

**ECONOMIC COMMISSION FOR LATIN AMERICA
AND THE CARIBBEAN (ECLAC)**

BIENNIAL REPORT

(12 May 1990 – 15 April 1992)

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1992

SUPPLEMENT No. 15



UNITED NATIONS
Santiago, Chile, 1992

533(XXV) INTERNATIONAL LINKAGES

The Economic Commission for Latin America and the Caribbean.

Bearing in mind resolution 519(XXIV), adopted by the Commission at its twenty-fourth session, in which the secretariat is requested to give priority to the study of the present international economic situation, including trends with regard to trade and exports from the region, as well as domestic and external development finance,

Recalling resolution 521(XXIV), adopted by the Commission at that same session, in which the Executive Secretary is instructed to ensure further progress in the analysis and implementation of measures to enhance competitiveness, considering the trends and requirements of the production system, training activities and experiences relating to the diffusion of technical progress,

Taking into consideration the recent reorientation of development strategies in many countries of the region towards forging stronger links with the international economy on the basis of significant economic and trade reforms, intensification of efforts to promote exports and liberalization of imports,

Taking into account that most of the region's economies have begun to grow again in a context of greater price stability, and that this process has been based on increased exports and on the re-emergence and diversification of external sources of financing,

Recognizing that the significant recovery of access to external financing has promoted growth with price stability, without this having been reflected in a proportional rise in investment levels, however, and has generated pressures on the exchange rate that could limit the efforts to promote exports,

Considering that, despite the progress made in the areas of competitiveness, diversification of exports and entrepreneurial capability, some of the efforts to promote exports have been hindered by international barriers, adverse terms of trade and weak productive linkages between exports and the rest of the economy,

Recalling that, owing to the magnitude of trade liberalization, the rate and modalities of the enhancement of well-being are now more closely tied to the promotion of competitiveness and of activities with export potential and to the effective identification of opportunities and challenges in international markets,

Taking into account also the consequent need to adopt integrated policies to support international competitiveness on various fronts,

1. Welcomes the document prepared by the ECLAC secretariat, entitled "Latin America and the Caribbean: Policies to improve linkages with the global economy", which offers an appropriate continuation and deepening of the analyses contained in the documents submitted at the twenty-third and twenty-fourth sessions, and also provides a pertinent, up-to-date frame of reference to guide the ongoing efforts of Governments to improve linkages of the countries of the region with the international economy;

2. **Endorses** the secretariat's conclusion that, in order for their effects to be lasting, changes in production patterns with social equity must improve the linkages of national economies with dynamic international flows of trade in goods and services, investment, technology and financing;

3. **Emphasizes** the integrated approach to competitiveness on which the document is based, which highlights the relationships existing among macroeconomic management, trade policy, development of production, the spread of technology, export incentives, training, quality and productivity in production processes and development of capital markets;

4. **Expresses** its interest in improving the capacity of national economies to take advantage of expansive cycles in international and regional trade and to withstand adverse cycles and financial instability by diversifying products and markets, promoting foreign investment and joint ventures, applying domestic stabilization mechanisms and strengthening the relationship between exports and other productive activities;

5. **Urges** the international community to comply with the new rules and principles contained in the multilateral system of open, transparent and non-discriminatory trade, trusting that the new World Trade Organization will represent an effective step towards trade liberalization, which is a vital component of the strategies adopted by the countries of the region to improve global linkages;

6. **Notes with satisfaction** the continuance of flows of private financing to several countries of the region, trusting that they will be extended to all the other countries, and the recognition of the importance of securing these investments through internationally recognized instruments;

7. **Recommends** that the ECLAC secretariat widely disseminate the document considered and promote dialogue between governments, employers, labour and academics on its content;

8. **Entrusts** the secretariat with promoting the active analysis and exchange of experiences, both within and outside the region, on policies to promote linkages with the global economy;

9. **Urges** the secretariat to deepen its analysis of experiences in the areas of skills improvement and supervisory training, the performance of pioneering firms, the impact of different modalities of international linkage on employment and distribution, the spread of technology and the introduction of systems to enhance quality and increase productivity;

10. **Requests** the secretariat to give priority to the following topics:

- a) The readaptation of public policies to reflect an integrated strategy of promoting competitiveness, based on technical progress, highly trained human resources and incentives for activities with export potential;
- b) The guidelines contained in the document for mesoeconomic policies (education, training, technological innovation and spread, export and investment promotion and the financing and management of infrastructure), and the interrelationship between these guidelines and macro- and micro-economic factors in activities to promote competitiveness;
- c) Production and trade linkages in export chains, based on an analysis of the linkages of subcontracting, indirect exports, the strengthening of small and medium-sized enterprises and

their incorporation into efforts to promote exports, and improved participation of the countries in world-wide marketing and transport chains;

- d) Fiscal, monetary and exchange rate policy instruments to enhance the contribution of capital flows to macroeconomic stability and capital formation;
- e) Appropriate instruments to improve access by the region to international capital markets and prudential regulation to ensure the smooth operation of national capital markets;
- f) The appropriate adaptation of instruments for the promotion of production and exports so that they are useful to individual economies at various levels of internationalization. These instruments should respect the requirements of GATT and the new trade agreements, which represent mechanisms for the linkage of the region's economies with the world market.