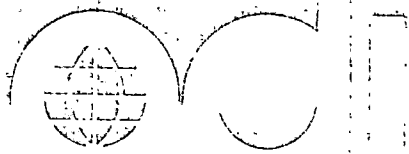


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A REFERENCE SURVEY ON TRADE AND DEVELOPMENT

by

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Synopsis

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CHAPTER 1. Why trade at all?

- (i) Advantages of trade and its role in development, according to traditional and neo-classical theories.
- (ii) Challenges to standard theory
e.g. 'centre-periphery' model; creation of 'dual economy';
encouragement of inappropriate patterns of factor use.
- (iii) Evaluation of challenges in terms of their implicit or explicit views of development and of world economy.
- (iv) What evidence is there to support traditional theories or challenges tested? - pointer to survey material in rest of book.

CHAPTER 2. The LDCs in World Trade

1. General Picture

- (i) Role of merchandise exports in balance of payments.
- (ii) Overall trade position; exports/imports, 1950, 60, 70,73: growth, composition and direction of trade.
- (iii) LDCs' trade position relative to other trading countries and groups.

2. Differences in trading situations of LDCs

- (i) Importance of trade in national economy
- (ii) Product composition and growth of trade
- (iii) Regional variations in direction of trade.

CHAPTER 3. Institutions in World Trade

- (i) GATT as promoter of free trade and regulator of trade barriers: is GATT still a rich man's club?
- (ii) UNCTAD as counterforce to GATT - achievements to date in its own right and in changing GATT system? (Preferences, commodity agreements).
- (iii) IMF facilities and LDCs' trade requirements? (e.g. compensatory finance role).
- (iv) Multilateral commodity agreements and market organisation (summary of existing range).
- (v) Bilateral and regional trade arrangements
 - LDC - DC
 - Intra LDC
- (vi) Growth of 'multinational' companies and effect on 'international' trading structure.

CHAPTER 4. Issues in Commodity Trade

- (1) Importance of primary commodities in LDCs' trade:
principal commodities traded, main producers,
dependency of producers on commodities.
- (ii) Refer forward to competing foodstuffs as special case.
- (iii) Main issues:-
 - (a) Is there a long-term decline in terms of trade for primary commodities?
 - (b) Export instability
 - (c) Synthetics substitution
 - (d) Special problems for exporters of non-renewable commodities?
 - (e) Market structures and bargaining power.

How have 1973 commodity boom and 1974 oil price rise, affected these issues?

(iv) Solutions:-

- (a) Commodity agreements (global)? - Resource transferring or merely stabilizing?
- (b) Producer monopoly agreements (the OPEC/Coffee solution?)
- (c) Bilateral LDC/DC agreements (CSA, EEC proposals)
- (d) Attempts at LDC control of foreign capital - what do these types of arrangement set out to achieve; what problems do they raise; how far have they worked in the past; under what conditions might they work in future?

(2) Development of processing:-

- Advantages (linkages, employment)
Disadvantages (location, transport, techniques)
Obstacles (techniques, trade barriers).

CHAPTER 5. Competing foodstuffs - a special case

- (i) Main products, processed and primary: LDC exporters .
- (ii) Existing trade flows
- (iii) Problems for LDC exporters-
 - supply constraints
 - demand constraints, including agricultural protectionism
 - in developed countries (case studies of US, EEC)
- (iv) Possibility of new developments, e.g. seasonal trade
- (v) Trade liberalisation in competing food sector; effects on LDC exporters and importers; effects on developed countries; need for buffer stock policies.

CHAPTER 6. LDC Exports of Manufactures

- (i) Structure and growth of LDC exports of manufactures:
 - product structure (historical - time span?)
 - product diversification (sub categories - resource based (c.g. textiles), 'footloose' (c.g. electronics))
 - exporting countries:
 - handicrafts:
 - direction of trade (to developed West, to Socialist countries, to other LDC*)

- (ii) Demand conditions and constraints in Western countries
 - tariffs: the GSP - has it helped?
 - NTBs: safeguard clauses: tariff quotas.
 - encouragement (Government agencies : value-added tariffs: buying contracts:)

- (iii) Supply conditions and constraints:
 - capacity (investment): increasing costs
 - marketing ability and contacts (ITC work)
 - importance of domestic market as a base:
 - (a) industries which have developed export capacity on domestic base (countries' ability to support domestic industries)
 - (b) industries without domestic base (island economies: small poor labour-rich countries)

- (iv) - Role of foreign private investor: lead into chapter 7

CHAPTER 7. Foreign Investment and LDC trade

- (i) Proportion of world trade and LDC exports estimated to take place under the control of foreign companies; and of this, % traded between parts of same companies.
- (ii) Does foreign investment in export sector - especially undertaken by multinational companies (MNC) - bring advantages and disadvantages different from those of trade conducted by domestically owned business?
 - (a) LDC objections to multinational investment based on a fear of foreign control of economy; fear of reduction in gains from trade through 'transfer pricing' and expatriation of profits; restrictions on exports imposed by multinationals; introduction of inappropriate technology, products and standards; possible prevention of local capital formation; fear of inadequate or inappropriate training of labour; and of distortion of direction of trade through MNC ties
 - (b) Possible advantages of foreign investment:
 - introduction of new industrial organisational development, and of managerial techniques and ability; ease of access to overseas markets, and import of marketing skills; faster development of existing domestic resources, including the creation of employment.
- (iii) Forms of foreign investment in export sector:
 - (a) in plantation sector
 - (b) in mining
 - (c) in manufacturing

- (iv) Special characteristics of multinationals?
 - (a) high degree of integration across national boundaries
 - (b) 'footlooseness' of operations (export processing zones)
 - (c) trading 'not at arm's length' and problems created

- (v) Attempted LDC solutions to relations with foreign investors
 - LDC - foreign investor contracts:
 - length of time: rights of establishment: local participation; tax 'holidays': profit remittance conditions: monopoly creation: export restriction; joint venture conditions, etc...
 - Management contracts, joint ventures, or tripartite (LDC/MNC/external finance) agreements - advantages and disadvantages of each as seen by (a) LDC, (b) foreign company
 - LDC/MNC bargaining - 'risks' as seen by companies; power of LDCs to impose conditions on investors.
 - Can LDC governments co-operate with foreign investors in ways in which the people in the LDC concerned benefit?

CHAPTER 8. The Regional Option

(i) - General

- Trade flows among LDCs: historical trends, value and volume
- Direction of intra - LDC flows:

(ii) - Specific regional groupings:

- LAFTA)
- CACM) Latin and Central America
- Andean pact)
- CARICOM)

- UDEAO)
- UDEAC)
- E. African Community) Africa
- prospects for a Anglophone/)
- Francophone West African)
- Common Market)

- ASEAN) S.E. Asia

- Origins: aims: methods: degree of co-ordination:
growth of trade: industrial investment terms and conditions

(iii) - Trade between regions

- (iv) - Do the: with West inhibit growth of intra regional trade?

- (vi) - What are the prospects for intra-regional trade?
How can it be encouraged?

CHAPTER 9. Concluding chapter

- (i) Is participation in external economy necessary for LDCs?
- (ii) What benefits and what costs are attached to such participation? Does participation in world trade imply a particular development strategy?
- (iii) Are patterns of world trade changing significantly e.g. emergence of new trading blocs; producer cartels?
- (iv) What are the constraints on LDCs' trading opportunities - can they be altered?