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Economic Commission for Latin America



THE PROMOTION OF PROGRAMMES OF INTERREGIONAL ECONOMIC AND
TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES
BY THE REGIONAL COMMISSIONS

Note by the Secretariats of the regional commissions

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FOREWORD

In his opening statement to the Second Regular Session of the Economic and Social Council for 1982, the Secretary-General in advocating a world recovery programme indicated that it should fully recognize the need and the possibility to intensify subregional, regional as well as interregional co-operation among the developing countries themselves. He further stated: "It is for the interested countries themselves to take the necessary initiatives, and I welcome, in that context, the impulse given in Caracas last year by the developing countries to the process of South-South co-operation. They should receive the required assistance of the United Nations system in their efforts. I would like, in that context, to underline the positive contribution which could be expected from the regional economic commissions of the United Nations, which have shown considerable vitality in the effective elaboration and implementation of regional and interregional projects and programmes".

While mindful that their basic work relates mainly to subregional and regional co-operation, the regional commissions feel that interregional co-operation should be promoted by them in increasing measure, since there is a direct correlation between subregional and regional co-operation, on the one hand, and interregional co-operation on the other, the former being the pillars on which the latter should be built.

For the regional commissions, this would mean that they should review their existing activities in order to expand their interregional ECDC/TCDC efforts. Such interregional activities promoted by the regional commissions could, inter alia, lead in the future to an increase in South-South interregional trade, thus making it possible for those developing countries well placed for rapid industrialization to find ready markets among other developing nations.

In this regard, it should be noted that the regional commissions, in one way or another, have been working actively on the promotion of TCDC and ECDC during recent years in pursuance of mandates received in this sphere as well as those emanating from their own legislative organs, as an expression of their strong will to put into practice programmes of co-operation at the intra-regional and interregional levels in those areas where the diversity and originality of experience and know-how could be of particular utility to the development process of the countries in their respective regions.

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By virtue of their location, the comprehensive coverage of their terms of reference, the multidisciplinary nature of their activities, the continuous and close contacts maintained with their member governments, and their experience and accumulated expertise in the formulation and implementation of projects of subregional and regional co-operation, the regional commissions are in a particularly advantageous position to contribute effectively to the promotion of both ECDC and TCDC. The substance of the more important legislative enactments of the regional commissions is the intensification of ECDC and TCDC to secure self-reliant development. The emphasis on co-operation by the Secretariats of the regional commissions is evident in the exercise of their basic functions in undertaking studies and research and providing technical advice, a forum for discussions, and a clearing-house for information.

During the debates on the subject of regional co-operation, the Council emphasized that the regional commissions are the main instrument for interregional ECDC and TCDC and, at its fifty-first plenary session, adopted decision 1982/74 by which it decided "to identify at its annual organizational session a subject relating to interregional co-operation of common interest to all regions, for detailed consideration under the agenda item on regional co-operation" and requested "the Executive Secretaries of the regional commissions to submit their joint recommendations in this regard to the Council at its organizational session".

In compliance with this decision, the Executive Secretaries of the regional commissions recommended to the Council at its February 1983 organizational session that the subject on interregional co-operation to be discussed by the Council at its summer session of 1983 should be "The promotion of programmes of interregional economic and technical co-operation among developing countries by the regional commissions".

At the last meeting in its organizational session, held on 4 February 1983, the Council agreed to include this subject under the agenda item on regional co-operation for the summer session of the Council in 1983.

In order to assist the Council in the discussion of this item of their agenda, the regional commissions undertook the task of preparing this paper which outlines the role that regional commissions could play in the promotion of TCDC and ECDC at the interregional level, particularly in the light of the present international economic situation.

/I. THE

I. THE INTERNATIONAL CRISIS AND CO-OPERATION AMONG
DEVELOPING COUNTRIES

A. Introduction

The current world economic crisis has certain special features that should be stressed. The crisis is a general one and affects every country in the world, socialist or market economy, developed or developing, although the diagnoses that have been made of it differ widely. As in the 1930s, the general tone is one of great confusion with respect to the causes and possible solutions. The crisis has lasted for a very long time and has proved resistant to the traditional therapies which for a long time had led to the belief that adequate and definitive remedies had finally been found which would prevent or at least mitigate the downward phases of the economic cycle.

The principal magnitudes of this profound recession of the industrialized economies are well known. The product of the OECD countries has continued to stagnate or fall with the exception of the United States of America where encouraging signals of reactivation are perceived at the time of this report (first quarter of 1983). Unemployment is high, already affecting more than 30 million persons, and no significant improvement over the medium term is yet in sight. Idle installed capacity has increased, discouraging new investments; profits are exceptionally low and bankruptcies are on the rise. As a corollary to all the above, during the biennium 1981-1982 international trade declined for the first time since 1958. Moreover, the fluctuations of the major currencies have added a new factor of instability and are causing abrupt changes in the international competitiveness of the various central countries and between these countries and the developing economies.

The recessive phenomenon of the centres has inevitably spread to the periphery through a triple mechanism: the negative terms of trade and stagnation of the quantum of exports, the high real interest rates, and the abrupt drop in the availability of financial resources. The terms of trade have deteriorated because of the fall in the demand for basic commodities in industrial countries, while the real interest rates -which are still the highest of the last 50 years- have resulted from stabilization programmes that have given priority to restrictive monetary policies, while there are still large fiscal deficits and abrupt maladjustments among the main currencies of the industrial countries.

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At the same time, the influx of new credits has dropped considerably, as a result of factors such as the reluctance of international private banks to grant new loans, the high levels of indebtedness of the developing countries, and the weakening of their balance-of-payments position. In addition, the behaviour of the banks has been influenced by the deterioration of the quality of their investments and credits, in both national and international entities.

In the meantime, the forecasts, while stressing the progress that has been made in controlling inflation and reducing nominal interest rates, are particularly cautious as regards the possibility of achieving any significant reactivation of economic activity over the short term, with the exception of the United States as mentioned above. In particular, they stress the limited possibility of recovery and the slow growth rates projected for the centres and express doubt as to how fast a significant impact would be made on the prices of raw materials or on the flow of capital towards the developing nations, two key factors in the solution of the immediate economic problems of the periphery.

One of the underlying causes of the difficulties currently being faced by both the world economy and the developing countries is the problem of international trade; any lasting and stable solution to the current recessive situation will depend to a large extent on the course it takes. In addition to the sharp decline in export incomes resulting from the deterioration of the terms of trade, in recent years there has also been an increase in the protectionist trend which affects both manufactured goods and basic commodities.

The protectionism prevailing in the developed countries, the new and specific manifestations of which began during the 1970s, has not only imposed direct limitations on the expansion and diversification of exports from the developing countries but also, because of the increasingly broad application of protectionist measures, it has brought to light a serious contradiction between the principles and norms governing the international trade system and the concrete reality of transactions in world trade. Thus, an ever shrinking share of trade is governed by multilateral commitments and an ever growing share is conducted by means of agreements reached outside such commitments or simply by means of unilateral decisions taken by the importing countries with no regard for international rules. It is easy to understand that the uncertainty to which this situation gives rise

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in itself seriously limits the normal development of international commercial relations and, in particular, any contribution towards solving the current problems of recession.

Because of this, and also in view of the high level of indebtedness of many of the developing countries, it seems advisable to prepare for a period of difficulties that can only be dealt with by strengthening and expanding international interregional and intra-regional co-operation, as well as by internal adjustment programmes in each of our countries.

To the extent that all the developing countries are feeling the effects of the international recessive crisis, especially those which have in recent years been more open to trade and to international financial flows, the problem ceases to be an individual or regional one and becomes a global problem which also requires global solutions.

Generally speaking, the developing countries are in the process of carrying out painful internal adjustment measures. In order to prevent such adjustments from reaching dangerous limits of social and political tolerance, with the resulting negative effects on the rest of the economy and on international finance, suitable economic policies must be followed by the large centres and there must be a policy of imaginative international co-operation commensurate with the seriousness and generalized nature of the problems.

A policy of adjustments of international disequilibria based on the idea that all countries should reduce their imports and expand their exports does not appear to provide a realistic solution. Indeed, it would only be sensible to the extent that some countries initiated a policy of reactivation that would allow them to absorb the increase in exports from others. As a matter of fact, it is primarily the industrial countries that have such a capacity. That is why a recovery of the OECD countries would provide the margin of relief necessary for the countries experiencing problems of liquidity and would also facilitate the evolution of those countries that have structural difficulties with their external payments.

The fact that the developing countries must devote a very high percentage of their exports to the service of the debt explains why they are in no position to make repayments on the principal and will even have serious difficulties in servicing interest payments as long as international prices of exportable
/commodities remain

commodities remain low and real interest rates remain high. Hence the need, to solve this problem, for international co-operation -from both public and private sources- of a magnitude commensurate with the circumstances.

A look at the trends in the world economy reaffirms the conviction that the current crisis can only be overcome through a new vision of the future and a new dimension of international economic relations that reflects the profound economic changes that have taken place on the world scene and that makes it possible to deal with the current emergency and to formulate new monetary, financial and commercial rules to facilitate a sustained growth of the world economy.

In this international economic context, technical and economic co-operation among developing countries takes on particular significance, not as a substitute for international co-operation but as a suitable formula whereby the developing countries can gradually build up a negotiating power and an international presence that will enable them to achieve success at the bargaining table with the developed countries, to organize a more just system of international economic relations so as to promote the well-being of peoples and preserve peace, and to materialize the potential for expansion of the productive capacity of the Third World and its reciprocal trade by taking better advantage of the opportunities afforded by the already growing interregional economic links.

B. Technical and economic co-operation among developing countries

The recognition that the structure of international economic relations has not been favourable for the balanced and harmonious growth of the developing countries has generated important initiatives at the United Nations, such as the Charter of Economic Rights and Duties of States, the Declaration and Programme of Action for the Establishment of a New International Economic Order, and more recently the Third International Development Strategy. In view of the harmful effects that the current economic crisis has had on the economies of the developing world and the stagnation in the global negotiations on international economic co-operation, the developing countries, with a strong political will, have undertaken a vast and ambitious programme aimed at reformulating the traditional North-South scheme for international co-operation. These initiatives had the purpose of promoting new

/concepts based

concepts based on the principle of national and collective self-reliance in order to give a new configuration to the existing system and thus modify the prevailing style of development by the establishment of a New International Economic Order.

In this context, economic and technical co-operation among developing countries constitutes a form of co-operation involving countries with similar needs which come up against similar obstacles in the search for well-being, which they pursue according to their own styles of development.

The evident heterogeneity of the developing countries is manifested in many and very different aspects. The cultural heritage, historical experience and technical capacity on the one hand, and the potential and resources which can be mobilized to achieve the objectives of economic and social development on the other, are different not only in the different regions of the developing world, but also among countries which belong to the same geographical region.

Even for regions of diverse level of development, readier access to the different countries' development experience should produce a significant improvement in the range of available technologies and expertise and their styles of development. Moreover, there are many fields in which collaborative efforts may be most usefully undertaken by existing specialized institutions at the national, subregional and regional levels in the developing regions.

In this regard it is important to stress that economic and technical co-operation among developing countries is not restricted to institutions and organizations belonging to the public sector. In most cases these entities should take the lead in giving the necessary impulse for implementing co-operation activities according to national priorities, but it is clear that at certain levels of activity the involvement of the organized private sector is a significant contribution for the successful implementation of ECDC and TCDC projects.

It is obvious that there are obstacles to co-operation among countries of different geographic areas which may be more difficult to overcome than those affecting co-operation among countries within one region. Geographic distance, and differences in language, culture and styles of development are among such inhibiting factors, as well as the absence of knowledge of specific needs and capabilities in the two regions.

Many of the tasks which the developing countries have set themselves in the course of formulating their programmes for economic co-operation involve both economic and technical co-operation, but on a larger scale, and in a more intensive /form, than

form, than anything hitherto undertaken. In short, there is now a much firmer determination fully to exploit the potential for collective self-reliance, and a much clearer specification of the aims and means of doing so. In particular, there is now a much clearer understanding of the fact that ECDC and TCDC are essential components of the same process of co-operation in the developing world, and as such they have precise functional relationships.

Essentially, TCDC is now conceived of as a necessary force for the countries of the developing world to "create, acquire, adapt, transfer and pool knowledge and experience for their mutual benefit, and for achieving national collective self-reliance, which are essential for their social and economic development" as defined by the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, 1978).

Interregional co-operation has been recognized to be an important aspect of both technical and economic co-operation among developing countries, as laid down in the Buenos Aires Plan of Action, the Lagos Plan of Action, the Conference on Economic Co-operation among Developing Countries held in Caracas, Venezuela, in May 1981, the Latin American Regional Plan of Action for the Third United Nations Development Decade, the Nairobi Recommendations for a Programme of TCDC among African countries (June 1980), and the Arusha Plan of Action (February 1979).

The General Assembly, for its part, in its resolution 32/197 adopted in 1977, inter alia, called upon the regional commissions to intensify their efforts to promote regional co-operation and to strengthen and expand exchanges of information and experience so as to promote more effective interregional co-operation.

The Economic and Social Council, moreover, at its sixty-first session, adopted by consensus resolution 2043 (LXI) on the strengthening of the regional commissions for regional and interregional co-operation, which recognized "without prejudice to the special needs and conditions of each region, that the regional commissions, with their experience in promoting regional and subregional co-operation, are the appropriate institutions within the United Nations to act as centres for the formulation, co-ordination and implementation of programmes for the promotion of interregional co-operation also, especially with respect to the programme of economic co-operation among developing countries in their respective regions".

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Finally, the High-Level Conference on Economic Co-operation among Developing Countries convened by the Group of 77 in Caracas, Venezuela, from 13 to 19 May 1981 reaffirmed the principle of collective self-reliance as the basis of ECDC. It also reaffirmed that ECDC is not a substitute for global economic co-operation between developing and developed countries; nor does it exempt the latter from their responsibilities and commitments to the developing countries. Finally, it stressed that ECDC offers the opportunity to take full advantage of the actual and potential complementarities existing among the developing countries themselves. The Caracas Conference underlined various priority fields of action in the areas of trade, technology, food and agriculture, energy, raw materials, financing and industrialization. It also reaffirmed the importance of TCDC as an instrument for the promotion and implementation of ECDC.

1. The experience of the regional commissions as agents in the promotion of ECDC/TCDC at the regional level

The regional commissions have acquired long experience in promoting and supporting ECDC and TCDC, since co-operation is inherent in most of their activities at the regional level. Some significant examples can illustrate the kinds of ECDC/TCDC promotional activities undertaken by the regional commissions in selected development areas. These examples are also indicative of areas in which experiences acquired at the regional level could be pooled by the regional commissions in order to foster interregional co-operation.

If transport is taken as an example, it may be noted that ECE has concentrated its activities on projects which would facilitate international and interregional transport, such as the Navigable Waterway between the Danube and the Aegean Sea, the Trans-European North-South Motorway project, transport around the Mediterranean and frontier procedures. ESCAP, which is servicing a large number of developing countries, is dealing on the other hand with such projects as inter-island shipping, customs procedures and interregional road linkages with the Middle East, Africa and Europe. ECLA has focused its ECDC/TCDC activities in the transport sector on the application of the Customs Convention on the International Transport of Goods under Cover of TIR Carnets, and on the development of an integrated transit system (ITS), which is a set of procedures to handle the documentation for export of goods in transit from a landlocked country. ECA has made transport and communications one

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of the cornerstones of Africa's development plan for the 1980s by proclaiming the Transport and Communications Decade for Africa. ECWA's programmes in transport and communications include studies and meetings on integrated transport and assistance to the Middle East/Mediterranean Telecommunication Network Project.

Energy, which is a very important field in view of the energy crisis being experienced by the world community, is another significant sector as far as ECDC/TCDC experiences are concerned. ECE's TCDC activities in the field of energy include projects on the use of wood for energy, a regional laboratory on low-calorie coal utilization technology, and electric power transmission systems for the Balkan countries. As part of its TCDC publication series ESCAP is issuing a series on renewable sources of energy, starting with publications on solar energy and biogas, followed by issues on wind energy and mini-hydroelectric plants. The Commission is also publishing Guidelines for Rural Centre Planning and a Guidebook on Biogas Technology. Another project on biogas was the Technical Consultations among Developing Countries on Large-scale Biogas Technology in China. The Mekong Committee continues to provide a valuable example of ECDC and TCDC at the subregional level in the development of hydroelectric power.

ECLA has begun the design of an energy information system, followed by generation and storage on memory tape of key energy-related information for Latin America, and computer print-out of this material. The Commission has been carrying out for some years a programme for the integrated development of the electricity sector of Central America which has the objective of diversifying electric generating sources within the integrated electrical grid in the subregion. The non-oil-producing countries of ECA have suffered a great deal from the energy crisis. Africa's geographical location should give solar energy a prominent position among new and renewable sources of energy. In this connection the new African Regional Centre for Solar Energy Research and Development is most significant. ECWA has prepared reports covering sources of solar, wind, geothermal and biogas energy and a report on an action programme for developing the energy economy of the least-developed countries in the ECWA region.

Another sector which can be used as an example for illustrating the types of ECDC/TCDC activities conducted by the regional commissions is agriculture and food production, a source for satisfying the basic needs of the populations concerned. ECLA has been carrying out research on the food and nutritional situation of the Latin American population, particularly on the changes in the calorie composition
/of food

of food consumption in the 1970s and on the evolution of national calorie target fulfilment. Studies have been carried out also in the area of development styles and food systems in Latin America, with the purpose of assisting in the implementation of food strategies aimed at the achievement of food security for the satisfaction of the food needs of the Latin American population. ESCAP publishes the Agricultural Information Development Bulletin, supported by the Agriculture Information Network, consisting of correspondents nominated by 16 ESCAP member countries. ESCAP's Regional Network for Agricultural Machinery initiated a programme of mutual exchange of prototypes among the participating countries. For Africa, one of the ECA TCDC projects is a pilot project, launched with the assistance of FAO, within the African Food Plan (AFPLAN), to test the feasibility of establishing a commodity intelligence service for food products. The activities of ECWA include, among others, assistance to the least-developed member countries in dealing with agricultural and food production and the preparation of a background paper dealing with water and desertification, both topics of relevance to agricultural development for the Arab region.

2. The role of the regional commissions in promoting ECDC/TCDC at the interregional level

Technical and economic co-operation among developing countries (or groups of such countries) from different regions is a rather new and promising dimension of ECDC/TCDC, but again in this regard, the combined experience, expertise and resources of the regional commissions provide a firm and constructive basis for the implementation of development programmes through interregional co-operation.

At the interregional level, the Buenos Aires Plan of Action calls upon the regional commissions to assist governments of developing countries, in collaboration with interregional organizations, institutions or arrangements, in considering the initiation of specific actions such as an evaluation of their capacity to promote TCDC; the necessary measures to strengthen the interregional linkages between subregional and regional organizations; the joint identification of development problems that are interregional in scope and have a TCDC dimension; the undertaking of joint programmes with interregional organizations or entities belonging to different regions, and the identification of additional needs or organizational gaps where new arrangements may be called for.

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Furthermore, the Caracas Conference of the Group of 77 on ECDC (May 1981) reaffirms that the global economic co-operation programme is also carried out at the interregional level, besides the subregional and regional ones. The interregional dimension of ECDC is particularly stressed in several sectors of the said programme. For instance, the Conference recommended that the trade information system could be considerably assisted by more effective use of existing trade information in interregional institutions. It also recommended updating the inventories of existing capabilities in interregional technology institutions and agencies, and stressed the need to give special attention to the setting up of interregional trade development banks.

While the potential fields for promoting interregional co-operation by the regional commissions are almost unlimited and cover the entire range of their activities, it is essential, at least in the initial stages, to ensure a certain degree of selectivity of approach. This is essential both from the point of view of resource availability by the regional commissions and because of the need to secure the maximum impact of projects and programmes on development. The search for selectivity can be facilitated by the definition of certain criteria for identification of projects and programmes for interregional co-operation among the commissions. These criteria include:

(a) Conformity with the priorities of development as defined by the regional commissions;

(b) Effective matching of experience, expertise and other resources of the commissions to strengthen complementarities among them;

(c) To the extent possible, concentration of efforts on multidisciplinary or integrated projects and programmes.

In this respect, the regional commissions can co-operate in general in the formulation of interregional programmes of co-operation between developing countries and subregional groupings from different geographical regions. Such co-operation includes, for example, the preparation of joint studies on subjects or sectors selected according to the degree of experience or interest of one or other of the countries or groupings of countries of the different geographical regions taking part, an examination or appraisal being made of the potentialities or limitations of the respective region for ECDC and TCDC in general, plus, more specifically, identification of the currents of exchange or co-operation which already exist in the various fields or sectors (trade, finance, science and technology, education, culture, etc.).

/More specifically,

More specifically, the regional commissions are qualified to act as promoters or intermediaries in activities such as, inter alia: (a) the organization of expert meetings for the exchange of experience and know-how on specific subjects of common interest to the developing countries of the geographical regions concerned, for which purpose the respective regional commissions would contribute the results of their own studies and experience; (b) the organization of special training programmes for middle-level professionals of a given geographical region, to be carried out in existing training centres of countries in another geographical region; (c) the organization of study tours and preparation of on-the-job specialization programmes for government officials, with a view to the exchange of experience and joint work for the solution of specific problems.

This operational framework for interregional co-operation among developing countries is a practical approach which has been tried successfully in specific cases of interregional co-operation activities promoted by some regional commissions, as may be seen from the examples below.

Opportunities for interregional TCDC and ECDC were identified in the course of consultations which took place in June 1979 between the Government of India and Latin American governments, hosted by the Government of India and jointly convened by ECLA and ESCAP. These consultations were followed by a meeting of Latin American and Indian engineering industry representatives at ECLA headquarters in Santiago, in August 1980. The meeting was jointly sponsored by UNDP, UNIDO and ECLA in co-operation with the Association of Indian Engineering Industries (AIEI). The deliberations and operational recommendations concentrated on the exchange of experience and information on the state of development of the metal-working sector, identification of areas and adequate forms of co-operation, and the role of international organizations in promoting and monitoring co-operative activities. Also as a follow-up to these activities involving ECLA and ESCAP, a mission of Argentine businessmen, with the support of the Secretariats of ESCAP and ECLA, has just concluded a visit to India and Indonesia with the purpose of identifying and implementing actions to strengthen trade relations with these two Asian countries.

/Since the

Since the Arab States are situated in the ECWA and ECA regions, co-operation within the framework of Arab States can appropriately be associated with interregional co-operation between ECWA and ECA. Thus, a major endeavour towards interregional co-operation was the Arab Regional Meeting on Technical Co-operation among Developing Countries, held in Geneva in May 1980 and jointly sponsored by UNDP, ECWA and ECA. The recommendations of the Meeting provided an impetus for strengthening technical co-operation among Arab States and between Arab and African States.

ECWA has also been associated with TRAINMAR, a UNDP-assisted interregional pilot project, executed by UNCTAD. The project consists of developing, within the training institutions in developing countries of Africa and Asia, needed training courses in the field of maritime transport.

Also in the field of transport, ECE, in association with the Secretariats of ECA and ECWA, is working on a project on transport around the Mediterranean designed to make a survey of the existing and planned infrastructure in relation to requirements of international transport among the three regions. With regard to Western Mediterranean transport, another project, conceived as a prolongation of the preceding one, attempts to go further in identifying for the Western Mediterranean area such problems as inadequate construction and maintenance standards, gaps in the transport network, and legal and administrative barriers to the movement of vehicles, cargo and persons. A third project, on frontier procedures, is intended to help remove transport bottlenecks among the countries of the three regions through the facilitation of frontier formalities.

In close co-operation with ECWA, ECA and ECE, ESCAP has prepared a schematic map of the Asian Highway with Interregional Links, showing the road linkages of Asia with those of the Middle East, Africa and European networks. The aim is to promote international traffic, thus fostering interregional co-operation.

ECLA and ECA started in 1980 a UNDP-supported joint project for the promotion of technical and economic co-operation between Latin America and Africa in the fields of trade, science and technology for development and manpower training.

/As part

As part of the manpower training component of this technical co-operation project, ECLA and ECA assisted in organizing, with UNDP support, a technical seminar sponsored by the Government of Brazil in November 1980. The subjects examined at this meeting by experts from Africa and Latin America included change and inertia in educational systems in Spanish- or Portuguese-speaking Latin American and African countries.

In the framework of this project a joint meeting of governmental experts from Africa and Latin America was held at the headquarters of ECA in Addis Ababa, from 1 to 4 June 1982, with the purpose of examining ways and means of promoting technical and economic co-operation among the countries of the two regions in the priority fields included in the project. A set of action proposals was adopted at the meeting, designed to develop collectively the capacities and infrastructures which are essential for national development in trade, science and technology, and manpower development and utilization.

As a follow-up of the joint ECA/ECLA project, the two commissions worked together in the preparation and implementation of a tour of African specialists in mineral resources to a number of countries in Latin America having experience in this field. The purpose of the tour, which included Mexico, Peru, Colombia, Chile and Brazil and lasted from 2 October to 1 November 1982, was to collect information and to establish official contacts in order to carry out co-operation activities between the countries of the two regions in the field of mining and development of mineral resources. An immediate result of this tour was a collaborative agreement between the two commissions in order to co-ordinate their programmes on mineral resources so as to identify and implement possible joint actions in the immediate future for fostering co-operation in this field.

Consultations between ECLA and ESCAP are currently underway for implementing a joint project on interregional co-operation aimed at examining the potential for the development of co-operation among countries of Eastern Asia and Latin America and, to this end, identifying specific projects which could assist in promoting the development of interregional trade, investments, and the transfer of technology for development.

/II. POSSIBILITIES

II. POSSIBILITIES FOR INTERREGIONAL CO-OPERATION IN SELECTED AREAS

As mentioned above, the regional commissions have already initiated activities in various fields of economic and technical co-operation among developing countries (ECDC/TCDC). These experiences will undoubtedly be useful in determining those areas in which future interregional co-operation efforts might be concentrated. Likewise, the current international economic situation is another important factor to be taken into consideration in selecting possible courses of action, in view of the fact that the world crisis has once again brought to light the structural problems that exist in the economic links between the developing and the industrialized countries.

The co-operation activities proposed below have been selected taking into consideration, inter alia, their potential for strengthening the ties between the developing regions and, in addition, the areas in which the regional commissions have accumulated greater experience and knowledge. The question of priorities for interregional co-operation is one which should be discussed; changes will undoubtedly be made in light of the interests and needs of the developing countries of the various regions.

A. Co-operation in the area of trade

During the next few years, it will be necessary to strengthen and expand existing economic relations among the developing nations, in order to seek new dynamic elements to foster their growth and mitigate the negative effects of the slow growth of the world economy. Increased international co-operation should supplement regional co-operation and the expansion and recomposition of the domestic markets of the developing countries themselves, as a means of achieving a more rapid rate of development so as to allow for their insertion in an international economy that is dominated by the passive behaviour of the centres.

During the 1970s, the true potential of the links between the countries of the South became evident. The willingness of these countries to reduce their dependency on the centres and to increase their interdependency has been reflected in the actions taken by countries or groups of countries which have led to a better mutual acquaintance, improved communications and transport, special financial mechanisms, joint ventures, technical co-operation projects, the transfer and

/development of

development of their own technologies and, of course, a significant increase in the trade of goods among them.

Whereas in 1970 the market-economy developing countries accounted for 18.6% of world exports, in 1980 their share had increased to 23.4%; reciprocal trade among them, compared with total exports, had risen from 19 to 30.3% during those same years. The greater dynamism of trade among the developing countries and the relatively low share of this trade on the world market leads to the belief that there is a great potential for continuing to increase and diversify this reciprocal trade.

One of the most important vehicles for creating conditions favourable to trade among the developing countries within the same region has been the establishment of zonal and subregional integration schemes, some of which have already been in operation for more than two decades. Some regional commissions, particularly ECLA, have played a significant role in this area, both at the conceptual level and at the level of co-operation with integration agencies.

The constant deterioration of the terms of trade between developed and developing countries, with the resulting chronic trend towards a deficit on the balance of payments of the latter, and the international recession which has aggravated this situation make it even more necessary to expand and strengthen commercial ties among the developing countries in order to correct, even if only partially, the historical conditions described above and help dynamize their economies. The utilization of the developing countries' greater potential for growth and the feeding back of their growing purchasing capacity can be fundamental factors in strengthening their economic growth and furthering the diversification -and thus stability- of their external trade.

This new orientation of trade is undoubtedly enhanced by the fact that the commercial flows between the developing countries in some regions are very meagre. Many of these countries do not even have commercial ties with each other and some only trade with each other sporadically. Indeed, a relatively small number of countries accounts for the major share of exports among developing nations; some of the most important of these are the newly industrialized countries, such as the larger ones in Latin America and some of the Southeast Asian countries, as well as the petroleum-exporting nations.

/Heretofore a

Heretofore a distinctive feature of trade among developing countries seems to have been the content of manufactured goods in their reciprocal trade. Thus, while most of the developing countries primarily export basic commodities to the developed world and import manufactured goods from it, when they trade with other developing countries, there is a better balance between the two types of goods.

Perhaps the greatest obstacle to increasing trade among developing countries is the weakness of their supply of exports, both as regards the diversity of products and as regards their limited capacity for producing manufactures. As has been shown in the case of the developed nations, the existence of a broad and diversified industrial sector has greatly contributed to increasing their reciprocal trade. Financing, transport and communications, the absence of tariff and non-tariff preferences, the low level of commercial relations and the scarcity of reliable information are also factors which greatly hinder the growth of trade between the developing countries.

Some potential co-operation activities in the area of interregional trade can be mentioned, as follows:

1. Trade information

It is fundamental to any effort to expand trade, to encourage and promote joint ventures and long-term contracts at the interregional level, that there exists a continuous flow of pertinent information on which basic decisions can be made. The types of information currently available are of a general nature and do not provide sufficient indications for pursuing interregional trade possibilities. It becomes necessary, therefore, that a system be devised and established to generate more specific and useful information on: supply capacities and demand potentials of identified products and commodities, prices, market access, business practices, investment policies, etc. On the basis of these kinds of information, specific co-operative projects could be formulated as well as appropriate measures for their implementation.

In this regard, a joint study could be carried out by the regional commissions on the feasibility of establishing an interregional network for the exchange of trade information taking into account the existing regional, subregional, and national trade information systems. The types of information to be covered in the network are to be identified in accordance with regional and national priorities. These would include, among others, the following: trade leads; trade regulations;

/investment data;

investment data; trade promotion activities; advertising and sales promotion; transport sources of supply; marketing data; commodity/product data; technical data; economic, political and source data; banking and finance; packing and packaging; and price data.

2. Global system of trade preferences among developing countries

After many technical studies prepared by UNCTAD and several regional and world meetings, the global system has entered into the negotiating stage and the progress made recently is promising. The bases approved by the developing countries set up the framework within which the negotiations leading to the establishment of the global system are to be conducted. Because of the broad scope and the significance of the bases agreed upon, the establishment of the global system can lead to the institution of a true economic system for the developing countries that would make it possible to strengthen the ties between those countries in the area of trade and in many other fields of economic activity.

This does not mean, however, that there is no longer any need to strengthen the tariff and non-tariff preferences on which the integration schemes within each developing region are based. The search for an equilibrium between global trade concessions and the preservation and improvement of integration processes within each region should be the subject of an analysis in which the regional commissions can make a significant contribution.

3. Commercial agreements and joint ventures

Encouragement should be given to the establishment of closer bilateral ties or ties between groups of countries in the developing regions with a view to studying possible arrangements between public and private enterprises in the areas of technology, markets, complementarity in production, etc. Likewise, the prospects for combining efforts to gain access to the markets of the industrialized countries through co-production agreements involving enterprises of developing and developed countries, should be explored. Moreover, the creation of joint ventures between developing countries, in the areas of production and of external trade, could provide an expeditious means of co-operation that would allow for the sharing of certain scarce resources (financing, technological and administrative know-how, raw materials, markets, etc.), which the individual countries do not possess in sufficient quantity.^{1/} The regional commissions might help to identify opportunities for creating such enterprises and to design specific forms of co-operation.

/4. Clearing

4. Clearing arrangements and reciprocal credits

Some of the experiences that have been successful in helping to support intra-regional trade might provide a basis for the creation of new systems in those regional or subregional groupings that do not yet have such mechanisms and for improving the existing ones; efforts for interconnecting the agreements currently in operation might also be continued.^{2/} Moreover, the coverage of mutual commercial credit agreements may be expanded as regards participating countries, amounts available and terms for loans.

5. Export promotion

Another activity in which the regional commissions have gained important knowledge is in the field of export promotion and export development. In general, the regional commissions have a global vision of the efforts made by their respective member countries to increase their exports and they are therefore able to serve as focal points for the transmission of experiences and knowledge among the developing countries, at both the regional and the interregional levels. One of the aspects in which the exchange could be very useful is in regard to the experience gained in the use of specific tools for promoting exports and the effects which these have had in increasing trade among developing countries and between developing and developed countries.

It would also be worthwhile to promote closer ties between export promotion organizations in the developing regions, in order that they might co-ordinate their programmes and increase their reciprocal links. For example, they might work together in organizing fairs and expositions or in preparing for such events by arranging for the joint presence of developing countries of various regions.

Additionally, encouragement could be given to the establishment of international trading companies that would seek new ways of increasing reciprocal trade among the developing regions, in view of the growing importance of this type of organization on the international market.

Finally, the strengthening of ties between chambers of commerce could encourage exporters and importers of the developing countries to know each other better, thus expanding the flows of trade between them.

B. Co-operation in transport and communications

One of the major questions faced by the developing countries in connection with the strengthening of their reciprocal trade is how to break the vicious circle of there being no trade because there are no transport services, and vice versa. Trade among developing countries of different regions is no exception to this rule; moreover, at present there are no mechanisms for expediting interregional co-operation aimed at overcoming this problem.

Some experience acquired in the region on the establishment of new multinational shipping companies, the use of joint services or regional freight conferences may, however, provide a basis for the creation of international services which would help in overcoming some of the present difficulties affecting trade among developing countries of different regions.

In recent years transport has experienced a profound technological revolution whose impact on systems for the physical handling of merchandise has gone beyond the institutional field both nationally and internationally. For example, the use of containers has given rise to the need for new equipment for handling them. In addition, multimodal transport has modified institutional relations and the requirements of bodies which intervene in the operation of international transport. The efficient use of containers and multimodal transport means that the countries must adapt not only their physical but also their institutional infrastructure to them.

In the case of landlocked countries, there are still many more restrictions. However, in some regions the situation of these countries has been improved appreciably by co-operation with their neighbours. Such experiences could be of great use to developing countries in the same circumstances in other regions.

One of the restrictions which has equal bearing on the development process of all developing countries is the lack of both physical and institutional infrastructure in the field of national transport. Although the scarcity of financial and technical resources makes it enormously difficult to overcome such restrictions, some experiments in regional co-operation indicate that there is great scope for international co-operation in connection with transport and communications, both through public action and through enterprises in the private sector.

1. Development of interregional maritime transport as an aid to reciprocal trade

With the objective of improving the supply of maritime transport services operating between countries from different developing regions, the regional commissions might carry out joint studies aimed at analysing the possibility of creating interregional maritime transport services and putting them into operation. These feasibility studies could be based on the experiences of some nations in the establishment of multinational enterprises, the operation of joint services by shipping companies of different countries and the organization of freight conferences. At the same time, these studies could explore trade possibilities among the developing countries participating in these initiatives.

2. New transport technologies

As transport technology becomes more complex, its cost increases, and it becomes increasingly difficult to obtain the skills needed to operate, construct and repair the new specialized equipment. Containers are a case in point. Actually, many developing countries do not have enough financial resources to invest in the necessary facilities and equipment, and they also lack sufficient skilled manpower so that they run the risk that the construction, ownership, transport and repair of containers will remain under the control of the developed regions. The experience acquired in this regard in some developing regions, especially in connection with the maintenance and repair of containers, may be applied advantageously in other regions in similar conditions.

In the same way, the institutional progress achieved in some developing regions in support of the use of new transport technologies may help other regions in similar circumstances to achieve, for example, the harmonization and simplification of regional systems of customs transit. The application of co-ordinated systems between different developing regions will also benefit reciprocal trade among them.

3. Landlocked countries

In general, the landlocked countries experience difficulties and high costs in transporting both their export and their import merchandise. In this connection, the regional co-operation experienced with regard to the development of the integrated transit system may be highly useful in finding a joint solution to this kind of problem in other developing regions.

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The Integrated Transit System developed in Latin America consists in a number of procedures which are, by common consent, applied in respect of a transit country and its landlocked neighbour to ensure the integrated handling of the documentation and physical resources related to the import and export of the latter country's merchandise. Seeing how successful it has been in Latin America, UNCTAD has referred to it in solving the problems of some landlocked countries in Africa.

C. Co-operation in the field of human resources

The combination of rapid population growth and labour-intensive national economies, which seems to prevail to a large extent in developing regions, generally means that human resources are indeed a major asset that can be mobilized in developing countries towards the attainment of social and economic development goals. However, the effective mobilization of these resources in order to achieve higher levels of productive employment and output depends on the successful implementation of manpower development and utilization policies in both quantitative and qualitative terms. In the absence of this policy condition it is extremely difficult for developing countries to avoid the striking paradox of having a population structure which gives them a significant endowment of human resources on the one hand, while suffering from substantial levels of underutilization of manpower in their labour force, on the other.

In times of economic crisis like the one which is presently affecting the international community, the contradiction in question is rapidly and deeply aggravated in the developing regions of the world. Clearly, the employment paradox will assume different intensity and/or scope according to the different economic structures and the diverse reactivation policies of the developing countries themselves, but it is also clear that all these countries are facing a particularly difficult situation as far as manpower development and utilization are concerned. The generalized nature of this situation is probably a valid reason for advocating and promoting the intensified and innovative use of interregional co-operation among developing countries as an appropriate instrument for dealing with some key aspects of manpower development and utilization.

Broadly speaking, the recurrent problems of unemployment and underemployment, which have been exacerbated in the developing regions by the current international economic crisis, seem to call for at least two different types of policies for

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achieving a reasonable level of mobilization of human resources in developing countries. In the first place there seems to be a need for intensifying actions oriented towards the technical training of the unskilled and semi-skilled labour force, which is a target group largely found in the so-called "informal sector" of the developing countries. Secondly, there is also a need to intensify actions directed towards the utilization of skilled manpower lacking employment in those economic sectors where the impacts of the present crisis have been more evident. In both types of policies there could be an important place for interregional co-operation.

1. Training of the unskilled labour force

As regards training of the unskilled labour force, the experience of several developing countries from different regions in the design, implementation and evaluation of non-formal education shows that this kind of training constitutes an important element for a sound manpower development policy. There are in fact quite a number of developing countries which have pioneered in this innovative approach to training, so that there is really a considerable basis for the transfer of experience in this matter, through interregional TCDC. In particular, this experience refers basically to teaching methodologies for non-formal education and training, and to the functional development of adequate institutional infrastructures.

2. Utilization of skilled manpower

In relation to the utilization of skilled manpower, which is comparatively a scarce human resource in the developing world, interregional co-operation could be instrumental in the identification of needs for and offers of skilled personnel in the different economic sectors. To this end, specialized governmental or private national centres in the developing countries which are of sectoral scope could establish flexible links within a networking arrangement suitable for the identification of needs for and offers of skilled personnel.

In more general terms, the problems affecting skilled segments of the labour force in developing countries cannot be dissociated from the broader context of the international migration of skilled personnel from these countries to the industrialized nations. In this regard, interregional co-operation in manpower development and utilization should also be put to use in concerting efforts to have these skilled human resources returned to their originating regions.

3. Manpower planning

The development of manpower planning capabilities can be considered as another general area for interregional co-operation in the field of human resources. Existing institutions and centres in the developing regions could collaborate in setting up a programme for the training of manpower planning personnel and for mutual assistance in specific manpower planning activities such as, inter alia, the preparation of inventories and profiles of present and projected requirements of human resources and the development of glossaries of occupational titles in order to facilitate the exchange of experience in manpower training and utilization.

In this connection it is worth mentioning that the Buenos Aires Plan of Action recommended that developing countries should encourage existing national research and training centres to broaden their scope of activities to include programmes and projects which are of interest to several developing countries not only at the subregional and regional levels but also at the interregional level as well.

4. Training programmes for women

Another area deserving special attention as a promising avenue for interregional co-operation is the collaboration that could be achieved in the design and implementation of education and training programmes for women. In particular, these programmes should attempt to establish operational links between the participation of women in the labour force, on the one hand, and the development and utilization of adequate technologies, on the other. These are two aspects which have a strong and mutual interrelationship in many developing countries, especially in those where rural development goals are prominent in their respective development strategies.

5. Production of training and teaching materials

The specialized production of training packages and teaching materials for vocational training in the productive sectors of the economies of developing countries is another area where interregional co-operation in manpower development could possibly take the form of joint productive arrangements and/or programmes, taking advantage of the experience accumulated by some countries in the developing regions.

D. Co-operation in science and technology

The basic guideline for co-operation among developing countries in this area can be found in the Programme of Action in Science and Technology for Development adopted by the United Nations Conference in Vienna. The general goals of the Programme of Action are focused upon the necessary links between science and technology on the one hand, and economic and social development on the other. For developing countries this notion implies renewed efforts to increase and strengthen their own scientific and technological capacity. In this respect, technical and economic co-operation among them constitutes a key instrument for supporting such efforts and for paying attention to the development of technologies adapted to the special needs of developing countries.

In this perspective, co-operation among developing countries, particularly at the interregional level, could help effectively in several aspects such as, initiating and/or strengthening the flows of scientific and technological information, facilitating the transfer of adequate technologies and also the adaptation of technologies which require a proper balance between capital and labour intensiveness; interchanging experiences both at the policy and the project levels; and establishing and consolidating subregional, regional and interregional co-operative networks.

Efforts to promote interregional co-operation among developing countries in science and technology are relatively recent and in the majority of cases have so far been of an exploratory nature. Nevertheless, the regional commissions could be instrumental in providing additional impulse to such co-operation in two broad areas in which some joint initiatives may be identified, namely in relation to technologies in selected productive sectors having priority for the developing countries and in relation to the development of institutional settings for scientific and technological policies.

Scientific and technological co-operation in relation to selected productive sectors like agriculture, mining and energy, should embrace a broad range of elements within a technological chain which includes prospecting, manufacturing, production, training and research programmes, and identification of needs. The intensification of interregional co-operation in such sectors as mentioned, would make it possible for the developing countries to expand the basic capacity they need in order to achieve a reasonable degree of technological independence.

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The specific mechanisms for the regional commissions to promote interregional co-operation in the area of science and technology should emphasize the exchange of information through organization of seminars, study tours and expert missions; the elaboration of directories of technological institutions both in the private and public sectors; and the establishment of interregional links among subregional and regional institutions, through fellowship programmes, exchange of experts, periodic meetings and, eventually, joint research projects.

Several specific activities for promoting interregional ECDC/TCDC in science and technology can be mentioned, so that the capacity of the regional commissions may be effectively mobilized, taking into account the level of technological development prevailing in their respective regions.

1. Technologies for agriculture and rural development

Opportunities for co-operation in this area include the exchange of experience in the development and utilization of technologies for food processing and conservation (post-harvest technologies) which are of particular importance in the case of agricultural commodities from tropical and subtropical areas, including marine resources and seaweed. Another sphere for exchanging relevant technological experiences among developing regions can be identified in relation to the genetic improvement of livestock and the development of artificial pastures.

As far as forest resources are concerned, there seems to be a wide spectrum for promoting interregional co-operation ranging from methods of preserving wood to the use of wood in the construction industry, particularly in housing.

2. Technologies for alternative sources of energy

This is certainly a most relevant area for co-operation among developing countries, particularly at the interregional level, considering the energy outlook prevailing in the world at large; and the impact of the so called "energy crisis" on the economies of developing countries. Against this background, interregional co-operation could be promoted by the regional commissions in specific aspects like selection of processes or manufacturing design, where the technological experiences of some developing countries from one region could be valuable in other regions. This applies, in particular, to promoting the development of processes which can replace petroleum as the leading source of energy (biomass, solar energy, wind energy) and conserve energy.

/3. Assessment

3. Assessment of economic and social impact of advanced technologies

The large-scale application and dissemination of technological advances usually causes profound changes in the socioeconomic context in which they occur. This is particularly so in the case of technologies which originate in the leading scientific and technological research centres of highly industrialized countries, and reach developing countries having social and economic structures which may be particularly affected by these technological changes. Some examples of technological advances deserving attention in this respect can be found in the field of microelectronics; in biotechnological research and in robotics.

Through interregional co-operation the regional commissions could help in supporting efforts already made by the United Nations system in connection with the early identification and evaluation of recent scientific and technological progress and its repercussions on the developing process. This is a step in the right direction and mark the opening of a new and important field for technical and economic co-operation among developing countries and regions.

4. Institutional settings for science and technology

The establishment of institutional frameworks and arrangements for strengthening the links between science and technology on the one hand, and economic and social development on the other, offers interesting opportunities for interregional co-operation among developing countries. In this regard, the regional commissions could help in promoting such co-operation in several aspects, including the formulation of general approaches to policy and strategy for science and technology, as well as the incorporation of scientific and technological plans in the national economic and social planning processes, with a view to defining options for setting up a scientific and technological capacity with some degree of autonomy.

Joint efforts could also be carried out in order to help developing countries in halting and, eventually, reversing the emigration of highly-skilled manpower towards the "centres".

Other possibilities for co-operation in science and technology might include the exchange of scientific and technological data for the creation of interregional technological data networks in which the research efforts made by national research and development institutions, consultancy firms and technical services would be united. In connection with opportunities for co-operation, mention should also be

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made of the possibility of increasing the bargaining power of the developing countries by holding joint negotiations for the acquisition of know-how or by establishing systems for regulating its transfer.

E. Co-operation in the mining and metallurgy sector

Most of the production of the mining and metallurgy sector of the developing countries is destined for international trade, but in conditions which are disadvantageous for these countries in that with 50% of the world's mineral reserves and a 75% share in the volume of international exports, they obtain only 25% of the value generated by these activities.

It also happens that the effects of the international recession will result in slow growth of international demand (annual rates of from 1% to 3%), a situation which will not change until at least the beginning of the 1990s.

In this context, it is obvious that in order to meet the needs to which their growing populations and increased per capita consumption give rise, the developing countries will have to expand their basic activities at a much higher rate than the rate which will result from the growth of trade with the developed countries, so that their own demand, including that for minerals and metals, will have to expand at similar or higher rates than those achieved in recent decades. Increased consumption of minerals and metals for its part calls for full-scale development of the infrastructure and industrial sector.

From the above it is seen that the need for interregional co-operation among the developing countries in the mining and metallurgy sector is enhanced by the unfavourable position of these countries with regard to their share in international trade in these commodities, by the fact that this position is becoming more unfavourable owing to the present world recession and by the likelihood that conditions will not improve in the near future.

In the field of mining and metallurgy itself, such co-operation means that the developing countries and the regional bodies which represent them must explore the feasibility of drawing up a list of objectives and following the lines of action leading to them, which might include the following:

1. Action to improve bargaining capacity

It is important to improve the bargaining capacity of the developing countries in order to compensate for the slow growth in the volumes of exports of goods

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produced by the mining and metallurgy sector by realizing higher earnings per unit exported, by charging "better prices" instead of "stable prices" and by incorporating more value added by subjecting the raw materials to greater industrial metallurgical processing. It is possible that the achievement of these objectives will mean that the developing countries will need to have certain related facilities available to them, such as adequate commercial reserves of minerals and metallurgical articles; smelters, refineries and plants producing semi-manufactures and manufactures; maritime transport facilities and optimal marketing channels.

With regard to immediate action consideration might be given to the following:

- (a) Meetings of experts in marketing with representatives of producers' associations to identify and propose marketing policies;
- (b) Holding of round tables of managers of mining firms concerning the application of measures designed to resolve the crisis in the demand for and prices of minerals on the international market;
- (c) Holding of seminars on negotiations with transnational corporations;
- (d) Co-operation in manpower training and information exchange in the metallurgical processing of minerals;
- (e) Exchange of experiences in the treatment of low-content ore;
- (f) Preparation of joint studies on the possible performance of the international market for metals and metal products;
- (g) Preparation of studies and design of projects relating to the establishment of a system for the interregional exchange of data concerning the mining and metallurgy sector.

2. Industrial complementarity and development

To achieve industrial complementarity of activities related to the production of metals and metal articles, the developing countries should, inter alia, diversify mining production so as to meet the requirements of the interregional industry. To that end, the regional commissions should promote activities encouraging ECDC and TCDC at the interregional level, such as, for example:

- (a) Co-operation among enterprises and bodies in the sector with a view to developing institutions of mining geology for purposes of increasing the knowledge of the minerological potential of the different regions; improving the processes of mining and treatment of ore and the organization and improvement of the management of enterprises and organizations in the sector;

/(b) Studies

(b) Studies on comparative mining legislation and possibilities for industrial complementarity of inputs and end products;

(c) Exchange of information concerning the manufacture, availability and specifications of machinery and equipment for the mining and metallurgy sector; technological research, including the production of guides to technical services, consultancy firms, mining and metallurgical engineering firms and other enterprises and organizations in the sector; vocational training for technical experts and technological processes and licenses on machinery and equipment, with a view, inter alia, to the organization of buyers' associations.

F. Interregional financial co-operation

Co-operation among developing countries of different regions in matters relating to international finance is undoubtedly a tool of fundamental importance for enabling those countries to cope with some of the most severe problems related to the current international recession. Such co-operation is also necessary for the structuring of international economic relations which are more favourable to the developing countries.

In this dual context, some financial areas may be identified in which it might be possible to intensify the action of the regional commissions in promoting economic and technical co-operation among countries in their respective developing regions.

1. Strengthening and establishment of links between clearing arrangements in foreign trade

Clearing arrangements, which have operated satisfactorily in the past fifteen years, already exist in the Latin American Integration Association (ALADI) and the Central American Common Market. Arrangements of this kind have also been established in groups of African countries. As interregional trade builds up, it will become increasingly useful to establish links between these systems so that payments made in interregional trade may also be cleared.

It is appropriate to consider the possibility of establishing a fund for financing trade among developing countries, which could promote the establishment of more generalized machinery for clearing reciprocal balances and credit, the main obstacles to which is the difficulty in obtaining financial resources.

/2. Exchange

2. Exchange of information and experience in the management and negotiation or refinancing of the external debt

The debt problem will also be a matter of concern for some time to come, and for that reason an improvement in debt management is becoming a very important economic policy aspect in the developing countries. Aspects such as systems for monitoring and recording the debt, the cost of those functions under different systems, the guarantees involved, the techniques and conditions of renegotiation or refinancing and the exchange of information and experience through technical co-operation among developing countries may be crucial. The kind of co-operation suggested may substantially improve each country's management of its own debt and contribute to the establishment of some general criteria which can be employed in common in evaluating the situation and formulating policies to cope with it.

In this connection it might be especially useful to establish a centre for promoting financial co-operation among developing countries, the purposes of which would be as follows: (a) to supply countries with information concerning existing machinery and the best way of using it; (b) to conduct studies, at the request of the developing countries, concerning ways of taking greater advantage of the financial markets of the countries supplying resources and advising them concerning the issue of securities in these countries; and (c) to promote the permanent exchange of information concerning investment opportunities in developing countries and promoting the establishment of joint enterprises for large-scale projects.

3. Agreements among national financial agencies to give greater liquidity to securities issued by predetermined regional (or subregional) institutions

The Latin American central banks have agreed to purchase bonds issued by the Inter-American Development Bank (IDB) from other central banks of the region, which need to sell them owing to liquidity difficulties. The agreement has operated without problems and acts as an incentive to the central banks for purchasing such bonds. The same kind of agreement may be drawn up in other regions in respect of the purchase of the securities issued by IDB, by other regional banks or regional finance agencies. In this way a network would be established in support of the liquidity of these bonds by encouraging the institutions involved to subscribe to them.

At the same time, consideration can be given to the possibility of establishing a special guarantee fund in regional development banks for securities floated by developing countries requiring resources in the markets of other developing countries which supply resources.

/4. Creation

4. Creation of a special means of payment for services

There is already an international payments facility issued by private institutions, which is used primarily in tourism -the travellers' check. In theory nothing would prevent developing countries from agreeing on an instrument which each of them could issue and which could be exchanged for the currencies of those countries at rates and on terms to be determined by each of them. This instrument would make it possible to save foreign currencies since it would be necessary to use foreign exchange only to settle the balance of trade in tourism and to pay for mutual services.

5. Establishment of multi-regional financial institutions

Such institutions could operate in international markets with either public or private capital, attracting funds and channelling resources towards investments in developing regions.

There is an interesting precedent in this connection -the Arlabank set up with capital of Arab and Latin American countries, although this institution does not operate on international markets except in Latin America. The idea here would be that institutions of this kind would be created which would also operate in London, Zurich, New York and other international financial centres.

6. Co-operation in connection with export credit insurance

The imperative need to expand and diversify exports to include goods with an increasingly high manufactured component and incorporating more and more technological advances and to intensify trade among developing countries, the large majority of which are new markets, makes it indispensable to establish and improve an export credit insurance mechanism. Co-operation among developing countries may be an effective way of achieving such objectives through joint action in such fields as systems for information on countries, markets and commercial agents; technical assistance in the exchange of experience, the operation of mechanisms and vocational training; co-ordination of vocabulary, principles, norms and conditions; promotion of guarantee mechanisms and, it goes without saying, the transaction of joint operations, especially in the field of reinsurance and the formation of multinational corporations.

Notes

1/ It should be recalled that the Trade and Development Board of UNCTAD, through its Committee on Economic Co-operation among Developing Countries, has carried out several studies on multinational marketing enterprises.

2/ The Committee on Economic Co-operation among Developing Countries of the Trade and Development Board (UNCTAD) has also studied the question of payment agreements and reciprocal credit.

