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REPORT ON ACTIVITIES AND PROGRAMME OF WORK OF UNIDO

Addendum 1 PROGRESS REPORT ON STEPS TAKEN BY GATT TO ASSIST
DEVELOPING COUNTRIES TO PROMOTE EXPORT-ORIENTED INDUSTRIES

The Executive Director transmits to the Members of the Board the attached statement received from the General Agreement on Tariffs and Trade (GATT) on the practical steps taken in GATT to promote export-oriented industries in developing countries.

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

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Action taken by GATT relevant to the development and establishment
of export-oriented industries in developing countries

Introduction

1. In recent years GATT has been devoting increasing attention to the trade problems of developing countries. Between 1957 and 1963 the efforts were mainly devoted to the identification of barriers to the exports of developing countries on a product-by-product basis, and to various measures aimed at seeking the removal of those barriers. These efforts were followed by an extension of the product-by-product approach into the broad study of development plans and export potential.
2. Since 1964, in order to consolidate the results achieved and to lay the groundwork for further action to facilitate an expansion of the export capacity and export earnings of developing countries, the Contracting Parties have adopted a new "Part IV" for inclusion in the General Agreement. These new provisions, dealing with trade and development problems of the developing countries, provide for (a) the principles and objectives in this regard; (b) specific commitments with regard to the removal and reduction of barriers to products of current or potential export interest to developing countries, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed form; and (c) joint action by the Contracting Parties in the furtherance of those objectives. Among other things, the Contracting Parties have undertaken to collaborate in analysing the development plans and the policies of individual developing countries and in examining trade and aid relationships with a view to devising concrete measures to promote the development of export potential and to facilitating access to export markets for the products of the industries thus developed.
3. To implement these provisions, the Contracting Parties have established a Committee on Trade and Development which, in turn, has set up a number of specialized subsidiary bodies dealing with such matters as

the removal of the remaining import restrictions affecting the exports of developing countries and the continued study of development plans of developing countries. The Contracting Parties have also established an International Trade Centre with the objective of helping developing countries to find export markets for their products and giving technical advice on marketing and export promotion.

The Kennedy round of trade negotiations

4. An important contribution to the development of the export potential and the export earnings of developing countries is expected to be made by the Kennedy round of trade negotiations in which all developed countries in GATT, and a large number of developing countries, are currently participating. It has also been agreed that every effort shall be made through these negotiations to reduce barriers to exports of developing countries. To this end, the Committee on Trade and Development, at its recently concluded meeting in Punta del Este last January, agreed that every effort should be made to ensure that the lists of offers on products of interest to developing countries are maintained and improved and that particular regard be paid in this connexion to products of current or potential export interest to these countries. It was also recommended at the Punta del Este meeting that, to the maximum extent possible, the tariff reductions in respect of products of interest to developing countries should be implemented immediately. It is expected that this measure would be of particular assistance to developing countries in the effective utilization and planning of export capacity in the industrial sector of their economies.

5. To facilitate action on these points, the Contracting Parties had earlier invited developing countries to notify products of current or potential export interest to the latter. The negotiations in regard to the points mentioned in the foregoing paragraph are now proceeding on the basis of specific requests made by participating developing countries on the developed countries.

Trade negotiations between developing countries

6. Side by side with the Kennedy round of trade negotiations, the developing countries have been exploring the possibility of expanding their mutual trade exchanges through trade arrangements, both on a regional and interregional basis. At the twenty-third session in April 1966, the Contracting Parties also endorsed the recommendation of the Committee on Trade and Development that the establishment of preferences among developing countries, appropriately administered and subject to the necessary safeguards, can make an important contribution to the expansion of trade among these countries and the attainment of the objectives of the Agreement. Since then the developing countries have adopted certain informal procedures that would permit an appropriate exchange of concessions between them, both on a most-favoured-nation and a preferential basis.

7. The Contracting Parties have also, in the course of various discussions, indicated that they would view with sympathy efforts to establish regional industries and to develop regional markets in developing countries through arrangements falling short of fully fledged free-trade areas or customs unions. The recent GATT action in this field has taken the form of support through technical studies and research missions of the efforts of regional agencies like the ECA to foster the growth of industries and expand opportunities for mutual trade among developing countries on a regional or sub-regional basis. Thus GATT has recently collaborated with the FAO and the ECA on a study of the meat processing industry in West Africa and is currently examining with the ECA a project for the expansion of the regional trade of the West African countries through measures aimed at promoting the development of regional markets for a number of West African industries.

Development plan studies

8. The type of studies currently being undertaken are aimed at obtaining a clear analysis of export potential, market prospects and any further action that may be required to overcome any difficulties that the studies

reveal. The studies also aim at assisting the individual developing countries to assess more closely the likely trade implications of their developmental efforts as regards both exports and imports. It is envisaged that projections of this kind should be of help both to development planners for selecting priorities and also for international lending agencies and Governments active in the field of bilateral aid. The studies also endeavour to bring out the potential role of the export sector as a whole in individual developing countries and thus to focus attention on international action which will be required in order to remove barriers that would otherwise frustrate the growth of exports of developing countries. The GATT studies of the Uganda and Nigeria plans were discussed by a group of experts delegated by Governments and representatives of certain international organizations. The experts formulated a series of conclusions and recommendations which were endorsed by the Committee on Trade and Development and by the Contracting Parties. Some of these recommendations were addressed to the countries studied, suggesting measures that they might take to promote certain of their export-oriented industries. The experts also identified a number of industries which would be in a position to respond promptly to an increase in demand and urged Contracting Parties to give urgent consideration in their trade negotiations to the possibility of reducing or abolishing tariffs, as well as other charges and trade barriers affecting the products of these industries. The GATT secretariat has been charged with the task of watching over the implementation of these recommendations and for this purpose to consult with other international organizations and agencies concerned.

Measures of adjustment assistance

9. As part of the GATT effort to promote an expansion of the trade of developing countries in the interest of economic development, the GATT Committee on Trade and Development has also given particular attention to the study of techniques and measures adopted in developed countries with

a view to facilitating a re-adaptation of industrial structures and appropriate shifts in the pattern of production from the less efficient to the more efficient sectors of the economy. The GATT examination has been directed towards focussing attention on the greater use of such measures for opening up markets in the developed countries for industrial exports of developing countries and as a means of overcoming some of the obstacles that present themselves to the removal by developed countries of barriers affecting industrial goods from developing countries.

GATT International Trade Centre

10. GATT has established an International Trade Centre with the main objective of helping developing countries to find export markets for their products. Since, in the field of traditional primary products, there is little that can be added to the knowledge of markets and marketing know-how that the developing countries already have, the Centre has naturally tended to devote increasing attention to processed products and manufactured goods.

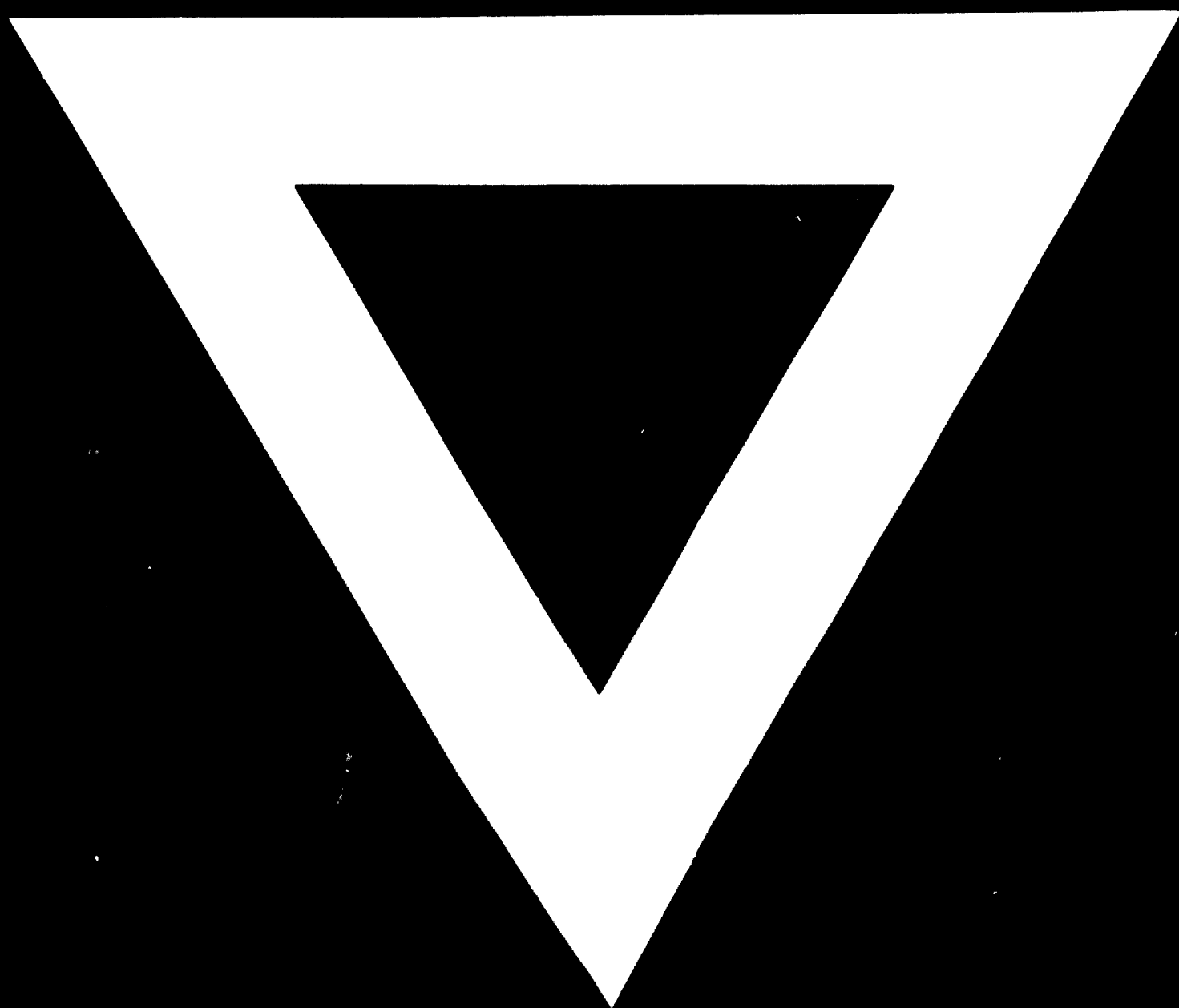
11. The Centre is not directly involved in assisting developing countries in the establishment of export-oriented industries. The market research done by the Centre has, however, been useful in adapting or restructuring production to meet the special requirements of foreign markets as well as in reorienting for export, industries that hitherto have catered only for the needs of domestic markets. Some of the market surveys can also be of value in planning new industries for export in so far as they give information on prospective commercial demand in foreign markets for specific products.

12. Among the published works of the Centre, the surveys of European markets for plywood and veneer and citrus juices, to take two examples, illustrate the type of market and marketing information that the Centre makes available for the benefit of exporters in developing countries. In addition to publishing such reports, the Centre has supplied to many developing countries, in response to ad hoc requests, a very substantial

amount of market data on a variety of products, e.g. machine tools, pharmaceuticals, electrical equipment, plastic goods, chemical products etc.

13. Another important aspect of the Centre's work is training in export promotion. The Centre's training programme for trade officials from developing countries is operated in collaboration with the foreign trade departments and allied bodies in a number of developed countries. These institutions provide formal courses in export promotion as well as in-service training in their offices. In all cases the training imparted is oriented towards export promotion of new products, e.g. processed and manufactured goods, that many developing countries are endeavouring to sell abroad.





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