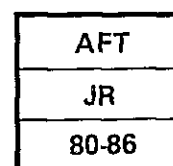


**REPORT OF THE SURVEY
FOR
ARGENTINA AGRICULTURAL COOPERATION**

Japan International Cooperation Agency



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I. SUMMARY

1. Background to the Dispatch of the Survey Team

- 1) In May, 1979, Mr. N. Kugler, President of the Colorado Basin Development Corporation (CORFO) of Argentina, paid a visit to the Japan International Cooperation Agency (JICA) and gave an explanation of the Colorado Basin Development Project.
- 2) In June of the same year, the Government of Argentina, based on the report submitted by Mr. Kugler, sent an official request through the Japanese Embassy in Buenos Aires for Japan's co-operation as outlined below.

Agricultural Development of 3,500 ha in San Adolfo which lies in the CORFO area as a pilot project.

- a) Establishment of a Japanese-Argentine joint venture and provision of JICA loans.
 - b) Japanese immigration and settlement.
 - c) Japanese private investments in agricultural industry and marketing.
 - d) Dispatch of a JICA survey team. Conclusion of a cooperation agreement to coincide with the scheduled visit of President Videra to Japan in November.
- 3) On the occasion of the meeting held in August 2, 1979, between the Economic Mission of the Republic of Argentina, headed by the Undersecretary of Foreign Investments of the Ministry of Economy, Mr. Federico J. DUMAS, and the Government of Jpaan, the former requested the official cooperation of the latter for the implementation of some of the projects of the Program for the development of arid areas.

Japanese side expressed some doubts as to the technical feasibility of the project and its viability for the development assistance loan of the JICA in view of the fact that the climatic and soil conditions of the project areas, market conditions and the rate of inflation and foreign exchange were in adversary situation to foreign investments.

As a result of the discussion, the Japanese side agreed to examine the possibility to execute a survey on the following terms:

- a) An agricultural and/or agroindustrial development survey that will include the possibility of private Japanese firms or cooperatives to invest in Argentina.
 - b) The dispatch of the survey mission shall be after the month of October, 1979.
- 4) On the occasion of the state visit of the President of the Republic of Argentina, General Jorge R. VIDELA a Joint Communiqué was released in October 11, 1979, in which the Prime Minister Mr. OHIRA expressed that the Government of Japan was ready to provide technical cooperation for the study of agricultural and agroindustrial development projects.
 - 5) In November 17, a survey team headed by Mr. Akira Arimatsu, Executive Director, JICA, was sent by the Government of Japan to Argentina.

2. Composition of the Survey Team

Leader: Akira ARIMATSU, Executive Director, JICA

Vice-Leader: Akio TANAKA, Deputy Director,
Development Cooperation Division, Economic Cooperation
Bureau, Ministry of Foreign Affairs

Member: Tadayoshi FUJITA, Deputy Director,
Consumer's Economy Division, Food and Marketing
Dept., Ministry of Agriculture, Forestry and
Fisheries

Yasuo SUDA, Deputy Director,
Project Planning Division, Agricultural Structure
Bureau, Ministry of Agriculture, Forestry and
Fisheries

Shinjiro SUZUKI, Research Coordinator,
Agriculture, Forestry and Fisheries Research Council,
Ministry of Agriculture, Forestry and Fisheries

Tadashi YOKOO, Deputy Director,
International Cooperation Division, Economic Affairs
Dept., Ministry of Agriculture, Forestry and
Fisheries

Mikio SUZUKI, Senior Officer,
International Affairs Division, Coordinated Planning
and Management Dept., National Federation of
Agricultural Cooperative Associations

Seiki UEHARA, Deputy Director,
Emigration Coordination Dept., JICA

Ryuzo NISHIMAKI, Senior Officer,
Emigration Coordination Dept., JICA

3. Schedule of the Survey

In accordance with the attached schedule, the survey was carried out satisfactorily with necessary assistance and the kind considerations given by the Federal and Provincial Governments of Argentina and the CORFO. Preliminary Observations of the Japanese Survey Team was presented on November 29 to Mr. Zorregueta, Secretario de Estado de Agricultura y Ganaderia.

As regards the survey of the agricultural development area in Cordoba Curili requested by Argentina could not be carried out due to the lack of time. It was, however, carried out from December 18 through 22 by the Japanese Embassy and the representative office of the JICA in Argentina.

Survey Itinerary

November 19 (Mon.) Arrived in Buenos Aires.
Courtesy call on the Japanese Embassy.

20 (Tue.) Courtesy call on the Ministerio de Relaciones Exteriores y Culto.
Conference of the Estado de Agricultura y Ganaderia.
Conference with the Ministerio de Economia.

21 (Wed.) Conference with the Provincial Government of Buenos Aires (La Plata).
Meeting with the Argentine representatives of the Japanese-Argentine Joint Economic Committee.
Individual conferences.

22 (Thu.) Buenos Aires → Bahía Blanca.
Bahía Blanca → CORFO (by car).
Inspection of the CORFO area.
Conference with the CORFO.
CORFO area → Viedma (by car).
Night in Viedma.

November 23 (Fri.) Conference with the IDEVI.
 Group A: IDEVI → General Conessa.
 Inspection of 25 de Mayo.
 General Conessa → General Roca.
 Night in General Roca.

Group B: Conference with the IDEVI.
 Inspection of the IDEVI.
 IDEVI → CORFO.
 Night in CORFO.

24 (Sat.)
 Group A: General Roca → Buenos Aires.
 Group B: CORFO → Buenos Aires.
 Night in Buenos Aires.

25 (Sun.) Buenos Aires → Tucumán.
 Conference with the Provincial Government of
 Tucumán.
 Inspection of Tucumán.
 Night in Tucumán.

26 (Mon.) Meeting with business leaders in Tucumán.
 Tucumán → Buenos Aires.

27 (Tue.) General conference with the
 Estado de Agricultura y Ganaderia.
 Conference with the Provincial Governments
 of Córdoba, Entre Ríos and Santa Fe.
 Individual conferences.

28 (Wed.) Visit to the Central Wholesale Market.
 Individual conferences.
 Discussion within the Survey Team; compilation
 of the Preliminary Observations.

29 (Thu.) Final conference with the
 Estado de Agricultura y Ganaderia.
 Courtesy call on the Secretario de
 Estado de Agricultura y Ganaderia.
 Interim report submitted.

30 (Fri.) Leaving Buenos Aires.



4. Requests of the Argentine Government with Respect to Cooperation

- 1) In its policy for agricultural development the Argentine Government places emphasis on the development of semi-dry areas in the outskirts of wet pampa areas. Since large investments are required for the provision of agricultural infrastructure in these areas, the Argentine Government hopes to promote intensive agriculture with a high rate of profitability, processing the products for export in view of the small domestic market. Japan's cooperation is requested in these aspects.

In concrete terms, the Argentine Government is seeking organized settlement of skilled farmers from Japan, investments in agriculture and related industries and necessary technical cooperation.

- 2) Since Argentina has a highly developed economy, it is difficult for Japan to provide direct Government loans; this point seems to be fully understood by the Argentine Government.

5. General Findings of the Survey Team

- 1) The policy of the Argentine Government to promote intensive agriculture with irrigation and obtain cooperation from abroad to that end in the under-utilized agricultural and pasture land around pampa area in addition to large scale extensive farming and feed stock farming already developed in pampa area is fully understandable. The policy is fully justifiable from the viewpoint of not only agricultural development but also of regional economic development objective.

On the other hand, it may be pointed out that apart from the extensive form of farming prevailing in the pampa area which forms the main pillar of Argentine agriculture, a considerable scale of land is still left under-utilized in pampa area.

Considering the problem from the aspect of increasing agriculture output, therefore, intensification of agriculture and land use should be also examined.

- 2) The Argentine economy is currently under a high rate of inflation registering 100% per annum (1978) and the international competitiveness of Argentine industries is falling due to net revaluation of the peso by the official exchange rate. This trend is particularly marked with the manufacturing industry and other advanced industries. In agriculture, it is more marked with labor and capital intensive types of agriculture.
- 3) As regards the foreign investment environment, it is rapidly improving institutionally with the enactment of the Foreign Investment Act and the Industry Promotion Act; but the general economic situation is by no means favorable because of the conditions mentioned above.
- 4) Though the Argentine Government is intending to allocate the products of intensive agriculture to export market, it seems more appropriate to direct the expansion of production of intensive agriculture mainly to the domestic market, in view of the fact that their production costs are considerably high due to the price hike and that there is sufficient room left for an increase in domestic demand due to diversification of the diet judging from the relatively low consumption of these products in Argentina.
- 5) As regards agriculture in semi-dry areas, provision of infrastructure such as irrigation facilities is particularly important. However, it is still at a low level except for some areas and its provision is to be hoped for.

Further, since these areas are under severe natural conditions, e.g. little rainfall, low temperatures in winter and many frost

days, selection of suitable crops and the development and dissemination of techniques are important, and require the study of an appropriate method of agricultural development.

- 6) As regards distribution and processing of agricultural products, unsatisfactory distribution mechanism, insufficient processing facilities and undeveloped dissemination of techniques in underutilized areas are particularly marked. Adequate provision of these is particularly important in view of the fact that marketing is the prerequisite and the major problem for agriculture development in these areas. Further, it is also necessary to pay attention to quality control which assures the easy access to the market.

6. Possible Japanese Cooperation

- 1) In the light of the current state of the Argentine economy, there seem to be many problems present for Japanese private investments in Argentine's agriculture and related industries. On the other hand, there are considerably positive factors, e.g. possibility of large scale agricultural development, improvement in legislation concerning investments and the quality of the labor force. Therefore it will be worthwhile to study investments, if the economy improves in the future.
- 2) As regards the possibility of providing JICA loans (agricultural pilot project) to Japanese company, first of all, application of loan from a Japanese corporate body which provides the loan or invests in a pilot project is the prerequisite. It is difficult to judge the possibility of extending the JICA loan to a pilot project in definite terms at present, on account of many unknown factors. To name but a few, whether the scope of the project satisfies the standards for an agricultural pilot project prescribed by the JICA Law, whether the project is difficult to obtain loans from the Export Bank of Japan and the Overseas Economic Cooperation Fund due to the lack of profitability.

In any case, in the event of a corporate body wishing to apply invest loans in a pilot project, a complementary survey and study will be necessary from the viewpoint of agricultural technology and business management.

- 3) As regards immigration, Argentina hopes for the settlement of Japanese with skills in farming, processing and distribution. Though this request raised some questions such as high land prices, it was considered to be worthy of study. However, further study is needed as to the form of farm management, cropping pattern, and other problems.

It may be mentioned in this connection that past agrarian immigration to Argentina from Japan has not turned out to be successful compared with that to other countries such as Brazil for various reasons. For instance, feasibility studies were not done, appropriate planning of project was not considered or not executed as a pilot stage to its full-scale implementation by Japanese farmers family and there was no powerful receiving organization of Japanese immigrants in Argentina such as the Cochia Association or the Southern Brazil Association in Brazil.

- Therefore, when considering immigration to Argentina in the future, it will be indispensable to establish a system of support, particularly in technical guidance which helps the immigrants until the time they can settle permanently.
- 4) As regards bilateral technical cooperation to the Government of Argentina, though it was not covered by the present survey, the Argentine Government expressed its hope for cooperation in technology of agricultural production, distribution and processing in conjunction with the above-mentioned cooperation with funds and immigration.

The feasibility of this type of cooperation should be studied separately from the viewpoint of supplementing cooperation in pilot projects and with immigration.

- 5) Results of fact-finding and field survey conducted by this team on several areas including the CORFO area for which the Argentine Government had requested for Japanese cooperation show that the possibility of cooperation in the near future seems to be remote except for the CORFO area, because of the priority given and the preparation measures provided by the Argentine Government.

As regards the CORFO area, it was observed all-in-all that the area could be considered providing some possibility of cooperation (including immigration); but there are many difficulties to be overcome and many problems to be solved such as natural conditions, required funds for immigrants, research and development of suitable technology, profitability of management, marketing, etc. Accordingly, more detailed field survey and the collection of data will be required before formulating a definite cooperation plan.

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