

**No. 26368**

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**UNITED NATIONS  
(ECONOMIC COMMISSION FOR  
LATIN AMERICA AND THE CARIBBEAN)  
and  
URUGUAY**

**Agreement on technical cooperation. Signed at Montevideo  
on 30 December 1988**

*Authentic text: Spanish.*

*Registered ex officio on 30 December 1988.*

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**ORGANISATION DES NATIONS UNIES  
(COMMISSION ÉCONOMIQUE POUR  
L'AMÉRIQUE LATINE ET LES CARAÏBES)  
et  
URUGUAY**

**Accord de coopération technique. Signé à Montevideo le  
30 décembre 1988**

*Texte authentique : espagnol.*

*Enregistré d'office le 30 décembre 1988.*

## [TRANSLATION — TRADUCTION]

TECHNICAL COOPERATION AGREEMENT<sup>1</sup> BETWEEN THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC) AND THE GOVERNMENT OF THE EASTERN REPUBLIC OF URUGUAY

The Economic Commission for Latin America and the Caribbean (hereinafter referred to as "ECLAC"), represented for this purpose by Germán Rama, Director of the Montevideo office, on the one hand, and the Government of the Eastern Republic of Uruguay (hereinafter referred to as "the Government"), represented by Ricardo Zerbino, Minister of Economic Affairs and Finance, on the other hand, meeting in Montevideo on 30 December 1988, have decided to conclude the following Agreement:

*Article One. BACKGROUND*

(I) The Agreement between the Eastern Republic of Uruguay and ECLAC, signed at Montevideo on 27 December 1982,<sup>2</sup> was approved by Decree-Law No. 15477 of 26 October 1983; (II) this Agreement stipulated that ECLAC, through its office in the city of Montevideo, would develop cooperation activities between both Parties in the economic and social fields, in conformity with the Agreement (article 2); (III) furthermore, article 3 of the Agreement stipulated that, as agreed on a periodic basis by the Parties, and in accordance with the resources available to both Parties, the activities might include the analysis of, *inter alia*, foreign trade, human, natural and environmental resources, agricultural and industrial development, transportation and communication, social development, capital movements and technological development, and technical and economic cooperation among developing countries; (IV) within the framework of the said Agreement, the Government requests ECLAC to carry out various special studies in addition to the usual activities of that organization in Uruguay in the economic and social fields.

*Article Two. PURPOSE*

By this Agreement the Government and ECLAC agree that the latter, through its Montevideo office, shall provide to the Ministry of Economic Affairs and Finance of the Eastern Republic of Uruguay statistical and qualitative data and analyses thereof concerning the subjects indicated below, to be organized under five themes to be covered in separate reports. The following studies will be carried out:

*(A) Characteristics and Evolution of the Uruguayan Labour Market*

The purpose of the study shall be to provide a multidimensional analysis of rates of employment, activity and unemployment on the basis of sex, age group, level and years of education and district of residence, and a specific analysis of the categories of youth and women with the highest unemployment rates. Study/work

<sup>1</sup> Came into force on 30 December 1988 by signature, in accordance with article 8.

<sup>2</sup> United Nations, *Treaty Series*, vol. 1478, No. 1-25196.

relationships and employment requirements will be reviewed and structural and time-related imbalances in the market will be noted. A parallel analysis will be conducted of the structure of the labour market, focusing on such variables as occupation, branch of activity, employment status and level of education, in order to reveal employment characteristics in the various subsectors, establish a hierarchy of occupations and evaluate training requirements and opportunities for labour mobility. Information also will be included on employed persons covered by social security, working retirees and pensioners and ages of recipients of social benefits.

(B) *Explanatory and Forecasting Models for the Labour Market*

This study will develop models of the labour market using econometric models linking economic conditions and social variables to explain frictional unemployment phenomena, rates for the participation of women and “natural” unemployment rates.

The foregoing information will be supplemented with short-term forecasting techniques of the kind used for time series analyses (on the ARIMA model) which will make it possible to establish intervals for forecasting movements in the unemployment rate on the basis of the characteristics of demand and trends affecting economic activity.

(C) *Classification of Uruguayan Exports on the Basis of Economic Criteria*

The purpose of this study will be to array exports on the basis of various international classification schemes and indicate the resulting types of export categories and the evolution of various aggregates such as groups of goods with an expanding export market and the degree of processing of goods.

The current Standard International Trade Classification (SITC) will serve as the starting point for the study, and values will be established on the basis of the following classification schemes: The International Standard Industrial Classification of All Economic Activities (ISIC) will be used to classify data according to kind of economic activity; the UNCTAD product classification of the United Nations will be used to distinguish among primary commodities, manufactured goods and finished manufactured goods; the classification by Broad Economic Categories (BEC) of the United Nations, will be used to reconcile international trade statistics with the findings of macroeconomic analyses; and, lastly, the ECLAC Classification of Products by Economic Use or Destination (CUODE) will be used to analyse trade among the countries of Latin America.

(D) *Export of Goods Manufactured with Foreign Raw Materials: Relationship between the Values of Exports and Imports; a Study of the Macroeconomic Impact of this Activity*

The objective of this study is to determine the net impact on Uruguay's currency supply of this type of exports and the direct and indirect import requirements of selected productive sectors by unit of export and, additionally, to analyse the impact on demand in terms of employment, salaries, capital goods and other inputs.

The report and its findings, which will be transmitted to the Government, will include the foreign exchange picture for various productive sectors, in particular, chemicals, machinery, textiles and clothing. It will also include a proposal and design for a survey of selected firms, to be undertaken during a second phase, on the domestic and imported inputs for specific exports.

(E) *Potential for the Development of Manufactured Exports; Firms and Products in an Expanding Export Market during the Period 1985-1988*

Using as background the methodology adopted by the ECLAC Montevideo office in its report *Exportaciones y Maduración Industrial: Manufacturas basadas en Materias Primas no Agropecuarias Uruguayas*, a study will be undertaken of the pattern of growth of exports, produced with domestic or foreign raw materials, with an average annual value of over US\$ 100,000 (one hundred thousand United States dollars) during the period 1985-1988; the firms producing these goods; and the modalities for gaining a foothold in export markets governed by CAUCE, PEC and LAIA, as well as markets of developed countries outside the region. Export specialization indices will be established (based on sustainability and growth, entry into extraregional markets, an export basket, product diversification and the applicable export regime), firms will be ranked by value of exports and the relationship between exports and technology will be explored.

During the initial phase, export registers will be used to rank activities (as listed in the NADI and ISIC codes) and products on the basis of their pattern of growth during the periods 1981-1985 and 1985-1988, and a directory will be prepared of firms most active in foreign markets. Four months after the research envisaged in this Agreement has begun, the Government will be provided with an initial report on identification of manufacturing activities with a high export potential.

During the second stage, firms will be selected according to the degree of product specialization and ranked by export volume. Subsequently, a group of firms will be selected from each rank, in accordance with the aforementioned specialization index. The Government will be given a second report on the criteria for and results of firm selection.

In the third and final stage, a form will be devised which will be filled out by the firms selected in order to establish a profile covering technological characteristics, investments, product specialization, establishment of an export "niche", packaging and transportation problems, trade between firms and product distribution networks, human resources and types of markets in which the products are introduced. From the sample of firms polled, a sub-sample will be drawn; these will be studied during plant visits to assess their product manufacturing technology and export marketing procedures. The findings will be compiled in a third report, on manufacturing firms whose export activity is related to technological and marketing innovations.

*Article Three*

The studies listed above shall be prepared by ECLAC specialists at Montevideo.

*Article Four*

The Government undertakes to provide the resources required to prepare the studies envisaged in this Agreement, which shall be set at US\$ 48,000 (forty-eight thousand United States dollars), payable as follows: US\$ 24,000 (twenty-four thousand United States dollars) when the work is begun; US\$ 12,000 (twelve thousand United States dollars) 180 days after the initial payment; and the balance of US\$ 12,000 (twelve thousand United States dollars) 360 days after the initial

payment. ECLAC, for its part, shall establish a technical cooperation trust fund to receive and administer the resources.

#### *Article Five*

ECLAC undertakes to provide the studies envisaged in this Agreement in accordance with the following schedule:

- (I) The report referred to in article 2, paragraph (A): 180 days following the date of this contract;
- (II) The report envisaged in article 2, paragraph (B): 360 days following the signing of this Agreement;
- (III) The study envisaged in paragraph (C): 120 days following the date of this Agreement;
- (IV) The study envisaged in paragraph (D): 300 days following the signing of this Agreement;
- (V) The report envisaged in paragraph (E) shall be submitted in three phases as outlined in article 2: 120 days, 210 days and 360 days, respectively, following the signing of this Agreement.

#### *Article Six*

ECLAC shall administer the funds contributed in accordance with the provisions of its Financial Rules and the detailed Financial Regulations of the United Nations, in particular, in accordance with the provisions contained in the Secretary-General's Bulletin ST/SGB/188 and Administrative Instruction ST/AI/285, both dated 1 March 1982.

#### *Article Seven*

The studies, reports and other documents prepared within the framework of this Agreement shall become the joint intellectual property of the Government and ECLAC. Although professionals involved in their preparation may not use them for profit, they may cite them or describe them as earlier examples of their technical and professional activities and may present them at conferences or other academic events, provided that they indicate the organizations to which the intellectual property belongs.

#### *Article Eight*

This Agreement shall be valid for a period of one year from the date of its signature by both Parties. However, unless one of the Parties informs the other in writing, 90 days prior to the termination of the original period or renewals thereof, of its decision not to carry out further special cooperative studies similar to those envisaged in this Agreement, this contract shall be deemed to be renewed on the same terms for successive periods of one year, up to a maximum of four renewal periods. In such cases, the Parties must determine within 90 days prior to the end of each year the reports and studies to be carried out during the coming year.

#### *Article Nine*

Upon the expiration of this Agreement or upon its termination in accordance with the foregoing article, the funds shall remain under the control of ECLAC until all disbursements made by ECLAC pursuant to this Agreement have been

reimbursed. Any remaining funds shall be disbursed as agreed by the Parties, and neither Party shall be entitled to request reimbursement from the other Party by virtue of the non-renewal of this Agreement.

This Agreement is signed at Montevideo in three identical copies serving the same purpose, on 30 December 1988.

[GERMÁN RAMA]

[RICARDO ZERBINO]

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