SECTION III

Constraints to the Expansion of Processing and their Importance e.g. Tariff Escalation, Technology, Scale, Existing Capacity in Developed Countries, Finance, Political Risks etc.

Developing countries face a number of constraints to an expansion of domestic raw material processing facilities, whether for export or local markets. A recent UNCTAD study (1) lists the major obstacles to downstream processing as follows: tariffs and non-tariff trade barriers, the restrictive practices of vertically integrated companies, difficulties in competing with established brands, shortage of capital, lack of technology and skilled man-power, high transport and energy costs, lack of proximity to consumer markets, inadequate infrastructure, lack of necessary complementary materials, unsuitable climate and so on. However, not all these obstacles are specific to processing industries, and indeed, inadequate infrastructure confronts LDCs in all spheres of development.

In all natural resource processing industries, by definition, the raw material is a major input and therefore it is essential that regular and uniform supplies be maintained, both in terms of quality and quantity. Indeed it is for this very reason that generally, whenever LDCs have been major, if not sole, suppliers of raw materials, foreign investors have tended to integrate 'upstream' to control all stages from production/extraction to distribution. This is the case with the majority of minerals and also many tropical agricultural products, wherever foreign investment plays a central role.

For other agricultural commodities, which are produced in both developed and developing countries, vertical integration is not much in evidence, nor has it generally been very successful. For these commodities, the main types of agricultural supply arrangements are purchases on the free market and various types of contractual agreements. The main problem here has been an irregular flow of agricultural supplies, which presents "... one of the main constraints to the development of the agricultural processing industries throughout the world."(2) The need for close integration between processing and production facilities is further reinforced by the biological nature of renewable natural resources. The supply of agricultural products varies according to weather, pests, disease etc., but is to some extent controllable by the use of insecticides, fertilizers and so on, and also by irrigation. Therefore it is in the interest of the processor to maintain close links with primary producers and to encourage all such measures which serve to ensure a more regular supply. The production of most crops is concentrated within certain seasons of the year and this can mean idle processing plant capacity out of season. This may be alleviated by processors encouraging farmers to produce a range of crops, or a given crop at different seasons, so as to ensure supplies ready for processing at different periods spread throughout the year. Similarly, the perishable nature of much agricultural product creates a need for close contact between producers and processors, and also for some degree of advance planning. Green peas, for example, must be canned or frozen within only 3-4 hours of picking. Furthermore, integration between producers and processors affords opportunities for quality control, by choosing the seeds, fertilizers, weed controls etc.; specific requirements regarding shape, size, texture, colour, etc. can also be catered for.

Therefore, if the processing of these agricultural raw materials is undertaken domestically, many benefits may be gained, in particular a more regular supply of raw materials to the processing industries, by closer integration of primary producers and processors.

To the extent that vertical integration by foreign companies has taken place, this supply constraint is largely overcome. However, this very characteristic, that is to say the vertically integrated nature of foreign investment, presents other constraints to LDCs wishing to expand the processing of their natural resources. For on the one hand foreign corporations, despite possible cost advantages like lower transport costs, are in general reluctant to locate any processing industries in developing countries beyond what is absolutely necessary. This can be explained by a number of factors, apart from the general lack of infrastructure in LDCs: firstly, often additional inputs are needed at the processing stage which may be more readily available in DCs; secondly, access to different sources of raw material supplies means a greater regularity, and thus continuity of operation. Also, raw materials can be obtained from different sources in a 'least-cost' combination, for some commodities - especially, for example, vegetable oils - that are pretty much interchangeable. Proximity to retail markets allows for greater flexibility in choosing the type of processing, according to consumer demand. Long-established processing facilities are often located in DCs for strategic reasons, and once there, it is often more attractive to processors to expand existing facilities rather than instal entirely new plants (3). Finally, foreign investors want to reduce the risk of investment in LDCs as much as possible since "... the political order /in LDCs/ cannot be relied upon to regard their existence as sacrosanct."(4) Conversely political stability, and 'labour docility' may act as inducements for foreign investors, given the appropriate factor endowments, to locate production facilities in LDCs.(5)

Developing countries are therefore faced with a 'choice' of strategy concerning foreign investment, in processing their primary products (with or without integration with primary production itself). This 'choice' is determined by their relative bargaining strength, (6) which in turn depends on a multitude of factors. LDCs may either adopt some form of 'co-operation' strategy vis-a-vis foreign investors, and provide various incentives for foreign corporations to invest in local processing facilities; or take full control, in other words, nationalise. But in the latter case, the vertically integrated companies present two major obstacles:(7) (i) the control of marketing and distribution outlets, and (ii) the access to effective technologies. The latter obstacle is relevant to industries processing for both local and export markets.

These obstacles are created by a variety of restrictive business practices (8) which pose formidable barriers to developing countries expanding downstream into raw material processing. Such restrictive practices include firstly cartel practices which involve restrictions on pricing, market territories, quantity controls and on the customers who may be supplied. These commonly take the form of 'import cartels', 'rebate cartels', 'national export cartels' and other international cartels which allocate and control markets. All these are likely to have significant adverse effects on the expansion of local processing in LDCs. In recent years such practices have been increasingly tolerated by "... Governments which do not wish to contravene in an outright manner their obligations under the General Agreement on Tariffs and Trade." (9) Secondly, there are the restrictive business practices of multinational corporations in particular, which include territorial market and production allocation arrangements, and various pricing policies. These restrictions take a number of forms and are mainly implicit "... since written agreements to this effect are neither usual nor necessary between parent companies and foreign subsidiaries."(10) They include the following: restrictions on the LDC subsidiaries to export processed raw materials to firms outside the corporation; market allocation arrangements involving exports or the level of processing production by subsidiaries; transfer pricing within transnational corporations to encourage and preserve the allocation of production such that LDC subsidiaries are prevented from further processing of raw materials.

Thirdly, lexcessive advertising expenditures', which are counted for all fiscal purposes as 'normal marketing costs', present very real barriers to LDCs entering export markets, or domestic markets where brand names are well established. Such product differentiation creates particular obstacles in the confectionery, soft drinks and soluble coffee markets.

The other major obstacle that foreign companies may present to LDCs' expansion of local processing, concerns the acquisition of technology. While most of the basic technology for raw material processing is widely available on the open market,(11) the essential operational expertise, in particular, is not: "The lack of management experience, knowledge of linkages of operations and the team-based know how built up over time is more of a constraint on the ability of LDCs to process their raw materials than is the lack of theoretical knowledge."(12) An UNCTAD report (13) on the technological constraints imposed by multinational corporations identifies at least 40 restrictive practices which directly or indirectly may affect the expansion of further processing in LDCs, both for export and domestic markets. In particular these include general restrictions on volume, range of production and field of activity the purchaser of technology may pursue; limitations regarding sources of raw material, spare parts, intermediate inputs and capital goods; tying imports of necessary inputs to a specific external source and overpricing them; abusing the 'use of privilege' granted under the trademark system, for example prohibiting any type of processed products using the technology supplied or restricting exports to certain markets; specifying higher prices for exports than on output for domestic sale, and finally restrictions upon the recipient on adapting the technology to local conditions. All these are likely to have significant adverse effects on the expansion of raw material processing domestically, both for domestic and export markets.

There are, lastly, a set of major obstacles that confront LDCs expanding processing for export markets: trade barriers in the form of tariffs and non-tariffs (NTBs). For the reduced share of LDCs in world trade is not due simply to structural domestic factors, nor indeed solely because of the above constraints imposed by foreign corporations, but also because of trade policies actively pursued by the DCs. Traditionally many such policies were pursued for 'balance of payment' or Government revenue reasons, but increasingly the motivation is protectionist: to protect the agricultural sector and especially ailing domestic industries (both employers and workers), for a variety of historical, social and political reasons. The Common Agricultural Policy of the EEC is an obvious example, whereby farm incomes are maintained by a system of price supports (rather than income deficiency payments) and associated restrictions on entry of competing products from abroad, which discriminate particularly against processed tropical goods.

Tariffs present a major obstacle to LDCs expanding processing for export and those encountered by LDCs on their exports are on average 50% higher than those on DC exports.(14) This is largely because during the various rounds of multilateral tariff negotiations, the DCs have dominated proceedings. Thus, while substantial tariff cuts have been made on a reciprocal basis, for chemicals, machinery and generally, advanced technology capital-intensive products (which represent the major proportion of DC exports), only small cuts have been achieved on products of export interest to LDCs. Furthermore,"... the escalation of tariffs from raw materials and unprocessed goods to finished products imported by the developed nations discriminates against their exports of processed goods."(1 For tariff rates tend to increase with the degree of processing that a commodity undergoes. So while many raw materials enter duty free, processed goods encounter progressively higher rates. As a result, the rate of 'effective protection' (which is calculated" ... on the value added of an industry rather than on the full price of the protected output of the industry"(16) is even higher, and several times the nominal rate. Another characteristic of DC tariff schedules which may have a similar discriminatory effect, is the practice of charging specific rather than 'ad valorem' duties on certain classes of imports,(17) This overall pattern of tariff schedule discrimination means that"... tariff protection in the nations thus affects the location of production, with developing countries having a smaller share of processing activities than they would have had in the absence of tariff escalation."(18)

These difficulties are furthermore compounded by the incidence of NTBs which are" ... usually more restrictive than tariffs and sometimes far less easy to identify."(19) UNCTAD(20) lists 20 different such barriers, some of which are deliberate policy restrictions while others are indirect. The former type includes various quantitative restrictions, for example quotas, licensing agreements, embargoes, state trading arrangements, and also restrictions affecting the price directly: levies, supplementary import charges, preshipment deposits, anti-dumping duties etc. The latter 'indirect' type of NTB relates to various marketing, packaging, labelling and so-called 'voluntary' agreements, and especially to safety and health regulation.(21) The tendency is also for NTBs to increase both with the degree of processing and absolutely in number for much of LDC exports.(22)

A final trade obstacle that confronts LDCs expanding downstream processing and locating such facilities domestically, arises in the form of freight rate discrimination. The rates charged vary according to the value or the stage of processing of the products to be transported: both conference and non-conference shipping rates are lower for raw materials than processed goods. However, the variation is not in proportion to the value added and "freight rate escalation often has adverse effects on the local processing of raw materials in developing countries similar to those resulting from tariff escalation."(23) While the escalation of freight rates is sometimes justified by the special transportation requirements of processed commodities, often it is rather the result of monopolistic liner conferences exploiting the weak bargaining position of exporting LDCs.

Thus LDCs are confronted by many real constraints and obstacles to expanding the processing of their raw materials locally. The need to deal with these constraints is all too evident and "the removal of these obstacles requires decisive co-operative action at the national and international level, both between developed and developing countries and among developing countries themselves."(24)

TABLE 3.1 Frequency[a] of Import Restrictions Applied on Selected Products[b] of Export Interest to Developing Countries by Countries Maintaining Restrictions

Countries	BTN 1-24				BTN 25-99				Total BTN 1-99	No. of products affected
	Primary commodities	Semi-processed	Processed	Total BTN 1-24	Primary commodities	Semi-manufactures	Manu-factures	Total BTN 25-99		
France	6.7	9.0	12.5	9.0	-	5.3	16.7	6.3	8.3	38
Fed. Rep. of Germany	3.9	6.9	10.8	6.7	-	6.8	-	6.8	7.3	31
Ireland	6.7	6.9	10.0	7.7	-	3.0	-	3.0	6.5	34
United Kingdom	5.6	6.9	11.7	7.7	-	2.3	-	2.3	6.3	31
Denmark	5.6	6.9	10.6	7.4	-	1.5	-	1.5	5.8	29
Italy	5.6	7.6	7.5	6.8	-	1.5	-	1.5	5.4	31
Benelux	5.0	6.9	7.5	6.3	-	2.3	-	2.3	5.3	30
Austria	10.0	9.0	7.5	9.0	-	-	-	-	6.8	23
Norway	8.9	6.3	2.5	6.3	-	-	-	-	4.8	21
Switzerland	7.8	4.9	5.8	6.3	-	-	-	-	4.8	16
Japan	3.3	4.2	5.0	4.1	-	-	-	-	3.1	18
United States	1.7	1.4	2.5	1.8	-	2.3	-	2.3	1.9	10
Finland	-	1.4	5.0	1.8	-	-	-	-	1.4	6
Canada	1.1	2.1	-	1.1	-	3.0	-	3.0	1.5	9
Sweden	-	4.9	4.2	2.7	-	-	-	-	1.0	5
Australia	1.1	-	0.8	0.7	-	-	-	-	0.5	3
Simple Average	4.6	5.3	6.5	5.3	-	1.8	1.0	1.8		

SOURCE: TD/B/C.1/166/Supp.5 page 14; UNCTAD secretariat calculations.

[a] Frequency is defined in a footnote to table 3.2. The denominator (the number of possible restrictions) is: (number of products per stage of processing product group) x (12 types of restriction).

[b] A total of 49 products or product groups comprising 15 primary commodities: 23 processed and semi-processed agricultural products and semi-manufactures; and 11 manufactured products according to the UNCTAD classification.

TABLE 3.2 Frequency of Restrictions Applied to Groups of Products Within BTN Chapters 1-24 and 25-29 [a]

Product group	Incidence of restrictions								Distribution of restrictions for BTN 1-99
	Primary commodities/ Raw-materials		Semi proces/ manuf. prod.		Proces./ manuf. products		Total		
	%	No.	%	No.	%	No.	%	No.	%
I. BTN chapters 1-24									
Meat and meat products	9.9	19	11.5	22	12.8	49	11.7	90	21.7
Wheat and wheat products	7.0	27	6.8	26	4.9	19	6.3	72	17.3
Barley and barley products	6.8	26	5.7	22	-	-	6.3	48	11.6
Corn and corn products	6.3	24	5.5	21	-	-	5.9	45	10.8
Rice and rice products	5.5	21	5.2	20	-	-	5.3	41	9.9
Oranges and tangerines and products	0.5	1	-	-	4.7	27	3.6	28	6.8
Sugar and sugar products	2.1	8	-	-	6.8	13	3.6	21	5.1
Cocoa and cocoa products	-	-	-	-	6.8	13	6.8	13	3.1
Tobacco and tobacco products	1.0	2	-	-	3.6	7	2.3	9	2.2
Oleaginous products	1.0	2	0.7	4	-	-	0.8	6	1.4
Bananas and banana products	1.6	3	-	-	-	-	1.6	3	0.7
Total I	4.6	133	5.0	115	6.7	128	5.3	376	90.6
II. BTN chapters 25-99									
Jute and jute manufactures	-	-	4.7	18	1.0	2	3.5	20	4.8
Cotton products	-	-	0.5	3	-	-	0.5	3	0.7
Wool products	-	-	2.9	11	-	-	2.9	11	2.7
Phosphates and fertilizers	-	-	0.5	2	-	-	0.5	2	0.5
Pig iron, cast iron, etc.	-	-	1.0	2	-	-	1.0	2	0.5
Zinc products	-	-	0.5	1	-	-	0.5	1	0.2
Total II	-	-	1.8	37	1.0	2	1.7	39	9.4
Total number of restrictions for categories I and II	4.6	133	3.4	152	6.2	130	4.2	415	100.0

SOURCE: TD/B/C.1/166/Supp.5 page 13;
UNCTAD secretariat calculations.

a Frequency for a product group is defined as the number of restrictions in a group as a percentage of the total number possible within the group. This measure is almost identical to the one described in UNCTAD document TD/B/C.2/R.1. The difference is that if a product group consists of more than one product (4-digit BTN category), the total count is also divided by the number of products in the group. This ensures that the measure is independent of the number of products in the group. In this table, the denominator (the number of possible restrictions of products) is: (number of products per stage of processing group) x (12 types of restrictions) x (16 countries).

TABLE 3.3 Comparison of Nominal and Effective Rates of Protection for Agricultural Products in the European Economic Community, Japan, and the United States, 1971

(Percentages)

Product	European Economic Community: Tariff Rate Nominal	European Economic Community: Tariff Rate Effective	European Economic Community: Effective protection [a]	Japan: Nominal protection	Japan: Effective protection [b]	United States: Nominal protection	United States: Effective protection [b]
Meat products	19.5	36.6	165.0	17.9	69.1	5.9	10.3
Preserved sea foods	21.5	52.6	52.6	13.6	34.7	6.0	15.6
Preserved fruit and vegetables	20.5	44.9	74.7	18.5	49.3	14.8	36.8
Grain and grain products							
Corn milling	12.0	21.8	82.1	25.6	68.7	4.3	0.0
Rice milling	16.0	70.3	105.9	15.0	49.0	36.2	327.6
Prepared foods	5.6	0.0	- 50.0	0.7	- 21.2	6.2	7.4
Flour and cereal preparations	20.1	48.9	94.7	23.8	75.4	10.9	34.8
Bakery products	12.0	0.9	0.0	20.9	17.3	1.9	0.0
Tobacco products	87.1	148.5	148.5	339.5	405.6	68.0	113.2
Prepared and processed food							
Pickles and dressings	20.1	25.9	25.9	21.9	59.8	9.4	- 26.9
Roasted coffee	15.2	35.7	35.7	35.0	137.1	0.0	0.0
Cocoa powder and butter	13.6	76.0	76.0	15.0	125.0	2.6	22.0
Misc. food products	12.0	6.7	6.7	28.6	58.2	2.7	0.2
Leather and products							
Leather	7.0	21.4	21.4	17.8	57.4	6.2	18.6
Footwear	9.4	12.0	12.0	22.4	32.5	10.5	15.4
Jute products							
Jute fabrics	21.1	57.8	57.8	20.0	54.8	3.0	7.4
Jute sacks and bags	15.3	9.8	9.8	34.3	75.2	4.1	11.6
Sisal and Henequen products							
Binder-bale twine	13.0	26.0	26.0	10.5	21.0	0.0	0.0
Sisal ropes and cables	13.0	26.0	26.0	10.5	21.0	13.2	26.4
Yarns, thread and fabrics							
Wool yarn and thread	5.4	16.0	16.0	5.0	13.3	30.7	62.2
Wool fabrics	14.0	32.9	32.9	14.7	35.1	46.9	90.8
Cotton yarn and thread	7.0	22.8	22.8	8.4	25.8	8.3	12.0
Cotton fabrics	13.6	29.7	29.7	7.2	4.9	15.6	30.7
Cotton clothing	14.0	17.6	17.6	14.7	27.3	20.0	33.6
Vegetable oils							
Coconut oil	11.5	132.9	132.9	9.0	49.2	9.4	16.3
Cottonseed oil	11.0	79.0	79.0	25.8	200.3	59.6	465.9
Groundnut oil	11.3	139.7	139.7	14.2	96.5	15.0	6.7
Soyabean oil	11.0	148.1	148.1	25.4	268.3	22.5	252.9
Rapeseed oil	9.0	57.2	57.2	15.1	22.3	20.8	60.9
Palm kernel oil	10.5	141.5	141.5	7.2	49.2	3.8	29.2
Lumber and paper products							
Plywood products	..	..	..	..	..	13.0	28.0
Paper and paper articles	..	..	..	..	..	5.0	13.0

SOURCE: TD/B/C.1/197. Annex page 2.

Computations by the UNCTAD secretariat based on information from national and GATT sources.

a Includes levies and other special charges.

b Effective tariff protection.

TABLE 3.4 Nominal and Effective Protection for Mineral and Metal Products in the United States

(Percentages)

Product	Nominal protection	Effective protection
Pig-iron	1	6
Steel ingots	6	51
Metal manufactures	8	13
Non-metallic mineral products	6	10
Glass and glass products	13	20
Non-ferrous metals	6	14

SOURCE: UNCTAD TD/B/C.1/197 Annex.
UNCTAD secretariat calculations based on national statistics.

TABLE 3.5 Major Categories of Specific Non-tariff Barriers by Number[a] and Percentage[b] Incidence

Categories of non-tariff barriers	BTN 1-24								BTN 25-99								BTN 1-99	
	Primary commodities		Semi-processed		Processed		Sub-total		Primary commod-ities	Semi-manufactures		Manufactures		Sub-total			Total	Percentage
	No.	%	No.	%	No.	%	No.	%		No.	%	No.	%	No.	%		No.	
Discretionary licensing	21	15.8	20	17.4	18	14.1	59	15.7	-	5	13.5	1	50.0	6	15.4		65	15.7
Quotas	20	15.0	5	4.3	11	8.6	36	9.6	-	9	24.3	1	50.0	10	25.6		46	11.1
Global import quotas	16	12.0	2	1.7	7	5.5	25	6.6	-	7	18.9	-	-	7	17.9		32	7.7
Bilateral import quotas.	-	-	1	0.9	4	3.1	5	1.3	-	2	5.4	1	50.0	3	7.7		8	1.9
Quotas, method unspecified.	4	3.0	2	1.7	-	-	6	1.6	-	-	-	-	-	-	-		6	1.4
Other restrictions																		
Minimum price	2	1.5	-	-	1	0.8	3	0.8	-	-	-	-	-	-	-		3	0.7
Variable levies [c]	63	47.4	67	58.3	75	58.6	205	54.5	-	-	-	-	-	-	-		205	49.4
Liberal licensing	4	3.0	-	-	-	-	4	1.1	-	2	5.4	-	-	2	5.1		6	1.4
Export restraints	-	-	-	-	-	-	-	-	-	20	54.1	-	-	20	51.3		20	4.8
Prohibitions	2	1.5	-	-	-	-	2	0.5	-	1	2.7	-	-	1	2.6		3	0.7
Restrictions, method unspec.	4	3.0	4	3.5	2	1.6	10	2.7	-	-	-	-	-	-	-		10	2.4
Health and sanitary regulations	-	-	5	4.3	18	14.1	23	6.1	-	-	-	-	-	-	-		23	5.5
State trading	17	12.8	14	12.2	3	2.3	34	9.0	-	-	-	-	-	-	-		34	8.2
Total	133	100.0	115	100.0	128	100.0	376	100.0	-	37	100.0	2	100.0	39	100.0		415	100.0

SOURCE: TD/B/C.1/166/Supp.5 page 15. UNCTAD secretariat calculations.

a The countries considered are Australia, Austria, Benelux, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Norway, Sweden, Switzerland, United Kingdom, United States.

b As percentage of the total non-tariff barriers for type of products.

c EEC counted as seven countries (Benelux, Denmark, Federal Republic of Germany, France, Ireland, Italy, United Kingdom).

TABLE 3.6 Summary of Non-Tariff Barriers Applied by Developed Countries On Imports of Selected Processed Commodities of Export Interest to Developing Countries

BTN Code	Description	Non-tariff barriers imposed by		
		EEC[a]	Japan	USA
03.02	Fish, salted in brine, dried or smoked	-	DL	HS
7.04	Dried, dehydrated or evaporated vegetables	A	-	-
8.11	Fruit, provisionally preserved	R/DL	DL	-
11.01	Cereal flours	VL	DL	GQ/BQ
11.02	Cereal groats and meal	VL	DL	GQ/BQ
11.06	Flour and meal of sago, and of manioc etc.	VL	-	-
11.08	Starches and inulin	VL	DL	-
15.10	Fatty acids, acid oils from refining, fatty alcohols	R/DL	-	-
16.01	Sausages	VL/DL/HS	-	-
16.02	Other prepared or preserved meat	VL/DL/HS	DL	-
16.03	Meat extracts and meat juices	HS/BQ	-	-
16.04	Prepared or preserved fish	BQ	-	-
17.04	Sugar confectionery	VL/R	-	GQ/BQ
18.06	Chocolate and other food preparations containing cocoa	VL/HS	-	BQ
20.01	Vegetables and fruits, prepared or preserved by vinegar or acetic acids	L/BQ/GQ/HS	HS	-
20.02	Other preserved vegetables	DL/L/BQ/GQ/HS	-	-
20.03	Fruit preserved by freezing, containing added sugar	VL/DL/L/GQ	-	-
20.05	Jams, fruit jellies, marmalades, fruit purée and fruit pastes	VL/DL/BQ/HS	DL	-
20.06	Fruit otherwise prepared or preserved	VL/DL/BQ/GQ/HS	DL	-
20.07	Fruit juices and vegetable juices	VL/L/DL/BQ/GQ/HS	DL	-
22.05	Wine	MP	-	-
22.07	Spirits, liqueurs and other spirituous beverages	R/DL/ST/GQ	-	-
24.02	Cigars and cigarillos	R/ST/DL/BQ/GQ	-	-
41.02	Calf leather	-	DL	-
41.03	Sheep and lamb skin leather	-	DL	-
41.04	Goat and kid skin leather	-	DL	-
53.07	Worsted yarn	DL/GQ	-	XR
53.11	Woven fabrics of sheep's or lambs' wool	DL/GQ	-	XR
55.05	Cotton yarn	AITT b	AITT b	AITT b
55.09	Cotton fabrics	AITT b	AITT b	AITT b
57.06	Jute yarn	GQ/XR	-	-
57.10	Woven fabrics of jute	XR/BQ/GQ	-	-
58.02	Other carpets and carpeting (not of cotton)	DL/BQ/Q	-	XR
60.02	Gloves, mittens, etc. (not of cotton)	Q	-	XR
60.04	Undergarments, knitted or crocheted (not of cotton)	BQ/Q	-	XR
60.05	Outergarments, knitted or crocheted (not of cotton)	LL/DL/BQ/Q	-	XR
61.01	Men's and boys' outergarments (not of cotton)	DL/BQ/Q	-	XR
61.02	Women's, girls', and infants' outergarments (not of cotton)	LL/DL/BQ/Q	-	XR
61.03	Men's and boys' undergarments (not of cotton)	DL/BQ/Q	-	XR
64.02	Footwear with outer soles of leather	-	DL	-
69.11	Tableware of porcelain	DL/BQ/GQ/Q	-	-
73.01	Pig iron	DL/BQ	-	-
73.02	Ferro-alloys	DL	-	-

SOURCE: UNCTAD, "Inventory of non-tariff barriers, including quantitative restrictions, applied in developed market economy countries to products of particular export interest to developing countries" (TD/B/C.2/115/Rev.1).

[a] Restrictions imposed in whole, or in part, by EEC member countries.

[b] Trade limited in accordance with the GATT Arrangement regarding International Trade in Textiles of 1974.

Symbols:
DL - Discretionary licensing
LL - Liberal or automatic licensing
L - Licensing of an unspecified character
GQ - Global quotas
BQ - Bilateral quotas
Q - Quota (method unspecified)
XR - Export restraint
VL - Variable levies
MP - Minimum import price
HS - Health and sanitary regulations
R - Restriction unspecified
ST - State trading

Footnotes

1. UNCTAD, An Integrated Programme for Commodities: Measures to expand processing of primary commodities in developing countries (TD/B/C.1/197). See also UNCTAD TD/B/C.1/166 Supp. 5.

2. OECD, Processed Agricultural Products and Agricultural Adjustment, July 1973, p.12 para.16.

3. See M. Radetzki, "Where Should Developing Countries' Minerals be processed? The country view versus the multinational company view", World Development No.4 1977, especially pp.329-39.

4. N. Girvan, Multinational Corporations and Dependent Underdevelopment in Mineral-Export Economies, p.515.

5. D. Nayyar, "Transnational Corporations and Manufacturing Exports from Poor Countries", Economic Journal March 1978.

6. On bargaining models of MNC-host country relations in non-renewable resources see C. Fortin, "The State, MNCs and Natural Resources in Latin America", IDS Bulletin Vol.9 No.1, July 1977.

7. It is suggested that control of these two factors may in some cases give as much control "as does 100% equity ownership". UNCTC, Transnational Corporations and the Processing of Raw Materials, February 1978.

8. This section draws heavily upon UNCTAD TD/B/C.1/197, An Integrated Programme for Commodities.

9. Ibid. Annex p.7 para.15.

10. Ibid. Annex p.8 footnote 4/.

11. Ibid. See especially pp.16-18.

12. Ibid. p.18.

13. Ibid.

14. See Tables 3.1 and 3.2.

15. B. Balassa, "Effects of Commercial Policy on International Trade, the Location of Production, and Factor Movements", in B. Ohlin ed The International Allocation of Economic Activity, Nobel Foundation, 1977.

16. UNIDO, Industrial Development Survey, Special issue for Second General Conference, Lima 1975, p.79, and see Tables 3.3 and 3.4. See also UNCTAD (TD/B/C.2/36) on effective protection and its effect on processing industry.

17. For more complete explanation see UNCTAD TD/B/C.2/36.

18. B. Balassa, "Effects of Commercial Policy on International Trade", p.236.

19. UNDP, Global-1 Development Issue Paper 9 "Tariff and Non-Tariff Barriers to Trade", p.4.

20. UNCTAD TD/B/C.1/197, and UNCTAD TD/B/C.1/166 Supp.5.

21. See Appendix 2, Environment and Processing Industries, for further discussion.

22. See Tables 3.5 and 3.6.

23. UNCTAD TD/B/C.1/197. Annex p.10 para.20.

24. Ibid. p.6 para.12.