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STANDING COMMITTEE ON ECONOMIC COOPERATION  
AMONG DEVELOPING COUNTRIES  
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### DRAFT REPORT OF THE STANDING COMMITTEE ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES on its first session

Held at the Palais des Nations, Geneva,  
from 11 to 15 January 1993

Rapporteur: Mr. E. Manakine (Russian Federation)

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Chapter I

ESTABLISHMENT OF THE WORK PROGRAMME OF  
THE STANDING COMMITTEE

(Agenda item 3)

(continued)

22. The spokesman of the European Community and its Member States (Denmark) said that experience had proved that cooperation, mutual understanding and progress went hand-in-hand and that, like the Community, other regions could derive benefits through cooperation and integration. Particularly for developing countries, this approach might be the only practical path to development. While past experience with ECDC had not always been positive, recently there had been an expansion in South-South trade and regional integration efforts. Although this had not yet encompassed some of the poorest developing countries ECDC was indeed being revitalized. While the desire to "reach as far as possible as fast as possible" was justifiable, a gradual approach might be advisable. The Community and its member States, acting as a donor and development partner, provided support to regional projects under the various Lomé Conventions and technical, institutional and financial support to the Central American Common Market, the Andean Pact, ASEAN and MERCOSUR. The Community was also in the process of negotiating a free trade agreement with the Gulf Cooperation Council. The spokesman stressed, however, that ECDC was primarily the responsibility of the developing countries.

23. Regarding the establishment of the work programme of the Committee, while almost all the issues raised in the note by the secretariat had clear relevance (TD/B/CN.3/2), he proposed a selective approach. The Committee should: (a) concentrate on the creation of economic and physical conditions - including elements mentioned in paragraphs 8, 9, 16 and 17 of TD/B/CN.3/2 - that give the needed incentives and possibilities for ECDC to succeed; (b) avoid overlapping with the tasks of other UNCTAD bodies and other international organizations. Referring to institutional proposals on (a) exchange of experiences and (b) donor-recipient dialogue on regional ECDC projects, he stressed that, instead of new mechanisms, the Committee itself should undertake this task. It could, however, identify at a later stage

appropriate mechanisms for performing those functions beyond the Committee's lifetime. He also mentioned the importance of including environmental aspects in the Programme of Work.

24. The representative of the Economic Commission for Asia and the Pacific (ESCAP) stated that in the Asia-Pacific region there had been a convergence of favourable factors allowing an intensification of efforts towards enhanced regional economic cooperation. Among the more important changes in the region were the perceptible reduction of political tensions and the emerging commonality of views among countries on economic philosophies and on adopting outward-oriented policies. With a view to responding more effectively to the new challenges, ESCAP had undergone a restructuring of its intergovernmental structure and an orientation of its work programme aimed at three principal objectives; regional economic cooperation; poverty alleviation; and environment and sustainable development. In April 1992, the ESCAP Commission had adopted the Beijing Declaration on regional economic cooperation. It provided a framework for cooperation on the basis of equality and mutual benefit in the broader context of global developments and commitment to an open multilateral trading system. It also gave high priority to regional economic cooperation on intraregional trade and investment, science and technology, and development of infrastructure.

25. A Committee for Regional Economic Cooperation had also been established with a Steering Group whose membership was open to regional members and associate members of ESCAP. The Steering Group, at its first meeting in New Delhi, had agreed on an "action programme for regional economic cooperation in trade and investment". The action programme laid emphasis on: facilitating growth of intraregional trade, inter alia, through provision of disaggregated trade data and information; expanding financing and investment guarantee facilities for supporting trade and investment growth; strengthening the infrastructure for expanding regional trade, particularly the Regional Trade Information Network (TISNET), and promoting greater interaction between private sectors; developing a trade-related research institutions' network; studying the sectoral flows of foreign direct investment and establishing a regional investment information and promotion service; heightening members' awareness of environmental issues and their impact on trade and investment; identifying complementarities between the economies in transition and other countries in the region; and exploring and suggesting ways and means of

promoting cooperation among various subregional groupings such as ASEAN, the Economic Cooperation Organization (ECO), the South Asian Development Coordination Conference (SAARC) and the Pacific Forum.

26. The spokesman for the African Group (Nigeria) stated that ECDC was crucial for the development of the African region. It could widen internal markets, enabling economies of scale. It offered the possibility of better exploitation of existing and potential complementarities in terms of their natural, human, technological and financial resources, thus increasing intra-Africa trade, diversifying the product coverage of such trade and integrating African economies into the world economy. However, the numerous programmes and institutions for economic cooperation established in the past 30 years had had only modest success. The problems encountered largely reflected the lack of viable internal market size, well-developed trading and financial linkages, and adequate supportive structure for regional cooperation such as a high degree of differentiation in production structures. In addition to these internal obstacles, the world economic crisis had impinged on the external sector of African economies, contributing especially to the deterioration of their commodity export earnings, with adverse effects on regional cooperation. Recently, many African countries and their groupings had been making efforts to revitalize the whole process, taking into account lessons from the past. There was renewed emphasis on the creation, strengthening and diversification of production and export structures through cooperation in investment and industrial development and trade liberalization along with efforts to create and enhance business networks among African countries and promote cooperation among their enterprises in joint ventures, investment and training. These efforts to establish regional and subregional economic integration on a sound basis needed to be supported by the international community.

27. In respect to the work programme of the Standing Committee, the African Group supported the ideas of (a) strengthening the institutional framework for subregional and regional economic integration by involving private operators in the integration process; (b) increasing technical and financial support from the international community; (c) strengthening clearing and payments arrangements; (d) establishing trade-financing facilities, including an interregional trade-financing facility (ITFF); (e) taking into account the

special needs of the least-developed countries and (f) setting up subsidiary mechanisms to (i) exchange ECDC-related experiences and (ii) provide a consultative dialogue framework with the donor countries.

28. The representative of the Arab Maghreb Union <sup>1/</sup> said that the end of the cold war had provided both developed and developing countries with a rare opportunity to create a new basis for cooperation. The Arab Maghreb Union (AMU), created in 1989 by the Marrakesh Treaty, consolidated previous agreements in several fields between AMU member States. That treaty emphasized, inter alia, the need for regional self-sufficiency in agricultural goods, development of a common infrastructure in energy and telecommunications, coordination of fiscal and monetary policies and, ultimately, creation of a unified Maghreb market. Some 25 agreements to that end had already been signed, including one creating the Maghreb investment and External Trade Bank. Issues such as population growth, natural resources and environment were also on the agenda of AMU. However, one major obstacle to the deepening of AMU cooperation remained: a trade embargo against one of the member States. AMU countries were willing to develop more effective forms of cooperation among developing countries. However, the developed countries also had an important role to play in the strengthening of ECDC, by recognizing the important link between stability and development. He referred to the role of aid-granting developed countries as partners in regional projects. As countries in the Mediterranean Basin, AMU members also attached importance to finding a solution to the problem of the Palestinian people.

29. At its 3rd plenary meeting on 12 January 1993 the Standing Committee on Economic Cooperation among Developing Countries decided to convert itself into an informal working group to consider in detail the draft programme of work.

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<sup>1/</sup> Participating at the special invitation of the Secretary-General of UNCTAD.