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Co-operation among Developing Countries

(Follow-up to ECWA resolution 70(VI))

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17/11

ASIAN REGIONAL MEETING ON ECONOMIC CO-OPERATION
AMONG DEVELOPING COUNTRIES (7-15 JANUARY 1980)

Conclusions and recommendations

A. Preamble

1. The Asian Regional Meeting reiterates that economic co-operation among developing countries is an essential component of the Action Programme for the establishment of the New International Economic Order.
2. The Asian Regional Meeting reiterates that in accordance with General Assembly resolution 33/193, ECDC should be given its appropriate place in the Strategy for the Third United Nations Development Decade. The Asian Regional Meeting, therefore, would like to propose that ECDC be stressed as one of the Strategy's principal elements.
3. The Asian Regional Meeting recognizes that the establishment of the Global System of Trade Preferences (GSTP), co-operation among State Trading Organizations (STOs) and Multinational Marketing Enterprises (MMEs) constitute closely interrelated key instruments in a comprehensive and integrated approach for increasing trade and economic co-operation among developing countries.

B. Participation

4. Participation in ECDC should be open only to members of the Group of 77. In addition, the Asian Group has agreed to the participation of Turkey in the programme for ECDC, including the preparatory work, within the Asian Group of the Group of 77.
5. It should be possible for developing countries referred to in paragraph four (4) to join in the negotiations and the programme of ECDC at any time or stage. They may participate in particular components of the ECDC programme of interest to them. Their subregional, regional and interregional groupings could participate as such in the negotiations and the programme of ECDC whenever they consider this desirable.

C. A Global System of Trade Preferences (GSTP)

I. Principles and objectives

6. The Asian Regional Meeting reiterates the following decisions taken with respect to the establishment of the GSTP by the Fourth Ministerial Meeting of the Group of 77 at Arusha:

(a) A long-term objective on a global system of trade preferences must be established among developing countries;

(b) As a first step, priority should be given to the strengthening and linking up of the existing subregional, regional and interregional preferential schemes, as well as expanding the scope of bilateral arrangements;

(c) The following principles should provide guidelines for work in this field:

- (i) The recognition that a GSTP would constitute a major instrument for the promotion of trade, production and employment among developing countries;
- (ii) The recognition of the complexities and difficulties involved in the creation of a GSTP which calls for a realistic step-by-step approach on the part of all interested governments;
- (iii) That a GSTP should not rely only on traditional tariff concessions, but in addition to covering non-tariff barriers, it ought to be progressively interrelated with other measures in the field of production, marketing, payments, finance and transport;
- (iv) The strengthening of existing and the establishment of new subregional and regional trade preferences among developing countries;
- (v) The GSTP would need to be based on the principle of mutuality of advantages, so as to yield benefits to all participants, taking into account the respective levels of economic and industrial development, trade patterns and trade regimes of individual developing countries;

- (vi) In addition to non-reciprocal trade preferences, effective special treatment would be required in favour of products of export interest to least developed countries, land-locked and island developing countries on a non-reciprocal basis;
- (vii) Subregional, regional and interregional grouping of developing countries could participate as such, whenever they consider it desirable, in the negotiations for a GSTP;
- (viii) The GSTP should be open to the participation of all interested developing countries;
- (ix) The gradual establishment of a GSTP should be accomplished by a parallel strengthening of subregional, regional and interregional integration groupings, which have a highly important role to play in this respect;
- (x) The global preferential trading arrangement should consist of a coherent set of closely related components, including such elements as the adoption of indicative targets for increasing mutual trade, special techniques and modalities on preferential negotiations and for concessions on quantitative restrictions, agreements on direct trade measures and the use of long-term contracts, recourse to sectoral negotiations when appropriate, provisions on rules of origin and safeguards and other essential provisions of preferential trade arrangements. The GSTP should furthermore incorporate appropriate mechanisms and regular medium-term reviews for evaluating progress;
- (xi) Product coverage should include not only manufactures but also commodities and agricultural products in their raw and processed forms;
- (xii) In addition to the GSTP, all other appropriate means of expanding trade should be considered by developing countries, including the use of bilateral arrangements; and

(xiii) A trade information system in support of the GSTP should be established.

7. The Asian Regional Meeting recommends that:

(a) The GSTP should become a major instrument in identifying, promoting and establishing, where appropriate, joint industrial ventures, increasing production, employment and trade, and co-operation in the improvement of transport, particularly shipping;

(b) With respect to the negotiation on tariff preferences, a flexible approach towards the use of the product-by-product, linear or sectoral approach, or a combination thereof, should be adopted;

(c) The rules of origin for the GSTP should be development-oriented and must ensure that preferences benefit national production and the development process of participating countries.

II. Institutional arrangements

8. The process for the establishment of the GSTP will have a preparatory phase and a negotiating phase.

9. The Asian Regional Meeting supports the creation of a Negotiating Committee on GSTP within the framework of the Group of 77. UNCTAD may be requested to provide secretariat and conference support to this Committee as called for in particular in paragraphs 9, 16 and 17 of UNCTAD resolution 127(v).

10. The Negotiating Committee on GSTP may formulate recommendations on the following:

(a) The goals, modalities and methods of negotiations;

(b) The rules and regulations of the negotiations;

(c) The timetable for the start of the negotiations, their duration and period of review;

(d) The institutional mechanism or ~~mechanisms~~ for negotiation, implementation and review of the GSTP.

11. During the preparatory stages and in the course of the negotiations for GSTP in accordance with UNCTAD resolution 127(V) technical support may be provided, as requested, by the UNCTAD secretariat, UNDP, the GATT, UNIDO, ITC, FAO, the United Nations Regional Economic Commissions and the secretariats of regional or subregional organizations or arrangements on economic co-operation and integration among developing countries. To that effect, the Asian Regional Meeting calls for an effective co-ordination among the institutions to provide support to the preparation and conduct of negotiations for GSTP.
12. Assistance by the above-mentioned agencies should also be extended to any developing country or grouping of developing countries* participating in the GSTP which may request such assistance.
13. The Asian Regional Meeting acknowledges the studies prepared by UNCTAD which made valuable contributions to identifying and exploring avenues and possibilities for the establishment of the GSTP. These studies as well as studies prepared by GATT, Regional Economic Commissions and other organizations provide essential background materials for negotiations and evolution of institutions and arrangements under GSTP.
14. The Negotiating Committee for GSTP should initiate its activities during the second quarter of 1980.

D. Co-operation among State Trading Organizations (STOs)

The Asian Regional Meeting agreed on the following:

I. Definition

15. The term "state trading organizations" as used in this document refers generally to all institutions in developing countries which are (a) engaged in foreign trade as a regular and important part of their operations, and (b) which are subject to governmental directives and/or control.

* Refer to paragraph 4, page 1

II. Convening of STO meetings

16. The Asian Regional Meeting proposes the convening of open-ended subregional and regional meetings of Asian STOs before 1981, at the initiative of UNCTAD after consultation with governments, with the assistance of UNDP, other appropriate agencies of the UN system and in co-ordination with interested producers associations, with a view towards strengthening regional co-operation among STOs. Among the items that may be considered at said meetings as possible areas of co-operation among STOs are joint marketing, joint imports, joint storage/transport/trans-shipment facilities, joint pre-shipment inspection, long-term contracts, mutual agency contracts and preferential trading partner treatment. These meetings should identify the sectors in which a potential for trade expansion and other forms of co-operation exists, including the foodstuff sector. The above meetings should also consider studies already undertaken by the UNCTAD secretariat and APEC-TTI in these areas.

17. The Asian Regional Meeting welcomes the convening of an interregional meeting of STOs, at the initiative of UNCTAD, ITC and ICPE* with the assistance of UNDP and other appropriate agencies of the UN system to consider among others, the areas mentioned in the preceding paragraph.

III. Handbook

18. The compilation of a handbook of developing countries' STOs on the part of UNCTAD and ITC is welcomed as an important instrument for bridging the information gap which currently exists among developing countries' STOs. This handbook must be broadened and up-dated at regular intervals.

IV. Training

19. Training needs exist at the national, subregional and regional levels, particularly by STOs of the least developed countries. Corresponding programmes should be designed to demonstrate the advantages of co-operation schemes. Among other areas, they should focus on: (a) techniques for

* The International Centre for Public Enterprises of Developing Countries located in Ljubljana (Yugoslavia).

negotiating barter-type agreements; (b) the establishment of national trade intelligence systems covering market trends, sanitary norms and other non-tariff barriers; (c) marketing channels in potential export markets; (d) grading, standardization, quality control, packing and packaging techniques; (e) the organization of all freight chartering services; and (f) selection of cold-storage and other warehousing facilities.

V. Technical assistance and technical co-operation among STOs

20. Technical assistance for STOs in the form of advisory and consultancy services should be made available in areas such as organization, financial management, systematization of regulations, improvement of trade techniques, joint export and import operations, by the competent international organizations as well as by STOs having achieved a more advanced level of expertise in these fields. The exchange of experts among STOs should be externally financed, whenever necessary.

VI. Trade intelligence

21. The establishment of joint trade intelligence centres at the regional and interregional levels is premature at this stage. The exchange of such intelligence should be undertaken by UNCTAD with its existing resources. However, the Asian Regional Meeting recognizes the need for a regular exchange of experiences.

VII. Role of private intermediaries in trade among STOs

22. With the support of competent international organizations, studies should be carried out in cases where developing countries find it necessary to contract for products from other developing countries through intermediaries in markets of developed countries. In these cases where STOs could efficiently act as intermediaries themselves, proposals should be made for the modalities of entrusting this function to them.

VIII. Complementary measures

23. Responsible international organizations have an important role to play in initiating and strengthening co-operation among STOs in developing countries.

Their function should comprise the co-ordination and promotion of co-operation in the fields of maritime transportation, telephone and telex communications, export insurance, payments arrangements and other facilitation services.

IX. Further studies

24. Feasibility studies of the co-operation schemes suggested at the regional and subregional meetings should be undertaken by appropriate international agencies with the object of evaluating the real benefits likely to accrue to participating STOs. These studies should be submitted to the STOs concerned through their respective governments for their consideration, and formal projects should be subsequently elaborated.

X. Specified projects in Asia

25. UNCTAD should consult with selected donor countries and aid-giving agencies as well as with recipient governments, particularly of least developed countries, to determine how the modalities of procurement financed by aid could be amended so as to increase the ability of STOs in recipient countries to procure aid-financed goods from STOs of other developing countries.

26. The Asian Regional Meeting takes note with appreciation the studies undertaken by UNCTAD for promoting co-operation among certain Asian STOs. The Group invites STOs to consider in particular the product groups referred to in these studies which were considered to have a potential for co-operation. (See illustrative list below). Specific proposals meriting further consideration should be submitted to the subregional and regional meetings of STOs referred to in paragraph 16 above.

Illustrative list of products deemed to have a potential
for co-operative action by STOs of Asia

a. Trade expansion among STOs of Southern and Eastern Asia

minerals	cement
raw jute	newsprint
raw cotton	iron and steel products

- b. Import co-operation by STOs of the Indian subcontinent
vegetable oils and oilseeds
- c. Export co-operation by STOs of Southern and Eastern Asia
exotic and processed foods finished leather and leatherware
packed tea sawn timber and timber products
- d. Trade expansion among STOs of Arab countries of Western Asia
and North Africa
rice beans and lentils
sugar short and medium-staple cotton
 and cotton yarns
groundnuts
- e. Trade expansion between STOs of Arab and other developing countries
tea
coffee
cement

E. Multinational Marketing Enterprises (MMEs)

I. Definition

27. The Asian Regional Meeting considers that Multinational Marketing Enterprises (MMEs) among developing countries should be understood to be those enterprises having the following characteristics:

- (a) Whose equity capital is subscribed by public and/or private investors from two or more developing countries;
- (b) In which decision-making is effectively exercised by those investors;
- (c) Whose activities are within the framework of economic co-operation as defined by the interested Governments;
- (d) Which are primarily concerned with marketing activities with appropriate links to related activities in the fields of production, technology, transport and other ancillary services; and

(e) That the national character of the investment is recognized by either the government or relevant national institutions.

The Meeting considers that the scope of MTEs may include joint production-cum-marketing ventures keeping in view available raw materials, technologies and managerial skills for increasing the developing countries' share of the marketing and distribution of their export products, the promotion of non-traditional exports and increasing production and employment.

II. Support of initiatives generated by public and private promotional schemes

28. The Meeting favours a pragmatic and gradual approach to the establishment of MTEs.

29. In relation to Section C.7 (i) of the Arusha Action Plan, the Meeting is of the opinion that independently of action that may be taken at the subregional, regional and interregional levels through a systematic programme of sectoral negotiations for the promotion of MTEs, continuous support should also be given by the appropriate United Nations bodies and other relevant international organizations to initiatives spontaneously generated by public and private promotional schemes (such as proposals emerging from State Trading Organizations, Producers' Associations, the Council of Producers' Associations, subregional and regional integration and co-operation schemes, regional and subregional Chambers of Commerce and Industry, and other private and public, national and multinational promoters of developing countries) which should be encouraged to promote such MTEs in their respective sectors.

III. Direct promotional action

30. In relation to Section C.7 (ii) of the Arusha Action Plan which calls for direct promotional action through sectoral studies and promotion of open-ended sectoral and multisectoral meetings of producers and exporters to detect opportunities and promote new initiatives for multinational marketing action for the commodities identified by the UNCTAD secretariat.

and the Governments themselves, the Meeting recognizes the need for action at the regional and at the interregional levels which could be carried out simultaneously. In this regard, the Meeting is of the opinion that, if considered feasible, regional sectoral negotiations should be expanded to include other developing countries outside the region.

(a) Short-term action at the regional level

After considering the selection of products and groups of products carried out by the UNCTAD secretariat which the Meeting felt was of an indicative nature, the Meeting recommends that the necessary detailed studies and preparatory activities should be undertaken by the UNCTAD secretariat in co-operation with other competent international organizations under the general guidance of the Asian Group of the Group of 77 in Geneva, to convene, during the years 1981 and 1982, sectoral meetings of interested investors of developing Asian countries for the promotion of multinational marketing enterprises in the following sectors:

- (1) Timber, wood and wood products, including pulp and paper;
- (2) Rubber and rubber products;
- (3) Marine products;
- (4) Spices, including pepper;
- (5) Tobacco, raw and manufactured;
- (6) Vegetables, fruits and nuts, fresh, dried, canned and processed;
- (7) Railway equipment.

This list may be amended, if necessary, by the Asian Group of the Group of 77 on the occasion of the forthcoming interregional meeting on ECDC to be held on 17 March to 3 April 1980;

(b) Medium term action at the regional level

The Meeting requests the secretariat of UNCTAD, in co-operation with the pertinent regional and interregional organizations, to undertake a detailed survey of possibilities for promoting marketing action for the following

commodities, so that a meeting of experts of the Asian Group of the Group 77 to be held in 1981, may decide on the most appropriate steps to initiate a process of negotiations. The study should likewise analyse the situation of industrial sectors operating with under-utilized capacity, products of particular interest to the least-developed and geographically disadvantaged countries which may be of interest to two or more countries, for their possible inclusion in this list:

- | | |
|--|--|
| (1) Rice | (16) Zinc |
| (2) Vegetable roots and tubers | (17) Tin |
| (3) Tea | (18) Tungsten |
| (4) Animal feed | (19) Non-electrical equipment |
| (5) Hides and skins leather and leather products | (20) Domestic electrical equipment |
| (6) Oil seeds and vegetable oils | (21) Non-motor vehicles |
| (7) Cotton | (22) Textiles and garments |
| (8) Jute and jute products | (23) Handicrafts |
| (9) Iron | (24) Electronic goods |
| (10) Non-ferrous base metals | (25) Fertilizers |
| (11) Bauxite | (26) Chemical products |
| (12) Manganese | (27) Preserved and processed vegetables, fruits and nuts |
| (13) Steel and steel products | (28) Dates |
| (14) Copper | (29) Phosphates |
| (15) Lead | (30) Lentils |
| | (31) Wool |

(c) Action at the interregional level

With reference to the selection of products and product groups for the examination of the feasibility of establishing IIEs through sectoral meetings at the interregional level, the Meeting recommends the following indicative list to the interregional meetings on ECDC, expected to be held in Geneva from 17 March to 3 April 1980:

(i) Of possible interest to the three regions

- (1) Fish and fish preparations
- (2) Fruits and nuts, fresh, dried and preserved
- (3) Vegetable roots and tubers, fresh and preserved
- (4) Hides and skins, leather and leather products
- (5) Oil seeds and vegetable oils
- (6) Timber, wood and wood products, including pulp and paper
- (7) Cotton
- (8) Iron ore
- (9) Bauxite
- (10) Copper
- (11) Tin
- (12) Other non-ferrous base metals
- (13) Textiles and garments
- (14) Handicrafts
- (15) Steel and steel products
- (16) Non-electrical machinery
- (17) Electrical machinery
- (18) Household electrical appliances
- (19) Raw and processed fertilizers
- (20) Preserved and processed vegetables, fruits and nuts
- (21) Chemical products
- (22) Capital goods

(ii) Of possible interest to Asia and Latin America

- (1) Animal feed
- (2) Tobacco, raw and manufactured
- (3) Steel and steel products
- (4) Lead
- (5) Zinc
- (6) Tungsten
- (7) Non-electrical machinery
- (8) Electrical machinery
- (9) Domestic electrical equipment

(iii) Of potential interest to Asia and Africa

- (1) Tea
- (2) Dates

IV. Import procurement and the provision of services

31. As regards operative paragraph C.7 (iii) of the Arusha Action Plan, the Meeting reaffirms the need for the UNCTAD secretariat to expand its research programme on MNEs to include analysis of opportunities for the establishment of marketing ventures concerned with import procurement and with the provision of services, with a view to identifying opportunities for expanding the action programme on MNEs to include such type of activities.

32. The Meeting also requests that technical assistance by UNCTAD, ESCAP, ECWA and other competent international organizations, including financial support by UNDP and other sources, should be provided for undertaking the above-mentioned studies as well as for the organization and servicing of probable regional and interregional sectoral meetings aimed at establishing MNEs.

F. Strengthening of subregional, regional and interregional economic integration and co-operation

33. (a) The Asian Regional Meeting supports the strengthening of mechanisms within the Group of 77 on matters relating to ECDC;

(b) Subregional, regional and interregional groupings are among the useful mechanisms for initiating and implementing programmes for economic co-operation among developing countries.

34. (a) The Asian Regional Meeting welcomes the initiative taken by President Marcos of the Philippines in proposing that a permanent forum be set up for assisting the developing countries of the Asian region in economic co-operation among them;

(b) The Asian Regional Meeting decides that the matter required further study and requested the Asian Group of 77 in Geneva to consider it in depth. The UNCTAD secretariat is requested to extend assistance in connexion with the study;

(c) The Asian Group in Geneva is requested to formulate appropriate recommendations on the matter, as early as possible, keeping in mind that the first Special Session of the Committee on ECDC would be held in June 1980, with a view to taking the necessary decision;

(d) The Asian Regional Meeting notes with appreciation the offer of the Philippines to provide initial institutional support.

35. The Asian Regional Meeting notes the Report of UNCTAD Working Party on Trade Expansion and Regional Economic Integration among Developing Countries (TD/B/702), and decides that an evaluation of its contents might be done in a meeting of the Asian Group of 77 in Geneva.

G. General recommendations on other matters

36. The Asian Regional Meeting recommends that the interregional meetings:

(a) Invites developed countries and international financial institutions concerned in their bilateral and multilateral assistance programmes to take action to enable developing countries to participate effectively in the execution of their bilateral and multilateral projects financed in developing countries through the greatest possible use of their own capabilities;

(b) Likewise invites developed countries to contribute to the implementation of projects on economic co-operation among developing countries, in particular, through the United Nations Development Programme (UNDP).

37. The Asian Regional Meeting, recognizing that economic co-operation among developing countries is an important element in the establishment of the New International Economic Order and would contribute to the strengthening of collective self-reliance among them, proposes that the common position which the interregional meetings in Geneva will eventually adopt on the issues to be discussed, should serve as an input to the policy measures in the new international development strategy for the 1980s.

38. If deemed appropriate, the common position of the developing countries should be transmitted, through the Trade and Development Board, to the Preparatory Committee for the New International Development Strategy for the Third Development Decade, for possible inclusion in UNCTAD's contribution to the preparation of the said strategy.

39. The Asian Regional Meeting agrees that the Asian Group in Geneva should continue to consult among themselves with a view to facilitating the co-ordination and harmonization of views among the three regional groups on issues discussed in the regional meetings. The Asian Group in Geneva should submit a report to the delegates attending the interregional meetings. For this purpose, the Asian Regional Meeting suggests that the first two days of the interregional meetings should be devoted for consultations among the members of the three (3) regional groups and the interregional meetings would begin formal deliberations from the third day thereof.

40. The Asian Regional Meeting agrees to recommend to the interregional meetings that the conclusions, decisions, agreements and/or recommendations reached at these interregional meetings be made available to the UNCTAD Committee on ECDC for information.
