



Distr.
LIMITED

E/CN.14/WP.1/101
6 November 1975

UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Original: ENGLISH/
FRENCH

ECONOMIC COMMISSION FOR AFRICA

Joint ECA/OAU Meeting of Experts
on Trade and Development

Algiers, 14-21 November 1975

RECOMMENDATIONS MADE BY THE PARTICIPANTS AT THE ECA
COURSE ON COMMERCIAL POLICY AND TRADE PROMOTION

Concerning the trade issues on the provisional
agenda for the fourth session of UNCTAD

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INTRODUCTION

1. The Course on Commercial Policy and Trade Promotion organized by the Economic Commission for Africa took place at Algiers from 30 September to 24 October 1975. It was organized with financial assistance from the United Nations Development Programme. The aim was to familiarize foreign trade officials from African countries with the trade issues to be discussed at the fourth session of UNCTAD.

ATTENDANCE

2. High-level officials from the following countries participated in the course: Algeria, Burundi, Central African Republic, Chad, Congo, Dahomey, Egypt, Ethiopia, Gambia, Ghana, Ivory Coast, Kenya, Mali, Mauritania, Mauritius, Morocco, Nigeria, Senegal, Somalia, Sudan, Swaziland, Togo, Uganda, United Republic of Cameroon, Upper Volta, Zaire and Zambia.

ORGANIZATION

3. The opening and closing meetings were presided over by Mr. Layachi Yaker, Minister of Commerce in the Algerian Government. Mr. H.L. Bazin, Acting Chief, Trade, Fiscal and Monetary Affairs Division, directed the course with the assistance of several ECA staff members.

4. The participants heard various lectures by members of the ECA secretariat and UNCTAD officials.

RECOMMENDATIONS MADE BY THE PARTICIPANTS

5. Participants reviewed major recent trends in the world economy and international trade and compared developments in developing African countries as a whole. Emphasis was placed in particular on the fact that the recent rise in commodity prices had been the result of the inflation in the developed countries rather than the cause of it. They also stressed the negative effects of the inflation in relation to the deterioration in the terms of trade of the developing countries and in their balance of payments.

6. Throughout the deliberations to which all the lecturers as well as the participants contributed, attention was focused on the special problems relating to commercial policy and trade promotion with which the developing African countries, and in particular the less privileged among them, were faced.

7. Participants summarized the conclusions to which they came in the form of the following recommendations concerning the main elements of the African position at the fourth session of UNCTAD:

1. Commodities
2. Manufactures and semi-manufactures
3. Multilateral trade negotiations
4. Interdependence among trade, development finance and monetary problems

5. Transfer of technology
6. Least developed, land-locked and developing island countries
7. Economic co-operation among developing countries
8. Trade relations between African countries and socialist countries of Eastern Europe.

1. COMMODITIES

A. Integrated programme

The participants,

Recognizing the urgent need to implement an integrated programme for commodities of major interest to developing countries, both exporters and importers;

Believing, however, that such an integrated programme should take into account the following specific measures and reservations:

(i) The granting of very high priority to increased local processing of the commodities exported by developing countries;

(ii) The creation of an operational fund to finance the diversification of production in the developing countries;

(iii) The safeguarding of the special interests of the least developed among developing countries, in accordance with resolution 62(III) the United Nations Conference on Trade and Development;

(iv) The adoption of the necessary steps to avoid the integrated programme and indexation of commodity prices becoming a major cause of inflation among developing countries;

(v) The adoption of appropriate measures to avoid contributions from developed consumer countries to the fund for the financing of buffer stocks being compensated by a reduction of their participation in assistance funds for developing countries;

Consider that socialist countries should be associated with the financing of the integrated programme;

Express the hope that the Lima resolution calling for the setting up of a council of association of developing producer countries with a view to increasing the purchasing power of such countries will be implemented as soon as possible;

Recommend that the integrated programme should be examined not only from the point of view of access to developed countries' markets, but also and above all from that of production and intra-regional trade among developing countries;

Suggest that a working group to evaluate the impact of the integrated programme on the trade and development of the State concerned should be established in each individual State;

Also suggest that regional and subregional studies on the impact of the integrated programme should be prepared by ECA, UNCTAD and other relevant international institutions;

B. Price indexation

The participants,

Fully aware of the advantages of the indexation of commodity prices, either directly through the maintenance of constant prices in real terms or indirectly through transfers to compensate the decline in real prices;

Considering, however, that the problems raised by the respective advantages of those two forms of indexation have not yet been fully solved;

Propose that further studies should be undertaken with a view to determining which of those methods is best suited and most advantageous to African developing countries.

2. MANUFACTURES AND SEMI-MANUFACTURES

The participants

Reaffirming the absolute need to set up and improve production structures in African countries in order to develop and diversify their exports of manufactures and semi-manufactures;

Convinced that measures to improve access to the markets of developed countries for manufactured products of developing countries must remain an essential element in an overall international trade policy of developing countries; that such measures should comprise not only the elimination or reduction of tariff and non-tariff barriers and the control of restrictive business practices affecting imports of manufactures from developing countries, and also appropriate changes in the industrial policies of developing countries in order to develop and/or increase the production of manufactured goods in those countries;

Recommend the adoption of measures aimed in particular at improving the Generalized System of Preferences and strict control of the restrictive business practices of transnational corporations in Africa:

(a) Improvements in the Generalized System of Preferences should include the following elements:

- (i) extension of GSP to include all agricultural and processed agricultural products of current or potential export interest to developing countries and the granting of duty-free entry for all such products;
- (ii) abolition of ceilings and tariff quotas on so-called sensitive products;
- (iii) simplification and harmonization of rules of origin and associated administrative procedures;
- (iv) extension of the duration of application of GSP beyond ten years.

(b) Control of restrictive business practices should include:

Closer supervision in African developing countries of the activities of transnational firms through rigorous action aimed at greater control and, where possible, elimination of restrictive business practices by such firms. The following steps could be taken:

- (i) implementation at the national level of a system of integrated structures for control and surveillance of the activities of transnational corporations;

(ii) establishment, among developing countries within which a single transnational corporation is operating, of a mutual information and co-operation machinery regarding the activities and restrictive business practices of such corporations;

(iii) establishment of co-operation between developed and developing countries in order to combat the restrictive business practices of transnational corporations.

3. MULTILATERAL TRADE NEGOTIATIONS

The participants,

Noting that, while tariff barriers have been progressively reduced in the course of previous negotiations, non-tariff barriers have not only been maintained, but in some cases have also proliferated and been strengthened;

Reaffirming that the new multilateral trade negotiations should provide developing countries of Africa with:

- (i) the broadest possible expansion of their exports compatible with their development needs;
- (ii) the strict maintenance of the overall specific advantages already obtained either under GSP or in the form of special preferences;
- (iii) such additional commercial advantages as will enable African countries to secure the largest possible expansion of other foreign exchange earnings and a substantial acceleration of their economic development;

Recommend the following main provisions:

(a) Customs tariffs

- (i) maximum reduction of exception lists submitted by developed countries participating in the negotiations;
- (ii) preservation and improvement of existing special preferences under the ACP-EEC Convention;
- (iii) special and more favourable treatment for the exports of developing countries and advance implementation of tariff cuts;
- (iv) more substantial differential reduction of duties on manufactures and semi-manufactures of particular export interest to the developing countries of Africa.

(b) Non-tariff barriers

- (i) In any code governing subsidies and countervailing duties, developed countries' imports from developing countries should be exempted from the application of countervailing duties, developing countries should have the right to apply countervailing duties when appropriate in respect of imports from developed countries;
- (ii) Efforts should be made to ensure that standards are not applied as a tool to protect domestic producers;
- (iii) Standards should be publicized widely;
- (iv) Efforts should be made to ensure that measures on packaging and labelling do not result in hidden barriers to trade;

(v) Customs valuation systems or methods should be harmonized or simplified. More favourable or different methods should be applied in favour of developing countries;

(vi) The value of exports of developing countries should be determined on the invoice value;

(vii) Domestic value in exporting countries should not be used as a basis for levying duty;

(viii) All quantitative restrictions should be removed immediately;

(ix) Quotas in favour of developing countries should be enlarged and discriminatory aspects removed; administrative procedures should be simplified and liberalized and discretionary licensing converted into quotas.

4. INTERDEPENDENCE AMONG TRADE, DEVELOPMENT FINANCE AND MONETARY PROBLEMS

The participants,

Acknowledging the interdependence among trade, development finance and monetary problems;

Recommend that steps should be taken to ensure that short-term measures do not prevent the pursuit of long-term solutions with regard to the interdependence among trade, development finance and monetary problems.

5. TRANSFER OF TECHNOLOGY

The participants,

Propose the adoption of the following provisions on the transfer of technology to or among developing countries:

1. Legislation and administrative procedures on industrial property currently in force in African developing countries should be reviewed and updated in the light of the development needs of those countries;
2. A decision should be taken at the fourth session of UNCTAD on a code of conduct for the transfer of technology as well as on the modalities for its application. Such a decision should take into account the need to assist developing countries in the setting up of structures for the transfer, adaptation, exploitation and control of imported technology. The relevant international institutions and in particular WIPO and UNCTAD should assist the developing countries to protect the trademarks and labels of products exported to developed countries by developing countries;
3. Codes of investment in developing countries should be harmonized with a view to preventing transnational corporations from making use of differences in advantages between national legislations on transfer of technology;
4. Co-operation among developing countries at all levels, subregional, regional and interregional, on the transfer of technology should be strengthened and efforts should be pursued towards the creation of technologies adapted to the needs of each country.

6. LEAST DEVELOPED, LAND-LOCKED AND DEVELOPING ISLAND COUNTRIES

The participants,

Believe that there is a need for the international community to take action without delay to achieve the following objectives in favour of the least developed, land-locked and developing island countries:

1. Implementation of the provisions of UNCTAD resolutions 62(III) and 63(III);
2. Improvement of the transport systems between transit and land-locked countries;
3. Creation of a special fund to reduce access costs to land-locked countries, and hence the cost of imports for such countries, and simultaneously to increase their export earnings.

7. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

The participants,

Recommend the following proposals for the creation of a global system of economic co-operation among developing countries.

Such a system would not be open only to developing countries in all regions, but would embrace an interrelated and consistent set of measures designed to secure the greatest possible advantages from multinational co-operation in the field of trade, production and financing.

1. Trade

Three instruments are proposed to facilitate the expansion of trade.

- (a) A system of preferences among developing countries would set in motion a process of liberalizing access to markets which should take account of the growth and diversification of the productive capacities of many developing countries;

Desirable measures:

- (i) the widening of product coverage to primary commodities, processed agricultural products and simple industrial products;
 - (ii) extension of the concept of preferences to non-tariff barriers and to the treatment of services such as shipping, banking and insurance and special import credits;
 - (iii) the institution of special provisions, such as non-reciprocity for the relatively less advanced developing countries;
 - (iv) in the longer term, the introduction of some automatic multilateralization devices.
- (b) Measures to accompany the liberalization of access to markets:
 - (i) establishment of multinational import and export enterprises;
 - (ii) multinational pooling of imports on a selective basis for selected product together with the aggregation of marine cargoes;
 - (iii) co-operation among existing State-trading mechanism and other State-purchasing agencies;
 - (iv) application, where appropriate, of multinational purchase and supply commitments under medium- and long-term contracts.
 - (c) Other co-operative action:
 - (i) the creation of additional arrangements of this kind on a subregional basis;

- (ii) the creation of linkages between existing arrangements on a regional basis;
- (iii) the extension of such linkages to schemes in different regions.

2. Production

(a) In order to promote joint enterprises, there should be created a framework designed to identify and exploit multinational combinations of natural resources, technology, finance and markets.

(b) When the conditions for co-operation in sectors of production are most favourable, equity sharing should be combined with market sharing, resource combination, and technological transfers among developing countries themselves (need to create an information centre on technology).

(c) Financing funds should be established and feasibility studies undertake.

3. Financing of co-operation

(a) Multilateral payments

(b) Union of clearing houses. Only balances could be paid in strong currency.

(c) Setting up within the framework of UNCTAD of an information service on transfers of financial resources from developing countries with a surplus of capital which could be invested in other developing countries. Ad hoc or periodic meetings should be organized between developing countries able to invest abroad and developing countries in need of foreign investment.

4. Possible forms of support by developed countries

The system of co-operation among developing countries could be assisted in many respects by developed countries, both to market economy and the socialist ones, through a policy of strengthening collective self-reliance among developing countries.

8. TRADE RELATIONS BETWEEN AFRICAN COUNTRIES AND SOCIALIST COUNTRIES OF EASTERN EUROPE

The participants,

Conscious of the need progressively to lessen the numerous difficulties hampering trade between African countries and Socialist countries of Eastern Europe,

Propose the following improvements:

(a) Commercial policy and trade promotion:

- (i) A multilateral body could draw up a code of conduct and formulate suggestions to lessen or remove obstacles to trade;
- (ii) Permanent consultations (bilateral and multilateral) could be established at the level of planning instances between African countries and Socialist countries;
- (iii) Socialist countries should grant tariff preferences on a non-reciprocal basis to African countries. African countries would take the necessary steps to eliminate any discriminatory treatment vis-à-vis Socialist countries.

(b) Marketing:

- (i) Application of quality control at the starting point of exports from African countries but not at the point of destination in Socialist countries so as to protect African exporting countries against the risks of deterioration in quality during the time the goods are in transit;
- (ii) Publicity for products of African origin;
- (iii) Organization of trade exhibitions in Socialist countries by African countries;
- (iv) Assistance from Socialist countries in the holding and financing of publicity campaigns organized in those countries by African countries and to achieve greater participation by African countries in trade exhibitions organized in Socialist countries.

(c) Prices and financing policies:

- (i) Creation of a mixed system of payments comprising agreements for payment in convertible currencies and compensation agreements;
- (ii) Integrated approach covering trade, payments and economic co-operation;
- (iii) Socialist countries should participate more actively in development financing programmes in favour of African countries; African countries themselves should make efforts to promote co-operation with Socialist countries.

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