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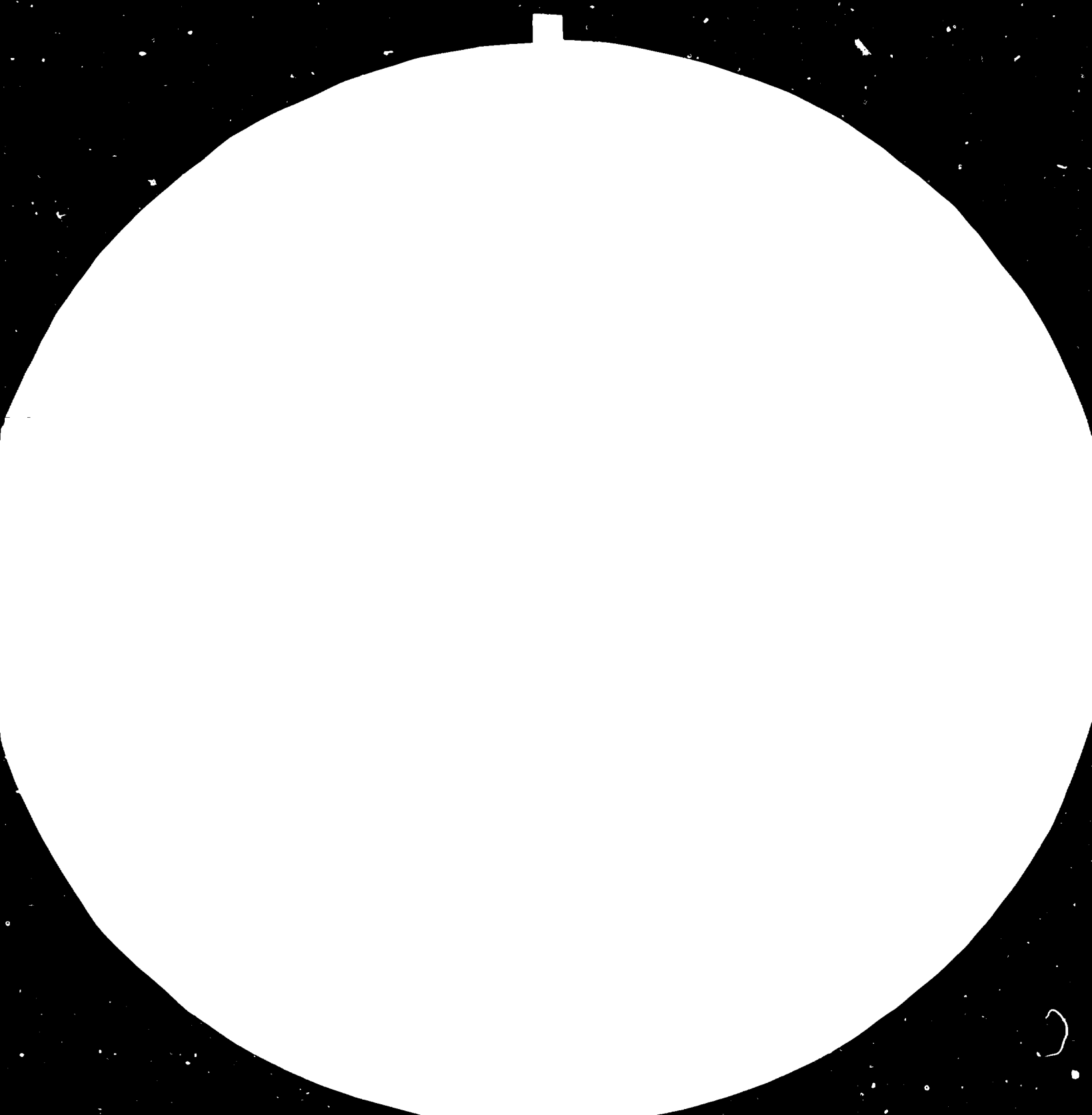
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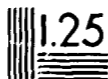


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ENGLISH

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"The Tenth Round Table of Developing Countries
Industrial Development and Co-operation among
Developing Countries from Small-Scale Industry
to the Transnational Corporations"

Zagreb, Yugoslavia, 15-17 September 1982

The Scope for Co-operation between the Newly *
Industrialized and other Developing Countries.

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1293

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** IDC: Institute for Developing Countries

The analysis of various economic aggregates shows that developing countries (DCs) as a whole do not form an entirely homogeneous structure, and thus in the analytical approach the category of the so called "Newly Industrialized Countries" (NICs) is used. These countries can play an important role in strengthening economic co-operation among DCs due to their relatively high level of industrialization and high degree of professionally skilled and specialized manpower.

According to the criteria applied (i.e. membership in the Group of 77, the value of the export of manufactures, its share in total export and the share of the industrial production in national product, the group of NICs consists, at present, of the following countries: Argentina, Brazil, Mexico, Pakistan, India, Yugoslavia, South Korea, the Philippines, Singapore, Malaysia and Thailand. It should be noted that the manufactured export from NICs to developed countries, due to unfavourable conditions in the latter group of countries as well as to its already achieved level, is expected to grow slower than in the past decade. This slower rate of growth, the NICs could compensate by increasing

their export to other DCs and by increasing, at the same time, their imports from these countries. The NICs have already realized the importance of increased co-operation among DCs which manifests itself in their concrete actions and development plans. The forecasts that the co-operation between NICs and other DCs will further grow are supported by a number of other factors:

- Although the NICs will remain predominantly oriented towards developed countries, where they purchase technology, equipment and other capital and technology intensive products, the main export item to the Western markets will continue to be labour intensive products. However the production structure in NICs has been changing in order to enable the production of capital intensive products, for which there is a great demand in DCs particularly since these are very often better adapted to serve their needs than is the case with the products from developed countries.
- The growing protectionism of developed countries is the additional factor that could make the NICs redirect a larger proportion of their exports to DCs.
- Some NICs have already realized the importance of more developed, long-term methods of co-operation both with developed and developing countries. Such co-operation contributes to the stabilization and strengthening of relations of the parties involved. There are reasons to believe that these methods of co-operation are particularly favourable for DCs. Namely, the experience has shown that investors from DCs repatriate less profits than multina-

tional corporations (only 1/7) and, in average, import only 1/2 of the equipment from developed countries, while this share amounts to 90% with multinational corporations.

- The achieved results in the co-operation between NICs and other DCs indicate a high degree of regional concentration, which can further tighten due to the availability of natural resources and agrarian primary products in some DCs, but also due to the availability of capital equipment and technology in NICs from the same region. The familiarity to the markets (because of geographic closeness) has, namely, a special impact on the sale of goods, and thus interregional trade exchanges are often preferred. Of special importance are also the more favourable conditions in the access to markets, which are the result of membership in an economic integration.
- Being aware of their technological and other dependence on developed countries, both NICs and other DCs are likely to put greater efforts into their mutual co-operation in respective fields. In view of the fact that NICs have already developed a number of technological processes, have the professional experience and trained and specialized staff, potentials for the co-operation exist.

Summarizing the above mentioned factors, it could be said that the NICs are playing and could play even more important role in intensifying the co-operation among DCs. However, no significant results should be expected in a short time span, since the NICs and other DCs will continue to depend largely on developed countries, because of their financial and credit potentials, the availability of production and technological capacities, and because of their communication

and information infrastructure. Only long term changes in the production structure of developing countries, more extensive use of mutual complementarity and development of equal interdependence of their economies, which should become an integral part of their development plans, as well as a wider use of financial resources from developed countries, could result in a continuous and steadier increase of co-operation among developing countries.

