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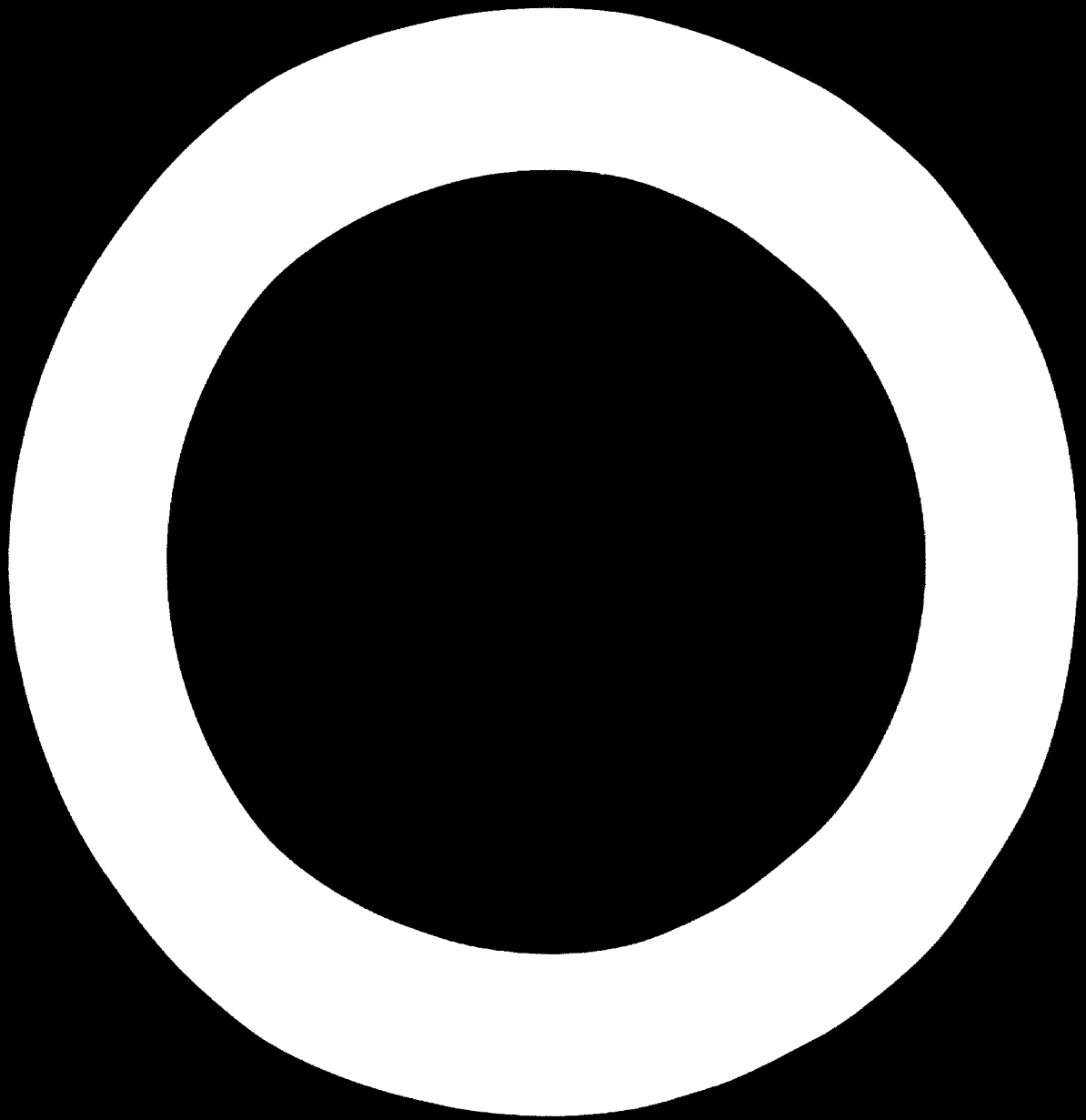
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REVIEW OF EXISTING CO-OPERATIVE ARRANGEMENTS AMONG THE DEVELOPING
COUNTRIES WITH SPECIAL REFERENCE TO ASIA 1/

by M.T. Haq
Regional Adviser on Industrial Economics
ESCAP

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REVIEW OF EXISTING CO-OPERATIVE ARRANGEMENTS AMONG THE DEVELOPING COUNTRIES WITH SPECIAL REFERENCE TO ASIA^{1/}

Introduction

1. In the Programme of Action for the Establishment of a New International Economic Order as adopted by the General Assembly at its sixth special session, collective self-reliance and growing co-operation among the developing countries were emphasized to strengthen their role in the new international economic order. The United Nations Industrial Development Organization already adopted and initiated a programme of action for the promotion of co-operation among the developing countries in the industrial field. The Second General Conference of the United Nations Industrial Development Organization held at Lima recommended, in its Plan of Action, the various measures which the developing countries should adopt to promote co-operation among themselves. The General Assembly, at its seventh session, has endorsed the Lima Declaration and Plan of Action on industrial development and co-operation. The views and recommendations of these international organizations and gatherings are indicative of "their firm conviction of the role of industry as a dynamic instrument of growth to the rapid economic and social development of the developing countries, in particular of the least developed countries"^{2/} The Lima Declaration urged that the percentage share of the developing countries in total world industrial production which was very low should be increased to the maximum possible extent and as far as possible to at least 25 per cent of the total world industrial production by the year 2000.

/Industrial co-operation

^{1/} The first section of the paper is based mainly on UNIDO reports and correspondences.

^{2/} UNIDO: Lima Declaration and Plan of Action on Industrial Development and Co-operation, p.4

Industrial co-operation among developing countries is looked upon as one of the means of facilitating and accelerating industrial growth. It can, however, assume various forms and ways and must be promoted at various levels - at sub-regional co-operation groupings, within regions and between regions and could cover many fields such as the joint planning of new industries, the harmonization of policies, agreement on specialization and various other co-operative arrangements.

SECTION I

Existing co-operation between developing countries in the field of industry

2. There are many direct arrangements for technical co-operation among some of the more industrialized developing countries and other developing countries. The examples of such co-operation are to be found mainly in areas in which there is a certain degree of economic and industrial integration. Existing co-operative activities cover individual arrangements among private partners, agreements between private business and the public sector and direct intergovernmental arrangements. Some of the aid-giving countries also receive technical assistance from other developing countries in various fields. In some cases, developing countries are offered assistance by other developing countries at considerable cost. One such example is the case of post-graduate training offered at recognized institutions in developing countries.

Forms of mutual assistance in industrial development

3. The main forms of mutual assistance in industrial development under the direct arrangements among developing countries may include the provision of expert services, training facilities and the organization of study tours. According to the information available to UNIDO, successful co-operative projects among the developing countries have

/resulted in

resulted in the establishment of an agro-industrial complex in Latin America; exchange of experience and training in the iron and steel industry among some Latin American countries, the development of a cement industry in an African country; a joint venture in a pesticides and fertilizers plant in Latin America; transfer of technology among Asian and African countries for the development of the sugar cane, textile and food processing industries; co-operation in industrial research; exchanges of experience in standardization and quality control; provision of advice and training in management consultancy services; assistance in the development of small-scale industries; consultations on industrial and economic development policies; industrial development financing; promotion of specific industrial development projects; establishment and operation of free trade areas and sub-contracting schemes.

Areas of further co-operative activities

4. There is a considerable scope for further co-operation in such fields as the manufacturing and maintenance of machine tools and agricultural machinery; the exchange of raw materials; the exchange of raw materials for technology in metallurgical industries among neighbouring countries; the building materials and wood industries; the plastic, fertilizer, petrochemical and pesticide industries and the light industries like textiles, leather, food and fruit processing. Other areas of possible co-operation cover packaging and industrial design, industrial research, standardisation, quality control and application of licensing and patenting laws.

Co-ordination and consultations

5. There is a room for co-ordination and consultations in respect of both the existing and future co-operative arrangements among the

/developing

developing countries in the fields mentioned above. Such co-ordination and consultations are called for to develop a more systematic and effective programme of mutual co-operation among the developing countries.

Industrial information

6. The collection, co-ordination and dissemination of industrial information in a systematic manner among the developing countries are an essential requirement for the development of the programme of co-operation among developing countries in an effective manner. There are also good prospects for mutual assistance in industrial documentation and information services. Some developing countries could provide management and consultancy services and training, particularly in the field of small-scale industries. There are also opportunities for mutual assistance in the formulation and development of industrial policies and programming including industrial development financing schemes, equity participation and guarantee funds, operations of industrial development funds, promotion of export-oriented industries, the establishment of free zones, the setting up and management of industrial estates, sub-contracting schemes and the development and promotion of specific industrial projects.

UNIDO's activities to promote co-operation among developing countries

7. There are certain activities that UNIDO has been carrying out in several fields in the industrial sector, in addition to the co-operative activities already taking place among the developing countries. Some of these activities listed are the circulation of ideas on specific technological programmes during expert group meetings; assistance in developing contacts between developing countries producing certain types of industrial goods; assistance in industrial information services; promotion of the exchange of experiences among national, regional

/and interregional

and interregional institutions; circulation of industrial plans; promotion of specific industrial projects and joint ventures with the more advanced developing countries for the transfer of technology; contacts with consultancy firms in developing countries to assist other developing countries; and the organization of expert group meetings, regional and interregional seminars and study tours in the developing countries. During the period from 1971 to 1973, 292 experts from developing countries were recruited to serve in other developing countries.

8. UNIDO has now assumed a co-ordinating role in promoting self-help among developing countries in industrial development by acting as a central exchange for technical assistance opportunities. National priorities and requirements identified by governments are to be matched with the resources and offers available. The preparation of a comprehensive inventory and analysis of all existing and planned possibilities of industrial co-operation and the identification of specific areas in which such co-operation could be most fruitful to the individual countries will be a long-term task and will involve the co-operation of Governments, regional economic commissions and other agencies particularly dealing with industrial co-operation.

9. For the past few years UNIDO has been involved in drawing up a programme of action for industrial development assistance among developing countries for incorporation in its work programme. Through this programme, UNIDO intended to organize exchanges of experience among developing countries on strategies and measures for the promotion of industrial development, especially in the field of indigenous small and medium-scale industries. An effort has been made by UNIDO to formulate proposals for possible forms of co-operation among developing countries in the field of small and medium-scale industries. UNIDO gradually involved itself in the work of facilitating the exchange of formulae and experience in the field of industrialization among the developing /countries.

countries. The programme of co-operation was to be expanded and was not to be limited only to activities related to small-scale industries.

10. The programme has gradually resulted in the establishment of "a concrete programme of operation for the purpose of promoting technical co-operation among developing countries, by the exchange of duly adapted technology, information and development assistance formulae in the field of industry, including small and medium scale industries, industrial programming, industrial financing, etc." In establishing the programme, UNIDO has worked closely in co-operation with UNDP and has collaborated with other concerned organizations like the World Intellectual Property Organization (WIPO).

11. The programme for co-operation among developing countries in the field of industry has received support and guidance from international forums like the meeting of the Ministers of Foreign Affairs of Non-aligned countries, the Conference of the Heads of State or Government of Non-aligned countries, the meeting of the African Ministers of Industry, the meeting of the Asian Ministers of Industry, etc. In these international forums, the great opportunities for economic, trade, financial and technological co-operation so as to promote and develop co-operation and self-reliance among the developing countries have been considered to be of great importance. The regional economic commissions have rendered their wholehearted support to UNIDO in the development of the programme of co-operation. UNIDO has taken action on possible ways of harmonizing its programme of action in this field with decisions and recommendations made at the international meetings.

Consultations with Governments

12. For the development of the programme for promoting co-operation among developing countries, UNIDO has depended considerably on

/consultations

consultations with Governments. In early 1973, UNILID circulated an aide-memoire to the Governments. An analysis of the replies from 41 Governments and National Committees to the aide-memoire was made. The material thus collected reflected the first official reaction of the Governments to the proposal for the programme of co-operation. These reactions provided valuable information and guidance for the formulation by UNIDO of the programme of action covering the industrial sector for mutual co-operation and self-reliance among the developing countries for their industrial development. Some of the findings of the analysis relevant to such co-operation are as follows:

- (a) All 41 replies from Governments and National Committees expressed general agreement and support for the programme.
- (b) The usefulness of co-operation among developing countries in the field of small-scale industry. This is an important field in which much experience gained could be fruitfully shared among these countries.
- (c) The implementation of co-operation among developing countries within a regional and sub-regional framework. This is applicable to projects concerned with the establishment of certain types of institutions and the organization of seminars, training programmes, visits and study tours.
- (d) The recognition of the various levels of development among developing countries and the organization of the programme in such a way as would be beneficial to the least developed among the developing countries. The programme should transcend regional groups because certain countries located in different regions might have gathered a specialized body of knowledge and experience in certain fields which could be productively utilized.

- (e) The willingness of the least developed countries to benefit from the programme through assistance from more industrialized developing countries.
- (f) The availability of facilities in some of the relatively advanced developing countries for the promotion of their own small-scale industries including extension centres, training programmes and financing institutions. Generally there is a willingness on their part to accept trainees from other developing countries.
- (g) Any programme of co-operation among developing countries should be based on priorities decided by the developing countries themselves.
- (h) The limitation of the financial resources of some countries precludes their participation in projects involving international travel and subsistence costs. Financing the programme presents a major problem. Cost sharing by the host and guest countries, UNIDO and UNDP and other sources are important.
- (i) Specific proposals of particularly high priority were study tours, visits, admission of foreign trainees in national extension or training centres and in national seminars and exchange of information.
- (j) As regards the exchange of information, some governments suggested that the National Committees for UNIDO in the developing countries should be associated with the task of collecting and disseminating information. There was a need in every developing country to create or to build up a communication channel or an information centre capable of effective dissemination of industrial information, a task

/in which

in which UNIDO is engaged but which should be intensified and expanded.

- (k) The importance of the training of entrepreneurs, first at national level and then at international levels.
- (l) The preparation of model schemes "industry profiles" by universities or industrial consultancy firms.
- (m) Recruitment of small industry experts from developing countries, wherever possible.
- (n) Promotion of partnerships among developing countries. Such partnerships may take the form of international sub-contracting.
- (o) Other areas of co-operation suggested included assistance in the field of quality control, joint research projects on a regional basis, assistance in the establishment of industrial co-operatives and co-operation among the developing countries in the field of artisan and handicraft development. These findings would throw considerable light on the identification of areas for such co-operation.

Co-operative measures promoted by UNIDO

13. In 1973, an interdivisional committee was established within UNIDO to follow up on the implementation of a programme to promote co-operation among developing countries. UNIDO initiated action with UNDP to encourage the new form of mutual assistance by implementing a limited number of bilateral and multilateral co-operative activities in the industrial field. When two or more developing countries would agree on a programme of co-operation in advisory services, consultation on training, UNIDO and UNDP would be ready to consider the financing of the cost of international travel involved in the programme as well as that of documentation, preparatory work, field and headquarters support

/and advisory

and advisory services. The financing of such experimental programme will be available under the Special Industrial Services Programme or under the IIF of the countries concerned. Local costs of experts, consultants and trainees as well as the payment of their normal salaries should be borne by the co-operating countries. A number of projects of co-operation among developing countries were available under the arrangement for consideration and implementation.

UNIDO Survey to identify areas of co-operation among developing countries

14. UNIDO has initiated a survey for the establishment of a co-ordinated and systematic programme of action to promote co-operation among developing countries in the field of industry. This should be a permanent element in UNIDO's programme of work, in addition to the intensification of all activities related to co-operation among developing countries, which were already carried out in the past (i.e. meetings, regional and sub-regional projects, recruitment of experts from developing countries, placement of fellows in developing countries, etc.)
15. The survey carried out has demonstrated the availability of technical assistance in various forms. Some of these are as follows: training of personnel and provision of expertise in many areas; consultancy services on formulation of government policies; establishment of engineering workshops; consulting and training; exchange of experience; provision of advisory services; researches; quality control, etc. Some of the various forms in which assistance is needed include expert and advisory services; training of skilled technicians and supervising personnel; consultancy services; observation tours; exchange of experience in various fields; expertise in planning; production and marketing; in-plant training; consultations and study tours; standardisation of product and quality control; acquisition of expertise and training

/of personnel

of personnel in data processing, documentation and information services; management, negotiating expertise required for the establishment of joint ventures, country surveys for identification of industrial opportunities; formulation of government policies, etc.

16. The survey contains valuable information on identified opportunities for co-operation which will serve as a basis for proposals of specific co-operative projects. The role of UNIDO in this programme is to encourage the utilization of capacities existing in the developing countries to co-operate among themselves by mobilizing their own resources, as a complementary activity which will in no way be a substitute for existing programmes of technical assistance - whether at the country, regional or interregional levels. The local costs of the programme should be borne by the co-operating countries, whereas UNIDO would finance international travels involved in the co-operative project.

17. The survey was carried out to define "specific areas in which developing countries could offer technical co-operation or welcome such co-operation from other developing countries within the framework of the programme". The preliminary list of opportunities for co-operation was formulated by 40 countries. The UNIDO Secretariat "will further consult with developing countries, on a continuing basis, regularly to update the information and seek ways and means to ensure the forward momentum of the programme of co-operation among developing countries".

18. The survey has identified the countries and the areas in which they are able to offer facilities and assistance and also the countries which need the facilities and assistance offered. Out of these 40 countries, some are Asian countries which do not include China and India, the two countries which can make very substantial contributions to the programme but have not yet provided information. UNIDO's efforts in

/this direction

... process and there is no doubt that its
... among the developing countries
... field of industry and will give "operational
... of collective self-reliance and mutual help among
... to attain their development goals"^{3/}
19. In the development and implementation of the programme, UNIDO
has worked in close co-operation with UNDP, Regional Economic Commissions
(and their Country Divisions jointly with UNIDO) and other regional
organizations. Mutually beneficial co-operation through the sharing of
... among developing countries,
... major trend in international economic relations.
It is an important factor in the creation of the New International
... by the United Nations General Assembly. At
the request of the General Assembly, the United Nations Development
Programme organized a "Working Party on Technical Co-operation among
Developing Countries", which made its report to UNDP's Governing Council,
in 1974. Among the inhibiting factors identified by the Working Party
were a wide communication and information gap as regards capacities
and requirements of developing countries, shortages of foreign exchanges,
an "attitudinal barrier" which favours the use of experts, consultant
firms and equipment from developed countries; and the lack of adequate
mechanisms to promote co-operation. It is expected that UNIDO's efforts
initiated to promote co-operation among developing countries in the
field of industry would produce beneficial results by overcoming the main
inhibiting factors.

20. Many of the developing countries of the world have gone through
a process of industrialization during the last 25 years or so and
considerable industrial progress has taken place in some of these countries.

^{3/} United Nations: Report of the Working Group on Technical
Co-operation among Developing Countries on
its Third Session, 29 April - 16 May 1974, p. 3

/In the

In the initial stages of their industrialization process, they had necessarily to depend on the flow of technology, know-how, skill, knowledge and management from the developed countries. As time has gone on, however, some of these countries themselves have acquired these resources. These countries should, therefore, surely be able to assist other countries which have lagged behind, or are less developed than, them in respect of industrial development. The areas of such co-operation lie in the fields of specialized seminars, workshops, training programmes, group observation tours, expertise, development and transfer of technology, consultancy services, exchange of experience, industrial information and the like. It is befitting that the 5th UNIDO Seminar is being held in New Delhi in India which itself has made considerable advance in the various fields of industrial development and can render technical assistance to the industrially less developed nations of the ESCAP region. There are other countries in the region which have developed specialized skills and experiences in specific industrial areas and as such there is a considerable scope for the development of co-operation among the developing countries themselves on a regional and interregional basis. The exploration of the areas of such co-operation among developing countries and the devising of ways and means of promoting it are, therefore, of paramount importance.

SECTION II

Co-operation among the developing countries in Asia

21. Now, we turn to discuss certain aspects of industrial co-operation in Asia - the ESCAP region. The ESCAP region has a good record of co-operation among its developing countries in certain areas, particularly in institution-building. The examples of such institutions are Asian Institute for Economic Development and Planning (now Development Institute), Bangkok; Asian Statistical Institute, Tokyo; Centre for Agricultural Machinery,

/Manila;

The Asian Institute of Technology, Kuala Lumpur; Asian Institute
 of Technology, Singapore; the Southeast Asia Iron and Steel Institute,
 Singapore, are well known centres for development, adaptation and transfer
 of technology in the offing. The Mekong Project concerned with the
 co-operative development of the several compact riparian countries, namely,
 Thailand, Laos, Cambodia and South Vietnam, has afforded an excellent
 example of sub-regional economic co-operation in vital fields. The
 project is destined to play an important role in the joint development of
 Indo-China in the future if it finds political acceptance among the new
 governments in the region of Indo-China. There are examples of regional
 co-operation in the fields of transport and communication such as the
 Asian Highway project. A number of communities in the field of
 commodities, on a sub-regional basis, have come into existence. Some
 examples are the Asian Coconut Community, the Rubber Community and the
 Pepper Community, the Asian Clearing Union and the very recent agreement
 reached among a number of countries on trade liberalization in respect of
 selected commodities. The concept of co-operation among the developing
 countries of Asia, as envisaged by the Asian Development Bank has
 been a milestone in regional co-operation in the field of finance.
 Co-operation among the ESCAP region countries on a bilateral basis has been
 effective in various fields. Usually, the multinational corporations
 operating in the ESCAP region have been responsible for the promotion of
 joint industrial ventures based on market areas cutting across the
 national boundaries. While all this is true, the developing countries of
 the ESCAP region have not made much headway in the field of industrial
 co-operation.

The experience of the ESCAP region in industrial co-operation among the developing countries

22. Efforts were made in the ESCAP region to promote industrial
 /co-operation

co-operation among its developing countries under the guidance of the Asian Industrial Development Council (AIDC). The concept of co-operation in the field of industry was also received with increasing interests by the developing countries of the ESCAP region. The ESCAP secretariat, on the initiative of AIDC, undertook studies on the scope, possibilities and benefits of bilateral or multinational co-operation in several industrial sectors such as iron and steel, agricultural machinery, fertilizers and petro-chemicals. It was recognized that, in addition to such sector-by-sector approach, there was an urgent need to take an overall view of the problem of regional industrialization and co-operation in long-term perspective. A long-term perspective study would greatly facilitate a realistic and comprehensive formulation of optimum co-operative programmes of industrialization.

23. Accordingly, the Asian Industrial Survey for Regional Co-operation (AIS) was undertaken at the initiative of the Asian Industrial Development Council (AIDC) and with the approval of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in 1968. The survey was undertaken in 1971 and was completed by the end of March 1973. The countries covered by the survey are Indonesia, Khmer Republic, Laos, Malaysia, Philippines, Republic of Korea, Republic of South Vietnam, Sri Lanka and Thailand. The industries investigated under the survey were those producing paper and pulp, petro-chemicals, fertilizers, cement, plywood, sheet glass, electric cables and electric transformers, metal transforming goods (engines, pumps, tractors, etc.) and salt and its derivatives. The size of the domestic markets of most countries of the region selected were considered to be small for plants in these industries to produce efficiently since important economies of scale in producing would not be possible.

24. Although the possibility of co-operation between countries for single industrial projects is not excluded, the approach strongly advocated

1974. The main objective of this survey was to identify between a group of countries
for co-operation in industrial projects. The most important advantage of this
survey was the identification of a number of projects in the better opportunities
for co-operation and the identification of benefits between the co-operating
countries. Finally, the survey also suggests trade and other policies
complementary to the promotion of schemes of industrial co-operation.

25. At its thirteenth session held at Colombo, Sri Lanka, in March/April
1974, the Economic and Social Commission for Asia and the Pacific decided
to hold a meeting of Top Planners and Government Executives, Entrepreneurs
and representatives of Financial Institutions, which would discuss and
speed up the implementation of projects identified by the Asian Industrial
Survey.

26. Accordingly, a meeting of Top Planners was held at Bangkok in
May 1975 under the auspices of the ESCAP Secretariat. This meeting which
was attended by delegates from six countries, namely, Indonesia, Malaysia,
Philippines, Republic of Korea, Sri Lanka and Thailand and representatives
of a number of international agencies followed visits to the countries by
an ESCAP mission to explore possibilities for projects of co-operation.

27. The country visits showed very clearly a strong desire on the
part of the several countries to move ahead with schemes for regional
industrial co-operation in areas where the size of markets, financial
requirements and technology gaps made individual country action too difficult
and too costly. What was obviously needed was not only a set of concrete
proposals for projects of co-operation but also the evolution of an
institutional mechanism which would permit the broad desires and objectives
to be translated into specific action.

28. The meeting of the Top Planners addressed itself mainly to the
formulation of ideas for operative mechanisms to plan and implement specific
projects of co-operation. The idea of establishing broad "packages" of

projects by intercountry agreements was not rejected by the meeting which recognized that such or a programme of co-operation remain the ultimate objective. However, in view of the complexities involved in seeking to achieve the simultaneous agreements necessary for the larger "packages", it was decided for the time being to approach industrial co-operation by considering co-operative action between smaller groups for specific industries or specific projects.

29. The meeting developed detailed discussions around the co-operative participation of three countries in the creation of a steel enterprise centered for the time being in the Philippines where a great deal of progress had already been made in planning a major integrated steel plant. A "steel action group" representing the countries concerned was formed. The action group required the support of the ESCAP secretariat and through it the services of one or more UNIDO consultants, to meet urgently in working out a concrete scheme for co-operation and participation of the other partners in the Philippine enterprise. The long-term programme would be not only participation of at least two other countries in the Philippines venture but also later the establishment of complementary enterprises in the other countries concerned. A similar action group emerged with respect to the production of fertilizers and pesticides within the region. The meeting discussed the desirability of forming other action groups for other industries as time went on. It was not feasible to proceed immediately to consider formation of action groups in such areas as pulp, paper and newsprint and petro-chemicals, but these were considered suitable candidates for later consideration.

30. The mechanism of the establishment of action groups for particular industrial was an important practical forward step in furnishing a more effective focus for activities leading to the creation of regional

/projects.

projects. A concrete suggestion put forward by the meeting was the establishment of this kind of a unit for the promotion of schemes of industrial co-operation. The main function of the unit would be to keep in contact with industrialists, entrepreneurs, financial institutions and other agencies in the region to promote and assist in the identification and formulation of concrete projects for industrial co-operation. The establishment of such a focal point for concerted and coordinated efforts towards the implementation of practical schemes might supply an important ingredient that has so far been missing.

31. For the implementation of co-operative industrial projects, an indispensable requirement is to set up appropriate institutional arrangements both at the levels of the Government of the developing countries of the ESCAP region and at the ESCAP level .

32. The developing countries of the ESCAP region in general are enthusiastic about co-operation in the field of industry and they have the political will to co-operate, but their industrial policies and institutional arrangements for implementing the policies have not always taken adequate account of industrial co-operation. In other words, industrial co-operation has not so far figured prominently in all countries as an essential element of their industrial policies and consequently in

/most of

most of the countries there does not appear to exist any single definite body at the national level for dealing with the problems of industrial co-operation. The reason for this inadequacy may well be that co-operation in the field of industry has itself not made much headway and that, as co-operation in this field takes a concrete shape, appropriate machinery will also be developed. Nevertheless, it may be suggested that, as a first step, each developing member country should establish or strengthen an appropriate national machinery able to develop national policies taking into account the need for industrial co-operation. The creation and development of such a national machinery will perhaps be the function of a particular ministry - the ministry of industry - and will consist, among other things, of an inter-ministerial committee consisting of top representatives of other ministries and agencies concerned with the different aspects of industrial co-operation, namely, the national planning organization, the ministry of international trade, the ministry of commerce, investment banks, industrial development corporations, etc. The work of this national machinery may then have to be strengthened by other effective support measures, needed for the implementation of co-operative industrial projects such as the collaboration of the industrial investment banks and other financing agencies.

39. At the regional level, there is the Asian Conference on Industrialization (ACI) which is a broad ministerial level policy-making body. The policy objectives of ACI was pursued by the subordinate body, the Asian Industrial Development Council (AIDC) which had the benefit of the services of an Expert Advisory Group and was serviced by the ESCAP Division of Industry, Housing and Technology. One of the primary tasks of AIDC was to identify, in collaboration with the countries concerned, projects where the co-operation of two or more countries would be of mutual benefit as, for instance, in the pooling of markets to achieve

and rational division of labour and fuller utilization of resources and means and ways of investigating and implementing such mutually beneficial projects. This body does no longer exist, but its functions and responsibilities in regard regional industrial co-operation now rest with the Committee on Industry, Housing and Technology.

34. In addition to the setting up or strengthening the institutional requirements at both levels, there are certain major problems to be tackled before industrial co-operation among the developing countries can become effective such as trade liberalization among the countries of the region or the sub-region, the choice of industries for the purpose of co-operation, the equitable distribution of gains among the participating countries, the sharing of sacrifices involved in co-operation, the formulation of a regional investment policy dealing with the question of the most advantageous or rational allocation of industries among the participating countries, and finally the formulation, conclusion and implementation of agreements among the countries concerned for various purposes. The AIS survey has thrown considerable light on some of these questions concerned with the techniques of regional co-operation. Expert groups to deal with specific problems as they emerge have to be formed from time to time.

35. If the national machinery for industrialization is adapted to the requirements of co-operation in respect of industrial projects, as suggested earlier, and if the existing machinery at the ESCAP level is further strengthened for the purpose by creating a machinery for regional co-operation, then the much-needed co-operation in respect of various matters bearing on industrial co-operation and the exchanges of ideas between the national bodies and the region body will be facilitated and a proper forum for the discussion of the various issues involved in industrial co-operation will be created. It is of the utmost importance to bring about such co-ordination so that concerted action can be taken

to achieve the goal of co-operation in the field of industry.

36. It cannot be overemphasized that the machinery for co-operation at the ESCAP level needs to be strengthened by setting up a mechanism for industrial co-operation. This is essential because ESCAP in co-operation with UNIDO is expected to play a vital role in initiating practical discussions and negotiations in the matter of industrial co-operation. Countries usually look to national interests, and hence, for larger regional interests, the Kennedy-Round type negotiations and a sort of "shuttle" diplomacy are needed, not just studies and research. What is of utmost importance during the rest of the Second Development Decade and after is an operational approach to the regional problems including industrial co-operation. Countries expect the drive, initiative and the dynamism essential to a pragmatic approach to the problem of industrial co-operation to come from ESCAP itself and as such ESCAP's machinery for the purpose must be strengthened.

Regional Seminar

36. The fifth Regional Seminar on UNIDO Operations primarily for the least developed countries in Asia and the Far East in co-operation with ESCAP, affords an excellent opportunity for the exchanges of information among the less developed and more industrialized developing countries in the field of industry. The participants are senior officials in the Ministry of Industry or from co-ordinating or planning offices directly related to industrial development. These exchanges of information will further help in the identification of areas where there are opportunities for co-operation among the developing countries, which both UNIDO (on a global level) and ESCAP (on a regional level) are engaged in promoting.

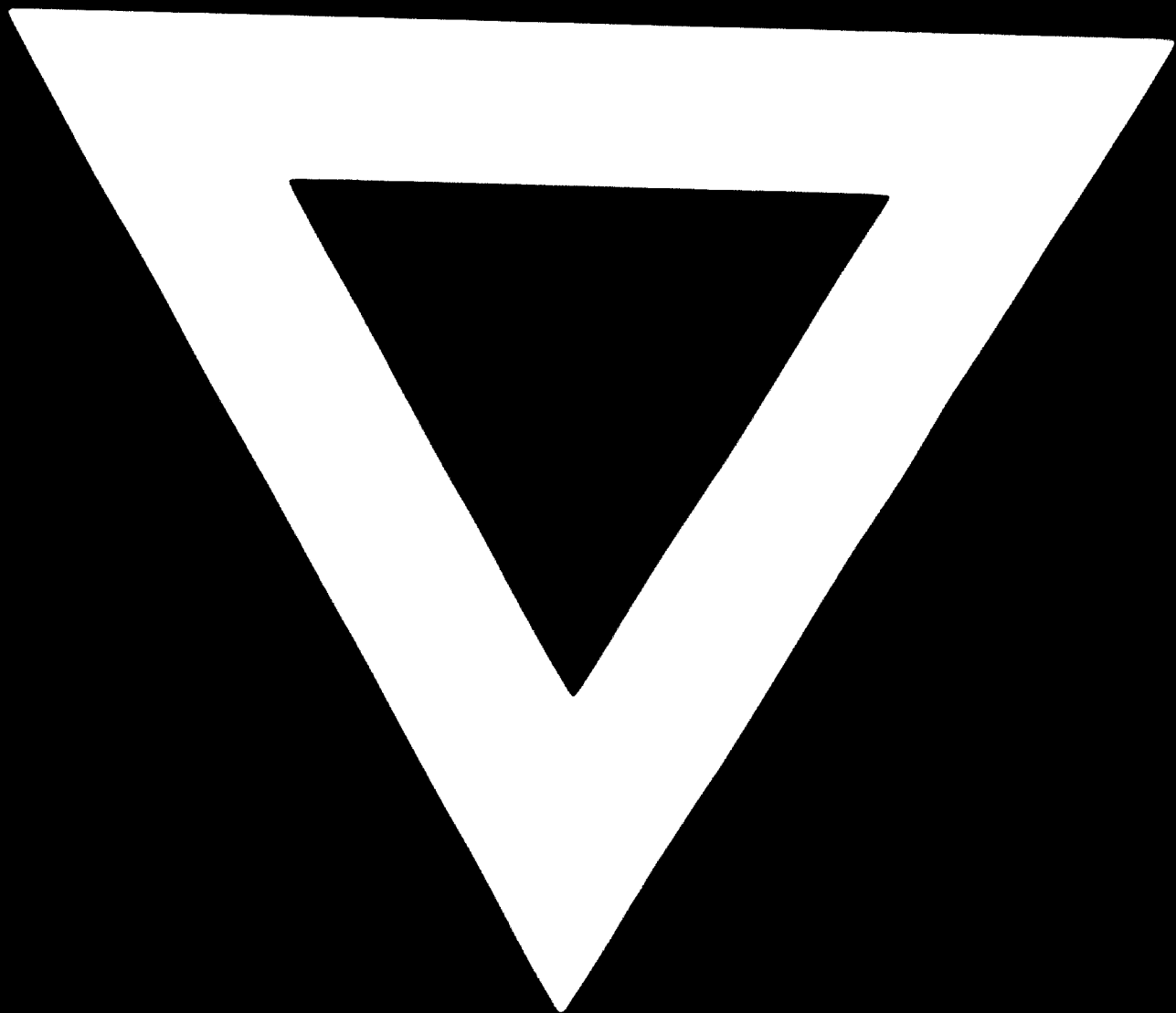
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