FOURTH MEETING OF THE ADVISORY GROUP ON TRADE INFORMATION AND TRADE PROMOTION ADVISORY SERVICES

13-15 JUNE 1967

Statements by the representative of UNCTAD on the activities of the United Nations in the field of export promotion, and his suggestions as to how these might be brought into closer relation with those of the GATT International Trade Centre.

These statements have been reproduced in full at the request of several members of the Advisory Group, in order that they might be studied by the members of the Group and their governments.

The full report of the meeting appears in document L/2807.
Before the general discussion is closed, I should like to express the gratitude of the UNCTAD Secretariat and of the United Nations in general for the kind invitation we received to attend your meeting.

As you already know, the promotion of exports from developing countries was one of the major problems discussed at the first UNCTAD Conference held in 1964, when a large number of recommendations for action at the national, regional and international levels were adopted.

This, of course, was only to be expected. Foreign trade is indeed one of the principal instruments for spreading economic and technical progress to the less-wealthy countries. In the first place, it enables these countries to equip themselves and to progress towards a rate of growth consistent with their national aspirations. In 1966, the share of developing countries in the total world export figure of $204,000 million was $39,000 million, or 19 per cent. Ten years ago, their share was $25,000 million, that is 24 per cent of the total.

There are two further reasons, and compelling ones, why such emphasis was given to the problem of exports from less-wealthy countries during the first UNCTAD Conference and since that time. The first derives from the fact that the overall amount of aid granted to these countries is tending to level off or even to diminish. There are various reasons for this, among them the balance-of-payments difficulties facing several main donor countries. For the moment the situation in this regard seems to have reached a dead-lock, but it is to be hoped that this is only temporary. Much the same may be said of the second instrument used during the post-war period to promote economic development, namely financing by loans, granted on terms that were increasingly adjusted to the circumstances of the less-wealthy countries (low rates of interest, long repayment periods, and, sometimes, repayment in local currency). But here again the situation appears to have reached a dead-lock: the indebtedness of the less-wealthy countries is such that at present, on average, a high percentage of their foreign earnings is earmarked for repayment purposes.

It is therefore understandable that, while continuing to seek a solution to these problems in terms of the instruments just described, renewed attention should be given to trade as being one of the principal ways of overcoming the problems of under-development.

For a realistic view of what might feasibly be undertaken in this field, let us glance briefly at the structure of exports from the developing countries: 83 per cent of these exports comprise agricultural products, raw materials and petroleum (this item alone accounts for 25 per cent of the above-mentioned figure).
If we deduct from the remaining 17 per cent the figure which represents semi-processed raw materials, we are left with only 5 per cent to cover all items which can properly be described as manufactured products. Now, 75 per cent of these manufactured products are supplied by twelve countries: Algeria, Argentina, Brazil, China (Taiwan), Hong Kong, India, Iran, Israel, Malaysia, Mexico, the Philippines and Yugoslavia.

It is therefore reasonable that the first UNCTAD Conference should have turned its attention towards the following fields of activity: to obtain better prices, wider access and greater price stability for primary products from these less-wealthy countries; to ensure for these countries a larger share in the processing of raw materials; and to ensure access for their manufactures to the markets of the wealthier countries.

The programme is a tremendous one, but it is commensurate with the problems of today which must be tackled with courage and foresight.

This approach includes several immediately applicable solutions: think, for example, of the enormous markets which have been opened up in the Northern Hemisphere for a few only of the wide range of tropical products these countries have to offer - bananas, citrus fruits, etc. Why should this range not be broadened? Why should the northern countries who could easily afford to do so, not receive some of the lesser-known products that are no longer beset by transport problems, as for example, the mango or the avocado pear, to mention only two? The United Nations Food and Agriculture Organization would be rendering a valuable service if it could give greater attention to such areas of activity. It is, moreover, understandable that in the poorer countries small producers of groundnuts, for example, should consider joining forces in order to defend or promote their products. Furthermore, as the representative of India has just pointed out, it is opportune that the UNCTAD Committee on Commodities should have recently decided to convene in the near future a meeting of experts jointly with the FAO, and with GATT participation, to study possible ways and means of assisting the less-wealthy countries in the promotion of their exports of primary products.

When we turn, however, to the question of exporting manufactured or semi-manufactured products, the problems and difficulties encountered are even greater. Here I shall limit myself to a few brief remarks: it must first of all be emphasized that even the most generous policy on the part of the wealthy countries in regard to commodities will not be sufficient to overcome the trade-gap problem. Next, even if preferences are granted on manufactured and semi-manufactured products from developing countries, there still remain two other major problems
on either side of the customs problem itself, so to speak. First, these less-wealthy countries must acquire, and be assisted in acquiring, the necessary industrial facilities so as to enable them to participate in this most intensive, most remunerative, and most rapidly expanding aspect of international trade. And secondly, these countries must make use of a whole range of trade promotion techniques and methods which will enable them to secure consumer acceptance for their products in the markets of wealthy countries.

In such an undertaking, the countries themselves are called upon to fulfil an essential and irreplaceable rôle, because only they possess the executive power and the necessary means. Our attention has been drawn here to numerous examples of the assistance which a number of the richer countries are already offering their less-wealthy partners in this particular field. Indeed, in several of these countries an interesting new concept has come into being, that of promoting imports from less-wealthy countries.

But these national efforts can be both usefully and rationally supplemented by action from the joint agencies set up by the international community. For several years now, the United Nations has been regularly providing developing countries with technical assistance in respect of trade promotion. The Secretary-General of UNCTAD reported on this in a document submitted to the Trade and Development Board last year (TD/8/97 and Add.1), and this is included in the list of United Nations recommendations and documents on trade promotion which, at my request, your secretariat was kind enough to distribute to you. In another document which has been put before you, you will see that on average some twenty experts are supplied to developing countries each year under the United Nations aid programmes. In the programme for 1967/68, the total cost of mounting such activities is to be of the order of $800,000.

I should also like to refer here to the work accomplished by the United Nations Department of Economic Affairs, especially as regards international tax systems and export credit, and also to the considerable achievements of the regional economic commissions, which through their Trade Committees, continue to sponsor a large number of projects. I need only remind you here of the work of the Economic Commission for Latin America in the field of trade integration at the regional and sub-regional levels, or of similar projects now under way in Africa, or again of the first Far-Eastern International Trade Fair and the annual symposia on trade promotion, which are the outcome of initiatives taken by the Economic Commission for Asia and the Far East.
More recently, however, renewed attention has been given to these problems: by the first UNCTAD Conference held in 1964, by your own International Centre established during the same year, and latterly by the new United Nations Industrial Development Organization (UNIDO), which was set up last year. Among the problems of concern to this Organization, that of developing export-oriented industries is receiving very special attention. This fact is clearly reflected in the documents put before the first meeting of its Board last April. Some of these are mentioned in the list which has been distributed to you.

At a meeting of the Executive Secretaries of the Regional Economic Commissions held in New York from 25 to 27 January 1967, it was decided that the various projects and resources of the United Nations should be combined in a United Nations programme for the promotion of exports from developing countries. The meeting, which was presided over by the United Nations Under-Secretary for Economic and Social Affairs, was also attended by the Executive Director of UNIDO, the Secretary-General of UNCTAD and the Co-Administrator of the United Nations Development Programme (UNDP). The Secretary-General of the United Nations gave whole-hearted support to the programme. In the report on this meeting, it was pointed out that the programme was conceived as an open co-operative effort in which it was hoped that other United Nations bodies might join. And to this end consultations will be arranged at the next meeting of Executive Secretaries to be held in July. The Food and Agriculture Organization and the secretariat of the CONTRACTING PARTIES to GATT have been invited.

This, then, has been a brief description of the activities of the United Nations in this field, which I felt would be helpful to you. We entirely agree with what was said this morning by the Deputy Director-General of GATT when he stressed the importance of assisting developing countries in the task of export promotion. A concerted effort should be made to co-ordinate the activities of competent international agencies in this field in order to ensure that the resources available to them are utilized to the full, and that any unnecessary duplication of effort is avoided.

Mr. Chairman,

I have some hesitation in taking the floor again in a meeting to which we have been invited for the first time. I do, however, believe that I can provide some useful information in connexion with several of the topics that have been raised here.

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1cf. the Annex to document TD/3/C.2/41.
In the first place, some of you have been wondering whether or not the request for two additional experts to strengthen the Trade Promotion Advisory Service which you established last year would be sufficient to meet the requirements of less-wealthy countries. You can readily find the answer in the report (TD/8/C.2/32) of a group of UNCTAD and UNIDO experts that was convened to review the areas and priorities for United Nations technical assistance to promote the expansion of exports of manufactures and semi-manufactures. You will note that some sixty specific areas were identified by these experts. These were the areas of activity I mentioned yesterday and which are situated all along the process of production and of marketing products abroad. Aid for the establishment of export promotion agencies is merely one part of what needs to be done. This kind of assistance should be accompanied by a whole range of specific additional measures. For, if an exporter is to be successful he must first meet a number of requirements in connexion with production, standards of quality and uniformity, with the presentation of products, with adapting them to the tastes of the foreign consumer, and so on and so forth. As to marketing itself, it embraces a wide variety of activities where specialized know-how may be required.

In this field of assistance, a relatively new venture for the international agencies, it is essential that the aid provided be adapted to the conditions prevailing in each requesting country. What may be appropriate for a country like Brazil may not be so for a country like Chad. Should countries be assisted individually or in groups? Should aid be directed towards a given product exported by a number of different countries? Should activities be undertaken at a regional or at a sub-regional level? Should training in the major industrial markets be supplemented by training in developing regions? All these questions deserve to be carefully studied and this is precisely what the United Nations Regional Commissions, which are particularly suited to the task, are now engaged upon.

In this connexion, representatives of developing countries have asked if it would not be desirable to extend export promotion aid to trade between the developing countries themselves. This, in the light of the experience acquired by our Regional Commissions is an important area of activity, very closely related to the problems of regional integration and trade liberalization that these Commissions are already tackling. The intention is therefore to appoint to each of these Commissions a regional adviser on trade promotion. A start has been made with the appointment of an adviser to the Economic Commission for Latin America. Among other tasks, these advisers will be called upon to tackle the problem you have already referred to and which could hardly be settled by central intervention alone.
And yet, in the face of these enormous requirements, there are grounds for a certain optimism as to the resources which will be available. Last year, indeed, at a session of the UNDP Governing Council held in Milan and following a proposal by the UNDP Administrator, Mr. Paul Hoffman, it was decided that greater attention would be given to the needs of developing countries in the field of export promotion. Although government requests for the period 1967/68 have already been established in an overall programme approved by the Council, further requests in this field can still be accommodated and from 1969 onwards there will be greater flexibility.

UNDP resources, however, are very limited in comparison with the enormous requirements of developing countries in every field of human endeavour (health, education, agriculture, industry, labour, energy, geology, etc.). The desire to make the best possible use of the UNDP's financial resources was one of the reasons for creating the United Nations export promotion programme. The concern here was to avoid the situation where a given division of the United Nations Secretariat might advise a government to apply for a form of assistance that would not fit into an intelligent order of priorities or that might duplicate or conflict with any form of assistance recommended by another United Nations body.

The decision internally to co-ordinate United Nations activities may have given the impression that UNDP funds would not be available for technical assistance projects linked to the activities of your own International Trade Centre. I can assure you that this is not the case.

What, then, is the situation? Under the statutory provisions which govern technical assistance programmes, the United Nations Secretariat, as a participating agency, administers a whole range of assistance projects of which aid in the trade field is only a tiny part. To this end, the United Nations have at their disposal administrative, financial and recruitment services which function in accordance with precise regulations designed to ensure the international character of these programmes. In particular, all member countries have the possibility of proposing candidates for vacant posts. The United Nations also has local representatives in a large number of developing countries. In connexion with this system, the UNCTAD Secretariat was requested by the United Nations Secretary-General and by the Trade and Development Board in a resolution adopted at its fourth session (Resolution 31 (IV)) to provide advisory services in connexion with these programmes in order to ensure that they were properly executed and that United Nations activities were properly co-ordinated. This led to the United Nations export promotion programme to which I have already referred. We have, however now reached a new stage where it is desirable
to associate bodies like your own, which have a significant contribution to make, in this endeavour. It will thus be possible to combine activities that might otherwise be dispersed and to pool our efforts. This system could be applied to well-planned priority projects and would increase the likelihood of their being approved by the UNDP Governing Council in which both donor and recipient countries are represented. In this way also, technical assistance projects related to the activities of your Centre could be financed by the UNDP. Moreover, I am delighted to be able to inform you that the Director-General of GATT and the Secretary-General of UNCTAD only a few days ago agreed to set up an inter-secretariat working party to study the forms that such a close association might take.

In his speech yesterday, the Deputy Director-General of GATT stressed that the activities sponsored by your Centre had the benefit of twenty years of experience acquired by the CONTRACTING PARTIES in matters of trade and of the relations established with Ministers of Trade. This would be a worthy dowry for a marriage which well deserves consideration. For its part, the United Nations could contribute twenty years' experience in dealing with problems of underdevelopment. Through its Regional Commissions, through the universal character of its membership, the numerous studies it has undertaken, and its various intergovernmental bodies in the development field, through the fruitful contacts which it has built up in Third World countries at both the governmental and private levels, the United Nations has cast very deep roots in the underprivileged regions of our world, and has become the organization most highly specialized in development matters.

These then are the resources that should be pooled in order to tackle the enormous problems before us. We are already well aware of the gaps between the developed countries and the less-wealthy ones: the differences in income, in scientific and technical progress, and in trade. We might well add to this list the market-penetration gap; since, while in general it is easy for products from wealthy countries to find a footing in the markets of poorer ones, products from these latter are faced with markets which are increasingly demanding, increasingly complex and diversified and increasingly costly from the point of view of the publicity methods and marketing techniques required. In the face of this new gap goodwill must be enlisted from all sides. The substantial achievements of your Centre, over the short period of its existence so far, deserve the highest tribute. Yesterday, we listened to a speech by the observer of the Organization for American States who told us of the decisions taken at a meeting of the heads of States of American countries held at Punta del Este, and he described the work already undertaken by his organization and outlined some fascinating plans for future activity.
Mr. Chairman,

The draft report before you includes several requests for UNDP assistance for financing the activities of your Centre, especially activities by country. I have no objections to the wording of this text, but I should like to dispel any possibility of misunderstanding on the part of a reader not very familiar with United Nations technical assistance. UNDP funds are not designed to finance the activities of any particular agency but to finance the assistance requested by a particular government. The essential thing is that the requests must come from governments (requests for experts, for fellowships, or for equipment). They are formulated by the national machinery for co-ordination through which each requesting country establishes its own order of priorities for a two-year programme which has to be submitted to the UNDP and approved by the Governing Council. The administrative arrangements for supplying this kind of assistance are governed, as I have already pointed out, by rules based on the multilateral character of the programmes in question. Where trade is concerned, this administration is the responsibility of the United Nations Secretariat which ensures a fair distribution of assistance and gives to all member countries the opportunity of supplying services and experts. This, then, is the function of a participating agency (the United Nations and the specialized agencies). UNCTAD, which is an integral part of the United Nations Secretariat, merely acts in an advisory capacity and this could not be otherwise where GATT is concerned, failing an explicit decision by the United Nations General Assembly to confer upon it the status of a participating agency with the rights and obligations that such status involves.

Because of this then, any expert approved by a government immediately becomes a United Nations expert, subject to the rules and obligations of that organization, and not an UNCTAD or GATT expert.

In the case of central training courses the situation may be rather different, above all, when a substantive role is played by the organizing agency itself. In this connection it would, therefore, be possible to envisage courses organized by UNCTAD, GATT, or by these two bodies jointly, in which trainees would be financed by the UNDP.

Where research is concerned, financing from technical assistance funds is a particularly difficult matter since developing countries endeavour above all to obtain experts, training courses and equipment and leave research to be financed from the regular budgets of the international organizations. In the case of market surveys, however, an exception to this rule might be considered.

But these difficulties should not prevent us from making progress. The complete success of all activities undertaken should be ensured by the pooling of efforts and good-will and by a firm resolve to avoid any duplication or unnecessary expenditure.