

ECONOMIC COMMISSION FOR LATIN AMERICA

ANNUAL REPORT

(8 May 1978-26 April 1979)

ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS, 1979

SUPPLEMENT No. 16

VOLUME II



UNITED NATIONS

New York, 1980

385 (XVIII). PROTECTIONISM IN DEVELOPED COUNTRIES 3/

The Economic Commission for Latin America,

Considering that:

(a) The growth and diversification of the exports of the developing countries are of the greatest importance for boosting the growth of their economies and thus contributing to solving their problems of structural unemployment and the low incomes of the poorest strata,

(b) Protectionism is a growing phenomenon in the developed countries and, in the majority of cases, is selective and discriminatory against the developing countries in applying harsher restrictions than on imports from other developed countries,

(c) The new wave of protectionism particularly affects the exports of developing countries and slows down the process of structural change in the industrial sectors where the developing countries have greater comparative advantages,

(d) The medium- and long-term solution to protectionism lies in the restructuring of industry, which should be effected within the developed countries with the full participation of the developing countries, which would help to make the international economy and trade more dynamic,

(e) The readjustment measures applied by the developed countries are used exclusively to make their inefficient industries more competitive,

(f) This protectionism in the medium- and long-term has counter-productive effects on the developed countries themselves, by reducing the purchasing power of the developing countries,

(g) Protectionism is closely bound up with the problems of the balance of payments and the financing of the external debt in so far as there is no access to international consumer markets,

(h) The principle of the maintenance of the status quo has not been observed by the developed countries as regards barriers to imports from developing countries and new restrictive measures have been applied to exports by these countries, without any type of multilateral supervision or compensation, contrary to the provisions of UNCTAD resolution 96 (IV),

Bearing in mind the above-mentioned considerations and the growing concern on the part of the developing countries at the increase in protectionism in the developed countries,

3/ See paras. 572-574 and 576-578 in vol. I of this report.

1. Urges:

- (a) The developed countries to adopt programmes to eliminate the restrictions affecting exports by the developing countries, to be implemented as soon as possible, as well as immediate measures to obtain a substantial increase in imports of products from developing countries at present subject to restrictions;
- (b) The developed countries to replace the protectionist measures by effective assistance programmes and policies for medium- and long-term reconversion on the basis of clear economic and other indicators, so as to avoid protecting inefficient industries and to facilitate a balanced restructuring of world industry;
- (c) Member States to establish a strategy in the framework of the appropriate forums for the supervision of the protectionist measures and policies applied by the developed countries, for the purpose of reviewing the general and particular aspects of this protectionism and formulating recommendations aimed at reducing or eliminating it; these would be implemented through the elimination programmes referred to in paragraph 1 (a) above, while the present and future machinery established within UNCTAD should be strengthened and used intensively;
- (d) The developed countries not to continue to apply de facto concepts such as "selectivity" which are not accepted by the international community and not to encourage the application to the developing countries of the concept of "grading" in the relevant forums in the areas of trade and finance;
- (e) The developed countries to adopt specific criteria, for the purpose of implementing the safeguard measures, including those agreed upon by the developing countries during the Fourth Ministerial Meeting of the Group of 77 held in Arusha from 6 to 16 February 1979, 4/
- (f) Member countries to promote the supervision and analysis of the implementation of the programmes and policies referred to in paragraph 1 (b) above within the context of UNCTAD and UNIDO, and other relevant forums;

2. Underlines the desirability that the developing countries of the region which are affected, without prejudice to the bilateral measures they may deem advisable, should define in consultation with the rest of the Latin American countries concerned a common strategy to enable them to deal with the recrudescence of protectionist measures applied by the developed countries by means of co-ordinated action to strengthen their bargaining power and make their strong bargaining position felt as buyers of goods exported by the developed countries and as very important suppliers of essential raw materials to those countries. Such joint action could include voluntary economic, financial or trade measures such as:

- (i) Application of equivalent trade treatment to exports originating from developed countries;
- (ii) Guidelines to restrict or encourage imports from a certain developed country or countries;

4/ See TD/236.

- (iii) Intensified efforts to secure greater and more appropriate participation in international negotiations and machinery in order to safeguard the interests of the region;

3. Recommends that, in establishing priorities in its programme of work, the secretariat of the Commission should give special attention to the following tasks:

- (i) Centralization, analysis and dissemination of all information relating to the protectionist measures which affect or may affect exports from developing countries of the region, and quantification of their effects;
- (ii) Provision of advisory services to the developing countries of the region which so request for the execution of studies or research on specific cases of protectionist measures, in order to assess precisely the effects of such measures on the economies of the countries concerned;
- (iii) Examination in the secretariat's studies and research on the recrudescence of protectionism, of the costs of such protectionism for the countries which apply it, in terms of the maintenance of inefficient industries, inflationary effects, loss of international competitiveness or other effects of a similar nature;

4. Requests the United Nations Development Programme to provide the secretariat of the Commission with the necessary financial support to undertake the activities mentioned above.