

PREFACE

Industrial cooperation between countries has been an item on the international agenda for some time past and the concept is generally considered to have a significant role to play in efforts to secure a new international economic order. It is an area in which Commonwealth Heads of Government have expressed considerable interest and in which the Commonwealth Secretariat has undertaken some work, including commissioning the four papers reproduced in this volume. It is hoped that these papers will be found helpful in the ongoing dialogue on ways in which international industrial cooperation can assist developing countries to raise the living standards of their peoples.

The first of the papers is on 'Technology Transfer and Development' by Mr. R.K. Sethi of Pers India Pvt Limited. This paper enumerates problems encountered by developing countries in the transfer, adaptation and development of technologies and suggests programmes which might be launched by individual countries and by the Commonwealth collectively to overcome them. It is based on the conclusions of field visits to various Commonwealth countries in Africa and the Caribbean in order to determine the problems actually being encountered by these countries and to endeavour to initiate the processes of technology identification and selection in respect of some potential projects.

The second paper, on 'Selected Issues in Industrial Cooperation', was prepared by Dr. Wall of the University of Sussex. It is concerned with the nature and potential of policies which developed countries might adopt in order to (i) promote the transfer of uneconomic or declining industries or parts of industries to the developing countries, and (ii) encourage greater involvement in the industrialisation of the developing countries. It is also concerned with the policies and supporting institutional framework which the developing countries might adopt in order to promote their industrial development.

The third paper, by Dr. Deepak Lal of the University of London, is entitled 'Industrial Cooperation Agreements'. It considers the usefulness of this type of agreement in fulfilling the developing countries' desire for a greater share of the world's industrial capacity. In analysing these matters, Dr. Lal reviews India's experience in industrial cooperation, the role of

trade liberalisation in assisting developing countries to industrialise, and the adjustment problems encountered by the developed countries. He then makes a proposal for the swapping of industrial plants between countries as a novel way of providing an operational content to the form of industrial cooperation that is increasingly being demanded by developing countries as part of the NIEO.

The fourth paper, on 'Transfer Pricing in Assembly Industries' prepared by Dr. Sanjaya Lall of Oxford University, is concerned with the automobile and electronics industries in Malaysia and Singapore. Dr. Lall states that in the case of the electronics industry, "it is difficult to conclude that transfer pricing is, or will be, an important problem" in Malaysia or Singapore. In the case of motor vehicle assembly, "the Singapore authorities did not feel that transfer pricing was being used against them", but "a strong impression was given in Malaysia that it was being practised in the valuation of CKD packs imported from parent firms". Recognising the large potential area for the misuse of transfer prices by transnationals, he suggests a comprehensive series of measures to monitor and control this practice and thus to seek to ensure that these enterprises pay their proper taxes and provide the maximum beneficial effect on the economies of their host countries.

Finally, it should be noted that the views expressed in these four papers are those of their authors and do not necessarily reflect the views of the Commonwealth Secretariat or of member Governments.

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