred to, the Central Bank of the debtor country shall, at the request of the Central Bank of the creditor country, settle it totally or partially in free United States dollars or in any other currencies which the latter agrees to accept."

(b) Voluntary transfer. First and second paragraphs, as above, The third paragraph would read as follows:

" When the balance exceeds the specified amount and if, within a period of ...., the excess is not cleared by the methods referred to, the Central Bank of the creditor country may request its total or partial payment in free United States dollars. Should it fail to obtain satisfaction in one way or another, the Central Bank of the creditor country may subsequently refuse to accept additional balances in its favour." 1/

1/ In both cases, the last sentence of article 15 would appear to be redundant.

10. In response to a suggestion put forward in the Committee, the present report places on record the efficacious co-operation rendered by the delegation of the International Monetary Fund, both at the plenary meetings and at those of Committee I, as well as in the Working Group set up by the Committee for the discussion of the various draft resolutions.

11. The delegation of a country whose trade is conducted on multilateral lines, without participation in inter-Latin American clearing accounts, stated that, although its country's monetary system was based on convertibility and multilateralism in its trade transactions, it viewed with sympathy and supported the efforts of countries still maintaining bilateral agreements to stabilize their balances of payments and promote the development of multilateral trade.

12. Paragraph 3 of the resolution on payments (E/CN.12/AC.35/1) registered a new form of co-ordination between the trade policies of the Latin American countries. According to the said paragraph, the Latin American clearing accounts countries were prepared to study the possibility of examining, on the occasion of the second session of the Central Banks Working Group or immediately thereafter, the existing agreements in the case of each pair of Latin American contracting parties.

13. The same countries that formulated the suggestion incorporated in paragraph 3 of the resolution on payments also put forward another, to the effect that countries not participating in the inter-Latin American clearing accounts system be invited to take advantage of the opportunity that

/would be

would be afforded by the co-ordination of the existing payments agreements to hold conversations or conduct negotiations, as each country deemed best, designed to promote the normalization and expansion of trade relations.

Several points of view were voiced in connexion with the foregoing suggestion. One of the delegations sponsoring it stated that there might be advantages in initiating in Latin America the practice of simultaneously revising, at regular intervals, the agreements in operation between the countries of the region.

14. One observer declared that the application of a method such as that described, should its adoption be decided upon at the seventh session of ECLA, would require care to avoid reference to resolutions relating mainly to bilateral agreements. Although resolutions like resolution 1 (I) of the Trade Committee and the resolution on the draft standard agreement, adopted at the first session of the Central Banks Working Group, were designed to effect the gradual extension of multilateral practices, an invitation to countries outside the bilateral accounts system to revise or conclude agreements would have to be couched in terms consistent with the proposed achievement of a steadily increasing degree of multilateralism.

15. Some delegations stated that, in their opinion, there was no point in embodying the suggested invitation to countries outside the inter-Latin American clearing accounts system in a resolution. They added that there was nothing to prevent the representatives of such countries from going at the appropriate

/time to

time to the city where agreements between clearing-accounts countries were being revised and there holding conversations or conducting negotiations, as they deemed best, with a view to the improvement and expansion of trade relations. Neither did they see any objection to such countries' informing the secretariat in due course, if they so desired, of their intention of co-operating.

16. The delegation of Uruguay, which was one of those sponsoring the resolution of payments, suggested in relation to paragraph 3 of the said resolution that the report of the seventh session record that the Government of Uruguay had at the appropriate time held consultations with the chancelleries of the Latin America clearing-accounts countries. These consultations related to the desireability of the simultaneous revision of existing payments agreements, in order to bring them into line, so far as was compatible with the characteristics of each trade channel, with the Montevideo draft standard agreement. This simultaneous revision could of course be effected by each pair of countries. The delegation pointed out that certain special circumstances had made it impossible for one of the countries concerned to be consulted and added that so far Uruguay had not met with a single negative response to its consultations with other Governments. On the contrary, by the date the suggestion under consideration was formulated, five of the six Latin American clearing-accounts countries had replied in the affirmative. The delegation therefore suggested the desirability of placing

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this on record in the report of the seventh session, since the attitude of the Governments concerned showed that a useful criterion was beginning to govern the co-ordination of Latin American trade and payments policies. The delegations unanimously agreed that the statement of the Uruguayan delegation should be recorded in the report.

The Committee adopted a draft resolution, on such payments problems the text of which is reproduced in the appropriate part of the present report.

17. The observer for Spain recalled that the report of the first session of the Trade Committee recorded his country's desire, which he wished to reaffirm, of participating in agreements relating to the establishment of a multilateral payments system.

Because of the relative similarity between trade with Spain conducted by Latin American countries through clearing accounts, on the one hand, and, on the other, intra-regional arrangements of the same kind, his country considered that reciprocal benefits were to be derived from a form of collaboration whereby Spain, once the necessary specific studies had been carried out by the secretariat, might be included in the proposed system. The observer added that Spain was specifically interested in being admitted as soon as possible into the system of exchanging data on balances in the inter-Latin American clearing accounts, which would enter into operation on 1 July 1957 in accordance with the basis prepared at the first session of the Central Banks

Working Group.

There was a consensus of opinion to the effect that the report of the seventh session should place on record the statement made by the observer for Spain and should recommend to the secretariat that it be given due consideration.

18. Latin American regional market. In the course of the discussion of this topic, the secretariat had the opportunity to recall, in the first place, certain points of view expressed at the first sesion of the Trade Committee in relation to the creation of a regional market in Latin America and to the two relevant resolutions adopted at the said session. In one the secretariat had been requested to evaluate Latin America's existing industries, and in the other to appoint a group of experts to study the procedures necessary for the creation of a regional market.

In reviewing its work in connexion with the regional market, the secretariat also indicated that, to begin with, special attention had been devoted to the problem of payments among Latin American countries conducting their reciprocal trade through clearing accounts, since its solution was an essential requisite for the building-up of the regional market; and that an important step in that direction had already been taken, as would be seen when this agenda item was discussed. Furthermore, the secretariat had completed, or was carrying out, studies on specific activities, such as the pulp and paper, iron and steel and motor vehicle industries, in certain countries, from which useful data could be obtained as to the

/possibilities of

possibilities of including the said industries in a regional market. In addition, relevant data would be obtainable from the studies under way in Argentina and Peru. The secretariat was making the necessary arrangements for holding the first session of the group of experts in the second half of the current year.

The representative of the Inter-American Economic and Social Council stated that the topic of the regional market would undoubtedly be discussed at the Inter-American Conference of Ministers of Economy to be held in the city of Buenos Aires in August since the agenda of the said conference included points relating to the expansion of inter-Latin *American trade. Consequently, this organizacion was particularly interested in the studies on the regional market carried out and projected by the ECLA secretariat, as well as in closely following the discussions on the topic in question at the present session, both in order to transmit to IA-ECOSOC the ideas expressed by the delegations and with a view to ensuring the continuance of effective collaboration between the two secretariats.

In connexion with this statement by the representative of IA-ECOSOC, one of the delegations agreed that it was a matter of urgency to co-ordinate the work of IA-ECOSOC and ECLA in this field, and proposed, that, in order to achieve such co-ordination and prevent a possible dissipation and duplication of effort, the ECLA secretariat should prepare a full report on studies on the regional market completed, in

/course of

course of preparation or scheduled for the future; the report in question to be distributed to the Governments members of IA-ECOSOC and to the secretariat of that organization, before the conference of Ministers of Economy in Buenos Aires.

The Committee incorporated the foregoing proposal in a draft resolution, which was approved.

With regard to the Latin American regional market, the Committee was obviously unanimous in its support of the attitude adopted by the Trade Committee at its first session, in recognizing the need and desirability of establishing such a market and the fact that the problem to be solved was one of appropriate procedure. Several delegations stressed the fact that certain recent events, particularly the creation of the European common market, rendered it still more urgent that the studies and other work conducive to planning the structure of the Latin American regional market should be completed. To this effect, the Committee approved a draft resolution in which, besides expressing satisfaction at the success of the Trade Committee's first session with respect to the regional market, it recommended the secretariat to consider the desirability of expediting the implementation, within the shortest possible time, of resolutions 2 (I) and 3 (I) of the said Committee, with a view to taking a more decisive step towards their underlying objective. The same draft resolution also recommended to the secretariat that it should at the earliest opportunity, conduct the research and compile all the data that might serve as a basis for the work of the group of experts mentioned in resolution 3 (I) of the Trade Committee, so that the

/availability of

availability of such background information might facilitate the task of the group in question; for which purpose the secretariat was empowered to request, whenever it deemed advisable, the collaboration of other competent international agencies. The secretariat was further to request the group of experts to consider, in planning the structure of the regional market, the special situation of the Latin American countries which were landlocked or whose economic structure was dependent on a single branch of production or little diversified, as well as the desirability of facilitating the creation of enterprises with capital from two or more countries in combination. The group was also to be invited to study the difficulties confronting the development of a regional market in which each and every Latin American country was taken into consideration, with due regard to its situation and possibilities.

19. Possible repercussions of the constitution of the European common market on the Latin American economy. With reference to the European Economic Community Treaty, signed at Rome in March last, and covering, inter alia, the establishment of a common market for the six signatories, Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands, the creation of a special Fund for Econonic Development, and a more complete incorporation of the associated overseas territories, extensive statements were made by the delegations of some of the countries members of the European Community, by the representative of GATT and by the

/delegations of

delegations of those Latin American countries that are on the alert of any possible repercussions of the said common market on exports of certain Latin American primary commodities, as well as on European investment in Latin America.

In this connexion, the representative of GATT declared that the signatories of the Treaty establishing the European Economic Community had presented the text of the Treaty to his organization shortly after it had been signed, and that steps had immediately been taken to initiative the procedure established for such cases in the General Agreement.

The Contracting Parties of GATT would meet in October 1957 to discuss whether the Treaty was compatible with the six countries' commitments under GATT. They would consider how far the Treaty was consistent with the general principle that the object of a custom union was to facilitate trade among the members of the union, not to hamper trade with other countries. Among the points that would have to be dealt with, the most important were the common tariff level, the system of restrictions applied by the community, the duration of the period of transition and the preferential régime. With regard to the duties fixed by the GATT, they could not be increased in consequence of the adoption of the common tariff without prior negotiations with the countries concerned; if such negotiations were unsuccessful, the countries whose interests had suffered could demand equivalent concessions. The procedures of the GATT offered specific guarantees to third countries. Furthermore, in conformity

/with the

with the rules of procedure of GATT, all the Latin American countries that had not acceded to the General Agreement had the right to send observers to the meeting in question and to take full part in the discussions. Lastly, the role of GATT would not end when it had adopted its decisions at the next session; it would probably arrange regular meetings with the six members of the Community and with this latter's agencies, during the period of transition, to ensure that the Treaty was being applied in conformity with the decision reached by GATT and with the principles on which article XXIV of the General Agreement was based.

Again, the delegations of two countries members of the Commission and at the same time signatories of the European common market Treaty, as well as one of the observers, advanced the view that the Latin American countries ought not to feel apprehensive regarding the European common market project. The common foreign trade policy involved would be implemented within the framework of the United Nations and would aim at co-operation with other parts of the world. Account would be taken of the tariffs affecting certain Latin American commodities, as well as the domestic consumption of the six European countries in its bearing on trade and tariff agreements. Moreover, the investments which the said countries had undertaken to place in Africa consisted mainly of public capital for purposes of long-term financing.

The delegation of Latin American countries, while expressing their appreciation of the efforts of the six

/signatories of

signatories of the common market Treaty, nevertheless expressed some anxiety as to the possible repercussions of the said market on their economy. They emphasized the fact that their uneasiness arose from the inclusion of overseas territories as associates in the common market. Such a circumstance might divert the six countries' former investments in Latin America towards the associated territories. Similarly, the fuller development of those territories' production and the preferential treatment they might possibly be granted, might lead to the ousting of Latin America's export commodities by those of the territories in question, in the European common market, inasmuch as their competitive position might be affected.

The Committee, after discussing with interest the considerable contribution to the topic under discussion represented by the secretariat's preliminary report on the subject, agreed that ECLA should continue carefully watching the economic integration of Europe and other areas and should keep the member Governments duly informed. It was also decided that studies should be carried out on world market prospects for Latin American primary commodities, taking into account particularly the potential effects of the European common market and of the possible establishment of a free trade zone in Europe, as well as of other similar projects. Lastly, it also agreed that such studies should be of a comprehensive nature and should be co-ordinated with the work of the other regional commissions, of GATT and of other

United Nations agencies. A draft resolution to this effect was presented and approved.

20. Four other resolutions were also adopted in relation to the following topics:

(a) Inter-Latin American transport: that the secretariat, after prior consultation with the secretariat of the Inter-American Economic and Social Council, should continue the studies of inter-Latin American transport problems, especially inadequately served trade routes;

(b) That a further meeting of the Trade Committee should be convened during the course of 1958;

(c) That the States members be recommended to facilitate, so far as possible, the expansion of the foreign trade of landlocked Latin American countries; and

(d) That the studies on inter-Latin American commodity trade be continued and intensified, principally with a view to suggesting measures whereby the structural disequilibria in the balance-of-payments situation of some of the Latin American countries might be remedied, and to expanding trade both within and outside the region, at increasingly high levels, calculated to expedite the transition towards greater liberalization of trade and a multilateral payments system.

In relation to resolution 4 (I) of the Trade Committee, of which note was to be taken at the same time, the delegations of the United Kingdom and of the United States of America reaffirmed the attitude they had adopted at the first session of the Trade Committee in abstaining from voting on the

/resolution in

resolution in question.

21. With respect to maritime traffic, concordant opinions were expressed in the course of discussion to the effect that it was desirable for an attempt to be made through the Trade Committee to remove certain obstacles to inter-Latin American trade created by unfavourable characteristics of maritime transport. It was recalled, that in compliance with resolution 101 (VI) adopted at the sixth session, the secretariat had analysed the problems concerned, recording the findings of the corresponding survey in chapter V of the document entitled Study of Inter-Latin American Trade (E/CN.12/369/Rev.1).

To carry out the above-mentioned work the secretariat had held consultations with IA-ECOSOC whenever opportune, in order not to deal with subjects that the latter was considering, such as those relating to specific problems of maritime transport in Latin America's foreign trade as a whole, port efficiency and staff training.

In this connexion the representative of IA-ECOSOC stated that, although there were obviously certain points of contact between the subjects dealt with in the ECLA and IA-ECOSOC studies, the two organizations covered intrinsically different aspects. By means of timely consultations between the two secretariats, under a system of collaboration which should be continued, their respective work was carried out in conditions of satisfactory co-ordination. Duplication of effort and expenditure had thus been completely avoided.

It should be pointed out that the discussions were

/carried on

carried on at a high technical level and that an admirable spirit of co-operation prevailed, thanks to which the work of the Committee resulted in positive decisions of supreme significance for the countries members of the Economic Commission for Latin America, as the preceding considerations showed.

22. At the last session of the Committee, the delegation of Chile made the following declaration, which it was unanimously decided to include in the report: "At this seventh session unanimous recognition has been accorded to the importance of the work carried out by the Central Banks Working Group at Montevideo, and to the fact that it clearly constituted the first practical step towards achievements of vital importance to the economic development and the standard of living of the Latin American peoples.

" In connexion with the Montevideo session, it would be only fair to record, in the report of the seventh session, our gratitude to the Government and to the Banco de la República or Uruguay for the invaluable moral and material co-operation they rendered in the conduct of the Montevideo Conference.

" The Central Banks Working Group was given every encouragement in its work. The whole of the Conference, which, counting delegations, observers and secretariat, brought together more than seventy people for a fortnight, was carried out at practically no cost to ECLA, which sent to Montevideo only one member of its senior staff. I therefore have the

/honour to

honour to propose that in our report we render a well-deserved tribute to the Government of Uruguay and the Banco de la República of this sister nation."

The delegations present unanimously supported the foregoing proposal.

23. Finallly, it should be mentioned that, at its last meeting, the Committee also unanimously decided to place on record a vote of thanks to its Chairman, Mr. Ariosto Gonzalez, and to the Chairman of the Working Group, Mr. José Garrido Torres, for the efficiency with which they had discharged their responsibilities, as well as to the ECLA secretariat for its work in connexion with the session of the Central Banks Working Group.

Committee IV

TENTATIVE PROGRAMME OF WORK AND PRIORITIES FOR 1957-1958

Introductory Note

by the Executive Secretary

The Executive Secretary submits the following tentative programme of work and priorities for 1957-58. This programme has been prepared taking as a basis the programme for 1956-57 as well as the decisions of the Commission at its current session (a) deleting certain projects (b) assigning lower priorities to other projects and (c) adding new projects or certain new aspects of existing projects, in the light of resolutions pending before the present session of the Commission.

TENTATIVE PROGRAMME OF WORK AND PRIORITIES FOR 1957-1958

I. REVIEW OF THE WORK PROGRAMME AT THE COMMISSION'S SEVENTH SESSION

1. Basic Directives

As in the past, in preparing the programme of work and priorities, the Commission continued to follow a series of basic directives and decisions of the Economic and Social Council and of the General Assembly as well as recommendations of the Advisory Committee on Administrative and Budgetary Questions, regarding programmes and priorities in the economic and social fields, concentration and co-ordination of efforts and resources, control and limitation of documentation and related questions. Particular attention has been given to the recommendations contained in Economic and Social Council resolutions 324 (XI), 362B (XII), 402B (XIII), 451A (XIV), 497C (XVI), 553 (XVIII), 557 (XIX), 590 (XX), 597 (XXI), 604 (XXI) and 630 (XXII).

Economic and Social Council resolution 597 (XXI), on "Industrialization", inter alia,

> "Requests the regional economic commissions, in order to achieve a co-ordinated approach in the work in this field, to take due account, in planning and formulating

/their future

their future activities, of the work programme in the field of industrialization and productivity."

Economic and Social Council resolution 630 A.1 (XXII), "General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole", inter alia,

> "4. Reiterates the appeal made by the General Assembly in its resolution 125 (II) of 20 November 1947 and calls upon the States members of the United Nations and of the specialized agencies to take urgent measures to ensure on the national level a co-ordinated policy in regard to the activities of the United Nations and of the various specialized agencies, in order that greater concentration on major projects and fuller co-ordination may be achieved between the United Nations and the specialized agencies in the economic, social and human rights fields;
>
> "5. Requests the Secretary-General to produce a further report on the lines of the document entitled "Observations on the Work Programme of the Council and on the Financial Implications of the Council's Actions", including comments on work in the social field as mentioned in paragraph 4 of that document and on the work programmes of the regional economic commissions and the functional commissions;
>
> ...
>
> "8. Recommends to the specialized agencies and requests the regional economic commissions and the functional commissions to pay special attention to further concentration of their activities on major economic, social and human rights problems, as may be appropriate, and to the more efficient co-ordination of the said activities, and to include a special section thereon in their next reports to the Council;"

The criteria set forth in certain of the Council's earlier resolutions, and the indications given by the Council in recent years concerning programme priorities, provide the broad basis for a common approach by the Secretary-General and the regional

/and functional

and functional commissions to the problem of securing a "further concentration of activities", under paragraphs 5 and 8 of resolution 630 A.I (XXII). At the same time, the Commission has found practical guidance in the Secretary-General's report of 1954 entitled "Review of the Organisation and Work of the Secretariat in the Economic and Social Fields" (E/2598) and in his statement to the twentieth session of the Council (E/2769), which received the Council's general endorsement in resolutions 557 A (XVIII) and 590 (XX) respectively. In the first of these reports dealing with the Headquarters establishment, the Secretary-General referred to the "over-riding objective" established by the Council for the total economic and social programme of the United Nations, namely "the promotion of the economic and social development of the under-developed countries", and proposed, for the achievement of this purpose, a gradual re-orientation of work, shifting emphasis towards work directly supporting economic development. He also suggested "a more limited framework for the prosecution of certain work requested of the secretariat in order to bring it within the proper sphere of the secretariat's competence, the reconsideration of certain low priority projects by the organs concerned, the recognition of the full responsibility of specialized agencies for particular tasks clearly within their mandate". The report further contemplated (a) closer integration of the economic and social phases of international development work; (b) a conscious effort away from isolated activities and towards more comprehensive programmes; and in all this

/(c) closer integration

(c) closer integration of the work of the secretariat at Headquarters and in the regional economic commissions.

2. Progress and appraisal of the Commission's work programme

In the light of the objectives stated above, the Commission reviewed the main fields of activity to which efforts have been devoted during its nine years of existence.

The study of problems relating to Latin American economic development has occupied a prominent place in the work programmes of the Commission. These problems have been approached first of all on a general basis and then in relation to specific aspects of the process of growth. The links between Latin American development and international trade and investment have been examined, particularly within the framework of the new inter-relationships which have arisen since the Second World War. In the case of some Latin American countries where development has been particularly significant, structural changes have also been analysed; here the objective has been to obtain a better understanding of the process of growth and to take advantage of experiences which are useful for the formulation of development programmes, in which nearly all the Latin American countries are interested or engaged. Each successive study has enabled new advances to be made in the methods of research and analysis and has led to the development of concepts which might be applied in general to under-developed countries. The approach followed by the Commission in examining development problems has helped governments to obtain a more accurate over-all picture of the

long-term prospects of economic growth.

No less important has been the effort made by the Commission to shed light on problems relating to the expansion of Latin American trade with the rest of the world, in accordance with the principles of international co-operation, developed by the United Nations. In this connexion, member governments have taken the initiative in the search for far-reaching solutions, encompassing not only the need for short-term stability but also the structural changes required by development. On the one hand, there has been a need to increase exports to international markets, in order to meet the demand for those imports of capital goods, intermediate products and essential consumer goods the need for which is characteristic of a country in course of development. On the other hand, there has been recognition that among the Latin American countries themselves conditions are favourable for increasing trade and creating reciprocal markets which will provide a better basis for industrial and agricultural development. After extensive studies, the Commission decided to create the Trade Committee so as to enter more thoroughly into the solution of this type of problem.

The Trade Committee held its first meeting in November 1956 and after extensive discussion decided to study the possibility of establishing a multilateral payments system and of creating a regional market for selected products in Latin America.

Work is progressing on both projects. A meeting of Central Bank experts was held in Montevideo from 29 April to 11 May 1957

/to study

to study technical requirements for facilitating transfers of balances in bilateral accounts. The first meeting of a group of experts on the common market will be held in the second half of 1957 to plan the preparatory work to be carried out as a basis for its report and recommendations to be submitted to member governments and the Trade Committee in accordance with resolution 3 (I) adopted by the Trade Committee. It was evident from the debate at the Trade Committee Meeting and the subsequent activity of the governments in preparing the meeting of the Central Bank experts as well as interest shown in creating reciprocal markets, that the Commission may play an important role in this field and will have to give the highest priority to this work.

Development and trade problems have been brought together also in the activities of the Central American Economic Co-operation Committee. This Committee has, for nearly five years, been undertaking a series of studies and promoting government action for the gradual economic integration of the 5 Central American republics, with the assistance of the ECLA secretariat and of the Technical Assistance Board working in close collaboration.

As major element of economic development the problem of industrialization has been approached by the Commission from many different angles. Industrial development has been studied as a structural change in the economies of Latin America, related to the need for employing a growing labour force in more highly productive activities. It has also been viewed

/in reference

in reference to the policy of import substitution which has been found to be essential in most cases, to maintain long-term balance of payments equilibrium.

Certain industries based on important domestic resources frequently involving highly developed technologies and considered basic for programmes aimed at saving foreign exchange, have been the object of special studies and meetings. The experience of countries both outside and within Latin America has been brought to bear on the problems involved. So far with the co-operation of United Nations Headquarters, ECE and the specialized agencies, comprehensive industrial studies have been undertaken relating to iron and steel, pulp and paper, and the transforming of iron and steel; similarly, work has been done on the development of energy resources, and has begun on other basic industries.

Agriculture, which still represents the principal means of livelihood for the population of Latin America, has been studied by the Commission in close co-operation with the Food and Agriculture Organization of the United Nations. The process of development is characterized by a decrease in employment of labour in agriculture, in relation to other activities; the Commission has therefore emphasized the need for attention to be paid to raising productivity of land and of rural worker commensurate with the growth of industrialization.

The relatively recent but nonetheless rather intensive concern shown in Latin America for economic development and programme formulation has revealed that there is a serious

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shortage of economists with adequate professional training. The Commission, while recognizing that this is a long-range question which is chiefly the responsibility of the national and international educational authorities, nevertheless considered that some short-term solution should be attempted. It therefore initiated the annual training courses in economic development that have taken place over the last five years in collaboration with Technical Assistance Administration, with a view to training government officials and economists whose services can later be used in national agencies for economic development.

The Commission's work programmes centre fundamentally around the points just mentioned and therefore correspond to the basic principles and programmes on which the Economic and Social Council's activities are based; they are directed towards the adoption by Member Governments, individually or through international co-operation, of measures of economic and social policy which will lead to a permanent improvement in the standards of living of the under-developed countries.

3. Efforts by the Commission and the secretariat to achieve concentration and co-ordination

In the previous section a brief description was given of those aspects of the work on which the Commission's activity has been concentrated since it was created. From this it may be appreciated that the course followed has coincided in general terms with that suggested by the Economic and Social Council, particularly in relation to problems affecting the economically

under-developed countries. The Commission has always followed closely the resolutions adopted by the Council, and this is recorded specifically in its annual reports and in the work programmes approved by the Commission at its annual sessions.

Of particular importance for co-ordination purposes are the periodic meetings of the Executive Secretaries of the regional commissions with the Under-Secretary for Economic and Social Affairs. These meetings provide the secretariat with important opportunities for a better concentration of effort and an improved co-ordination of activities.

The Commission has maintained close contacts with the other regional commissions and when it has studied subjects which may be of interest to another Commission, not only has information been exchanged, but the subject has been dealt with in conjunction with such Commission, as in the case of trade between Latin America and Europe; this was the subject of a study by the secretariats of ECLA and the Economic Commission for Europe, in co-operation with the Food and Agriculture Organization of the United Nations.

Following the recommendations of the Economic and Social Council and of other United Nations organs for achieving closer integration and co-ordination, action is being taken as indicated below to improve effectiveness of co-operation between Headquarters and regional secretariats.

Research plans, especially regarding subjects which are both global and regional, will from time to time be reviewed by Headquarters with the regional offices, with a view to

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determining the respective parts to be played by various offices in the analysis of such subjects. Improvements have been planned regarding exchange of research memoranda for comments and utilization of information gathered in the course of field trips. It is believed that these arrangements will result in better use of available material and co-ordination of the direction of research at the various offices.

It should be noted that the Council's resolution 622 A (XXII), which provides for the establishment of statistical advisory services, will involve the stationing of senior statisticians from Headquarters at the ECAFE and ECLA secretariats. This will, it is believed, serve to strengthen co-operation and co-ordination in statistical work at Headquarters and in the regions concerned, as it has already done in the case of ECE, where a similar arrangement was introduced several years ago.

The establishment of the programme on industrialization and productivity has been followed by detailed consultations at the working level as a result of which a number of arrangements have been made for the co-operation of the regional secretariats in projects developed at Headquarters and vice-versa.

In accordance with article 8 of its terms of reference the Commission has not only sought to co-ordinate its activities with those of other organs of the United Nations, but has adopted the necessary measures to ensure such co-ordination with the competent organs of the inter-American system.

The Commission has been in constant touch with the

Inter-American Economic and Social Council, and delegates from this organ have attended all of ECLA's annual meetings.

Since its creation, the Commission has been constantly concerned to ensure co-ordination between the work of the secretariat and that of the Inter-American Council. In 1951 a co-ordination committee was set up, with representatives of both secretariats, which meets periodically to examine the work programmes laid down for them and to reach agreement on co-operation and co-ordination of their work.

4. Changes in the work programme and priorities at the Commission's seventh session

A. Criteria adopted by the Commission for the revision of its work programme and priorities in compliance with Council resolution 630 A.1 (XXII).

Before considering the revision of the projects in its work programme the Commission, on the advice of the Executive Secretary, [1] decided to adopt general criteria for programme review as the best method of implementing Council resolution 630 A.I (XXII).

The Commission after extensive debate adopted the following criteria:

(i) In general, projects should be of regional importance or at least of importance to a number of countries in the region. This does not, of course, preclude case studies in particular countries, which have often proved to be an essential preparation for regional studies, or advisory services, rendered by the regional secretariats to Governments on request, or certain

1/ See E/CN.12/441/Add.1

studies and activities of broader geographic scope (e.g. international trade);

(ii) There should be increased concentration on larger and continuing subjects of major or longer term importance, and on projects which promise practical results in the not too distant future;

(iii) In order to carry out more effectively the general work designed to facilitate the formulation of a development policy, the secretariat will undertake economic and related technological studies on the sectorial activities that are considered necessary for applying and implementing this policy.

B. Changes in the programme of work and priorities adopted at the Commission's seventh session

A detailed statement of the changes in the programme of work is given below.

(a) Projects entirely or substantially completed

The following studies or reports, numbered in accordance with the annotated list of projects in the last Annual Report (E/2883/Rev.1) have been entirely or substantially completed:

3. General problems of economic development and technique of programming - resolutions 48 (V) and 81 (VI).

(i) Analysis and projections of economic growth in individual countries - resolution 48 (V).

The country studies on Argentina, Bolivia, Brazil, Colombia and Mexico have been completed. Work is in progress on Haiti and Central America.

(iv) Study of organization and administrative procedures for the planning and execution of economic development programmes - resolution 81 (VI).

/The provisional

The provisional text of this study has been presented to the seventh session.

(vi) Study of demographic growth and manpower requirements in relation to economic development - resolution 83 (VI).

The provisional text of this study has been presented to the seventh session.

4. Economic integration and reciprocity in Central America - resolutions 24 (IV), 55 (V), 84 (VI) and 27 (CCE).

The fourth meeting of the Committee was held in February 1957. The fifth meeting is to be held in the first quarter of 1958.

(i) Industrial and agricultural studies - resolutions 2 (AC.17), 1 (CCE), 2 (CCE), 8 (CCE), 14 (CCE), 20 (CCE), 26 (CCE) and 28 (CCE).

The report on the Central American Economic Integration Programme (E/CN.12/422) has been published.

Standard bill on regional integration industries: draft agreement has been approved by the Committee for signature by Governments (annexed to resolution 38 (CCE), (See document E/CN.12/431.)

Preliminary survey of the textile industries in Central America completed.

Studies on location, type of plant and forestry aspects in pulp and paper industrial development have been substantially completed.

Report on marketing and trade in livestock and dairy products substantially advanced.

(iii) Draft manual on road signs and signals prepared and approved by Committee for adoption by Governments.

/Draft standard

Draft standard maritime and port legislation substantially completed.

Central American regional agreement on the temporary importation of motor vehicles signed by Governments concerned on 8 November 1956.

(iv) Central American Trade Sub-Committee - resolutions 9 (AC.17), 18 (AC.17), 19 (AC.17), 4 (CCE), 7 (CCE), 11 (CCE), 22 (CCE), 23 (CCE) and 24 (CCE).

Draft multilateral free trade agreement approved by Committee for signature by Governments.

Work on comparative tariff levels substantially completed for submission to Trade Sub-Committee.

Draft Central American customs code completed.

Report on adoption of standard weights and measures substantially advanced.

Survey of cotton production problems substantially completed.

(v) Statistical Co-ordination Sub-Committee - resolutions 20 (AC.17), 3 (CCE) and 21 (CCE).

Central American statistical digest completed and ready for publication.

Pilot study on road traffic statistics completed.

(vi) Financing of economic development - resolutions 10 (AC.17) and 22 (AC.17).

Report on taxation policy and economic development in Central America completed (E/CN.12/CCE.66).

(vii) Electric energy - resolutions 3 (AC.17) and 25 (CCE).

Report on electric power in Central America completed.

8. Preliminary survey of organization and structure of capital markets in Latin America - resolution 3 (IV).

/A study

A study on the capital market in Mexico is in progress and will be completed before the end of 1957.

14. Selective expansion of agricultural production and co-ordination of programmes between countries - resolutions 87 (VI) and 88 (VI).

This report has been published in a printed edition and presented to the seventh session.

26. Iron and steel making and transforming industries - resolutions 10 (IV), 57 (V) and 96 (VI).

(i) Study on iron and steel transforming industries in individual countries.

Studies prepared for the meeting of experts held in Sao Paulo in 1956 have been completed and will be available in the near future in a printed edition.

(ii) Meeting of experts on iron and steel making and steel transforming industries to be held in Sao Paulo, Brazil, in 1956.

The report of this meeting is presented in the printed document Problemas de la industria siderúrgica y de transformación de hierro y acero en América Latina (E/CN.12/425), United Nations publication, Sales No. 1957.II.G.6, Vol. I "Informe de la Junta de Sao Paulo".

29. Development of energy resources - resolutions 99 (VI) and 100 (VI).

(i) La Energía en América Latina (E/CN.12/384/Rev.1), United Nations publication, Sales No. 1957.II.G.2.

This printed report was presented to the seventh session.

37. Foreign Trade Committee - resolution 101 (VI).

The following studies have been completed and presented to the Trade Committee and to the seventh session:

Estudio del Comercio Inter-Latinoamericano (E/CN.12/369/Rev.1), United Nations publication, Sales No. 1956.II.G.3.

Inter-Latin American Trade: Current Problems (E/CN.12/423), United Nations publication, Sales No. 1957.II.G.5.

The first part includes the report of the first session of the ECLA Trade Committee.

(b) Projects eliminated 2/

4. Economic integration and reciprocity in Central America - resolutions 24 (IV), 55 (V), 84 (VI), 27 (CCE) and 37 (CCE);

(ii) Research and training institutes - resolutions 6 (AC.17), 23 (AC.17), 5 (CCE), 6 (CCE) and 31 (CCE) last paragraph.

The project on the Central American Advanced School of Industrial Engineering and Management, has been eliminated from the integration programme as exceeding its direct objectives.

9. Study of technical, economic and social factors affecting productivity in the Latin American economy - resolution 86 (VI).

It is recommended that this project be eliminated from the work programme since the work on factors affecting productivity is being carried out in other studies of the secretariat, especially in agriculture, industry, energy and on social factors of economic development.

11. Relation of migration to economic development - resolution 6 (IV)

It was originally intended to make an intensive study based on field research in a selected area in process of rapid economic growth, with particular reference to its capacity for the absorption of immigrants, especially from foreign countries.

2/ Projects as listed in programme of work approved at the Commission's Committee of the Whole, May 1956 (see E/2883/Rev.1).

/However, there

However, there does not seem to be any prospect of carrying out this project within the next few years. Moreover, this study might be undertaken by the Regional Centre for Demographic Research and Training, with the co-operation of the ECLA secretariat, as soon as the Centre is in full operation (see document E/CN.12/AC.34/7).

12. Influence of taxation on private capital experts - resolutions 3 (IV) and 52 (V).

The study of this subject is being continued, under the terms of the General Assembly resolution 825 (IX), by the Department of Economic and Social Affairs at U.N. Headquarters.

13. Cyclical fluctuations in Latin America (E/CN.12/190).

The secretariat considers that instead of a special study, the problem of cyclical fluctuations should be an integral part of the various studies on trade, inflation and other internal factors which influence the rate of economic growth.

20. Preliminary study for establishment of a programme of research in the Amazon area - resolution 93 (VI).

It is suggested that this study, because of its special nature, might be referred to UNESCO for implementation.

21. Agricultural credit - resolutions 14 (IV) and 65 (V).

FAO has a continuous programme of work in this field, and has consulted the secretariat concerning assistance which ECLA may give to this work.

22. Factors affecting agricultural production - resolution 61(V)

The objectives of this project are largely covered by projects 14 to 19 above.

/23. Investigation

23. Investigation of agricultural statistical systems and methodology in Latin America - resolution 64 (V).

The secretariat has no special facilities for this project and in view of the work being done by the Inter-American Statistical Institute (IASI) and FAO it is suggested that the project be deleted from the work programme.

24. Study of economic and technological problems of the bana[illegible] industry - resolutions 65 (V) and 94 (VI).

It has been agreed with FAO and IA-ECOSOC that special studies of this commodity should be made by the latter organization.

25. Study of production, industrialization and export marke[illegible] of hard fibres - resolution 68 (V).

FAO has already prepared a study of hard fibres and is continuing its interest in this subject.

29. (ii) Development of energy resources - resolutions 99 (VI) and 100 (VI).

The secretariat has continued to compile and analyse statistical data on energy. Most of this information appears in the Economic Survey of Latin America, 1955 (chapter VI).

32. Mining - resolution 57 (V)

Compilation of data on estimated reserves of non-ferrous ores and metals, and study of economic and technical problems related to mining. Estimated duration of the work: two years.

In view of the limited resources of the secretariat, this project has been eliminated, in view of the priority assigned to project to be undertaken in pursuance of resolution (VII).

/33. Collection and

33. Collection and classification of data available on non-agricultural resources in Latin America - resolution 60 (V).

The secretariat considers that the funds and staff required to carry out a detailed natural resource inventory are too great for it to undertake such a project. On the other hand, partial information on non-agricultural resources is being collected for use in the secretariat's studies of energy and water resources development.

34. Studies of possibilities of establishing processing industries utilizing domestically-produced raw materials - resolutions 46 (V) and 94 (VI).

It is suggested that a special study is not required since this subject is included in the studies of economic development in individual countries as well as in the general industries studies.

35. Food-processing industries - resolutions 10 (IV) and 94 (VI).

These industries are also included in the country studies and general industry studies; and therefore require no special treatment.

41. Collection and circulation of information on changes in customs duties and trade treaties of Latin American countries - resolution 103 (VI).

The secretariat will continue to collect information on customs duties and trade treaties for use in its analysis of inter-Latin American trade but there is no prospect that within its present staff resources it could collect and circulate full information on customs duties and trade treaties of the individual Latin American countries.

/(c) Changes in

(c) Changes in priorities:: projects assigned lower priority

In view of the work accomplished thus far on certain projects of high priority and bearing in mind that further work may be either incorporated in other high priority projects or require additional experience within the next few years, it was decided to place such projects in category three for the time being. Accordingly the following projects have been assigned lower priority:

3. (iv) Study of organization and administrative procedures for the planning and execution of economic development programmes - resolution 81 (VI).

(vi) Study of demographic growth and manpower requirements in relation to economic development - resolution 83 (VI).

7. Meeting of Experts on Problems of Economic Growth and the Technique of Programming - resolution 48 (V)

8. Preliminary survey of organization and structure of capital market in Latin America - resolution 86 (VI)

14. Selective expansion of agricultural production and co-ordination of programmes between countries - resolutions 87 (VI) and 88 (VI)

(d) New Projects

Study of Latin American timber production and consumption trends and prospects - resolution (VII) (2. Ad hoc project of high priority)

Measures for improving the conditions of uneconomic farms - resolution (VII) (3. Other projects - low priority)

Advice in the preparation and evaluation of projects - resolution (VII) (1. Continuing project of high priority)

This is a new aspect of project 3. Problemas generales del desarrollo económico y técnica de programación

Special meeting on the mining industry - resolution (VII) (2. Ad hoc project of high priority)

/Utilization of

Utilization of international rivers and lakes - resolution (VII) (3. Other projects - low priority)

In Section V. International trade new aspects of the Trade Committee projects have been added in implementation of the Committee's resolutions approved at the seventh session.

II. IMPLEMENTATION OF THE WORK PROGRAMME

As in the past, the Commission authorized the Executive Secretary, in dealing with the work projects, to convene, within available resources, such conferences, expert working parties, meetings or pannels of specialists as he might deem necessary, provided that prior approval from the governments concerned had been obtained and appropriate consultations with specialized agencies had taken place.

It was appreciated that while it is desirable to have as firm a programme as possible, unforeseeable factors may later make it necessary to alter or abandon certain projects or establish different priorities. For this reason, the Commission, as in the past, left it to the discretion of the Executive Secretary to modify or defer projects, or establish different priorities, should development not foreseen make this necessary in his opinion, provided such alterations would remain within the framework of the approved programme.

The Commission noted the statement of the Executive Secretary that the resources of the secretariat would remain during 1958 at approximately the level approved for 1957 by the General Assembly at its eleventh session and that the present

/work programme

work programme could be implemented within the staff resources available to it during the year. The Commission felt that having regard to the increase in budget appropriations approved by the General Assembly as well as the adjustments made in the work programme for achieving greater concentration of effort, the relation between the work programme and the secretariat staff resources was now more satisfactory.

III. EXPLANATORY NOTES

The programme of work is divided into five broad sections, namely:

Section I - Current economic situation,

Section II - Economic growth and technique of programming

Section III - Economic problems of agriculture (projects undertaken with the collaboration of FAO),

Section IV - Industry, mining and energy, and

Section V - International trade

The last project "Co-operation in the programme of TAA" covers various fields of activity and is therefore included separately from the broad sections (I to V) at the end of the programme.

It has not been found practicable or useful to attempt a determination of priorities as between these broad divisions.

Within each section (I, II, III, IV and V) projects are listed in accordance with Council resolution 402 B (XIII) in three groups as follows:

/Group 1.

Group 1. Continuing projects and activities of high priority

This group consists of projects and activities in which the responsibility of the Commission and its secretariat, pursuant to the Commission's terms of reference and resolutions, is of a continuing character. The studies and reports it contemplates are to be presented from time to time. Each study may differ from and supplement the others in scope (country coverage), substance (different aspects of major problems), and time (developments during a given period). No relative priorities are assigned to projects within this group, or as between group 1 and group 2.

Group 2. Ad hoc projects of high priority

This group consists of non-recurrent projects, for which an approximate duration can be estimated. It includes projects outside the broad scope of the continuing projects (group 1) as well as occasional topics within the scope of such continuing projects. Pursuant to the recommendations of the Council and its Co-ordination Committee, an estimate of the probable duration of virtually all projects in group 2 is indicated. No relative pribrities are assigned to projects within this group, or as between group 1 and group 2.

Group 3. Other projects

This group consists of projects which, in view of staff and budget limitations, will have to be deferred for the present and probably cannot be undertaken in 1957 or 1958.

The criteria used in proposing the distribution of projects

/in the

in the above three groups include, among other factors, an estimate of the basic i portance of each project concerned, as well as an estimate of the most effective way to utilize available resources.

ANNOTATED LIST OF PROJECTS

Projects are consecutively numbered with arabic numerals. For specific aspects of major projects roman numerals in parentheses /(i), (ii), (iii), etc./ are used. The notes on the projects are given to identify them, but the pertinent resolutions of the Commission or its subsidiary bodies are the official guide to their full and real scope.

The resolutions of the Economic Commission for Latin America are identified by an arabic numeral indicating the serial number, followed by a roman numeral, in parentheses, indicating the session at which they were adopted.

The resolutions of the Committee of the Whole are identified by an arabic numeral indicating the serial number, followed by the appropriate Committee symbol, in parentheses.

The resolutions of the Central American Economic Co-operation Committee are identified by an arabic numeral followed by the symbol "CCE" in parentheses.

The last project "Co-operation with the Technical Assistance Programme" covers various fields of activity and is therefore included separately from the broad sections (I to V) at the end of the programme.

SECTION I. CURRENT ECONOMIC SITUATION

(a) Continuing projects and activities of high priority.

1. Economic Survey of Latin America - resolutions 44 (V) and 79 (VI) - published annually.

2. Economic Bulletin for Latin America - resolutions 32 (IV) and 79 (VI) - published twice yearly.

/SECTION II.

SECTION II. ECONOMIC GROWTH AND TECHNIQUE OF PROGRAMMING

(a) Continuing projects and activities of high priority.

3. General problems of economic development and technique of programming - resolutions 48 (V), 81 (VI), ...(VII) (import substitution) and ... (VII) (preparation and evaluation of projects)

(i) Analysis and projections of economic growth in individual countries - resolution 48 (V).

The studies on Ecuador, Brazil and Colombia have been completed and published.

The technique described in An introduction to the technique of programming (E/CN.12/363) was applied in the last two. The study on Mexico, in which the technique of projections was used, and that on Bolivia, will be revised and published. At the request of and in collaboration with the Bolivian Government, the possibilities for the practical application of the latter study will be examined. The study on Argentina will be concluded in the near future.

A study has been initiated on the integrated development of the five Central American economies, in collaboration with working groups appointed by the corresponding Governments. At the request of the Governments of Panama and Haiti, the analyses of the economic growth of those countries will be initiated.

(ii) General studies on economic growth

According to resolution ..... (Import substitution), a special analysis will be made of the priorities to be assigned for import substitution. These analyses will be conducted in connexion with the problems of the external vulnerability of under-developed economies and of the balance between agricultural

/and industrial

and industrial development.

(iii) Analyses and projections of economic growth for the region as a whole, taking into account the possibilities of complementary development - resolution 81 (VI).

Work on this study may not start before other country studies and studies on regions within the area have been completed, since much of the material for a general regional study must be extracted from the analyses and projections of economic growth in individual countries or groups of countries. Moreover, this study will be closely connected with, and will serve as a basis for, the project on Latin American regional markets.

(iv) Study of monetary and fiscal policies for programming economic development - resolution 81 (VI).

Analysis of Government income and expenditure, taxation and other sources of revenue and the influence of the Government's fiscal, credit, trade and exchange policy upon consumption and investment in the different economic sectors.

A preliminary study on this subject was included in the Economic Survey of Latin America, 1955. Work will proceed on the preparation of a report on the basic elements of the fiscal and monetary policies required for economic development.

(v) Study of social factors affecting economic development - resolutions 82 (VI) and ... (VII) (Social aspects of economic development).

Resolution 82 (VI) and resolution ...,(VII) request the continuation of the work on the social aspects of economic development and also that the secretariat should provide Governments with assistance in the preparation of guiding

/principles or

principles or outlines for research in this field.

The work described in the resolutions in question is being actively carried out by the unit established within the secretariat to deal with the social aspects of economic development.

(vi) Guidance in the preparation and evaluation of projects - resolution . . . (VII) (Programming by sectors and areas and preparation, presentation and evaluation of projects).

According to resolution . . . (VII) the secretariat, with the co-operation of the Technical Assistance Administration whenever necessary, should collaborate with the Governments, at their request, in the preparation and economic evaluation of economic development projects.

4. Economic integration in Central America - resolutions 24 (IV), 55 (V), 84 (VI), 27 (CCE) and . . . (VII).

The activities of the Central American Economic Co-operation Committee and its subsidiary organs will continue to develop according to the resolutions adopted by that Committee and by the Commission. The secretariat is preparing some studies and is collaborating in others which the Committee has assigned to experts of the Expanded Programme of Technical Assistance (TAA, FAO, ILO, UNESCO), in response to requests made by the Central American Governments.

The fifth session of the Committee will be held during the first quarter of 1958. During 1957 and 1958, moreover, meetings of its subsidiary organs and ad hoc meetings of Central American authorities on specialized subjects will be held.

/(i) Central American

(i) Central American trade - resolutions 9 (AC.17), 18 (AC.17), 19 (AC.17), 4 (CCE), 7 (CCE), 11 (CCE), 22 (CCE), 23 (CCE), 24 (CCE) and 37 (CCE).

In resolution 37 (CCE), the Committee agreed that the Governments members of the Committee should sign a draft multilateral free trade and economic integration treaty. A period of six months was fixed in which member Governments may express their views on the provisional lists of commodities to be included. The secretariat has prepared the background material for a study on tariff levelling to be implemented by the Central American Trade Sub-Committee. A TAA expert is working with the Sub-Committee on the procedural aspects of the negotiations for tariff levelling.

The Sub-Committee is also considering a draft standard customs code prepared by a TAA expert. Another TAA expert is studying a plan for the adoption of standard weights and measures and the effective application of the metric system.

(ii) Industrial and agricultural studies - resolutions 2 (AC.17), 3 (AC.17), 1 (CCE), 2 (CCE), 8 (CCE), 14 (CCE), 20 (CCE), 25 (CCE), 26 (CCE), 27 (CCE), 28 (CCE), 38 (CCE), 39 (CCE), 40 (CCE), 41 (CCE), 48 (CCE) and 49 (CCE).

In accordance with resolution 38 (CCE), the Committee agreed that its member Governments should sign an agreement establishing an integration system for Central American industries and that the TAA and FAO experts requested by the Committee should continue to explore the possibilities of integrated industrial development in regard to the pulp and paper and forest industries, cotton and rayon textiles, animal and dairy products, fish products and electric energy. The

/secretariat is

secretariat is responsible for preparing, with the aid of the experts and the Central American Research Institute for Industry, basic material on other industrial possibilities, to be considered by the Central American Industrial Initiatives Commission, in which private enterprise will participate. A Working Group of the Central American Industrial Initiatives Commission will hold a special meeting to consider the integration problems of the textile industry on the basis of the report prepared by a TAA expert. FAO experts continue to work on the projects for the establishment of a pulp and paper factory at Olancho, Honduras.

A Central American meeting of electricity authorities will be held to consider a report prepared by a TAA expert concerning the development of electricity in Central America.

The secretariat, in conjunction with FAO experts, will continue to prepare studies on the problems of the integrated agricultural development of Central America, with particular emphasis on grain supplies, exchange of information on exportable balances, marketing of animal products, cotton production and fisheries development.

The secretariat collaborates with the Industrial Resources Division of the United Nations Department of Economic Affairs on a study of the criteria determining the optimum size of industrial units in Central America.

(iii) Transport - resolutions 4 (AC.17), 21 (AC.17), 18 (CCE), 19 (CCE), 42 (CCE), 43 (CCE), 44 (CCE), 45 (CCE) and 46 (CCE).

The secretariat will continue to collaborate with TAA

/experts in

experts in organizing meetings of Central American authorities on road traffic and of working groups to consider the following matters: maritime and port legislation, international transport services and regional road planning. The background documents will be prepared by the TAA experts requested by the Committee. An expert will also work with national traffic authorities on the implementation of the manual on standard road signs and signals approved by the Committee. The secretariat is bringing the study on Central American transport problems, prepared in 1953, up to date.

(iv) Statistics - resolutions 20 (AC.17), 3 (CCE), 21 (CCE) and 47 (CCE).

The Statistical Co-ordination Sub-Committee will hold its fourth session during the first quarter of 1958. In co-operation with the United Nations Statistical Office, the Inter-American Statistical Institute and FAO, preparatory work for this Sub-Committee continues to be carried out. In 1957 the Central American Statistical Glossary, approved by the Sub-Committee at its third session, will be published.

(v) Financing of economic development - resolutions 10 (AC.17), 22 (AC.17) and 50 (CCE).

As a result of the study on tax policy and economic development in Central America, carried out jointly by the secretariat and the Fiscal and Financial Branch of the United Nations Department of Economic Affairs (E/CN.12/CCE/66), the Committee requested that work should continue on tax and public finance problems in Central America, particularly in relation to economic development and the economic integration programme.

/(vi) Social problems

(vi) Social problems - resolution 27 (CCE) and 51 (CCE)

A TAA expert will work with the secretariat in the preparation of the study requested by the Committee on the demographic problems of Central America as connected with economic development and integration problems. A staff member of the Department of Economic Affairs, assigned to the Mexico Office, will begin the survey on the social aspects of economic development in Central America. In accordance with resolution 51 (CCE), the Committee will sponsor a seminar on housing problems in Central America and Panama. The secretariat will collaborate with the Department of Social Affairs, which is to be in charge of the substantive aspects together with the Organization of American States, in the preparation of this seminar which will be held late in 1957.

(vii) Research and training institutes - resolutions 6 (AC.17), 23 (AC.12), 5 (CCE), 6 (CCE), 31 (CCE), 52 (CCE) and 53 (CCE).

The secretariat will continue to maintain close liaison with the Advanced School of Public Administration and with the Central American Research Institute for Industry on all matters pertaining to the Central American Economic Integration Programme. Both organs have been established and financed by the Central American Governments, mainly with the collaboration of TAA and, in some cases, of the ILO and UNESCO.

5. Joint ECLA/TAA training programme for economists - resolutions 4 (IV), 48 (V) and 85 (VI).

This is a continuation of the training programme under which groups of selected Latin American economists work with ECLA economists on practical and theoretical problems of

/development and

development and programming. In resolution 85 (VI) the Commission calls for an expansion of this programme with the co-operation of member Governments. The regular course given at ECLA Headquarters began on 15 April 1956 and was attended by 14 fellowship-holders. An intensive course for Brazilian economists will be held from September to December 1956 at Rio de Janeiro. Another will be inaugurated in Caracas about the same period.

The Manual on Development Projects was finished and presented to the seventh session. It will be revised immediately for publication.

6. Study of transport problems - resolutions 38 (AC.16), 69 (V), and (VII).

Transport problems and the obstacles to economic development which they constitute are being dealt with in the Central American Integration Programme and in studies on the economic development of individual countries.

The Transport Section of the secretariat is mainly concerned with transport problems and requirements in relation both to economic development in individual countries and to inter-Latin American trade.

(b) Ad hoc projects of high priority

None.

7. Other projects

(i) Study of public administration in relation to economic development - resolutions 81 (VI) and (VII) (Programming by sectors and areas, etc.)

The study presented to the seventh session will be completed

/for publication.

for publication. Further research, in collaboration with the Public Administration Branch of the United Nations Technical Assistance Administration will be contingent upon the discussions held with that Branch in view of developments in Latin America.

8. Studies of demographic growth and manpower requirements in relation to economic development - resolution 83 (VI)

A long preliminary report has been presented to the seventh session. The secretariat intends to continue its research in this field in relation to other studies on economic development.

9. Meeting of experts on problems of economic growth and the technique of programming - resolution 48 (V)

At present the secretariat is co-operating with the International Economic Association regarding the organization of a meeting on economic development to be held at Rio de Janeiro in August 1957. It is anticipated that the meeting referred to in resolution 48 (V) will not be held until 1959.

10. Preliminary survey of organization and structure of capital markets in Latin America - resolution 3 (IV)

The United Nations Department of Economic Affairs is conducting a survey on the capital market in Mexico which will be completed at the end of 1957.

The project outlined in resolution 3 (IV) has been set aside as a separate study, with low priority, because the main aspects of the problem will be included in the analyses of fiscal and monetary policies.

11. Study of technical research and training in Latin America - resolutions 13 (IV) and 53 (V).

This project would require substantial financial resources

/and technical

and technical staff not available to the secretariat. It is suggested that at a future date this project might be carried out in collaboration with TAA and the specialized agencies.

SECTION III. ECONOMIC PROBLEMS OF AGRICULTURE

(Projects undertaken with the collaboration of FAO)

(a) Continuing projects and activities of high priority.

12. Agricultural development, programming in individual countries and technique of agricultural programming - resolutions 62 (V) and 89 (VI).

This project is being carried out in part through the studies of economic development in individual countries. The secretariats of ECLA and FAO have held consultations concerning the joint preparation of a manual on agricultural programming and it is expected that work on such a manual may be initiated in 1958.

13. Study of productivity of labour and of capital in agricultural production - resolution 87 (VI) (VII)

A general study was presented in the Economic Survey for 1956. This problem is also dealt with in the individual country studies and in the coffee study. Resolution (VII) provides for the continuation of this type of general study and also assistance to Governments, at their request, to enable them to carry out their own productivity surveys.

(b) Ad hoc projects of high priority

14. Study of productivity and costs of coffee production in relation to economic development - resolutions 63 (V), 90 (VI) and (VII).

The study on El Salvador has been completed and a report was presented to the seventh session. Field work in Colombia

/has been

has been completed and the analysis and drafting of the report is now in progress. Resolution .... (VII) provides for further studies of coffee production if the Governments so request. However, the resolution recommends that, if a sufficient number of countries wish to carry out studies of productivity and trends of production, a training centre be established in one of the countries for the purpose of training experts in the coffee producing countries in methodology so that these countries might themselves undertake their own coffee studies. Such a centre could be provided if requested by Governments through the FAO technical assistance programme.

15. Study of factors affecting development of livestock industry in Latin America - resolution 91 (VI)

Work on this project has recently been initiated. It is planned first to make a general survey of the existing information and problems of the livestock industry in a number of Latin American countries. On the basis of this general survey more detailed studies of the most urgent problems may then be undertaken.

16. Study of possibilities of increasing investment in agriculture - resolution 92 (VI)

Although this is one of the most important projects in connexion with the economic problems of agriculture, the secretariats of ECLA and FAO have not yet begun work on it owing to lack of resources. The work may be undertaken in 1958.

17. Study of Latin American timber production and consumption trends and prospects - resolution (VII)

This study calls for an overall survey of timber resources

/and the

and the economic possibilites of their development with particular reference to providing raw material for the wood working industries. 1/ It is expected to start working on this project in 1959 and to complete the work by the end of 1960.

(c) Other projects.

18. Selective expansion of agricultural production and co-ordination of programmes between countries - resolutions 87 (VI) and 88 (VI).

A report on this project was submitted to the seventh session. The secretariats of ECLA and FAO do not anticipate to do any further work on this project in 1957/58 although certain aspects may be dealt with in other studies.

19. Measures for improving the conditions of uneconomic farms - resolution (VII).

This resolution calls for guidance and assistance to Governments, at their request, in improving the economic conditions under which such farms operate.

SECTION IV. INDUSTRY, MINING AND ENERGY

(a) Continuing projects and activities of high priority

20. Iron and steel making and transforming industries - resolutions 10 (IV), 57 (V), 96 (VI) and (VII).

Under the terms of resolution ..... (VII), the studies proposed at the Latin American Meeting of Experts on the Iron and Steel Making and Transforming Industries, and listed in the resolution, will be carried out, so far as available resources permit and in collaboration with the Technical Assistance Administration.

1/ Similar studies have been carried out in Europe by ECE and FAO and another one is being carried out in Asia by ECAFE and FAO.

21. Study of chemical industries - resolutions 59 (V) and 97 (VI).

The secretariat expects to initiate work in this project late in 1957. Because of its importance for the regional market it is proposed to make a general survey of economic and market conditions for the development of the petro-chemical industries.

28. Joint FAO/TAA/ECLA Expert Advisory Group to assist countries in the development of the pulp and paper industries - resolutions 58 (V) and 98 (VI), ... (VII).

After completing its work in Argentina and Chile, the Advisory Group will extend its activities to Peru, Mexico and Cuba, and, in accordance with resolution ..... (VII), it will prepare standard budgets and evaluate the possibilities of purchasing and manufacturing machinery for pulp and paper mills.

22. Development of energy resources - resolutions 99 (VI), 100 (VI), ... (VII).

(i) Evaluation of hydro-electric resources in specific regions in order to determine potential and optimum utilization. In accordance with the relevant resolution, this work will be carried out in co-operation with the competent Government agencies and TAA.

(ii) Proposed field surveys, by teams of experts provided by TAA, on the efficacy of the production and utilization of the various forms of energy in the more important economic activities in selected countries.

(iii) According to resolution ..... (VII), the secretariat, in co-ordination with the United Nations Department of Economic and Social Affairs, will keep the Governments informed of all economic aspects of atomic energy which are of special interest

/for the

for the Latin American countries.

Work on this project, in co-operation with the Technical Assistance Administration and the World Meteorological Organization, has been started in Chile. It is envisaged that the work in Chile will be completed in the near future, after which the group of experts will go to Colombia to initiate a survey in that country.

(b) Ad hoc projects of high priority.

25. Special Meeting on the Mining Industry - resolution (VII)

In accordance with resolution .... (VII), the secretariat intends to make arrangements to sponsor, in conjunction with the Technical Assistance Administration, a special meeting on Latin America's mining industry to be held in 1959.

26. Meeting of experts on problems of energy development - resolution 99 (VI)

A meeting of a small group of experts may be held in 1959 provided that the work of the secretariat on this field is sufficiently advanced and the co-operation of other agencies is enlisted.

This meeting may also cover problems of electric power tariff rates in relation to economic development.

27. Delete.

(c) Other projects

New project: Utilization of international rivers and lakes.

The secretariat, in compliance with resolution ..... (VII), will approach the Governments which utilize rivers and lakes in international hydrographic basins so that their utilization

/may be

may be adequately planned by international technical commissions.

28. Textile industry - resolution 11 (IV)

The secretariat continues to follow up developments in this industry in connexion with its country studies and also for publication in the Economic Survey of Latin America.

SECTION V. INTERNATIONAL TRADE

(a) Continuing projects and activities of high priority

29. Inter-Latin American Trade - resolution 101 (IV)

In accordance with resolution 101 (VI), the Trade Committee was established to deal with the preparation of specific arrangements, consistent with the bilateral and multilateral commitments of member Governments, for the solution of inter-Latin American problems, without detriment to the expansion of trade with other areas. It will also be incumbent upon the Committee to prepare the background to facilitate trade negotiations.

At its first meeting, held at Santiago on 26 November 1956, the Trade Committee drew up the following working programme which was adopted by the Commission at its seventh session. Resolutions .....

(i) A gradual establishment of a multilateral payments system in Latin America followed - resolution 1(I) of the Trade Committee and ..... (VII).

The first meeting of the Central Bank experts, provided for by Trade Committee resolution 1 (I), was held at Montevideo in April 1957. The secretariat prepared technical material for this meeting. The group of Central Bank experts prepared technical recommendations for the collection and distribution of information of bilateral balances among the Central Banks having

/compensation agreements

compensation agreements; and suggested a standard payments agreement that could serve as a basis for renegotiation of bilateral agreements between the Latin American countries. It is expected that the second session of the Central Bank experts will be held in 1958.

(ii) Inventory of existing industries - resolution 2 (I) of the Trade Committee and ..... (VII)

The purpose of this study is to gather basic information for existing industries in relation to the possible creation of a regional market with special reference to those in which there is duplication of facilities, resulting idle capacity and lower productivity.

(iii) Possibility of creating a regional market - resolutions 2 (I) and 3 (I) of the Trade Committee and ..... (VII)

Under this project the secretariat is called upon to constitute a group of experts to study the possibilities of creating a regional market and, on the basis of such study, to make recommendations which are to be submitted to the Trade Committee. The secretariat has started the preparation of material for the first session of the Group of Experts which will be held in the second half of 1957.

(iv) Trade in traditional products - Trade Committee resolution 4 (I) and resolution .... (VII).

The secretariat is requested to continue its studies of trade in commodities between the Latin American countries, especially from the point of view of existing structural disequilibrium in the trade of such commodities between the Latin American countries. This is part of the regular work of the secretariat and will be published in the Economic Survey.

30. Trade between Latin America and the rest of the world - resolution 45 (V).

(i) Possibility of expanding production of Latin American export commodities - resolution 45 (V)

(ii) Study of future trends of demand for products exported by Latin America - resolution 102 (VI), ... (VII)

The scope of this project has been redefined to include the possible impact on Latin American trade of the proposed establishment of a European common market and free trade area.

(iii) Study of changes in composition of Latin American imports from industrialized countries - resolution 45 (V).

31. Studies of the terms of trade and their influence on the rate of economic development - resolution 46 (V)

This topic is periodically discussed in the annual Economic Survey of Latin America.

32. Study of multilateral trade and payments arrangements between Latin American and European countries - resolution 47 (V)

The secretariat will continue to follow developments concerning these arrangements. This information may be included in the Economic Survey of Latin America or in the papers of the Trade Committee.

33. Co-operation in the technical assistance programme - decision of the General Assembly at its tenth session, Committee of the Whole resolution 110 (AC.34).

Apart from co-operation with TAA on specific projects as indicated above, the secretariat is rendering assistance to the Latin America Office of TAA at various stages of the United Nations technical assistance programme.

Committee IV

TENTATIVE PROGRAMME OF WORK AND PRIORITIES

(Conference Room Paper No. 55)

CORRIGENDA

On pp. 11-12, paragraphs (i), (ii) and (iii) should read as follows:

(i) In general, projects should be of regional importance, or at least of importance to a number of countries in the region. This does not, of course, preclude case studies on particular countries, which have often proved to be an essential preparation for regional studies, or certain studies and activities of wider geographic scope (for example, on international trade), or advisory services rendered by the regional secretariats to Governments on request, provided that such services do not imply duplication of those rendered by the specialized agencies or the Technical Assistance Administration of the United Nations;

(ii) There should be increased concentration on broader and more continuing problems of major or longer-term importance, and on projects which promise practical results in the not too distant future;

(iii) In order to carry out more effectively the general work designed to facilitate the formulation of a development policy, the secretariat should undertake economic and related technological studies on the sectorial activities that are considered necessary for applying and implementing this policy.

Committee IV

PRELIMINARY STATEMENT BY THE EXECUTIVE SECRETARY ON FINANCIAL IMPLICATIONS OF THE COMMISSION'S WORK PROGRAMME

After a thorough examination of the work programme emerging from the decisions of the Commission at its seventh session, the Executive Secretary has come to the conclusion that he will be able to perform the additional work involved within the present resources of the secretariat, as increased by the General Assembly at its last session.

In coming to this conclusion the Executive Secretary considered not only additional work involved in new projects or new aspect of current projects, but also studies and reports entirely or substantially completed since the Commission's last session as well as the Commission's decision to delete a considerable number of projects and assign lower priority to a number of other projects.

However, the work programme for 1957-58 includes the following two new projects: (a) study of Latin American timber production and consumption trends and prospects and (b) special meeting on the Mining Industry, which are expected to be initiated in 1959 and completed in 1960. It cannot be expected that these two projects will be covered by the resources of the secretariat, if these resources continue in the years 1959/60 to maintain their present level, (a) because of the expected implications of project in the work programme, many of which will continue in the above period, and (b) because both projects require highly specialized expertise which is not available within the secretariat.

/Accordingly, the

Accordingly, the following estimates of cost above the present level of the annual ECLA appropriation are presented to the Commission before it approves the work programme in its entirety.

(1) Study of Latin American timber production and consumption trends and prospects (resolution ....(VII))

		Dollars
(i)	Two professional staff members - grades P.5 and P.4, for a period of 12 months each, including recruitment and common staff costs	24,500
(ii)	Two general service staff and one statistical clerk	8,000
(iii)	Official travel in the area of two professional staff members and other ECLA officers working on the study	6,000
(iv)	Consultants on special problems and unforeseen expenditures	4,000
(v)	Printing costs	3,000
		46,000 */

Of this total it is estimated that $ 21,000 will be spent in 1959 and $ 25,000 in 1960.

(2) Special Meeting on Mining Industry (resolution ....(VII))

		Dollars
(i)	Two consultants at P.5 level for 24 months	49,700
(ii)	Common staff costs	5,000
(iii)	Official travel and visits to mining centres in Latin America	5,000
(iv)	General service and statistical assistance for two years	10,000
(v)	Printing costs	4,500
		74,200

It is estimated that the amount of $ 34,850 will be spent in 1959 and $ 39,350 in 1960.

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*/ This amount is equivalent to approximately one half of the total cost; the other half will be borne by FAO.

Committee II

RAPPORTEUR'S REPORT

Committe II on Economic Development, Industry and Energy held five meetings from 20 to 25 May 1957 under the chairmanship of Mr. Ricardo Torres Gaitán, representative of Mexico. All or some of the meetings were attended by the Representatives of Argentina, Bolivia, Brazil, Cuba, Chile, Costa Rica, Dominican Republic, Ecuador, France, Guatemala, Honduras, Mexico, Nicaragua, Netherlands, Panama, Paraguay, Peru, United Kingdom, United States of America, Uruguay and Venezuela, as well as by observers from the United Nations Food and Agriculture Organization and the International Monetary Fund and from the following countries and organizations: Bulgaria, Czechoslovakia, the Federal Republic of Germany, Italy, Japan, Romania, Union of Soviet Socialist Republics, Inter-American Economic and Social Council, the General Agreement on Tariffs and Trade, the Inter-Governmental Committee for European Migration, World Jewis Congress, International Confederation of Free Trade Unions, International Federation of Women Lawyers and World League of Young Men's Christian Associations.

The discussions held in Committe II were centred around the following subjects:

1. Economic development problems and policies

(a) External vulnerability of the Latin American countries and remedial measures.

(b) Disequilibrium between agricultural and industrial development and its implications for Government policy

/(c) Problems arising

(c) Problems arising from the growth of the labour force in relation to changes in the economic structure

(d) Foreign capital and the transmission of technology

(e) The technique of analysis and projections in the programming of economic development

2. Economic development and integration of Central America

3. Social aspects of economic development

4. Technical assistance for economic development

5. Industry, energy and mining problems

(a) The industrial sector

(b) Energy

(c) Trends and prospects in the exploitation of mineral resources.

1. Economic development problems and policy

(a) External vulnerability of the Latin American countries and remedial measures

The Committee considered with interest the comments made by some delegations on the measures adopted in their countries to modify the economic structure and thus eliminate their vulnerability to external influences while achieving the balanced development of all economic sectors.

Great interest was shown in the possibility that the secretariat should study, on a regional basis, the effect of short-term factors on long-term programming, since vulnerability takes different forms in the various countries and the reactions registered are not always the same. Recognition was also accorded

/to the need

to the need for great flexibility in long-term programmes, as short-term fluctuations were always liable to hinder the attainment of the targets proposed. In this connexion, the importance of the administration factor in short-term programming was emphasized, since flexibility in the structure of administration enabled economic programmes to be brought into line with economic changes as these took place.

The Committee also agreed to stress the importance of domestic, fiscal and monetary policies for the solution of the economic problems of the Latin American countries. A draft resolution was unanimously approved which recommended to the secretariat that it study the measures of economic policy best calculated to reduce the external vulnerability of the Latin American countries.

(b) Disequilibrium between agricultural and industrial development and its implications for Government policy

The delegations agreed that the development of these two sectors of the economy was not incompatible and should be programmed in conjunction. In the course of the discussion, it was pointed out that, if agriculture was lagging behind industry, this was due to the lack of capital formation in the agricultural sector and of a policy designed to encourage it. Nevertheless, it was recognized that the importance of agriculture in comparison with industry ought not to be judged solely on the basis of costs and prices, but in relation to the structure of each sector's market, which might result in a transfer of income from agriculture to industry.

(c) Problems arising

(c) Problems arising from the growth of the labour force in relation to changes in the economic structure

The importance of this topic gave rise to lengthy discussion within the Committee, which unanimously agreed that the fact that the rate of growth of the population in Latin America was more rapid than anywhere else in the world, raised not only demographic problems but others connected with the relative availability of factors of production, which influenced possible economic development policies. It was recognized that in young countries, like those of Latin America, the age pyramid of the population was of a triangular type, with a high proportion of children under fifteen and not of working age. Attention was also called to the disparity between the rates of growth of the urban and rural populations and to the problems involved in the establishment of urban centres which have to be provided with housing facilities, sanitary installations, etc.

One of the characteristics of under-developed countries was a production pattern in which a high percentage of the labour force was employed in primary activities. Moreover, Latin America displayed a peculiar feature; services accounted for a r relatively high proportion of the labour force, a fact which reflected certain weaknesses in the structure of the economy.

The statements of all the delegations were concentrated on two basic problems, namely, disemployment and training. They agreed that the most careful attention should be devoted to disguised unemployment in the agricultural sector. As regards

/training, the

training, the conclusion was unhesitatingly reached that current educational methods could not satisfy the exigencies of economic development and that their rate of improvement had been very slow. The Committee felt that it was necessary to explore educational methods which would enable the labour force to receive both quantitative and qualitative training. Several delegations described the work which was being carried out in their respective countries in connexion with the training of the labour force.

(d) Foreign capital and transmission of technology

The secretariat presented a short paper as a basis for discussion of this topic (Conference Room Paper No.6). This stressed, on the one hand, the role of foreign capital as a complement to domestic saving in the investment required for development, and, on the other hand, an aspect not previously dealt with in the secretariat studies, i.e., that of the transmission of foreign technology, which frequently accompanied direct private investment. A distinction was drawn between cases in which technology was brought into the recipient country as an element inherent in the investment of foreign capital, together with technical and research services and training programmes, and those where access to technology could be obtained without giving up financial control of the local enterprise. This was achieved by means of patent rights, and by contracting managers and consultants. Attention was drawn to the various advantages of such contracts, which were becoming increasingly common.

/In the

In the course of the discussion, the delegation referred to those and other supplementary aspects of the problem of assimilation, not mere adoption, of foreign technology in countries where the structure of the factors of production is not the same as in the more highly developed countries. Modern technological progress stressed those means of reducing costs - among them automation and operational research - which were not applicable in the under-developed countries where labour was relatively plentiful.

Another suggestion made was that a distinction should be drawn between technology proper and the techniques of management and organization, which were so defective in Latin America as to require stronger action on the part of entrepreneurs and the State. It was also pointed out that, in many cases, the Latin American countries were confronted by monopolies in patents, and other aspects of a closed technology, and that sometimes when patents were freely obtainable they were for obsolescent processes. The need seemed obvious for the countries of Latin America to co-operate with one another in improving technology and establishing regional institutes in that field.

A further element to be considered, to which recognition was already being accorded in some countries, was that productivity ought not to be visualized merely from the point of view of the operation of the enterprise, as was customary, but from the national standpoint, in the sense that projects should be

/evaluated in

evaluated in terms of the more efficient utilization of natural resources.

Lastly, it was pointed out that the transmission of technology had a world-wide character. In the industrially-developed countries themselves, investment was placed by other countries at a similar stage of development, and was accompanied by important technological advances. There were also specific programmes for technological exchanges between such countries which did not involve movements of capital. One delegation stressed that technological progress on the part of private enterprises constituted an integral complex which might be more useful than the provision of individual experts by the Governments.

(e) The technique of analysis and projections in the programming of economic development

The Secretariat presented a document analysing the need for a well-conceived and wisely-directed economic policy, adapted to the conditions of each country, if a satisfactory rate of development was to be obtained. There were various ways of visualizing a policy of that type. One of them would consist in the co-ordinated creation of over-all conditions favourable to development, and would represent a step forward in comparison to the lack of guiding principles or system prevalent in the Latin American countries. However, more rational utilization of available resources might better be achieved through an economic policy based on a development programme. The document went on to outline the methodology

/for the

for the preparation of projections developed by ECLA and presented both in earlier documents, such as the Introduction to the Technique of Programming (E/CN.12/363) and the studies on the economic development of Brazil (E/CN.12/364) and Colombia (E/CN.12/365), and in the paper presented to the current session on External disequilibrium in Latin America's economic development: the case of Mexico (E/CN.12/428 and Add.1). The conclusion was reached that the technique of projections was a useful instrument not only when economic policy was based on a programme but also to provide guidance for other types of development policy and for public and private investment. Finally, the preliminary versions of the Manual on Economic Development projects (E/CN.12/446, Add.1), prepared by the Secretariat and the Technical Assistance Administration, and of the study entitled Public Administration in the policy of development (Conference Room Paper N° 3) were submitted for consideration by the Committee.

With respect to development policy and the utilization of the method of projections for this purpose, the Committee engaged in a comprenhensive technical discussion, in the course of which some representatives stressed the usefulness of applying the input-output matrix to obtain a better grasp of the inter-relationships of the economic system. Attention was also called to the desirability of spreading the idea of programming among the general public, as widespread support was an indispensable requisite for the success of programmes.

/Several representatives

Several representatives analysed what had been done in their respective countries in the field of programming.

During the discussions a detailed statement was made on the importance of a satisfactory methodology for the preparation and evaluation of projects, and several delegations expressed the opinion that it was important for the Manual presented to be made as widely known as possible, once it had been revised and published.

The Committee also accorded a favourable reception to the study on public administration, and the importance of satisfactory administration for the formulation and execution of a development policy was once again reaffirmed, as was also the desirability of continuing the studies and analyses on the topic in question.

2. Economic development and integration of Central America

The delegations noted the report of the Central American Economic Co-operation Committe on its activities during 1956 (E/CN.12/431). In February 1957 the Committe held its fourth regular session, and, inter alia, resolutions were adopted recommending to the member Governments that they should sign the proposed Multilateral Treaty on Free Trade and Economic Integration and agreement on a system of Central American integration industries, drafted by the Committee. Note was also taken of the Secretariat's report on its studies and activities and of the work carried out by the experts attached to the Expanded Programme of Technical Assistance (TAA, FAO,

/ILO, and

ILO, and UNESCO) at the request of Central American Governments desirous of executing specific projects forming part of the integration programme. The latter had progressed considerably, and it was pointed out that in many of its aspects the stage of programming and background studies was being left behind, and the recommendations of the Economic Co-operation Committee were being applied at governmental level and specific projects put into effect.

The progress achieved in the project for a pulp and paper mill in Central America to be established in Honduras, was considered especially worthy of mention, as were also the advances made in the study of problems relating to cotton and the textile industry, in that of electric energy, in the facilitation of road transport among the Central American countries, in statistical co-ordination, in a standard tariff nomenclature and in the study of tariff levelling. It was noted with equal satisfaction that the Central American Research Institute for Industry and the Advanced School of Public Administration for Central America, established in Guatemala and Costa Rica, respectively, with the co-operation of the United Nations, were continuing to develop their activities. Lastly, the importance attaching to the study recently undertaken on the agricultural aspect of Central American integration was recognized.

/In considering

In considering the programme as a whole, the Committee deemed it advisable to recommend to the Governments of other Latin American countries that they study the procedures and mechanisms adopted by the Central American Economic Co-operation Committee, in view of their importance for other projects relating to commercial and industrial integration or complementarity. This was recorded in the draft resoltuion approved, which also took note of what had been achieved and congratulated the Committee on the progressive success of its work.

/3. Social aspects

3. Social aspects of economic development

The studies which the secretariat had been carrying out in the sector in question, and which had been presented to the Committee, were related to the social aspects of economic development, the extension of knowledge in the socio-economic field and social welfare. The Committee approved a draft resolution - the delegations of the United Kingdom and the Unites States abstaining from voting - which was proposed by the delegations of Bolivia, Chile and Costa Rica, and recommended that such activities should be continued, that they should be related as closely as possible to economic development, and, in particular, that the Division of Social Affairs should advise Governments which so request it in the preparation of guiding principles or plans for research in the social field. The aim was for institutions to profit by the secretariat's over-all picture of the economy of most of the countries in the region.

4. Technical assistance for economic development

The Committee discussed at length the problem of the advantages and disadvantages of the decentralization of technical assistance. Some delegations remarked that decentralization, at present being tried out as an experiment, was already showing a positive balance of benefits for the countries receiving technical assistance. They asserted that even if the possible administrative disadvantages of the new system were taken into account, it should be recognized that the advantages were of an essentially substantive nature. In

/fact, the

fact, the existence of offices of the technical assistance administration in Santiago and Mexico had been a fortunate expedient whereby the data collected by the ECLA secretariat on the economies of the region could be turned to account for the purposes of technical assistance. Other delegations declared that although their countries' individual experience was not so far conclusive, they supported the continuance of the decentralization system in view of the benefits acknowledged by the other countries of the region.

Lastly, the delegations of the United Kingdom and the United States explained that they were not in possession of data whereon to base an opinion as to the merits of the new system, and that they were awaiting the evaluation to be presented by the Secretary-General at the next session of the General Assembly of the United Nations.

After thorough discussion, the Committee approved - the delegations of the United Kingdom and the United States abstaining from voting - a draft resolution stating its interest in the continuance of the experiment in decentralizing technical assistance in Latin America, and requesting the Secretary-General to take into account, in evaluating the experimental decentralization of the Technical Assistance Administration services, the views of the Latin American Governments receiving such assistance. Still in the field of technical assistance, the Committee unanimously approved a draft resolution recommending to the secretariat that it collaborate with TAA in preparing and keeping up to date a

/register of

register of Latin American experts in the various fields of economic activity, as well as of the region's institutes of technological research, whose technical assistance might be of use to the member Governments.

At the request of the delegation of the United States, the secretariat made a full statement on its relations with the Technical Assistance Administration. It stressed the fact that the secretariat collaborated with the TAA offices in Santiago and Mexico in the preparation of their programmes, in the evaluation of the findings of the studies carried out, in the selection of experts and in the guidance of these latter, but that it did not itself directly provide any technical assistance to Governments.

5. Industry, energy and mining problems and policy

The Committee noted the report of the Latin American Meeting of Experts on the Iron and Steel Making and Transforming Industries (E/CN.12/425), the Report of the Pulp and Paper Advisory Group in Latin America (E/CN.12/424) and the informative note on United Nations activities in connexion with nuclear energy (E/CN.12/447).

The problems confronting the iron and steel industry at Latin America's present stage of development were the subject of full discussion. Some delegations called attention to the magnitude of the financial resources which would be required for the expansion of iron and steel making in Latin America during the next decade, and to the need for studying new technological processes which might serve to reduce the

/volume of

volume of such resources. With the abstention of the delegations of the United Kingdom and the United States, the Committee approved a draft resolution recommending to the secretariat that, with the co-operation of TAA and providing that its resources so permitted it should continue the studies in this field, and, with the co-operation of the Governments, of TAA and of specialized agencies, should convene, when the progress of the studies so justified, a meeting of experts to consider the studies carried out and suggest such modifications of the work programmes as they might deem desirable.

The Committee noted the studies carried out to date by the Pulp and Paper Advisory Group organized by ECLA, FAO, and TAA. After completing its work in Argentina and Chile, the Group will still have to advise the Governments of Colombia, Mexico and Peru this year. A draft resolution, which was adopted unanimously, recommended that the work of the Advisory Group should be continued in the countries that so requested it and also that the secretariat should take steps to ensure that the Group organized standard budgets for investment in paper and pulp mills with a daily capacity of 50, 100 and 150 tons and that it should evaluate the possibilities of manufacturing such machinery in the countries of the region.

The economic aspects and prospects of nuclear energy for the underdeveloped economies were fully discussed in the Committee. The United Kingdom and French delegations made statements regarding the progress achieved in their respective countries in this field and the opportunities which their

national specialized agencies were providing for the training of the specialized personnel required by the Latin American countries. The Committee unanimously approved a draft resolution recommending the secretariat to inform member Governments of the economic aspects of this problem of special importance to them. Also in the field of energy, the Committee approved unanimously a draft resolution recommending that the secretariat should keep in touch with the Governments of the Latin American countries with a view to ensuring that the utilization of rivers and lakes was effected on the basis of adequate planning by international technical commissions.

Lastly, the Committee unanimously approved a draft resolution submitted by the Bolivian delegation, requesting the secretariat, in co-operation with TAA, to sponsor a special meeting on the mining industry in Latin America for the purpose of studying, examining and recommending suitable measures for the improvement of this industry.

In conclusion, Mr. Chairman, I wish to reiterate my deep and sincere gratitude to the representatives who honoured me by appointing me Rapporteur of this Committee, an honour which I interpret as a tribute to my country.

In carrying out the difficult duties assigned to me, I have endeavoured to interpret and reflect faithfully and objectively, in this report, the spirit of the discussions and of the interventions of representatives, in order to fullfil the trust placed in me. I cannot finish without adding that any recognition which this report may deserve

/is mainly

is mainly due to the efficiency and eminently constructive spirit shown by the representatives and to the effective co-operation of the secretariat.

Committee IV

POSSIBILITY OF THE ADMISSION OF SPAIN TO MEMBERSHIP IN THE ECONOMIC COMMISSION FOR LATIN AMERICA

Draft resolution submitted by the delegations of Bolivia, Chile, Costa Rica, El Salvador, Honduras, Panama, Paraguay, Peru and Venezuela

Wheras:

1. Spain has expressed its interest in being admitted to membership in ECLA;

2. That it has been unable to apply for membership in aforesaid organization since it was not a Member of the United Nations at the time of the latter's establishment;

3. That the Economic and Social Council is empowered to designate the Governments which may belong to ECLA:

4. That Spain has historical ties and economic relations with the Latin American countries of sufficient importance and variety to justify its admission to membership in ECLA,

Recommends to the Economic and Social Council of the United Nations that it consider the possibility of amending the . . Commission's terms of reference in order to include Spain among the countries members of the Commission.

Committee IV

BUILDING FOR THE UNITED NATIONS IN CHILE

Draft resolution approved by the Working Group

The Economic Commission for Latin America,

Takes note with satisfaction of the promulgation by the Government of Chile of Act No. 12,437, dated 5 February 1957, under the terms of which the President of the Republic of Chile is empowered to transfer free of charge to the United Nations part of the property situated in the area known as Vitacura Park, adjacent to the city of Santiago;

Takes note, likewise, that the provision of adequate premises in Vitacura Park will enable ECLA to carry out more economically the important tasks incumbent upon it,

Decides:

1. To place on record the gratitude of the member countries for the valuable contribution offered by the Government of Chile to the work of the Economic Commission for Latin America;

2. To appoint a Committee composed of representatives of the Governments of .....,
which, through the Executive Secretary of ECLA, may present to the Secretary-General of the United Nations such recommendations as it may deem advisable with respect to the best procedure for erecting a building on the site offered by the Government of Chile; and, likewise, may invite the Secretary-General to submit to the General Assembly, after consultation with the Governments members of the Commission, such proposals as he may deem appropriate for the fulfilment of this purpose.

Committee IV

PROGRAMME OF WORK AND PRIORITIES FOR 1957-58, CO-ORDINATION WITH THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL AND MISCELLANEOUS MATTERS

Rapporteur's report

Committee IV met on 22, 27 and 28 May, under the chairmanship of Mr. Isidoro Martínez, of the delegation of Argentina. Mr. Porfirio Morera Botre, of the delegation of Costa Rica, was elected Rapporteur.

Before considering the programme of work for 1957-58, the Committee reviewed the current programme with a view to ensuring greater co-ordination and concentration, in conformity with Economic and Social Council resolution 630 A1(XXII). In this connexion the Committee based its discussion on the background document Note by the secretariat on revision and concentration of the work programme (E/CN.12/441 and Add. 1 and 2) and on a Note by the United States delegation as to suggested criteria to be applied to the programme of work and priorities (Conference Room Paper No. 19). It also bore in mind the note by the secretariat on the United Nations programme concerning industrialization and productivity.(E/CN.12/450).

The Committee appointed a Working Group composed of members of the delegations of Argentina, Bolivia, Brazil, Chile, Ecuador, France, Mexico, the United Kingdom, the United States and Uruguay to review the current programme of work, together with a draft resolution on programming by sectors and areas and the preparation, presentation and evaluation of projects, submitted by the delegations of Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico and Uruguay.

/After full

After full discussions by the Working Group and the Committee itself, the latter approved the aforesaid draft resolution, with slight amendments.

The Committee next approved the following criteria for the programme of work and priorities for 1957-58:

1. As a rule, projects should be of regional importance, or at least of importance for a number of countries in the region. This did not, of course, preclude case studies on particular countries, which had often proved to be an essential preparation for regional studies, or certain studies and activities of wider geographic scope (e.g., on international trade), or advisory services rendered by the regional secretariats to Governments on request, on condition that such services did not imply duplication of those rendered by the specialized agencies or the Technical Assistance Administration of the United Nations;

2. There should be increased concentration on broader and continuing problems of major or longer-term importance, and on projects which promised practical results in the not too distant future;

3. In order to carry out more effectively the general work designed to facilitate the formulation of a development policy, the secretariat might undertake economic and related technological studies on the sectorial activities that were considered necessary for applying and implementing this policy.

/The Executive

The Executive Secretary explained that, in the opinion of the secretariat, the technological studies which the latter was empowered to carry out should not be undertaken for their own sake, but only when they were essential for the more efficient analysis of the economic problems which it was the secretariat's function to study. Such studies were therefore not an end in themselves but a supplementary means of securing the elucidation and solution of certain economic development problems.

The Committee then took note, in the first place, of those projects included in the programme of work for 1956-57 which had been entirely or substantially completed, subsequently approved the deletion from the aforesaid programme of projects Nos. 4, 9, 11, 12, 13, 20, 21, 22, 23, 24, 25, 29, 32, 33, 34, 35 and 41. It also decided to assign a lower priority to projects 3(iv), 3(vi), 7, 8. and 14.

When the other Committees had finished their work, the secretariat presented a Tentative programme of work and priorities for 1957-58 (Conference Room Paper No.55), which was unanimously approved by the Committee.

With respect to co-ordination between the secretariats of ECLA and of IA-ECOSOC, the Committee took note of document E/CN.12/440, which gave an account of the co-operation between the two organizations and the progress of their respective work. The Chairman of IA-ECOSOC and the Director of the Division of Economic Research of the Organization of American

/States, who

States, who attended the meetings of the Committee, confirmed the evaluation contained in the above-mentioned document. The Committee expressed its satisfaction at the degree of co-ordination attained by the two secretariats, and decided to congratulate them.

The Committee considered and approved a draft resolution prepared by the Working Group on a building for the United Nations in Chile, and placed on record the gratitude of the member countries to the Government of Chile for so valuable a contribution to the work of the Commission. It was proposed that the Committee of representatives of Governments envisaged in the resolution should include Argentina, Brazil, Chile, Ecuador, Mexico, Uruguay and Venezuela.

The delegations of Bolivia, Chile, Costa Rica, El Salvador, Honduras, Panama, Paraguay, Peru and Venezuela submitted a draft resolution on the possibility of the admission of Spain to membership in the Economic Commission for Latin America (Conference Room Paper No.58). When this draft resolution was presented, the delegations of Cuba and the Dominican Republic requested that their names be added to the list of sponsors. The delegation of Nicaragua, which was not present, transmitted a letter to the secretariat requesting that its support of the resolution be placed on record.

The delegations of Mexico and Uruguay objected to the consideration of the draft resolution, on the basis of rules

7, 8 and 10 of the Commission's rules of procedure.

After prolonged discussion, the Chairman put to the vote the question whether the Commission wished the draft resolution to be considered despite the opposition of Mexico and Uruguay. The delegations of Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, Uruguay and Venezuela voted in favour of considering the draft resolution. The delegations of Argentina and Uruguay explained that their affirmative votes did not mean that they would necessarily vote in favour of the resolution if the Committee decided to include it on the agenda. The delegation of Mexico voted against its being considered, and the delegations of France, Guatemala, Netherlands, the United Kingdom and the United States abstained. Consequently, the majority required under rule 10 of the rules of procedure for the retention of the item on the agenda was not obtained.

It was placed on record that, if the sponsoring countries wished the item of the admission of Spain to membership in ECLA to be discussed at the next Committee of the Whole, they could in due course present it for inclusion on the agenda.

UNITED NATIONS
Economic Commission for Latin America
Seventh Session

~~AGENDA~~ ORDER OF THE DAY

Wednesday, 15 May

11.30 a.m.

Greetings of ~~D~~delegations of Member Governments, ~~O~~observers, and senior officers of the United Nations to His Excellency the President of the Republic, Dr. Hernán Siles Zuazo

5 p.m.

(Auditorium of the Universidad Mayor de San Andrés, meeting place of the Conference)

1. Inaugural address by His Excellency the President of the Republic, Dr. Hernán Siles Zuazo.

2. Address by the Representative of the Secretary-General of the United Nations, Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs.

3. Reply on behalf of Delegations.

Note: The Secretariat has the honour to invite the Heads of Delegations of Governments members of the Commission to an unofficial meeting to be held in conference room No. 3 (7th floor) immediately after the close of the inaugural meeting.

UNITED NATIONS
Economic Commission for Latin America

ORDAY/2
15 May 1957

ORDER OF THE DAY

Thursday, 16 May 1957

9.30 a.m.

Main Hall

1. Election of Chairman, two Vice-Chairmen and Rapporteur
2. Statement by the Chairman
3. Adoption of the agenda
4. Statement by the Executive Secretary
5. Establishment of Committees

3 p.m.

Main Hall

General debate and consideration of the economic situation

Background documents:

Economic Survey of Latin America 1956 (E/CN.12/427 and E/CN.12/427/Add.1)
Economic Bulletin for Latin America

Vol. I, N° 2, articles entitled "Review of the economic situation in Latin America during the early months of 1956", "Recent trends in United States imports of Latin American products" and "Exports and prices of some products"

Vol. II, N° 1, articles entitled "Preliminary view of the Economic Situation in Latin America during 1956" and "Recent developments and prospects in trade between Latin America and Japan".

ORDAY/3
16 May 1957

UNITED NATIONS
Economic Commission for Latin America

ORDER OF THE DAY

Friday, 17 May 1957

9.30 a.m.

(Main Hall)

General debate (continued)

3 p.m.

(Main Hall)

General debate (continued)

ORDAY/4
17 may 1957

UNITED NATIONS
Economic Commission for Latin America

ORDER OF THE DAY

Saturday, 18 May 1957

9.30 a.m.

Main Hall

Conclusion of the general debate.

List of speakers:

Bolivia
Chile
Argentina
United States of America
Paraguay
Panama

Observers:

Italy
Spain

UNITED NATIONS
Economic Commission for Latin America

ORDAY/5
18 May 1957

ORDER OF THE DAY
Monday, 20 May 1957

9.30 a.m.

Committee I (Trade)

Main Hall

1. Election of Rapporteur

2. Report of the first session of the Trade Committee to the seventh session of the Commission

3. Inter-Latin American trade (agenda item 11 (a))

   (a) Inter-Latin American market
   (b) Payments
      (i) Report of the first session of the Central Banks Working Group on a multilateral payments system
      (ii) Implementation of agreements
      (iii) General payments system

4. Repercussions of the proposed European common market on Latin American trade (agenda item 11 (b))

3 p.m.

Committee II (Economic Development, Industry and Energy)

Main Hall

1. Election of Rapporteur

2. External vulnerability of the Latin American countries and remedial measures (agenda item 5 (a))

3. Disequilibrium between agricultural and industrial development and its implications for Government policy (agenda item 5 (b))

4. Problems arising from the growth of the labour force in relation to changes in the economic structure (agenda item 5 (c))

5. Foreign capital and the transmission of technology (agenda item 5 (d))

/6. The

6. The technique of analysis and projections in the programming of economic development (agenda item 5 (b))

Committee III (Agriculture)

Conference Room 1

1. Election of Rapporteur

2. The current agricultural situation (agenda item 10 (a))

3. Export prospects for agricultural and livestock commodities (agenda item 10 (c))

4. Trends in timber production (agenda item 10 (d))

UNITED NATIONS
Economic Commission for Latin America

ORDAY/6
20 May 1957

ORDER OF THE DAY
Tuesday, 21 May 1957

9.30 a.m.

Committee I (Trade)

Main Hall

1. Inter-Latin American trade (agenda item 11 (a))

   (b) Payments
   (i) Report of the first session of the Central Banks Working Group on a multilateral payments system
   (ii) Implementation of agreements
   (iii) General payments system

2. Repercussions of the proposed European common market on Latin American trade (agenda item 11 (b))

3 p.m.

Committee II (Economic Development, Industry and Energy)

Main Hall

1. Disequilibrium between agricultural and industrial development and its implications for Government policy (agenda item 5 (b))

2. Problems arising from the growth of the labour force in relation to changes in the economic structure (agenda item 5 (c))

3. Foreign capital and the transmission of technology (agenda item 5 (d))

4. The technique of analysis and proyections in the programming of economic development (agenda 6 (c))

/Committee III

Committee III (Agriculture)

Conference Room 1

1. The current agricultural situation (agenda item 16 (a))

2. Export prospects for agricultural and livestock commodities (agenda item 10 (c))

3. Trends in timber production (agenda item 10 (d))

3.30 p.m.

Committee I: Working Group on the inter-Latin-American market

Conference Room 3

Members: Argentina
Brazil
Chile
Mexico
United States of America

UNITED NATIONS
Economic Commission for Latin America

ORDA1/7
21 May 1957

ORDER OF THE DAY
Wednesday, 22 May 1957

9.30 a.m.

Committee I (Trade)

Main Hall

Repercussions of the proposed European common market on Latin American trade (agenda item 11 (b))

Committe III (Agriculture)

Conference Room 1

1. General discussion on the current agricultural situation (continued)

2. Export prospects for agricultural and livestock commodities

3. Agricultural productivity

4. Productivity of the coffee industry

3 p.m.

Committee IV (Work Programme, Co-ordination with IA-ECOSOC and Miscellaneous Matters)

Main Hall

1. Co-ordination with the Inter-American Economic and Social Council (agenda item 12) (E/CN.12/440)

2. Programme of work and order of priority for 1957/58 (E/CN.12/445, 441 and Add.1, 450, 442 and 443; Conference Room Paper N° 10

4 p.m.

Conference Room 3

Committee I: Working Group on Payments and the Inter-Latin American Market

UNITED NATIONS
Economic Commission for Latin America

ORDAY/8
22 May 1957

ORDER OF THE DAY
Thursday, 23 May 1957

9.30 a.m.

Committee I (Trade)

Main Hall

1. Repercussions of the proposed European common market on Latin American trade (conclusion of the debate)

2. Draft resolution on payments submitted by the Working Group

Committe III (Agriculture)

Conference Room 1

Productivity of the coffee industry

3 p.m.

Committee II (Economic development)

Main Hall

1. The technique of analysis and projections in the programming of economic development (agenda item 5 (e))

2. Economic development and integration of Central America (agenda item 6)

3. Social aspects of economic development (agenda item 7)

4. Technical assistance for economic development (agenda item 8)

3.30 p.m.

Conference Room 3

Committee I: Working Group

UNITED NATIONS
Economic Commission for Latin America

ORDAY/9
23 May 1957

ORDER OF THE DAY

Friday, 24 May 1957

9.30 a.m.

Conference Room 3

Meeting of Chairmen of Delegations

10 a.m.

Committee II (Economic Development, Industry and Energy)

Main Hall

1. Technical assistance for economic development
2. Industry, energy and mining: problems and policy
3. Discussion and adoption of resolutions

Committee IV (Programme of work, etc.)

Conference Room 2

Working Group consisting of the following delegations:

Argentina	France
Bolivia	Mexico
Brazil	United Kingdom
Chile	United States of America
Ecuador	Uruguay

Committee I (Trade)

Conference Room 1

Working Group

3 p.m.

Committee III (Agriculture)

Conference Room 1

1. Resolution submitted by the delegation of Ecuador
2. Rapporteur's report

/Committee IV

Committee IV (Programme of work, etc.)

If the Working Group completes its work, the plenary Committe will meet in the Main Hall. Otherwise the Working Group will continue to meet in Conference Room 2. The secretariat will inform delegations at 12 noon whether the Committee or the Working Group will meet.

UNITED NATIONS
Economic Commission for Latin America

ORDAY/10
24 May 1957

ORDER OF THE DAY

Saturday, 25 May 1957

9.30 a.m.

Committee II (Economic Development, Industry and Energy)

Main Hall

Consideration of draft resolutions approved by the Working Group.

Committee I (Trade)

Conference Room 1

Consideration of draft resolutions approved by the Working Group.

UNITED NATIONS
Economic Commission for Latin America

ORDAY/11
25 May 1957

ORDER OF THE DAY

Monday, 27 May 1957

9.30 a.m.

Committee IV (Programme of work, etc.)

Main Hall

1. Draft resolution approved by the Working Group
2. Commission's programme of work for 1957/58

Committee I (Trade)

Conference Room 1

Rapporteur's report

11 a.m.

Committee II (Economic Development, Industry and Energy)

Conference Room 1

Rapporteur's report

3 p.m.

Plenary meeting

Main Hall

1. Report of Committee I
2. Report of Committee II
3. Report of Committee III

UNITED NATIONS
Economic Commission for Latin America

ORDAY/ 12
27 May 1957

ORDER OF THE DAY
Tuesday, 28 May 1957

9.30 a.m.

Committee IV (Programme of work, etc.)

Main Hall

Draft resolution on building for the United Nations in Chile, approved by the Working Group

Draft resolution containing recommendations to the Economic and Social Council concerning the admission of Spain to membership in the Economic Commission for Latin America

Consideration of the Commission programme of work for 1957-58

Rapporteur's report

11 a.m. Plenary meeting

Main Hall

Consideration of the report of Committee IV

ORDAY/13
28 May 1957

UNITED NATIONS
Economic Commission for Latin America

ORDER OF THE DAY

Wednesday, 29 May 1957

11.00 a.m.

Closing meeting

(Main Hall)

1. Rapporteur's report
2. Place and date of the next session
3. Draft resolution for transmittal to the Economic and Social Council
4. Address by Mr. Ariosto D. González on behalf of the delegations