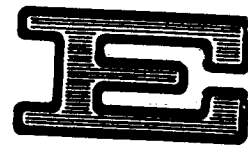




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**PROGRESS MADE IN THE IMPLEMENTATION OF
THE WORK PROGRAMME**

**EXPANSION AND DIVERSIFICATION OF EXPORTS OF MANUFACTURES AND
SEMI-MANUFACTURES IN SELECTED COUNTRIES OF WESTERN ASIA**

Note by the Secretariat

Preface

This report has been prepared in accordance with the programme of work and priorities in the field of international trade and development finance for the biennium 1984-1985 (programme element 1.4: Expansion and diversification of exports of manufactures and semi-manufactures in selected countries of Western Asia), as adopted by the Commission at its tenth session. This programme element includes two case-studies, one on Iraq and the second on the Syrian Arab Republic. The report contains the findings of a case-study on "Exports of manufactures and semi-manufactures from Iraq: present situation and medium-term prospects" (E/ESCWA/DPD/85/8). The final draft of the Syrian study was completed and transmitted recently to the Syrian authorities for their comments.

Summary and Recommendations

Summary

The Iraqi economy turned to industrialization some time after the end of the Second World War. Private industrial investments played a major role at this stage. With the growth of Iraq's revenues from crude oil exports, roughly in 1950, industrial investment increased at both the public and the private levels.

From the very beginning, industrialization in Iraq was oriented towards the production of light consumer commodities based on agricultural raw materials and some quarrying products. The industries which emerged were mainly cotton and wool spinning and weaving, construction material, leather products, foodstuffs, tobacco, vegetable oils, soap, detergents and other manufactures. This stage of light industry extended from the end of the Second World War up to the termination of the third socio-economic development plan, that is almost up to the year 1969.

The availability of capital, hard currency, cheap energy sources (crude oil) as well as manpower, agricultural raw materials and some quarrying products was instrumental in the establishment and development of these industries. However, their growth and development were slow as they depended on the local market which was limited. This made it necessary for them to turn to the foreign market only on a very narrow scale and for the purpose of getting rid of commodity surpluses rather than in pursuance of an endorsed export-oriented policy. Consequently, the exportation of light commodities fluctuated from one year to the next, without a rising trend recorded in the country's export figures.

This phenomenon may be attributed to a number of factors, chief among which are the following:

1. From the very beginning, these industries depended on the local market to provide substitutes for imported goods without generally taking account of the foreign market except in very few cases when there was a surplus in production. Any expansion in the productive capacities of these industries took only the local market into consideration.
2. As the products of these industries were oriented to the local market, where competition was absent, the industrialization policy was directed to the production of standard commodities. In contrast a foreign-market-oriented industrialization policy is based on the diversification of products as a means of catering for the biggest number of consumers in foreign markets and of furnishing the producers and exporters with broader opportunities for penetrating the world market. The wide variety of products also provides a better competitive opportunity on the world market. As the orientation towards the light industries which prevailed in the country at the time, was geared to producing standardized commodities, it greatly contributed to diminishing their export opportunities.

3. The export prices of the commodities produced was high compared with the prices of their foreign counterparts. This was mainly due to the high cost of production as a result of the inadequate concern with high productivity factors such as the greater use of machines, available raw materials and manpower.

4. The policy of product development plays a major role in increasing the number of exports of light manufactures and in strengthening their competitive power on the foreign market. As this aspect had not been accorded due concern by the industrial ventures oriented towards the production of light consumer commodities, their products were not selling well enough abroad to ensure progressive growth in the number of exports.

5. Furthermore the growing domestic demand for consumer manufactures constituted a considerable obstacle to a progressive increase in the number of exports with the passage of time. The increase in the national and per capita income and the rise in the living standard of the majority of the population led to a general increase in consumption and consequently, the domestic commodity production - with all the tremendous growth in its productive capacity - could not keep pace with the growing volume of domestic demand. All this led to fluctuations in the quantities left for exportation, and to a general drop in their numbers.

Starting with the 1970s and with the accumulation of technical, marketing and administrative experience and the availability of skilled and semi-skilled manpower in bigger numbers, in addition to the above-mentioned factors, the industrialization movement was oriented towards heavy industries which needed bigger capital and greater technical, marketing and administrative expertise. The heavy industries were concentrated on the use of crude oil and natural gas as raw materials for some industries, including the sulphur and phosphate industries. There appeared capital-intensive industries such as chemical fertilizers of various types, oil products, iron and steel, aluminium and basic petrochemical materials. Meanwhile, the mining and quarrying industries also developed. After being confined to crude oil and quarrying products they also came to include the extraction and manufacture of mineral sulphur and phosphate.

These developments in industrialization were reflected on the Iraqi export commodity structure. After mainly including agricultural foodstuffs and raw materials, such as wheat, barley, other grains, dates, fruits and vegetables in addition to cotton, wool and crude leather, Iraq's exports included, from about the year 1960, a number of light processed commodities such as vegetable oils, soap, detergents, molasses, leather products, cigarettes and textiles in addition to some heavy industry products such as cement and other constructional materials.

With the emergence and growth of heavy industries in the 1970s and 1980s there was a drastic change in the Iraqi export commodity structure. Chemical fertilizers and oil products entered the field of exportation and had a tremendous impact on the final returns of Iraqi exports particularly during the period from 1978 to 1980.

Iraq will establish other heavy industries after surmounting the current exceptional circumstances and will find export markets for these commodities, which include sponge iron and basic petrochemicals.

As for cement, Iraq has a high productivity capacity reaching some 12 million tons annually. Efforts have been exerted in search of new markets since Iraq's loss of its traditional markets in the Gulf Co-operation Council (GCC) countries which have established their own cement industries and achieved self-sufficiency.

The heavy industries have enabled Iraq to make a great change in the commodity structure of its exports and to record a rising trend in its exportation figures. However, Iraq could not attain the same achievement in the field of light manufactures as a result of the above-mentioned reasons.

The further expansion of Iraq's exports from existing heavy industries such as chemical fertilizers and oil products - and of future products such as basic petrochemicals and sponge iron - depends on the search which should be started as soon as possible for means of co-ordination, co-operation and joint action with the other Arab producers, especially Saudi Arabia, Kuwait, the United Arab Emirates and Bahrain. This is more important than including in inter-state speculation over markets which may lead to the deterioration of prices and consequently affect production. The achievement of co-operation and joint action may be possible through some international or regional organizations such as ESCWA and the Arab Federation for Chemical Fertilizer Producers, among others.

An increase in Iraq's exports of light commodities depends on a number of factors which may be summed up in the following:

1. Reducing domestic demand for manufactured consumers commodities by adopting a number of economic and financial measures;
2. Concentrating on the diversification of commodities produced for the foreign market rather than confining production to standard commodities;
3. Attaching greater importance to the development of products in order to make Iraqi consumer commodities more acceptable and more competitive on the foreign market;
4. Underlining the importance of reducing the cost of manufactured consumer commodities by applying higher productivity methods as a means of meeting competition on the foreign market.
5. Encouraging the private industrial and exportation sectors further to increase their exports of light manufactures by encouraging the establishment of export companies and abolishing some constraints such as obliging exporters to transfer the value of the exported goods within two months from the date of exportation, as well as waiving of duties charged on trade transactions. Other incentives include entrusting the General Federation of Iraqi Chambers of Commerce and Industry to develop an exportation consciousness among its members, providing information on the outside market for the benefit of

exporters and raising the incentive price given to exporters from 325 fils per dollar to more than 400 fils.

6. Greater attention should be given to providing information on the foreign market, carrying out field studies on some foreign markets, and disseminating the information and the conclusions of the studies to all exporters be they organizations, establishments, companies or individuals. It might be appropriate to assign this task to a specialized centre to be named "the export information and research centre".

In contrast, the growth of the heavy manufactures and semi-manufactures depends on a number of factors which may be summed up in the following:

1. Making further studies of the world market, tracing trends of world and regional demand for heavy goods, and expanding existing projects for establishing new ones in the light of the outcome of these studies;
2. Adopting, through international or regional bodies, a policy of co-operation, co-ordination and joint action with the countries which produce these goods for the purpose of programming production and adopting common pricing policies in order to avoid speculation on the world market;
3. Adopting a commodity credit policy in order to increase exports of such goods;
4. Adopting a policy of establishing joint marketing ventures in the importing countries, particularly in the field of the marketing and distribution of oil products;
5. Promoting the conclusion of trade agreements and emphasizing that they should include the quantities and values of the goods involved in the trade exchange between the two contracting countries.

A geographic analysis of Iraq's exports of manufactures and semi-manufactures indicates that the countries on the eastern side of the Arab world, particularly the Arab Gulf States, are the most important markets for light manufactures. There are indications too that Iraqi goods can regain their former position in the Egyptian market. Other commodities such as cement may also find their way to these markets. The analysis also points to a potential increase in the exports of these goods to Yemen and Democratic Yemen.

As for Iraq's exports to the Arab countries on the western side of the Arab world, they are almost nil, though it is believed there is a possibility of exporting light consumer commodities to them. However, this requires a field study on the potentials of promoting trade exchange between Iraq and the Arab Maghreb countries. Carrying out this study depends on the implementation of economic and financial policies which will lead to an increase in the quantities of the export-oriented light manufactures. In this respect there is an urgent need for studying some African markets, particularly in the East African countries, to confirm the possibility of further trade exchange with Iraq. It should be taken into account that such a study is related to the implementation of economic and financial policies that would guarantee the production of bigger quantities of exports of light manufactures.

A geographic analysis of exports indicates the presence of actual markets for Iraqi exports of light manufactures in the countries of the eastern part of the Arab homeland. There are further possibilities of expansion in the Arab Gulf States in particular. There are also potential markets in the Arab Maghreb which have to be studied, in addition to non-Arab African countries in general and in eastern Africa in particular.

On the other hand, the geographic analysis of Iraq's exports of heavy manufactures indicates that the Far East and South-East Asian countries are the main importers. Chief among them are India, Pakistan, Japan, China and Viet Nam. There are potentials for exporting these goods to the recently industrialized countries and areas in the region, namely the Republic of Korea, Taiwan, Hong Kong and Singapore in the light of their growing needs for oil products and basic petrochemicals for industry. The promotion of economic relations between Iraq and the Republic of Korea can lead to an increase in the commercial exchange between the two countries and may extend to the other three above-mentioned countries and areas, thus the Iraqi heavy commodities may find new export opportunities. This may require a study of the prospects of promoting economic and trade relations with other countries in the region which have not hitherto been considered as export markets by Iraq such as the Philippines, Indonesia and Thailand.

The development of Iraq's exports of light and heavy manufactures and semi manufactures should not remain a far-fetched desire or target. It has to be translated into work programmes in which all the parties concerned may take part, each according to its duties and responsibilities. To this end a five year "national programme for export development" must be drawn up for implementation during the period 1986-1990. In this light targets, strategies and policies can be defined and duties and responsibilities can be assigned to all the parties concerned with the development of Iraq's exports of these commodities. In this manner the development of exportation would not be governed by limited personal considerations and viewpoints. In order to guarantee the implementation of the programme, to follow up its outcome step by step and to cope with the shortcomings and deviations which may take place in implementation, it is essential to set up an executive body for the export development national programme. It would be entrusted with the tasks of implementation, follow-up and co-ordination among the parties involved in the programme.

The prospects of Iraqi exports of manufactures and semi-manufactures are bright in view of Iraq's numerous and varied natural resources which include crude oil, natural gas, sulphur, phosphate, limestone - which is essential for the cement industry - and agricultural raw materials such as cotton, sugar-cane, sugar-beet, tobacco, wool and leather. In addition, Iraq has highly skilled cadres with technical, marketing and administrative experience as well as a skilled and semi-skilled labour force, cheap and abundant energy and the capability to provide capital and hard currency for financing the national socio-economic plans.

However, the biggest challenge Iraq is facing in developing its exports of manufactured and semi-manufactured commodities is concerned with industrialization trends and policies such as the establishment of

export industries and the orientation of the economy towards production for the foreign market and not simply for the local market; this new orientation would mean a greater contribution by Iraq to the world trade exchange movement. This requires a shift from industrialization policies based on the establishment of import-substitute projects to a policy of establishing industrial projects whose total or partial production is oriented to exportation. Iraq adopted the latter policy some time ago when it established industries for the extraction of sulphur and phosphate as well as crude oil, and heavy manufacturing industries such as chemical fertilizers, oil products, iron and steel, aluminium and basic petro-chemicals.

Expansion in this respect calls for greater concern with the establishment of economic and trade relations with many countries particularly the Arab countries including the GCC members. The establishment of a balanced Iraqi economy with varied and numerous resources and based on the utilization of diverse domestic natural resources requires a great awareness of the importance of world trade relations with all countries, particularly with those which can affect the exportation situation of some of the Iraqi commodities: the latter would include the GCC countries which produce chemical fertilizers, oil products, basic petrochemicals and the like. Economic exigencies call for co-operation in the fields of the production and exportation of these commodities.

Recommendations

First: General economic trends

1. Iraq, given its natural wealth, great human potentials, skilled manpower, material potentials, and accumulation of technical, marketing and administrative experience, can proceed with industrial development from production exclusively for the local market to production for the foreign market. Iraq can also build an export-oriented economy fortified with its success in exporting crude oil, oil products, sulphur and chemical fertilizers of various types. All this will help Iraq to succeed in the new fields it has yet to embark upon, particularly the exporting of basic petrochemicals such as ethylene, polyethylene and methanol, as well as sponge iron, phosphate fertilizers and aluminium and its products.

Pursuing this trend in industrial development mainly requires the following measures:

(a) Establishing totally or partly export-oriented industrial projects to meet the needs of some world markets;

(b) Establishing production lines for purely export purposes in the existing industrial projects which have exportation potentials;

(c) Requiring some capable industrial projects to earmark a progressive percentage of their products to exportation.

2. The affluence of the Iraqi economy has led to a growing domestic demand for consumer commodities in general and for manufactured consumer commodities in particular much more than for permanent or temporary commodities for

consumption. The persistent growth of demand, particularly at the current rate, will inevitably lead to the absorption of a bigger share of national production and will leave insufficient quantities for exportation on the one hand, and while increasing imports on the other. In order to avoid the economic consequences of the growing domestic demand it is recommended that the following economic and financial measures be adopted:

(a) Raising the prices of non-essential commodities which have high exportation potentials;

(b) Introducing a lucrative increase in the rate of interest in order to encourage citizens to increase savings and to check their tendencies to consumption. This is to be coupled with measures to curb economically and socially unjustifiable wage increases (to be accomplished by linking wages with production);

(c) Encouraging and facilitating all forms of insurance;

(d) Using pricing as a tool, wherever possible, so that the low price of some commodities would not lead to extravagant consumption and to waste of part of the national wealth;

(e) Encouraging the investment of private capital in export-oriented industries and extending further support for it through such measures as increasing credit facilities to the export-oriented industrial projects, giving them priority in importing goods like machines, etc., applying the draw-back system and raising the incentive exchange rate accorded to exporters.

3. An increase in the production of agricultural raw materials should be encouraged in order to increase the exportation of the agro-based processed commodities. Chief among them are oil seeds such as flax, sesame, sunflower, sugar-beet, Sugar-cane, cotton, tobacco and concentrated fodder (as a means of increasing the number of livestock and consequently increasing the production of leather and wool).

Secondly: Exporting consumer manufactures

The manufactured consumer commodities face strong competition in foreign markets, especially in Arab countries as a whole and the Arab GCC States in particular in view of their high purchasing power. We recommend the following for strengthening the competitive position of such commodities in the above-mentioned markets:

1. Urging the industrial projects of both the public and the private sector to adopt the policy of "diversifying commodities" because entering the foreign market with a wide variety of commodities guarantees higher sales and better opportunities of penetrating the market.

2. Urging the industrial projects to devote great attention to "developing their products" and to observe basic considerations in production of their commodities such as efficient operation, adherence to international specifications, appearance, colour, taste, flavour, package, wrapping and

qualitative and aesthetic aspects. This requires keeping up with the latest changes that occur in the consumers', desires and tastes and following the market and keeping abreast with developments in international specifications and industrial designs.

3. Urging industrial projects to pay greater attention to productivity and to reduce the production cost of their export commodities by decreasing waste and loss of primary and raw materials. There should be more efficient management of labour and machine operation and the use of energy in order to enable the Iraqi market to meet the price competition on the external market.

Thirdly: Exporting heavy commodities

The exportation of some manufactured heavy commodities such as chemical fertilizers of various types and oil products has scored great success in the world market.

For the purpose of expanding export of these commodities and as a future policy for the exportation of other heavy commodities such as basic petrochemicals, sponge iron and aluminium and its products, the following measures are recommended:

1. Urging the export organizations to pay greater attention to studying the foreign market in order to get acquainted with the prospects of exportation, the volume of demand, rival companies and the standard of prices. Such studies may be carried out by the proposed export information and research centre or with the help of concerned international or regional organizations or companies.

2. Adopting a policy of co-ordination, co-operation and joint action with the Arab countries which produce these types of heavy commodities, particularly Saudi Arabia, Kuwait, the United Arab Emirates and Bahrain, rather than indulging in a competition over markets and deals which would have detrimental consequences on the country's production and economic resources. Co-ordination may take the form of collective agreements or joint ventures for marketing some commodities.

3. Adopting a policy of commodity credits in the exportation of heavy commodities and issuing legislations which help the State Organization for Export to pursue this approach in the future.

4. For the purpose of increasing the oil products exports-particularly after the completion of new projects and the availability of higher productivity capacities - we recommend issuing legislations which would enable the Ministry of Oil to establish joint companies for marketing Iraqi Oil products in the importing countries and for establishing a network of service stations.

Fourthly: Foreign markets

1. Greater attention should be given to importing light processed and consumer commodities to the markets of the Arab GCC member States in view of

their high and growing purchasing power, their proximity to the centres of production in Iraq, and their connection with several land, sea and air routes in addition to the national, religious, historical and lingual ties. Consideration should be given to the undertaking of a study on the reasons for the decline in Iraq's exports to Oman in order to increase and activate them.

2. Interest in Egyptian markets should be rekindled along with and increasing Iraqi exports of manufactured and semi-manufactured commodities. This might be possible by concluding economic agreements between the two countries to serve as a general framework for preferential trade relations between them. (The two countries have recently concluded a trade agreement.)

3. Greater efforts should be exerted to promote trade relations with both Yemens in particular, and to increase exports to them. Available reports indicate that their markets can absorb more Iraqi commodities, in terms of quantities and varieties.

4. The underlying causes for the lack of Iraqi exports to the Arab Maghreb countries should be studied. In this respect, it is recommended to make a field study and to adopt measures for the introduction of Iraqi exports of manufactures and semi-manufactures to these markets. This might require the dispatch of a trade delegation to survey the markets and to explore the possibility of an increase in trade exchange with them.

5. (a) Exports of heavy manufactures, such as chemical fertilizers and oil products, should be expanded to the countries of the Far East and South-East Asia. Iraq has already exported huge quantities of these commodities to them, chiefly to India, Pakistan, Japan, China and Viet Nam. A study should be made of the markets of other countries and areas in the region to which Iraq exports little or nothing at all: these include Indonesia, the Philippines, Thailand, Hong Kong, Singapore and the republic of Korea. Most of them are industrialized countries which greatly need oil products and other heavy commodities such as basic petrochemicals.

(b) Iraq's trade relation should be promoted with regard to exports to African countries in general and to East Africa in particular because of the possibility of exportation via the Jordanian port of Aqaba. Field studies have already underlined export and import potentials with Arican countries. However, exportation to these countries may need different approaches from exportation to other countries. Hence it is better to promote the use of commodity credits as a means to furthering dealings with these countries.

Fifthly: Trade agreements:

In terms of exportation, the world market can be divided into two types. The first is the free market which can be infiltrated by free competition and marketing methods in order to create demand. The second type is the dealings market which can be penetrated by trade agreements and by long-term contracts in some cases. The latter market lacks continuity and ends with the fulfilment of the deal. In some cases the exporting organization tries to develop the occasional relation into permanent trade relations by getting acquainted with the market needs.

Accordingly, for the purpose of benefiting from agreements in promoting exports following remarks have been made:

1. Trade agreements should be considered as a means to get acquainted with the outside market, its needs and consumption patterns, and not as an end in themselves. With regard to exportation, the most important consideration is to increase exports to the markets with which the current or future agreements are concluded.
2. Chief among the conditions for achieving the above-mentioned objective is the participation of representatives of exporting organizations in the delegations which negotiate for the conclusion of the agreements.
3. Lists should be made of the Iraqi commodities to be exported to the other country with a specification of their quantities, value, and schedule for supply. The two contracting parties are to abide by the terms of the agreement.
4. The Iraqi producer should be required to provide the quantities agreed upon according to the timetable.

Sixthly: Supporting exports:

1. Benefit should be obtained from the financial means of the export support fund to secure financial support for exported commodities and the concept of support should be expanded to include promotional and marketing campaigns for Iraqi commodities in some foreign markets: the support should also cover the research projects which the exportation sector needs in studying the outside markets to get acquainted with their needs and circumstances as well as the prevailing conditions of competitions, prices, etc, it should also cover expanded training programmes abroad for cadres working in export establishments and involved in their activities.
2. Credit facilities made available to the public or private sector exporters, such as overdrawing, short-term loans, etc, should be promoted.
3. Priority should be given to the exporting industrialist in both the public or private sector, in licensing the importation of the necessary machines, equipment, spareparts and chemical, raw, packing and wrapping materials.
4. The exporter should be reimbursed for the customs duties paid for the raw materials that go into the production of export commodities (the draw-back system).
5. The incentive foreign exchange rate paid to the exporter for the hard currency transferred by him to his country, for instance, should be raised.
6. All the fees which the exporter has to pay for export formalities, such as the fees for licensing, customs permit, certificate of origin, the ratification of trade documents and the commission charged by the State

Organization for Export, should be abolished. It is proposed that imposition of these fees be limited to the public sector organizations and that private activities be exempt from them.

7. At present the State Organization for Export will freely provide the exporters of both the public and private sectors with information and with the outcome of field studies on foreign markets. This task will be assigned to the proposed export information and research centre in the future.

8. There should be a discount of not less than 15 per cent of the transport charges specified by the State transport sectors on the exported manufactures.

Seventhly: Organizational matters

1. All the export activities of the public sector should be put under the umbrella of the State Organization for Export. However, we propose that the oil products remain under the umbrella of the Ministry of Oil because of the particularity of such exports.

2. Considering the importance of the ramified information and in-depth field studies of foreign markets, a matter which needs specialized and experienced cadres, it is necessary to have a specialized administrative organization entrusted with providing the required information and carrying out research projects as well as organizing and launching promotional campaigns in these markets. We suggest that the organization be called the "export information and research centre" to be established as a general directorate of the State Organization for Export. It would provide services to State organizations and establishments as well as private sector companies.

3. Greater attention should be paid to the training of cadres working in export organizations, particularly those working for the State Organization for Export, as it is the central State body concerned with the promotion of export. The training programmes should concentrate on practical aspects. To ensure greater benefit, it is proposed that training should not take place within the framework of institutes or universities but rather within trade organizations and companies operating at an international level and carrying out commercial activities including exportation. Accordingly, the State Organization for Export would draw up an annual training programme for cadres and would approach international and regional organizations or companies for help in carrying it out. The programme would be financed by the Export Support Fund.

Eighthly: Private activity

In order for private activity to have a bigger and a more organic role in exportation the following recommendations have been made:

1. An "export information and research" unit should be established as one of the administrative organizations of the General Federation of the Iraqi Chambers of Commerce and Industry or as part of the Iraqi Chamber of Commerce and Industry. The unit would provide information on foreign markets, make

field and office studies on them and organize and carry out promotional campaigns in the interest of Iraqi private exporters.

2. The Federation and the Iraqi Chamber of Commerce would spread export consciousness among private business exporters and urge them to orient their products to the external market rather than concentrating their attention on the domestic market. To this end they could make use of available means of communication.

3. The Federation, in co-operation with the Iraqi Chamber of Commerce, is to establish specialized export companies that would search for foreign markets, find greater export opportunities for Iraqi manufactures and carry out export activities. For the consolidation of these companies the Federation and the Iraqi Chamber of Commerce are to co-ordinate efforts with the Ministry of Trade to obtain the approval of the Trade Organization Committee to give these companies incentives for exportation such as relieving them for five years, of the taxes imposed on incomes accruing from export transactions and activities and giving them greater credit facilities, in addition to the incentives referred to in the recommendation contained in section six above.

4. The General Federation of the Iraqi Chambers of Commerce and Industry, the Iraqi Chamber of Commerce and the other chambers of commerce should not follow the government pattern of employment. Accordingly, the chairman of the federation or of the administrative organ of the Chambers must not be a government employee. The key posts must be assigned to persons who have had experience in private activity: they should not be government servicemen seconded for this purpose.

5. The Federation is to co-ordinate its efforts with the State Organization for Industrial Development for the establishment of "The National Organization for Technical Industrial Assistance" which is to be affiliated with the Federation. Its main task is to help the private industrial projects, particularly those with export potentials, in overcoming the problems and bottle-necks of production, establishing quality control programmes, establishing and operating factories, making and altering industrial designs, developing and improving products, reducing loss and waste of primary materials, equipment and machine operation and laying down preventive maintenance programmes and other technical industrial activities which the private industrial projects greatly need. When these services are rendered there can be more types and bigger quantities of manufactures for exportation. However, if the establishment of such organization is not possible, it is proposed that the Federation take the initiative and reach an agreement with specialized international or regional organizations or foreign companies on drawing up and implementing long-term programmes for providing the private industrial projects with the above-mentioned services.

6. The private activity sector - companies or individuals - should be permitted to export their manufactures or semi-manufactures whether they are the product of the State organizations or establishments or of the private companies and factories (with the exception of heavy goods); there should be removal of the restriction banning the exportation of a certain product in case there is a general agent for it in any of the external markets.

7. The General Federation of the Iraqi Chambers of Commerce and Industry should prepare and carry out training programmes and specialized conferences on the promotion of the exports of the private industrial projects which have export potentials and of the trade companies that carry out export activities. The Federation is to launch this drive at the national and international levels with the help of specialized international and regional organizations and agencies.

Ninthly: The National Programme for Export Development

In an economy such as Iraq's the development of exports depends on the economic plan and the administrative decisions of the higher administrative posts in the State machinery and not on market factors and pricing mechanisms. In an economy where there is poor export consciousness and great concentration on the domestic market which yields lucrative and speedy profit, there is an obvious need for a State-sponsored national programme for export development to be implemented in five years (1986-1990). In the light of such programmes, objectives; policies and strategies are to be defined, required programmes are to be specified and assigned to every party concerned with the development of exports according to its activity. In order to guarantee the implementation of the programme in a manner that serves its goal, an Export Development National Programme Executive Body is to be established which is to be affiliated with the cabinet of the Planning Council. In this manner it can have adequate support and competence to implement the programme, follow up its consequences, cope with constraints, avoid mistakes and achieve co-ordination and co-operation among all the parties concerned.