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TRADE AND DEVELOPMENT BOARD  
Standing Committee on Economic Cooperation  
among Developing Countries  
Second Session  
Geneva, 14 November 1994  
Agenda items 3 and 4

STRENGTHENING SUBREGIONAL AND REGIONAL INTEGRATION AND FOSTERING  
INTERREGIONAL COOPERATION, AS WELL AS PROMOTION AND EXPANSION  
OF TRADE AMONG DEVELOPING COUNTRIES

REVIEW OF MAJOR DEVELOPMENTS IN THE AREA OF ECONOMIC COOPERATION  
AMONG DEVELOPING COUNTRIES, INCLUDING REGULAR CONSULTATIONS  
AND TECHNICAL SUPPORT, ASSISTANCE AND SKILL DEVELOPMENT

Draft agreed conclusions of the Standing Committee  
submitted by the Chairman

1. The Standing Committee noted that developing countries have pursued the process of strengthening and expanding their economic cooperation and integration schemes, and have made considerable efforts in this process. At the same time, developed countries and their institutions have also continued to support these initiatives. The present trends in production, trade, investment and technology open an ample and fertile ground for increased ECDC.

2. However, the potential of ECDC as a strategy for promoting economic growth in developing countries is still a long way from being fully realized. The intra-trade of developing countries, both within the framework of the various regional communities and interregionally, remains low compared with their global trade, while in much of the other ECDC areas the achievements are still few and far between. The reasons for this failure to achieve ECDC objectives include, prominently, the fact that the production and export structures of the countries concerned remain largely undiversified, with the result that countries tend to seek protection for more or less the same types of industries. There has also been a lack of adequate transport and communication infrastructures, monetary and financial instruments and business links between member countries.

Accordingly, developing countries despite large disparities among regions, have to adopt strategies that combine trade liberalization with other measures in the areas of production, investment, transport and communications, marketing and distribution, trade information, etc. in order to provide the conditions for intra-trade growth. The proliferation of cooperation and integration groupings with overlapping membership and objectives could be another factor affecting their effectiveness.

3. The Standing Committee has an important role to play in facilitating ECDC processes and in stimulating new ideas and innovations. At its first session in January 1993, the Standing Committee agreed to a wide-ranging work programme designed to strengthen ECDC processes in general and covering the various aspects of trade liberalization, production, money and finance, enterprise cooperation and a range of other functional areas and, importantly, increased dialogue among the developing countries themselves and between them and the wider international community. Considerable progress has been made in fulfilment of this work programme. However, the Standing Committee at its second session decided to give sharper focus to the work in a selected number of areas which hold the promise of having a significant impact on the economies of developing countries within a reasonable time span and, at the same time, of enabling the Committee to report more concrete achievements to the next Conference.

4. In this regard, the Standing Committee will give special attention to measures for increasing the effectiveness of trade liberalization regimes in regional integration arrangements and for increasing South-South trade, taking into account the elements of trade with the North and having special regard to the role that could be played by the GSTP on the one hand and, on the other hand, existing and emerging market access opportunities in other regions. The Standing Committee also considered ways and means of ensuring fuller integration of the enterprise sector in ECDC processes, involving in particular initiatives designed to help markets to work both within and across national boundaries with greater efficiency and to encourage and facilitate cross-border initiatives by the sector.

5. More intense dialogue and cooperation among developing countries to exchange experiences and provide mutual support and assistance in critical areas, using for example technical cooperation among developing countries (TCDC) mechanisms, was also considered another promising area in the light, especially, of the technical requirements in developing countries for assessing and implementing the Uruguay Round Agreements, adopting measures to take advantage of the new trade opportunities and avoiding negative results arising from the Round.

6. The "partnership dialogue" between developed and developing countries and their respective institutions launched by the first session of the Standing Committee has broken important new ground in a number of ways. In particular, the dialogue that has been conducted so far has shown that the Standing Committee is one of the important multilateral fora for discussing the role of developed countries and their institutions in the ECDC process and precise ways in which they can support ECDC initiatives. The Standing Committee therefore takes note of the report of the Intergovernmental Group of Experts on Economic Cooperation among Developing Countries, endorses the recommendations of the Group as contained in the Annex to these agreed conclusions and recommends their implementation.

7. In view of the above, the Standing Committee requests the Secretary-General of UNCTAD, within the limits of available resources, to:

- undertake consultations with the regional development banks with a view to formulating and implementing a programme of technical and financial support of specific ECDC actions for trade financing;
- explore the possibility of joint actions between the North and South in the areas of investment, production and marketing;
- identify specific possibilities in the context of intra-regional cooperation measures in support of trade expansion, joint production, marketing, investment, technology, transport and communication.

8. The extended Bureau of the Standing Committee will meet between Committee sessions to review developments and exchange experiences, discuss emerging issues and examine ways and means of advancing ECDC/TCDC, such as the mobilization of required financial support. It would also scrutinize the progress made in implementing the programme of work of the Committee and make suggestions on speeding up implementation and effective follow-up.

9. The Standing Committee took note of the proposal of a United Nations conference on South-South cooperation called for by the Group of 77.

Annex

RECOMMENDATIONS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS  
ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES  
WHICH MET IN GENEVA FROM 27 JUNE TO 1 JULY 1994

The Intergovernmental Group of Experts recommends that:

- (a) The Standing Committee support facilitation and promotion of dialogue between ECDC entities themselves and between them and their international partners with the participation of the private sector;
- (b) The dialogue could, inter-alia focus on:
  - (i) Exchange of experience of various regions and programmes;
  - (ii) Major policy issues affecting donor-recipient relations, including the impact of structural adjustment programmes on regional initiatives and the evaluation of the budget implications, taking into account the reduction of intra-regional trade barriers;
  - (iii) Scope and features of donors' programmes and policies, including the resource constraints they face;
  - (iv) The medium-term programmes and projects formulated by the ECDC entities, setting a scheduled time frame for action in areas of priority to them;
  - (v) Identification of areas in which national capacity could be strengthened in so far as ECDC is concerned; in particular, support for training and research in the area of regional integration through seminars, workshops, training and information programmes provided by relevant international bodies;
- (c) The Standing Committee call upon regional and international financial institutions to take into account in future the regional dimension in their operation plans, especially through:
  - (i) Reviewing information about activities and projects decided upon at the regional and subregional levels;

- (ii) Facilitating the participation of the regional and subregional groupings as observers in their annual meetings and meetings of the Board of Governors;
- (d) The UNCTAD secretariat should request the Development Assistance Committee of the OECD to facilitate the collection, reporting and dissemination of information on ECDC external support;
- (e) UNCTAD should cooperate with United Nations regional commissions as well as with other international and regional organizations in giving full support, in particular in:
  - (i) Providing technical backstopping for this dialogue;
  - (ii) Providing, on request, assistance to ECDC participants taking into account the available resources in formulating specific programme and projects considered in the course of the dialogue;

In providing this support, UNCTAD should pay particular attention to facilitating interregional dialogue;

- (f) The UNCTAD secretariat should undertake comparative analyses of the successes and failures of regional integration and cooperation arrangements, including an analysis of the areas of overlap of two or more regional integration organizations;
- (g) The UNCTAD secretariat should explore ways in which the private sector may assist in enhancing regional cooperation arrangements, for example by supporting regional investment projects in key sectors through Build-Operate-Transfer (BOT) type arrangements, investment funds, etc.