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## NOTE

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For the recommendations adopted by the United Nations Conference on Trade and Development at its first session, see *Proceedings of the United Nations Conference on Trade and Development* vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 17-65. For the resolutions, declarations and decisions adopted by the Conference at its second session, see *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, pp. 27-58.

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## ABBREVIATIONS

ACAST	Advisory Committee on the Application of Science and Technology to Development
ADB	African Development Bank
ADC	Andean Development Corporation
AsDB	Asian Development Bank
BTN	Brussels Tariff Nomenclature
CABEI	Central American Bank for Economic Integration
CACM	Central American Common Market
CENSA	Committee of European National Shipowners' Associations
CECLA	Special Committee for Latin American Co-ordination
CESI	Centre for Economic and Social Information
c.i.f.	Cost, insurance, freight
CMEA	Council for Mutual Economic Assistance
CSG	Consultative Shipping Group
DAC	Development Assistance Committee (of OECD)
EAC	East African Community
ECAFE	Economic Commission for Asia and the Far East
ECLA	Economic Commission for Latin America
ECE	Economic Commission for Europe
EEC	European Economic Community
FAO	Food and Agriculture Organization of the United Nations
f.i.o.	Free in and out
f.o.b.	Free on board
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
GSP	Generalized system of preferences
IATA	International Air Transport Association
IBEC	International Bank for Economic Co-operation
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
ICC	International Chamber of Commerce
ICS	International Chamber of Shipping
IDA	International Development Association
IDB	Inter-American Development Bank
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
IMF	International Monetary Fund
INSA	International Shipowners' Association
INTAL	Institute for Latin American Integration
ISO	International Organization for Standardization
IUOTO	International Union of Official Travel Organizations
LAFTA	Latin American Free Trade Association
LTA	Long-term Arrangement regarding International Trade in Cotton Textiles
MFN	Most favoured nation
MPS	Material product system

<b>OECD</b>	<b>Organisation for Economic Co-operation and Development</b>
<b>OPEC</b>	<b>Organization of Petroleum Exporting Countries</b>
<b>RCD</b>	<b>Regional Co-operation for Development</b>
<b>SALT</b>	<b>Strategic Arms Limitation Talks</b>
<b>SDRs</b>	<b>Special drawing rights</b>
<b>SITC</b>	<b>Standard International Trade Classification (Revised)</b>
<b>SNA</b>	<b>System of national accounts statistics</b>
<b>TNC</b>	<b>Trade Negotiations Committee (of developing countries in GATT)</b>
<b>UNCITRAL</b>	<b>United Nations Commission on International Trade Law</b>
<b>UNCTAD</b>	<b>United Nations Conference on Trade and Development</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNESCO</b>	<b>United Nations Educational, Scientific and Cultural Organization</b>
<b>UNESOB</b>	<b>United Nations Economic and Social Office in Beirut</b>
<b>UNIDO</b>	<b>United Nations Industrial Development Organization</b>
<b>UNISIST</b>	<b>World Science Information system</b>
<b>UNITAR</b>	<b>United Nations Institute for Training and Research</b>
<b>WIPO</b>	<b>World Intellectual Property Organization</b>
<b>WTO</b>	<b>World Tourism Organization</b>

References to dollars (\$) are to United States dollars, unless otherwise indicated.

# PART ONE. INTRODUCTION

## Chapter I

### THE SETTING AND AIMS OF THE THIRD SESSION OF THE CONFERENCE

1. The United Nations Conference on Trade and Development was first convened in the spring of 1964 in Geneva in pursuance of Economic and Social Council resolution 917 (XXXIV) of August 1962 and General Assembly resolution 1785 (XVII) of 8 December 1962. Thereafter, by virtue of General Assembly resolution 1995 (XIX) of 30 December 1964, the Conference acquired an institutional character of its own as an organ of the General Assembly and was endowed with a continuing machinery, including provision for a procedure of conciliation, to perform the functions and to achieve the objectives set out in that resolution.

2. The Conference held its second session in New Delhi from 1 February to 29 March 1968. In the course of its deliberations the representatives of States members of UNCTAD sought to attain a "broad measure of agreement on practical solutions to those major and urgent issues of trade and development appearing on its agenda".<sup>1</sup> On some important issues the Conference concluded its work; and on those basic issues of substance on which it was not possible to reach generally acceptable solutions, the Conference "resolved to continue its efforts to reach agreement by making full use of its continuing machinery. . ."<sup>2</sup> The fundamental purpose which animated the recommendations, decisions and guidelines for the work programme of the continuing machinery of UNCTAD adopted at the second session was to implement the aspirations voiced by its member States for a better ordering of international economic and trade relations, including the international division of labour, and for economic and social advancement, especially that of the developing nations, in the spirit of the Charter of the United Nations, by means of formulating and carrying into effect new development-oriented trade policies through international co-operation. Thereby the Conference endeavoured to contribute to the banishment of poverty and to the enhancement of the quality of life throughout the world.

3. The basic and continuing objectives before the Conference at its third session remained those defined in the Final Act adopted on the conclusion of its first session, reflected in General Assembly resolution 1995

(XIX) and elaborated in the report on the second session of the Conference. In part one, chapter IV of that report the primary purpose of the Conference is stated to be "to serve as an agent of accelerated economic development for all countries, by means of formulating and carrying into effect new development-oriented trade policies through the combined efforts of the entire international community".<sup>3</sup> Furthermore, one of the main tasks of the new organization was to be "the promotion of economic progress in the developing countries by means of an extensive development of world trade that would be equitable and advantageous to all countries."<sup>4</sup> The Secretary-General of UNCTAD remarks in his report to the third session of the Conference<sup>5</sup> that the task before the Conference is clear: "In 1964 at its first session, the problems were defined and the possibilities of action outlined. Some progress was made at the second session in 1968. In particular the foundation was laid for the introduction of the generalized system of preferences. . . Today we have the commitment of the international community to an International Development Strategy. . . With a common will to take effective action, at its third session the Conference should be able to bring about a reversal of prevailing tendencies in international decision-making and to translate the awareness of the development problem—the central issue of our time—into convergent policies concerning trade, aid and related areas."<sup>6</sup>

4. The magnitude of the problems confronting mankind for the practical solution of which UNCTAD has special responsibilities has not diminished since the Conference last met. Against the background of the setting in which the third session was taking place, the Secretary-General of UNCTAD said: "The present international trade and monetary situation presents the third session of the Conference with both a challenge and an opportunity: a challenge to resist the tendencies which, if they continue on the present lines, will inevitably push into the background the development of the third world in international policy-making; an opportunity. . . to contribute effectively to the elaboration of a system

<sup>1</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add. 1-2, *Report and annexes*, (United Nations publication, Sales No. E.68.II.D.14), Report, para. 91.

<sup>2</sup> *Ibid.*, para. 92.

<sup>3</sup> *Ibid.*, para. 40.

<sup>4</sup> *Ibid.*

<sup>5</sup> "The International Development Strategy in Action: the role of UNCTAD—report by the Secretary-General of UNCTAD to the third session of the Conference", TD/99 and Corr.1 and 2.

<sup>6</sup> *Ibid.*, para. 3.

better adapted to the needs of the developing countries and of the international community as a whole."<sup>7</sup>

5. In his report to the Conference the Secretary-General of UNCTAD urged that the developing countries should participate in consultations preceding the taking of decisions that could have a profound impact on their economies, including decisions regarding the international monetary system. He drew attention to the need for increasingly liberal policies respecting financial assistance for developing countries and the access of their primary and manufactured products to the markets of developed countries. He referred to the difficulties experienced by developing countries that relied heavily for their foreign exchange receipts on exports of commodities vulnerable to competition from synthetic products or to protectionist policies applied by importing developed countries. While recognizing that the developing countries would have to make a "structural change" in their economies if they were to take full advantage of the opportunities for growth, he pointed out that "a vital feature" of this change must be the industrialization and modernization of the economies of these countries.<sup>8</sup> In their endeavours to achieve greater self-reliance and regional co-operation, he said, these countries should be able to count on greater assistance from the international community. The Secretary-General stated that "In recent years, however, an increasing number of developing countries have stressed the need for greater self-reliance, implying that their economic development is envisaged as depending much more directly on a full mobilization of all internal resources, human as well as material."<sup>9</sup> As regards regional co-operation among developing countries, the Secretary-General remarked that "self-reliance can only be fully effective if links among countries of the third world are strengthened".<sup>10</sup> He warned against the danger that the developed countries "will concentrate on their own problems to such an extent that the problems of the third world will be neglected,"<sup>11</sup> and pointed out that the arguments of economists and sociologists, "however well founded, have not so far had any decisive impact on the motivations and actions of policy-makers in the industrialized countries".<sup>12</sup> At the same time he pointed to the opportunities open to the Conference at this session for joint and forward-looking action: "It would be a statesmanlike act of vision to use these opportunities and to approach the broad issues of economic and social betterment in a spirit of truly multilateral co-operation."<sup>13</sup>

6. In his address at the inaugural ceremony of the third session of the Conference<sup>14</sup> the Secretary-General of the United Nations, Mr. Kurt Waldheim, contrasted the "spectacular growth" of the developed countries in the last two decades and the "extraordinary increase in

trade between them"<sup>15</sup> with the discouraging lagging behind of the developing countries. He stressed the importance of UNCTAD in the "search for a correction of imbalances and injustices in the world" by means of "global solutions which will avoid the fragmentation of the world into zones of influence".<sup>16</sup>

7. He pointed out that "the United Nations is not a world government; it has no executive powers; UNCTAD has no power whatsoever to enforce its recommendations and decisions. The executive power is elsewhere. It rests with Governments. UNCTAD can be perfectly successful in reaching the right decisions but Governments might be unwilling or unsuccessful in implementing them. This does not mean that our organizations are not useful. Quite the contrary. The United Nations is a great moral force in the world."<sup>17</sup> He added: "And nobody can say either that in the absence of executive powers, the decisions of the United Nations remain usually unimplemented. This is just not true. Quite the contrary. In innumerable cases, Governments have implemented what its collective organization has found good and did recommend."<sup>18</sup> He expressed the confidence that UNCTAD, the most universal body for the consideration of international trade problems, would make a significant contribution to the building of orderly and just international economic relations with a view to helping the poor nations to attain higher standards of living and so removing an important source of tension in world affairs. He pointed out, further, that "while fully recognizing the priority of the poorer nations, we must not forget that trade between all countries of all economic and social systems is of concern to the United Nations".<sup>19</sup> Referring to the two crucial fields—those of monetary reform and primary commodities—in which the interests of the poorer countries had not yet been duly taken into account, he added: "They rightfully want a voice in world monetary decisions which otherwise could be very detrimental to them. And since the greatest part of their foreign income comes from the sale of their primary products, it is obvious that they consider this to be the most important field where action would bring immediate and substantial results. It is only natural, therefore, that in such conditions, to which one must add the crisis in international aid, the developing countries should come to Santiago in a rather doubtful mood. But we must be realistic, not only in the political but also in the economic field. There are certain issues which require time, patience, perseverance and preparation of national public opinion."<sup>20</sup> He referred to some of the achievements of UNCTAD, in particular, the establishment of the generalized system of preferences. In this context he stated: "UNCTAD considered as a whole is certainly a great achievement. If UNIDO had been created at the first session of the Conference and the system of preferences and the development strategy had been adopted at the second, the

<sup>7</sup> *Ibid.*, para. 1.

<sup>8</sup> *Ibid.*, paras. 17-18.

<sup>9</sup> *Ibid.*, para. 26.

<sup>10</sup> *Ibid.*, para. 331.

<sup>11</sup> *Ibid.*, para. 35.

<sup>12</sup> *Ibid.*, para. 37.

<sup>13</sup> *Ibid.*, para. 39.

<sup>14</sup> See annex VIII, B below.

<sup>15</sup> *Ibid.*, para. 14.

<sup>16</sup> *Ibid.*, para. 16.

<sup>17</sup> *Ibid.*, para. 7.

<sup>18</sup> *Ibid.*, para. 8.

<sup>19</sup> *Ibid.*, para. 6.

<sup>20</sup> *Ibid.*, para. 10.

two conferences would have been called a resounding success. But because the results, which needed time to mature, were obtained in the interval, people speak more of failures than of success.”<sup>21</sup> Much statesmanship and work would be required, he said, to bring different economic groups and social systems together for the benefit of peace in general and for the economic development of the poorer countries in particular.<sup>22</sup>

8. When at its eleventh session in August-September 1971 the Trade and Development Board adopted the provisional agenda for the third session of the Conference, it sought to include in it issues of fundamental importance, especially those mature for settlement or requiring further directives.

9. In a statement at that session devoted mainly to the objectives of the third session of the Conference, the President of the Board said that he considered, *inter alia*, that sessions of the Conference were important milestones in the life of the international economic community and of UNCTAD. Governments of member States should, therefore, strive to ensure that the Santiago Conference would make a tangible, lasting and significant contribution to the achievement of the aims and fulfilment of the functions of UNCTAD by adopting action-oriented decisions on the issues before it. After referring to the objectives which the Conference should pursue within the framework of its agenda, in compliance with General Assembly resolution 2725 (XXV), the President of the Board said that he expected that in the course of the third session of the Conference and through the process of consultations and negotiations, points of concentration of fundamental importance and mature for substantive discussion would be identified and that positive decisions would be taken or further directives for continuing work and action by the permanent machinery agreed upon. By focusing attention on certain matters, the Conference would do so without prejudice to its general review function or to an adequate consideration of other items of concern to member States.<sup>23</sup>

10. Since the second session of the Conference, the General Assembly has given consideration to the major tasks which should devolve upon the third session of the Conference in response to new trends in world trade and development, as analysed in a separate chapter of this report,<sup>24</sup> and more particularly in connexion with the implementation of the International Development Strategy for the Second United Nations Development Decade. Thus, in its resolution 2570 (XXIV) of 13 December 1969 on the United Nations Conference on Trade and Development, the General Assembly suggested that the Conference at its third session should consider ways and means of implementing the measures agreed upon within the continuing machinery and seek new areas of agreement in the dynamic context of the Second United Nations Development Decade. In resolu-

tion 2725 (XXV) of 15 December 1970, on the third session of the United Nations Conference on Trade and Development, the General Assembly drew the attention of the Conference at its third session, in pursuing the functions falling within its competence and its role in the implementation of the Strategy, to the importance of: (a) reviewing the progress made in . . . implementation of the policy measures as agreed upon; (b) reaching agreement in more specific terms on issues which have not been fully resolved; (c) seeking new areas of agreement and widening existing ones and (d) evolving new concepts and seeking agreement on additional measures.

11. At its twenty-sixth session the General Assembly, on 16 December 1971, adopted resolution 2820 (XXVI) dealing specifically with the third session of the Conference. In that resolution, the General Assembly urged Member States to ensure the success of the third session of the Conference and, to this end, to give serious consideration to the Declaration and Principles of the Action Programme adopted at Lima by the Second Ministerial Meeting of the Group of 77 developing countries (TD/143)<sup>25</sup> and to other proposals which might be put forward by other countries or groups of countries; to adopt comprehensive action-oriented programmes incorporating measures in favour of both the least developed among developing countries and the land-locked developing countries; and to review the progress achieved since its second session in promoting trade relations among countries having different economic and social systems, bearing in mind Conference resolution 15 (II) of 25 March 1968.

12. Furthermore, the General Assembly in resolution 2820 I (XXVI), paragraph 7 (a) urged the Conference at its third session to appeal to preference-giving countries which had not yet done so to implement their offers under the generalized system of preferences in favour of developing countries; and to pursue efforts in a dynamic context for further improvements of these preferential arrangements. In paragraph 5, the Assembly mentioned the importance of the conclusion of an agreement on cocoa.

13. The General Assembly also agreed that the Conference at its third session should undertake a comprehensive review of its institutional arrangements with a view to improving the efficiency of its operations, strengthening its role as a centre for the initiation of action—where appropriate in co-operation with the competent organs of the United Nations—for the negotiation and adoption of multilateral legal instruments in the field of trade, bearing in mind that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, with due regard to the adequacy of the existing organs of negotiation and without duplication of their activities, thus enabling the Conference to fulfil its basic objectives as set forth in General Assembly resolution 1995 (XIX); reaffirmed UNCTAD's essential role to review and appraise progress in the implementation of the International Development Strategy within its field of competence; and

<sup>21</sup> *Ibid.*, para. 12.

<sup>22</sup> *Ibid.*, para. 10.

<sup>23</sup> See *Official Records of the Trade and Development Board, Eleventh Session*, 309th meeting, paras. 68-71.

<sup>24</sup> See chapter III below.

<sup>25</sup> See annex VIII,F below.

finally invited the Conference at its third session (a) to provide general guidelines for the establishment by the Trade and Development Board of adequate procedures and mechanisms for defining and reviewing indicators and data necessary for assessing the progress in the implementation of the policy measures within the field of competence of the Conference; (b) to make the institutional machinery of the Conference fully oriented towards the implementation of the relevant provisions of the International Development Strategy; and (c) to give consideration to such reforms of the fundamental provisions of General Assembly resolution 1995 (XIX)

as to promote further evolution in the continuing machinery and in the method of work of the Conference designed to increase its effectiveness.

14. The Governments of States members of UNCTAD, represented at Santiago for the third session of the United Nations Conference on Trade and Development, conscious of their responsibility towards the nations they represent and dedicated to the cause of international co-operation in trade and development, are determined, in this spirit, to meet the challenge and to seize the opportunity by working together to ensure that this Conference produces fruitful results.

## Chapter II

### FROM THE SECOND TO THE THIRD SESSION OF THE CONFERENCE: THE PERMANENT MACHINERY OF UNCTAD IN ACTION

15. In his report to the Secretary-General of the United Nations on the significance of the second session of the Conference,<sup>26</sup> the Secretary-General of UNCTAD expressed the opinion that the second session "was able to obtain only very limited positive results . . . not commensurate with the dimensions and urgency of the development problem".<sup>27</sup> In his view the results of that session could be divided into four broad categories:

Limited and incomplete results concerning the fundamental problems of preferences and finance;

Some positive results in the spheres of trade expansion among developing countries, trade with socialist countries, shipping, the food problem and policy in relation to least-developed and land-locked countries;

Virtually no results in access to markets; and,

No contribution to the formulation of a global strategy for development.<sup>28</sup>

16. The Conference itself, in its report on its second session acknowledged that, while it had reached a number of decisions, recommendations and guidelines, it had, in respect of a number of basic issues, "been unable on account of remaining differences of opinion, to reach generally acceptable conclusions". However, the Conference resolved "to continue its efforts to reach agreement by making full use of its continuing machinery, and, in particular, of the opportunities for further consultation and study provided by the Trade and Development Board, to which it has referred several issues for due attention".<sup>29</sup> The account that follows is intended to record the salient activities of UNCTAD's permanent machinery during the period between the second and third sessions of the Conference.

17. The resolutions adopted at the second session by the Conference set new objectives for UNCTAD or indicated the direction in which work in existing fields of activity should be pursued by the permanent machinery. Resolutions 11 (II) and 24 (II), for example, established guidelines for work on the particular problems of the land-locked countries and of the least developed among the developing countries, and resolution 21 (II) marked a considerable step forward towards the implementation of a generalized system of prefer-

ences that had already been studied at the first session of the Conference in 1964. Resolutions 2 (II) and 3 (II) recommended national and international action in the field of shipping, particularly regarding consultation machinery and freight rates and conference practices; resolution 23 (II), with its Concerted Declaration on trade expansion, economic co-operation and regional integration among developing countries, has been the basis for a continuing programme of work of the UNCTAD secretariat and for the convening of an inter-governmental group to consider problems in this field. Resolution 16 (II) set guidelines for international action on a large number of commodities, and resolution 19 (II) called for studies and action on problems relating to the stabilization of commodity markets, including the financing of buffer stocks and diversification. The Conference also adopted resolution 15 (II) concerning trade relations among countries having different economic and social systems. As regards financing related to trade, the Conference adopted resolutions relating to the international monetary system (32 (II)), including the possible creation of a link between development finance and special drawing rights, a compensatory financing facility (31 (II)), supplementary financial measures (30 (II)), in pursuit of objectives already laid down at the first session, and the terms and conditions of aid, including the question of an interest equalization fund (likewise approved in principle at the first session). It also adopted resolution 33 (II), concerning the flow of private capital to developing countries and a scheme of multilateral investment insurance in this connexion.

18. On some issues of major importance, however, the Conference at its second session was unable to reach a decision, and referred the relevant proposals to the continuing machinery for further consideration.

19. In the field of commodities, a new International Sugar Agreement was concluded in 1968, at the United Nations Sugar Conference convened by UNCTAD, and the international agreements on tin, olive oil and wheat were renewed. Work on international arrangements for tea, hard fibres, iron-ore, phosphates, manganese and other commodities referred to in Conference resolution 16 (II), including those facing competition from synthetics, has continued, without so far reaching conclusions. At its tenth session, the Board adopted resolution 73 (X) concerning international pricing policy and the liberalization of trade in the field of commodities. The problems of diversification and access to markets have received increasing attention in the Committee on Commodities. At its sixth session, held in March/April 1971, the Advisory Committee to the Board and to the Committee on Commodities devoted its entire time to the

<sup>26</sup> *The Significance of the Second Session of the United Nations Conference on Trade and Development: report to the Secretary-General of the United Nations by the Secretary-General of the United Nations Conference on Trade and Development* (United Nations publication, Sales No. E.69.II.D.3).

<sup>27</sup> *Ibid.*, para. 3.

<sup>28</sup> *Ibid.*, para. 8.

<sup>29</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I, and Corr.1 and 3 and Add.1-2, *Report and annexes* (United Nations publication, Sales No. E.68.II.D.14), Report, para. 92.

subject of diversification, while the Committee on Commodities itself devoted a major part of its sixth session (July 1971) to this subject and to access to markets and pricing policy. Repeated resolutions adopted in UNCTAD and by the General Assembly have thus far failed to lead to the conclusion of an international agreement on cocoa. In the light of his consultations, after the subsequent adoption by the Board of resolution 85 (XI) and General Assembly resolution 2820 (XXVI), the Secretary-General of UNCTAD convened a new United Nations Cocoa Conference on 6 March 1972, which is to be resumed after the close of the third session of the Conference.

20. Acceptance within UNCTAD of the generalized system of preferences "stands out as the major achievement of the Trade and Development Board" in 1970 and is "an important element of the International Development Strategy".<sup>30</sup> The Special Committee on Preferences, established by Conference resolution 21 (II) as a subsidiary body of the Trade and Development Board, successfully completed its work on the generalized system of preferences in that year on the basis of submissions by the developed countries and a detailed technical examination of questions relating to rules of origin. The agreed conclusions of that Committee, incorporated in Board decision 75 (S-IV), constitute the basis of the arrangements for the generalized system of preferences, which have been implemented by the introduction of schemes by individual preference-giving countries. In their Joint Declaration made at the second part of the fourth session of the Special Committee on Preferences,<sup>31</sup> five socialist countries of Eastern Europe indicated ways in which they would contribute to the achievement of the objectives sought by the generalized system.

21. After a preliminary study by the secretariat, in conformity with Board resolution 51 (VIII), the Committee on Manufactures reached conclusion 2 (V)<sup>32</sup> in which the competence of UNCTAD to deal with restrictive business practices affecting the export interests of developing countries was reaffirmed. Substantive documentation on this subject was laid before the Conference for the first time at its third session. Proposals concerning institutional machinery within UNCTAD for the consideration of matters relating to non-tariff barriers and international action with a view to the liberalization of such barriers, had been put forward even before the second session and were among those referred by the Conference to the continuing machinery. The draft resolution of the developing countries, submitted to the Conference at its second session,<sup>33</sup> has been before both

the Board and the Committee on Manufactures, and in a revised form (TD/III/C.2/L.5) was once more before the Conference. A standstill on, and the liberalization of, non-tariff barriers are questions of particular concern to the developing countries and of great importance also to many other countries participating in world trade.

22. By and large, the problems of the external financing of development, including the growing burden of debt, have continued to preoccupy the Board and the Committee on Invisibles and Financing related to Trade. The 1 per cent target recommended by the Conference at its second session has been incorporated into the International Development Strategy for the Second United Nations Development Decade. The reform of the international monetary system to take full account of the interests of developing countries, the link between SDRs and development finance, a scheme of supplementary financing, compensatory financing, a multilateral interest equalization fund and the softening of terms of assistance were all matters which have pre-occupied the appropriate UNCTAD bodies, without any substantial multilateral agreement being arrived at.

23. The points of view of developed countries, on the one hand, and of developing countries, on the other, on questions relating to shipping and ports appear now to be better understood and more amenable to discussion as a result of the consideration of these matters within the Committee on Shipping. In addition, in response to Conference resolution 14 (II), the Committee on Shipping has expanded the scope of its work to deal with international legislation on shipping and established close co-operation with UNCITRAL. The UNCTAD Working Group on International Shipping Legislation has already considered the subject of bills of lading and adopted recommendations which have been transmitted to UNCITRAL. At its most recent session (January 1972) the Working Group discussed the question of a draft code of conduct for liner conference practices and transmitted its resolution on this subject to the third session of the Conference.

24. In accordance with Conference resolution 15 (II), the Board has continued to consider questions relating to trade among countries having different economic and social systems, including trade between socialist and developing countries, establishing a sessional committee on this subject to be convened periodically and providing opportunities for mutually agreed consultations on more specific trade matters between interested countries participating, having due regard to the need for the consultations to be confidential, voluntary and non-committal in character and organized so as not to encroach on the multilateral work of the sessional committee.

25. The Board has also had on its agenda, in view of Conference resolution 22 (II), the question of elaborating additional principles governing international trade relations and trade policies conducive to development that would be consistent with those adopted at the first session of the Conference. On this matter the Board has been unable, however, to make any progress.

26. In the field of trade expansion, regional co-operation and economic integration among developing countries, UNCTAD has extended its activities as a

<sup>30</sup> See introduction to the report of the Secretary-General on the work of the Organization, September 1971 (*Official Records of the General Assembly, Twenty-sixth session, Supplement No. 1A*) (A/8401/Add.1), para 255.

<sup>31</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

<sup>32</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 2* (TD/B/352), annex I.

<sup>33</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and annexes.*, pp. 400-401.

result of the Conference's Concerted Declaration 23 (II). The secretariat has established a Division for Trade Expansion and Regional Economic Integration, and an Intergovernmental Group was convened in accordance with the Concerted Declaration. The secretariat, in addition to making studies, has provided technical assistance by means of advisory services to countries at their request and has organized regional seminars to consider specific issues. Interregional co-operation among developing countries took a major step forward in December 1971 when mutual tariff concessions were made, without their extension to other countries, by the sixteen countries constituting the Committee of Participating Countries of GATT (jointly serviced by the GATT and UNCTAD secretariats).<sup>34</sup>

27. The particular problems of the least developed among the developing countries, and conjointly or separately those of the land-locked developing countries, have been recognized since the very beginning of UNCTAD, but specific programmes in UNCTAD were not agreed upon until the second session of the Conference (resolutions 11 (II) and 24 (II)). Problems relating to the least developed countries have been considered by three *ad hoc* Expert Groups appointed under the authority of the Board, and land-locked countries were considered initially by a separate expert group and by the Board at its tenth session (see Board resolution 69 (X)). The main Committees of the Board and other UNCTAD bodies, including the Intergovernmental Group on Trade Expansion and Regional Economic Integration among Developing Countries and the Special Committee on Preferences, have all, in their respective fields of competence, devoted particular attention to the problems confronting these countries. The Board's contribution to the International Development Strategy for the Second United Nations Development Decade (to which further reference is made below) included special sections concerning these countries, and in its resolution 82 (XI) the Board requested the Secretary-General of UNCTAD to prepare a detailed and action-oriented programme in favour of the least developed countries. In a separate decision it requested a similar programme for the land-locked developing countries.<sup>35</sup> Taking into account the work done by the Committee for Development Planning of the Economic and Social Council, the Board (in resolution 82 (XI)) and the General Assembly approved (resolution 2768 (XXVI)) a preliminary list of 25 countries which should be regarded as hard-core least developed countries.

28. Draft resolutions on the improvement of the institutional machinery of UNCTAD, together with a secretariat report on this subject and comments by Governments on the draft resolutions, were transmitted to the Board by the Conference at its second session. Accordingly, the Board undertook, at its seventh session, in the autumn of 1968, a review of the institutional machinery of UNCTAD, in the light of the experience of the first four years. In decision 45 (VII) it adopted

a number of measures with a view to streamlining the machinery, in particular as regards sessions of the Conference, of the Board itself and of its Committees.

29. The idea had been advanced at the second session of the Conference that UNCTAD should become a participating and executing agency of UNDP. In resolution 44 (VII), the Board put forward the recommendation, subsequently approved by the General Assembly in resolution 2401 (XXIII), that UNCTAD should be endowed with the status of a participating organization of UNDP. Thus in relation to technical assistance activities UNCTAD has assumed an operational role alongside its principal functions; its competence extends over a number of areas (by means of advisory services and training): export promotion and marketing; trade policy, planning and projections; trade expansion and economic integration; shipping and ports; insurance and reinsurance; and transfer of technology. Export promotion is the largest single sector of activity of UNCTAD in its capacity as a participating organization of UNDP, and projects in this field are carried out in co-operation with the UNCTAD/GATT International Trade Centre. The Centre itself, established in the year of the second Conference, provides a wide range of services to developing countries that are financed from budgetary and extra-budgetary resources.

30. One of the subjects which the Conference at its second session referred to the Board was the transfer of technology.<sup>36</sup> In adopting resolution 74 (X), the Board agreed on the functions of UNCTAD to be performed in the field of transfer of technology on a continuing basis. It decided to establish the Intergovernmental Group on Transfer of Technology, the future of which is to be considered by the Board after the Group has held two substantive sessions. At its organizational (first) session in June 1971, the Group unanimously drew up a comprehensive programme of work for the continuing implementation of UNCTAD's functions in this field. The programme covers four major areas: (a) channels and the mechanisms for the transfer of technology; (b) costs of the transfer; (c) access to technology; and (d) trade and the transfer of technology, in which UNCTAD has primary responsibility, and two other areas, (e) substitution of domestic for imported technology and (f) choice of technology, in which other organizations and bodies are active and UNCTAD is to work in co-operation with them.

31. The Secretary-General of UNCTAD has addressed a questionnaire to all States members of UNCTAD with a view to identifying the obstacles faced by the developing countries in acquiring an accelerated access to technology. The secretariat has already received many replies, which will be used as a basis for identifying these obstacles.

32. UNCTAD contributed to the framing of the International Development Strategy for the Second United Nations Development Decade. The Board and

<sup>34</sup> See the Protocol Relating to Trade Negotiations Among Developing Countries (GATT document L/3643).

<sup>35</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 1* (TD/B/386) p. 9.

<sup>36</sup> For details of the proposals on various subjects that were referred to the permanent machinery of UNCTAD, see *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and annexes...*, annex VIII.

the Conference have regularly reviewed and appraised progress in the implementation of Conference recommendations, and the need for a global development strategy, in the context of which policies could be formulated in UNCTAD and their results appraised, was stressed at the second session of the Conference. General Assembly resolution 2305 (XXII) called on the Secretary-General of the United Nations, on the basis of the results of the second session of the Conference, to put forward suggestions for harmonizing measures to be undertaken at the national and international level in the preliminary framework of an international development strategy. In resolution 47 (VII) the Board reaffirmed "the important role UNCTAD has to play within its competence in the combination of efforts within the United Nations family for the preparation of the Second Development Decade" and devoted extensive discussion at its eighth and ninth sessions to the establishment of agreed texts that could be forwarded to the General Assembly and the Preparatory Committee for the Second United Nations Development Decade for incorporation in the final text of the Strategy, adopted by the General Assembly in its resolution 2626 (XXV) of 24 October 1970. In transmitting those texts which had been agreed upon at its ninth session (see decision 64 (IX)), the Board stated that to achieve the objectives of the Strategy, UNCTAD would use its established machinery; each organ would continue with its programme of work, appropriately adjusted, to implement

the objectives and targets, including sectoral targets, established for the Decade. At its fourth special session the Board transmitted its texts on the last remaining subject, that of preferences, reflecting the successful outcome of the work of the Special Committee on Preferences since the second session of the Conference (see decision 75 (S-IV)).

33. In the text of the Strategy, the General Assembly made special provision for UNCTAD, UNIDO and the specialized agencies to "continue to review progress in their respective sectors according to the procedures already established and to be adapted as necessary". In resolution 2725 (XXV) the General Assembly recommended that the institutional machinery of UNCTAD should be fully oriented towards the implementation of the relevant provisions of the Strategy. Furthermore, at its twenty-sixth session, in resolution 2801 (XXVI), the General Assembly, *inter alia*, invited UNCTAD, UNIDO, the specialized agencies, the regional economic commissions and UNESOB to integrate their review activities with the preparatory work for the over-all review and appraisal, and decided that at the sessions of the Assembly at which the biennial over-all appraisal took place it should have, together with the Economic and Social Council report on over-all review and appraisal, the reports of the main bodies of the United Nations having responsibilities for sectoral review and appraisal.

### Chapter III

#### INTERNATIONAL TRADE AND DEVELOPMENT, 1968-1972

34. The third session of the Conference took place at a time when the need to remedy all unresolved weaknesses of the international economic order was as inescapable and urgent as it had been when UNCTAD was established in 1964, and possibly more so. The record of economic development and trade growth in the interval between the second and third sessions of the Conference brought evidence, as is shown below, of some progress towards the attainment of some of the goals for which the Conference was created. But such progress has proved to be too slow, and inadequate in relation to the magnitude of the development problem. It has, moreover, been accompanied by the aggravation of some basic problems and by the re-emergence in more acute form of others, such as mounting inflation, monetary instability and indebtedness. In these circumstances trade has not prospered most in those countries where its support to development is most needed. Development has not been fastest in those countries where incomes are lowest and hence where needs are greatest.

35. At its third session the Conference was able to take the measure of the challenge before the international community to find new and more effective forms of international economic co-operation by reference to the following salient features and tendencies of international trade and development since its second session.<sup>37</sup>

(a) The developing countries as a whole slightly accelerated their rates of growth of total income, but this improvement in the growth of income in developing countries did nothing to narrow the income gap in absolute terms that separates the developing and developed countries: the average income *per capita* of the developing countries is still less than one tenth of that of the developed market-economy countries. (The United Nations Secretariat has tentatively estimated this level to be one sixth of that of the socialist countries of Eastern Europe);<sup>38</sup>

(b) Disparities in growth rates amongst the developing countries became more accentuated, and those

at the earliest stages of development did not even reach an annual increment in income *per capita* of 1 dollar; disparities in income distribution within as well as between countries have become an increasing preoccupation, both nationally and internationally;

(c) Notwithstanding an appreciable improvement in the average export performance of the developing countries, demand for the bulk of their products continued to grow more slowly than demand for the products of the developed countries; in consequence, the share of the developing countries in world trade continued to contract (from 19 per cent in 1967 to 17 per cent in 1971) while trade within and between most groupings of developed market-economy countries intensified as did trade between those groupings and countries members of CMEA;

(d) The net flow of official aid (\$6.7 billion of net disbursements in 1971) to the developing countries declined in real terms, and tended to decline as a share of the latter's total inflow of financial resources, while the burden of indebtedness (defined in IBRD terms) of the developing countries rose to over \$65 billion;

(e) The crisis in the international monetary system, aggravated by cross-currents of inflation and recessionary tendencies in some developed market-economy countries, led to widespread pressure for the reform of the system and had a disturbing effect on international trade and payments in the latter part of the period and adverse consequences for developing countries in particular;

(f) Part cause, part corollary of the strains placed on the international monetary system, a decisive new phase of realignment of monetary and trading relationships began on a global scale and, in particular, there was widespread recognition of certain important realities implying further progress towards normalization and non-discrimination in commercial and other relations;

(g) In the absence of sufficiently rapid progress in the formulation and implementation of new international trade and aid policies, many developing countries considerably increased their efforts to achieve greater self-reliance, implying fuller mobilization and employment of all domestic resources, human as well as material;

(h) The share in, and influence over, flows of international trade and private investment, and the international transfer of technology, attributable to multinational enterprises grew in importance and became an increasing source of concern in many countries on account of the great influence exercised by such enterprises over trade, technological progress and transfer, and hence development;

(i) Trade between countries having different social and economic systems continued to progress, and the

<sup>37</sup> Unless otherwise specified, all statistical comparisons are between the period 1968-1970 or 1971 and the average of the earlier 1960s (1960-1967), the underlying statistical data being drawn from the statistical and other reports prepared by the secretariat of UNCTAD for the third session, notably the *Handbook of International Trade and Development Statistics, 1972* (United Nations publication, Sales No. E/F.72.II.D.3). The data on the growth of total output or income relate to, unless otherwise specified, GNP at constant prices, according to the United Nations SNA definitions for all countries, other than socialist countries to which the MPS applies.

<sup>38</sup> Estimates based on data of the United Nations Statistical Office and other international and national sources. Estimates of the absolute level of GNP are at 1967 prices. Albania is not included.

still unrealized potential of such trade attracted wider attention amongst countries at different stages of development.

36. The main statistical dimensions of these features and tendencies in world trade and development in the period between the second and the third sessions of the Conference are outlined in the following paragraphs.

#### *The record of development*

37. World economic growth (as measured by total national product in real terms) slowed down slightly to an annual rate of some 5 per cent between the second and the third sessions of the Conference. The developing countries achieved a faster rate of economic growth than in the preceding four years, although the experience of individual countries varied widely. Their combined GNP increased by 6.5 per cent a year between 1967 and 1970—a higher rate than that of the developed market-economy countries (4.5 per cent), and one approaching the growth rate of 7 per cent achieved by the socialist countries of Eastern Europe. In *per capita* terms, however, the average growth rate of income of the developing countries was, at 3.5 per cent a year, no higher than that of the developed market-economy countries on account of difficulties in achieving the planned rates of growth and, in some countries, the continued fast increase in population. This was an improvement over the average *per capita* growth rate of only some 2 per cent of the earlier 1960s, though too recent and too closely associated with a temporarily very high level of activity in the developed market-economy countries to give grounds for complacency.

38. Much of this comparative success was also undoubtedly due to the development efforts of the developing countries themselves. Although there were wide differences in the experience of individual developing countries, there was on the whole a pronounced tendency for their accelerated growth of output to be associated with an improved export performance. There are also many indications that the success of the majority of developing countries which raised their growth rate was associated with improved efficiency in their utilization of resources. Thus, there were in general significant improvements in the ratios of savings, tax receipts and investments to GDP, and more intensive utilization of capital assets. In a number of developing countries significant advances in irrigation and other inputs associated with the "green revolution" resulted in considerable advances in agricultural production; but in many countries the expansion of food production failed to keep pace with demographic developments. In a large number of developing countries industrial development forged ahead rapidly, but not by enough to reduce unemployment.

39. Most groups of developing countries participated in the acceleration of economic growth, the highest rates being achieved by West Asian and petroleum-exporting countries. But the developing countries with *per capita* incomes of \$150 and less were able to raise their *per capita* incomes by only a little over 2 per cent (or less than \$2) a year, or only about half of the average rate achieved by the higher-income developing countries.

The group of hard-core least developed countries fared particularly badly. Their annual rate of growth of *per capita* income rarely exceeded 1 per cent—or one dollar per head per year. There is, in sum, a striking and disturbing contrast between the average annual increment in income of less than \$7 obtained by the population of the developing countries, and the annual increments in the range of \$70-80 that were enjoyed on an average by the populations of the developed market-economy countries, and increments estimated to be close to that range in the socialist countries of Eastern Europe. The vast and unreduced income gap between the developed and the developing countries stands as a striking symbol of how little progress has been achieved and of how much remains to be done.

40. As regards developments in China, it may be noted at the outset that China is still a developing country: its economy remains comparatively backward, and its *per capita* national income is very low. The rather rapid growth of China's industrial and agricultural production, the combined gross value of which in 1971 was 7.2 times its 1949 level, has given an impetus to the promotion of its economic and trade relations with foreign countries. It has now established trade relations with more than 130 countries and regions: compared with 1950, the total volume in 1971 of its exports had increased 2.2 times and that of imports 1.7 times. While furthering economic and trade ties with various countries of the world, China has rendered, so far as its capabilities permitted, economic and technical assistance to some socialist countries and friendly countries in Asia, Africa and Latin America.

#### *The development of trade*

41. The value of world trade increased almost twice as fast—at an annual rate of 13 per cent—between 1967 and 1971 as in the earlier 1960s. The share of the developing countries in world trade nevertheless continued to decline, falling between the second and the third sessions of the Conference from 19 per cent to only 17 per cent of world exports (or from \$40 billion out of \$215 billion in 1967 to \$60 billion out of \$346 billion in 1971), despite their success in almost doubling the annual rate of expansion of their exports from 6 per cent in the earlier 1960s to 11 per cent between 1967 and 1971. Similarly, there was a very slight reduction in the share of the socialist countries of Eastern Europe in world exports to about 10 per cent of the total, in consequence of a growth rate of exports slower than the world average. The developed market-economy countries raised their rate of export growth from 8 per cent per year in the earlier 1960s to just over 14 per cent between 1967 and 1971, so that their share of world trade rose to almost 72 per cent. In *per capita* terms, the value of exports from developed countries amounted to \$250 in 1971, and that of exports from the developing countries to only \$35.

42. One evident reason for the persistent contraction in the share of the developing countries in world trade is the preponderance in their total exports of commodities for which demand grows relatively slowly. By contrast, there is the dynamism of demand for the

sophisticated, technology-intensive manufactured goods of which developed countries are virtually the sole suppliers. Primary products still account for some 75 per cent of the total exports of the developing countries; more than 40 per cent of the total consists of foodstuffs and other raw materials for which world demand during the decade of the 1960s was rising at less than half of the rate of growth of world trade as a whole and which are in many cases subject to downward price pressures and restrictions on market access. The developing countries were able, on average, to maintain their shares in markets for individual commodities, notwithstanding strong competition from synthetic and other substitutes emanating from the massive research and experimental development potential of the developed countries. But they were thereby limited to global rates of growth substantially below those of the markets for sophisticated and technology-intensive products which only a handful of developing countries were able to enter. Progress was slow in the diversification of the export structure of developing countries, and it was hampered, *inter alia*, by the protective measures applied by developed market-economy countries. A small number of developing countries did, however, succeed in achieving a sharp increase in their exports of manufactures, stimulated by inflation, in the period 1968-1971.

43. A structural feature of the world economy which has implications for the trade prospects of the developing countries is the reliance of the developed market-economy countries on their domestic production and intra-trade for the satisfaction of almost their total consumption requirements. This propensity, which is largely attributable to the technological characteristics of their production and trade, and is associated with the strengthening of integration within regional economic groupings, is reflected statistically in the proportion of the total apparent consumption (i.e., production plus imports less exports) of the major developed market economies that is provided by their purchases from developing countries. Throughout the decade of the 1960s this proportion remained at some 3 per cent of total resources. So far as primary products are concerned, there was an appreciable decline in reliance on developing countries for agricultural commodities, while there was increased reliance on them for supplies of petroleum. So far as manufactures are concerned, only 1.5 per cent of the total requirements of the developed market-economy countries (of about \$1,000 billion) was met from imports from developing countries—a proportion which barely rose throughout the 1960s—although it was much higher in certain individual countries. This very low degree of reliance of the developed market-economy countries on the developing countries for those products for which final demand grows fastest serves to indicate how much scope would exist for a more intensive division of labour between the two groups of countries if appropriate policies were pursued.

#### *The geographical pattern of trade*

44. Although the network of international trade, as reflected in trade flows amongst the three groups of

countries distinguished above, remained relatively stable in the period between the two sessions of the Conference, the past decade has seen an intensification of the tendency for the trade of the developed market-economy countries to be increasingly concentrated on their intra-trade. Thus between 1960 and 1970, the trade amongst developed market-economy countries rose from 47 to 55 per cent of world exports; and East-West European trade rose from 1.7 to 1.9 per cent of world trade. In 1970 four major trading areas—EEC, EFTA, the United States of America and Japan—accounted for 59 per cent of world trade; and their intra-trade represented in that year 26 per cent of world trade, as compared with 23 per cent in 1967. The growing importance of regional groupings within the developed countries is a key feature of contemporary international trade. In 1970 the intra-trade of such groupings amongst developed market-economy countries accounted for about 17 per cent of total world trade as compared with 11 per cent a decade earlier, and if the wider network of special arrangements is included, the proportion is even higher. The share of the developing countries in the external imports (i.e. excluding intra-trade) of these groupings of developed countries was reduced from nearly 30 per cent in 1960 (or \$11 billion out of \$36 billion) to 27 per cent (or \$21 billion out of \$77 billion) in 1970. The above figures illustrate eloquently not only the weight of these trading areas in world trade, but also the potentially major impact, for better or for worse, of their economic policies, and, *a fortiori*, of the concertation of those policies, on the trade and development prospects of developing countries. So far as the CMEA countries are concerned, their intra-trade fell from 6.3 to 5.9 per cent of world trade between 1960 and 1970, and there was an increase in the share of the developing countries in their external trade, from 20 to 27 per cent (the imports from developing countries increasing from \$1 billion to \$2.8 billion in the same period). The Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA member countries announced in 1971 and the medium-term foreign trade plans of several member countries indicate that the process of economic integration amongst the CMEA member countries is expected to be strengthened.

45. Exports of developing countries as a whole maintained a comparatively stable geographical pattern of distribution between the markets provided by the developed market-economy countries, the socialist countries of Eastern Europe, and other developing countries. Almost three fourths of their exports continue to go to the first group of countries (OECD member countries), one fifth goes to intra-trade and just over one twentieth goes to the socialist countries of Eastern Europe. So far as trade with the developed market-economy countries is concerned, given the preponderance of OECD member countries as customers for the exports of the developing countries, factors affecting the growth of demand for these exports in that market are of decisive importance for attainment of the trade and development aims of UNCTAD. Between the second and third sessions of the Conference the devel-

oping countries as a whole raised the growth rate of their exports to OECD markets to over 11 per cent per year (a marked acceleration compared with the average rate of 6.5 per cent for the earlier 1960s). This improved performance was in large measure due to the high level of economic activity in the OECD countries in the first two years of the period, which was reflected in a still faster rise in imports from all sources of 13 per cent per year, on average, between 1968 and 1971. As a result of the difference in these rates, the developing countries were unable to maintain their share of the OECD market, which declined from 20 to 18 per cent (i.e. from \$30 billion out of \$148 billion to \$44 billion out of \$242 billion) over the same period. This fall in their share occurred in all the major markets of the developed market-economy countries (except Japan, where it increased) and was most pronounced in the United States market, which took 26 per cent of total exports from developing countries in 1970 as compared with 40 per cent in 1960, notwithstanding a rise in its share of manufactures.

46. The reasons for the relatively weaker export performance of the developing countries are not far to seek and are related to certain features of the commodity composition of their exports which were noted above. On account of this unfavourable commodity composition, the developing countries did not receive the full benefit of the price increases—in some degree inflationary—that occurred in the developed market-economy countries, since the export prices of the former countries rose less on average than those of all exports to the area. Moreover, as the developing countries are heavily dependent on exports of industrial raw materials, they are particularly vulnerable to any recession in the industrial processing of their products and to resultant downward pressures on demand for, and prices of, their products.

47. In combination, inflation and the developments just described affected in turn the relative export performance in the OECD market of developing countries in different regions. Thus, the end of the short-lived boom in the price of non-ferrous metals, which was associated with the recession in industrial processing in 1970, meant that earnings of ore and metal exporting countries—especially those in Africa and Latin America—fell. This decline offset the gains in exports of petroleum and manufactures, with the result that the average export growth rates for Africa and Latin America to the developed market-economy countries did not reach 10 per cent per year. By contrast, the expansion of exports of manufactures from certain countries and territories mainly situated in the Far East at rates of over 30 per cent per year helped to raise the average growth rate of exports from that area to nearly 14 per cent per year, despite the very slow growth of exports of only 4 per cent a year from some of the most populous countries of the region. The expansion of petroleum shipments in both volume and value terms—the latter as a consequence of the increase in the price of petroleum in 1971 resulting from the initiative taken by OPEC and the subsequent agreement reached between that Organization and importers—explains the record upsurge in the export earnings of West Asia of over

40 per cent in 1971. As a result, that area recorded an average growth rate of nearly 17 per cent per year between the second and third sessions of the Conference.

48. In the trade of the developing countries with the socialist countries of Eastern Europe, the dynamism of the earlier 1960s was resumed after three years of relative stagnation from 1965. The developing countries raised their exports to the socialist countries of Eastern Europe to an average rate of growth of about 14 per cent per year in the period 1967-1970 and thereby increased their share in CMEA countries' total imports from 8.6 per cent to 9.5 per cent. Most classes of exports benefited from this increase, progress being particularly notable in exports of manufactures and semi-manufactures. Although the developing countries provide only 2 per cent of the CMEA countries' total imports of manufactured and semi-manufactured products (including non-ferrous metals), this export flow accounted in 1970 for over 25 per cent of the developing countries' total exports to the socialist countries of Eastern Europe. The development and intensification of new forms of industrial co-operation between the two groups of countries contributed to this progress, as did the planned utilization of complementary capacities, the emphasis on the transfer of industrial technology, and the practice of providing for repayment of credits by reverse flows of manufactures and semi-manufactures. At the same time the growth of imports by the socialist countries of Eastern Europe of commodities such as coffee, cocoa and rubber slowed down appreciably, and the indicative targets announced by some socialist countries of Eastern Europe at the first session of the Conference had not in all cases been attained by the time of the third session. The socialist countries of Eastern Europe continued to account for only about 5 per cent of the developing countries' total exports, and this trade was heavily concentrated on a few developing countries, more than half the total being supplied by five countries. There was, however, an increase in the number of countries with which the socialist countries of Eastern Europe engaged in trade, as well as in the number of long-term agreements governing such exchanges.

49. The efforts of the developing countries to intensify economic co-operation among themselves bore fruit in a strong acceleration of the growth rate of their intra-trade, which reached 11 per cent in the period 1967-1970, as compared with one of 4 per cent per year earlier in the 1960s. In consequence, the tendency for the share of intra-trade in the developing countries' total exports to decline was arrested at a level of about 20 per cent (or a value of \$12 billion in 1971). There was, however, little progress towards diversification in these trade flows, intra-trade in primary commodities expanding almost as fast as that in manufactures and semi-manufactures, whose combined share in developing countries' intra-trade approached 30 per cent. This marked a break from the trend of the earlier 1960s, when intra-trade in manufactures and semi-manufactures grew nearly five times as fast as intra-trade in primary commodities. The extra-regional trade of the four main developing regions grew faster than their intra-regional trade (14 per cent as compared to

9 per cent per year in the period 1967-1969), and the opposite tendency of the earlier 1960s was thus reversed in the period between the two sessions of the Conference, except in Latin America, where intra-regional trade expanded faster than extra-regional trade owing to the activities of the economic groupings in that region.

#### *Problems of external financing for development*

50. Viewed primarily in the context of the capital needs of the developing countries, neither the quantity nor the quality of the net transfer of resources was adequate during the 1960s. Improvements in some flows or conditions tended to be offset by a deterioration in others. Taken together, the foreign exchange receipts of the developing countries from export earnings and the gross inflow of financial resources amounted to \$61 billion in 1967 and are estimated to have approached \$90 billion in 1971. Within this total the share of net financial flows<sup>39</sup>—at just over 20 per cent—has remained virtually unchanged since 1967, even though the total net flow of financial resources to developing countries from developed countries and multilateral institutions quickened from an annual growth rate of 6 per cent to one of 9 per cent during the period 1967-1970. No increase occurred, however, in the ratio of these flows to GNP, and hence no progress was made in general towards the realization of the 1 per cent target set in the International Development Strategy, their level remaining stable at about 0.7 per cent of the GNP of the developed market-economy countries, although a few countries have reached and maintained this level for a number of years. Nor was there in general any progress in respect of the target for official development assistance: in terms of net disbursements the share of net official development assistance in the combined gross product of the developed market-economy countries continued to decline, falling to one third of 1 per cent. In real terms, i.e. if account is taken of price increases, the volume of net official development assistance declined between the second and third sessions of the Conference. The share of this assistance in total flows fell to 55 per cent, while that of net private flows rose steadily to reach 45 per cent in 1970. On the other hand, the share of total official development assistance channelled through multilateral agencies increased sharply, reaching 20 per cent in 1970. However, the terms of lending of these agencies hardened, interest charges having risen to as much as 7.25 to 8 per cent on the eve of the third session. Within the total flow of material and technical assistance provided by the socialist countries of Eastern Europe to developing countries, financial disbursements are only one element, the size of which varies as between donor and recipient countries and the volume and rate of growth of which over time are not accurately known.

51. The net transfer of public and publicly guaranteed resources to developing countries declined somewhat in the latter half of the 1960s. This decline in the net transfer of resources is particularly disturbing when account is taken of the fact that, on the whole, the largest declines occurred in transfers to the low-income countries in Africa and Asia.

52. Much of the increased inflow of financial resources from all sources was absorbed by servicing the mounting debt burden of the developing countries. This constituted a problem for most developing countries, though it was more serious for some than for others. The total external public indebtedness of these countries rose at an average annual rate of 14 per cent during the 1960s, to exceed \$65 billion at the time of the third session of the Conference. This rate of growth of indebtedness and the annual increase of 9 per cent in the costs of debt servicing (payments on account of interest and amortization) exceeded the average rates of growth of export earnings or total increase of output in the developing countries. A further disturbing characteristic of the debt-servicing burden has been an unmistakable tendency for the ratio of the developing countries' debt-service payments to their export earnings to rise. It now amounts on average to nearly 10 per cent. These unfavourable developments, taken together with the larger share of debt service payments attributable to publicly guaranteed private commercial debt obtained on hard terms, and (to a lesser extent) with problems associated with the outflow of profits of foreign investors, and with fluctuations in the terms of trade, have aggravated the difficulties of the developing countries in the financial management of accelerated development. A continuation of these trends would mean, as the President of IBRD informed the Conference at its 85th plenary meeting, that debt-service payments would pre-empt a growing and unacceptably large proportion of export earnings, and freely usable foreign-exchange resources would grow at a slower pace than total export earnings.

#### *Terms of trade*

53. The increased gross foreign-exchange receipts of the developing countries, due for the most part to their improved export earnings, enabled them to double the rate of increase of their imports in value terms to about 10 per cent a year between 1967 and 1970. Higher unit values accounted for about 2½ per cent of the annual increase in both the exports and imports of the developing countries between 1967 and 1971. Consequently, about half of the nominal acceleration of both trade flows was due to higher prices, and half to an increased volume of both imports and exports. Because of these parallel price movements for both exports and imports, the terms of trade of the developing countries remained constant on average from 1967 to 1971, and the gradual deterioration of the earlier 1960s appeared to have been arrested. Excluding petroleum—the price of which was stable for a number of years before rising sharply in 1971—the terms of trade of the main commodity classes exported by the

<sup>39</sup> Defined as net disbursements—i.e. gross flows less amortization and repatriation of private direct investment capital.

developing to the developed countries improved moderately from 1968 to 1970, only to be subject to an abrupt deterioration, associated with strong inflationary pressures in the developed market-economy countries, of perhaps 5 per cent, in 1971.

54. The currency realignments precipitated by the monetary crisis of 1971 are likely to have contributed to a further weakening of commodity prices as well as having a number of other negative effects on the import capacity of developing countries. In particular, the terms of trade would further deteriorate if, as seems probable, the realignments were to result in a larger

increase in import than in export prices. Moreover, the increase in the dollar price of gold has redistributed the value of world reserve holdings in a manner unfavourable to the developing countries. According to calculations by the UNCTAD secretariat (for a sample of 57 developing countries) the decline in the purchasing power of the developing countries' reserve assets will be 3 per cent, or somewhat more than \$500 million, and the annual external debt-servicing burden of the developing countries with debts repayable in revalued currencies has increased by an appreciable sum of the order of \$300 million.

## PART TWO. ORGANIZATION OF THE THIRD SESSION OF THE CONFERENCE

55. In conformity with General Assembly resolution 2820 (XXVI) of 16 December 1971, the third session of the United Nations Conference on Trade and Development was held at Santiago, Chile, from 13 April to 21 May 1972.

56. The Trade and Development Board, in the exercise of its functions under General Assembly resolution 1995 (XIX) of 30 December 1964, and in particular paragraph 21 thereof, had served as a "preparatory committee" for this session of the Conference. After a preliminary consideration during the first part of its ninth session, in September 1969, of preparations for the third session of the Conference,<sup>40</sup> the Board reverted to the matter during the third part of its ninth session in February 1970 in the light of a first draft of a provisional agenda submitted by the Secretary-General of UNCTAD and of his report concerning the possible date and place of the third session of the Conference.<sup>41</sup> Later in the same year, during the first part of its tenth session, the Board adopted decision 71 (X) of 17 September 1970 concerning the "objectives, provisional agenda, programme of preparatory work and proposed organization" of the third session of the Conference.<sup>42</sup>

57. During the second part of its tenth session, in March 1971, when it further considered preparations for the third session of the Conference, the Board was informed by the representative of Chile that his Government invited the Conference to hold its third session at Santiago. At its 273rd meeting on 5 March 1971 the Board decided to recommend to the General Assembly that this invitation be accepted.<sup>43</sup> At its 274th meeting on 6 March 1971, the Board adopted decision 76 (X) concerning the programme of preparatory work for the third session of the Conference, and at its 275th meeting on 8 March 1971 it adopted decision 78 (X) containing a tentative calendar of meetings for 1972, in which the third session of the Conference was scheduled to open on 13 April 1972.

58. At the Board's eleventh session in August-September 1971 the Secretary-General of UNCTAD submitted, pursuant to rule 4 of the Conference's rules of

procedure, the draft provisional agenda for the third session of the Conference, prepared by him on his own responsibility on the basis of the Board's earlier discussions and in the light of consultations which he had conducted with the Governments of member States. In addition, the Board received a report from the Government of Chile concerning its preparations for receiving the Conference. On the basis of the draft submitted by the Secretary-General of UNCTAD, the Board at its 309th meeting on 18 September 1971 adopted decision 83 (XI) setting out the text of the provisional agenda for the third session of the Conference.<sup>44</sup> At its 311th meeting on 20 September 1971 it adopted decision 87 (XI) containing a tentative calendar of UNCTAD meetings for 1972, in which the third session was scheduled for 13 April to 19 May 1972, and a decision by which the Board took cognizance of its President's proposals concerning the organizational structure of the session.<sup>45</sup> The calendar proposed that a two-day pre-Conference meeting should be held on 11 and 12 April 1972, also at Santiago, of duly empowered representatives of States members of UNCTAD to settle as many as possible of the organizational, administrative and procedural matters of the Conference, subject to final decision by the Conference itself.

59. By resolution 2820 (XXVI) of 16 December 1971 concerning the third session of the Conference, the General Assembly, after referring to its earlier resolutions dealing with the work and institutional machinery of UNCTAD and to its role in the review and appraisal of the International Development Strategy for the Second United Nations Development Decade, took note with appreciation of the Board's report and decisions concerning preparations for the third session and accepted with appreciation the invitation of the Government of Chile. In addition, in a number of clauses of the resolution the Assembly drew specific attention to certain matters to be considered at the Conference's third session.<sup>46</sup>

60. As part of the preparations for the third session of the Conference a number of regional intergovernmental meetings at the ministerial level were held at which representatives of States members of UNCTAD considered topics before the Conference and the policies which might be followed with respect to these topics at this session by the geographical, regional, political or economic groups under whose auspices these meetings were convened.

<sup>40</sup> See *Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616)*, part three, paras. 252-260.

<sup>41</sup> *Ibid.*, *Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1)*, part one, paras. 168-174.

<sup>42</sup> For the debate preceding the adoption of the decision, see paras. 96-115 of the Board's report on the first part of its tenth session (*ibid.*, part two).

<sup>43</sup> For the debate preceding the adoption of the decision, see paras. 23-31 of the Board's report on the second part of its tenth session (*ibid.*, *Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1)*, part two).

<sup>44</sup> For the debate preceding the adoption of the decision, see paras. 68-88 of the Board's report on its eleventh session (*ibid.*, part three).

<sup>45</sup> *Ibid.*, para. 92 and annex I.

<sup>46</sup> See part one, chap. I, para. 10 above.

61. The Second Ministerial Meeting of the Group of 77,<sup>47</sup> held at Lima from 25 October to 7 November 1971, adopted the Declaration and Principles of the Action Programme of Lima (TD/143).<sup>48</sup> The Lima meeting had been preceded by regional meetings of the African, Asian and Latin American countries members of the Group of 77, which adopted the Action Programme of Addis Ababa,<sup>49</sup> the Declaration of Bangkok and the Consensus of Lima respectively.<sup>50</sup>

62. A number of meetings of representatives of the countries members of OECD were held in Paris in the autumn and winter of 1971/72 to consider their Governments' preparations for the third session of the Conference. The Secretary-General of UNCTAD participated in one of these meetings, on 9 March 1972.

63. Ministers and Vice-Ministers of Foreign Trade of the countries members of the Permanent Committee for Foreign Trade of CMEA, present at a meeting of that Council in Moscow, met on 29 February 1972 and exchanged views on preparations for the Conference's third session with the Secretary-General of UNCTAD.

64. In the context of the preparations for the third session of the Conference, the Secretary-General of UNCTAD conducted extensive consultations with representatives of States members of UNCTAD at Geneva and also visited the capitals of a number of member States to discuss with the Governments concerned the major issues before the Conference.

65. On the recommendation of the Trade and Development Board (sec para. 58 above), the third session of the Conference was preceded by a meeting held on 11 and 12 April 1972, of senior officials representing the States participating in the Conference. The meeting agreed on a number of recommendations concerning the organization of the work of the session. The report on the pre-Conference meeting (TD/147 and Corr.1-2) was submitted by its Chairman, Mr. H. J. Brillantes (Philippines), President of the Trade and Development Board at its eleventh session, at the 82nd plenary meeting of the Conference. The Conference took note of the report.<sup>51</sup>

66. After these preparations, the representatives of the following 131 States members of UNCTAD gathered at the Conference Centre, specially built for the occasion, in Santiago from 13 April to 21 May 1972 to take part in the third session of the Conference: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Barbados, Belgium, Bhutan, Bolivia, Botswana, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African

Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Federal Republic of Germany, Fiji, Finland, France, Gabon, Gambia, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libyan Arab Republic, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Singapore, Somalia, South Africa, Spain, Sudan, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia.

67. In the course of a special inaugural ceremony arranged by the Government of the host country, Mr. Salvador Allende Gossens, President of the Republic of Chile, delivered an address (TD/150)<sup>52</sup> in which he stated, *inter alia*, that the basic mission of the third session of the Conference was to promote the implementation of the most essential objectives and commitments of the International Development Strategy for the Second United Nations Development Decade, *viz* the replacement of an obsolete and radically unjust economic and trade order by a fairer one based on a new concept of man and human dignity, and the reformulation of an international division of labour which the less advanced countries could no longer tolerate, inasmuch as it obstructed their progress while favouring only the affluent nations. He invited the members of the Conference to be realistic and to defend themselves against illusions and mystifications. It had to be recalled that some peoples had grown rich and others poor; that in the case of the latter, their economy was dominated by foreign powers; that in many countries deep social disparities oppressed the masses and benefited only the privileged few. He further invited the developing countries to implement their pledge to carry out required reforms in their economic and social structures to ensure full mobilization of their basic resources and to guarantee their peoples' participation in the process of development and its benefits. In that connexion he described the commitment of the people and Government of Chile to bring about fundamental and revolutionary changes in the structure of Chilean society. He also described the policy of economic integration with the Latin American countries, in particular the Andean Pact. He referred to some of the problems besetting the developing countries and hampering their economic and social advancement. In particular he referred to the

<sup>47</sup> Now consisting of 96 countries of Africa, Asia, Europe and Latin America.

<sup>48</sup> See annex VIII,F below.

<sup>49</sup> See report of the African Ministerial Meeting Preparatory to UNCTAD III (E/CN.14/545—E/CN.14/UNCTAD III/PM/5), part II.

<sup>50</sup> Bangkok Declaration 1971, adopted by the Ministerial Meeting of the Asian Group of the Group of 77, 5-7 October 1971 (MM/77/II/Misc.1) and the Consensus of Lima adopted at the Twelfth Meeting of CECLA (MM/77/II/Misc.3—CECLA/XII/DC/29/Rev.1).

<sup>51</sup> See the summary record of the 82nd meeting (TD/SR.82).

<sup>52</sup> See annex VIII,A below.

necessary reforms of the monetary and trade systems; to the overburdening of the developing countries by debt; to the pressures to prevent the exercise of the right to dispose freely of natural resources, to the urgent need of the third world to have access to modern science and technology. He referred also to the great international corporations, their depredations and powerful corrupting influence on public institutions in rich and poor countries alike. He described how they arrogated to themselves the role of agents promoting the progress of the poorer countries and had become a supranational force that was threatening to get completely out of control. He suggested that UNCTAD should look very carefully into this threat. He suggested possible action to be taken within UNCTAD, as the broadest forum dealing with international trade and development, to solve some of those problems within its competence, and invited the international community to accept a commitment towards solidarity in the world economy and to assign funds hitherto allocated to armaments and warfare to a fund for homogeneous human development.

68. The Secretary-General of the United Nations also delivered an address (TD/151)<sup>53</sup> on that occasion, in which he said *inter alia* that while the United Nations—and hence UNCTAD—had no executive power to enforce its recommendations and decisions, it was a great moral force in the world; it was the voice of the poor who, without it, would have no voice. He referred to some of the achievements of UNCTAD and to its success in translating into reality some ideas that had formerly been considered utopian. He called for patience, perseverance and statesmanship, and for the enlisting of public opinion, in efforts to attain the objectives of UNCTAD for the benefit of peace in general and for the economic development of the poorer countries in particular.

69. In conformity with rule 16 of the rules of procedure, the third session of the Conference was formally opened at 3.30 p.m. on 13 April 1972 by its temporary President Mr. L. N. Mishra, Minister of Foreign Trade and leader of the delegation of India, who made a statement.<sup>54</sup>

70. At its 82nd (opening) meeting on 13 April 1972, the Conference elected by acclamation Mr. Clodomiro Almeyda, Minister for Foreign Affairs of Chile, as President of the Conference and heard his opening address.<sup>55</sup> Messages of good wishes for the third session of the Conference were received from a number of Heads of State or Government and from His Holiness Pope Paul VI.<sup>56</sup>

71. At the same meeting, the Conference reviewed the list of States contained in the annex to General Assembly resolution 1995 (XIX). Having been informed

that Bahrain, Bhutan, Equatorial Guinea, Fiji, Oman, Qatar, Swaziland, and the United Arab Emirates had been admitted to membership in the United Nations, the Conference decided, under the terms of paragraph 6 of the above-mentioned resolution, to include those countries<sup>57</sup> in the appropriate lists of States contained in the annex to the resolution.<sup>58</sup>

72. After adopting its agenda<sup>59</sup> and electing its officers—a President, twenty-six Vice-Presidents<sup>60</sup> and the Rapporteur, Mr. Raouf Boudjakdji (Algeria)—and after the main Committees had elected their Chairmen, the Conference at its 84th plenary meeting on 14 April 1972, heard an opening statement by Mr. Pérez Guerrero, Secretary-General of UNCTAD (TD/152 and Corr. 1),<sup>61</sup> introducing the general debate. At the 84th to 103rd plenary meetings the Conference heard a series of policy statements by Heads of delegation.<sup>62</sup> At its 92nd plenary meeting on 19 April 1972, the Conference heard an address by Mr. Luís Echeverría, President of Mexico. Representatives of the regional economic commissions of the United Nations, of the specialized agencies and of intergovernmental bodies and non-governmental organizations designated under the relevant rules of procedure, also addressed the Conference.

73. Six main Committees of the whole and three Working Groups were established for the detailed examination of certain substantive items of the agenda.<sup>63</sup> The Conference itself dealt with a number of items without reference to sessional bodies.<sup>64</sup> Informal meetings and consultations were held throughout the session with a view to facilitating discussions and reaching agreement on the issues before the Conference.

74. The members of the Bureau of the Conference were the President, the Vice-Presidents and the Rapporteur of the Conference and the Chairmen of the main Committees.<sup>65</sup> The Chairmen of the Working Groups were co-opted to participate in the meetings of the Bureau.

<sup>57</sup> Bangladesh, which subsequently qualified for membership of the Conference, was also included.

<sup>58</sup> The annex to resolution 1995 (XIX), as revised, is reproduced in annex I,A below.

<sup>59</sup> With the inclusion of a supplementary item 8 (g) entitled "Economic effects of the closure of the Suez Canal". For the agenda as adopted, see annex V below, para. 7.

<sup>60</sup> Subsequently, at the 101st plenary meeting on 25 April 1972, after rule 22 of the rules of procedure had been amended in accordance with the recommendation of the Bureau (TD/L.51), a twenty-seventh Vice-President was elected. For the list of officers, see annex V below.

<sup>61</sup> See annex VIII, C below.

<sup>62</sup> For the list of these speakers, see annex IV below. For summaries of the statements, see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one.

<sup>63</sup> For details of the allocation of items, see annex V below. For the reports of these sessional bodies, see annex VI.

<sup>64</sup> For an account of the Conference's actions with respect to these items, see annex III to this report. For an account of the consideration of items 7 and 8, see parts three and four below.

<sup>65</sup> For a detailed account of the organization of the work of the Conference, see annex V below.

<sup>53</sup> See annex VIII,B below. Reference to the Secretary-General's address is also made in part one, chap. I, paras. 6 and 7 above.

<sup>54</sup> See the summary record of the 82nd meeting (TD/SR.82).

<sup>55</sup> *Ibid.*

<sup>56</sup> For the text of these messages, see annex VIII,E below.

## PART THREE. A SUMMARY OF THE GENERAL DEBATE

### (Agenda item 7)

75. The issues before the third session of the Conference as set out in its agenda (TD/148)<sup>66</sup> were considered both in plenary and in the main Committees and other sessional bodies to which particular items had been remitted for detailed examination and appropriate action.

76. The primary purpose of the general debate in plenary was to provide the Heads of delegation of States members of UNCTAD with an opportunity to set forth their Governments' policies with respect to international trade and development, to state their views on the tasks facing the third session, and to take a position on the substantive items on the agenda, more particularly on items 8 (Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD), 9 (Impact of the present international monetary situation on world trade and development, especially of the developing countries), and 10 (Review of the institutional arrangements of UNCTAD (paras. 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964)).<sup>67</sup>

77. The importance of this general debate, in which 112 Heads of delegation took part,<sup>68</sup> was enhanced by the fact that representatives of member States were at ministerial and senior policy-making level. The debate benefited by the participation of the specialized agencies of the United Nations and other international organizations concerned associated with UNCTAD's work.

78. At its 103rd plenary meeting on 26 April 1972 the Conference heard a statement (TD/156)<sup>69</sup> by Mr. Raúl Prebisch, Under-Secretary-General of the United Nations and Director-General of the Latin American Institute for Economic and Social Planning, and the first Secretary-General of UNCTAD.

79. In broad terms the Heads of delegation availed themselves of the general debate to describe pertinent developments in their own countries, including measures taken to give effect to the recommendations, resolutions

and other decisions of UNCTAD, to assess the evolution of international policies relating to trade and development that had taken place since the second session of the Conference and, against this background, to enunciate their views regarding the role which UNCTAD, as the most representative and most broadly-based institution dealing with international trade and development, could and should play in the setting of the third session.

80. The general debate was marked by the realization that neither developing nor developed countries could be wholly satisfied with the progress thus far achieved, by recognition of the unacceptable state of development in the third world and of the urgency of moving forward with practicable measures. Consequently, those participating in the general debate were animated by the desire to seek the widest possible area of understanding on how UNCTAD, as an instrument of concerted and convergent intergovernmental action, could most effectively be used to carry forward the aims and purposes of the Organization and, more particularly, address itself to the urgent problems of trade and development within UNCTAD's purview which demanded solutions and which delegations sought to identify, without thereby prejudicing an adequate examination of all substantive items included in the agenda.

81. In his opening address to the Conference,<sup>70</sup> the President, Mr. Clodomiro Almeyda, Minister for Foreign Affairs of Chile, said that the Conference was the most universal body and the best qualified to deal with the economic and trade problems of the developing countries. He stated that the imbalance between the highly industrialized and the developing countries was increasing, and the problem of the "gap" would become critical if all the riches of the world were concentrated more and more in one part of it, to the detriment of the rest. After the first session, when the Conference had taken its first steps, and after the second, when it had reaped some fruits from its efforts, the third session should provide a fresh impetus. The experience acquired and the consideration by delegations of certain items of the agenda would, he hoped, ensure the success of the third session.

82. The general debate was opened, at the 84th plenary meeting on 14 April 1972, by Mr. Manuel Pérez Guerrero, Secretary-General of UNCTAD. In his statement (TD/152 and Corr.1)<sup>71</sup> he considered the major issues before the Conference against the background of the international situation and the long-term

<sup>66</sup> See annex V, para. 7 below.

<sup>67</sup> The present account should, therefore, be supplemented by reference to the summary records of the main Committees, and to the reports of those Committees and of the Working Groups (see annex VI below).

<sup>68</sup> In addition, executive heads or representatives of a number of regional economic commissions, specialized agencies and heads of department of the United Nations Secretariat, representatives of intergovernmental bodies and observers for non-governmental organizations addressed the Conference in the course of the general debate.

<sup>69</sup> See annex VIII,D below.

<sup>70</sup> See the summary record of the 82nd meeting (TD/SR.82).

<sup>71</sup> See annex VIII,C below.

development problems facing the international community and pointed to some areas in which significant and urgent action was expected on the part of the Conference.

83. Within the context of the present confused international situation, two equally important assertions could confidently be made. First, the problem of development had been recognized as a central and common concern of all peoples of the world and, secondly, the question of development and other related problems could not be solved without the active participation of the third world. Taking into consideration the universal nature of UNCTAD—which had been further highlighted by the incorporation in it of the People's Republic of China and several new member States—and the prime importance of trade and aid in development, UNCTAD was the most appropriate forum for discussing these problems and seeking their solution with the participation of all concerned. The third session of the Conference presented a challenge to face the precarious state of present-day international economic relations, and the opportunity to adopt practical and significant measures, within the very broad mandate of UNCTAD, that would give a new dynamic force to those relations.

84. One of the most obvious manifestations of the present state of flux in the world situation was the international monetary crisis, which had severely affected the developing countries and awaited a permanent and just solution. The danger of leaving the developing countries out of account when decisions were being prepared for the elaboration of a new international monetary system also arose disturbingly in the preparation of new international trade negotiations of world-wide significance. While IMF and GATT had specific functions in their own fields, it was vital that UNCTAD should play an active part in this work so as to bring the development dimension into the problem. It could make a positive contribution to the achievement of two basic objectives: first, the participation of developing countries throughout the decision-making process, and secondly, ensuring that the new monetary system would be balanced and adequately underpinned so as to meet effectively the requirements of development. The objective was not so much to protect as to promote the interests of the developing countries, which could not be achieved unless they themselves played an effective part.

85. This was all the more important in that the world was now in a difficult pass where the fluid situation was superimposed on the persistent and often increasing inequalities of a society characterized by glaring contrasts, the increased influence on the international economy of powerful groups of countries and multinational corporations, and negative trends affecting external aid and terms of trade of the developing countries. Such influence enabled the former countries to enjoy prosperity but also gave them responsibilities which they could not evade, although obsession with their own problems sometimes made them tend to ignore the interests of other countries, including those of the third world. Yet, if they were to endure, progress and prosperity must be shared. Moreover, the decline in the

relative position of the third world in world trade, the importation of inflation from the industrialized countries, the shaky situation as regards prices of the majority of primary commodities, coincided with the fresh threats of protectionism and economic recession, with the grave danger that the world scourge of unemployment might spread and that it might be difficult to achieve a sound and just balance in the international trade and payments system.

86. However, the interdependence of countries was acquiring increasing importance and called for new forms of co-operation aimed at making it possible to close the enormous gap between the great prosperity of the few and the poverty of the rest. The development of the third world could not be merely a pale reflection of the rapid progress of the rich countries. It must be the result of joint and deliberate efforts. Also, within the third world itself the gap must be narrowed by giving special attention to the least developed and the land-locked countries. The efforts already made towards strengthening this interdependence must be actively pursued, and all trade flows regardless of economic and social systems—but more particularly trade with the most needy countries—must be expanded, without causing the latter to feel that their security or progress was placed in jeopardy. There was not really any dilemma between development based on self-reliance and development based on international co-operation. Both courses were necessary and, indeed, complementary. Outward-looking development should strengthen and provide additional dynamism to inward-looking development.

87. Turning to action required, the Secretary-General of UNCTAD referred to the measures adopted since the second session, notably the establishment of the generalized system of preferences, which gave recognition to the need for preferential treatment of imports from the developing countries, negotiations covering a wider array of primary commodities, the responsibility placed on UNCTAD for the transfer of technology, the intensification of operational activities, with particular reference to technical assistance for export promotion and to the development of the UNCTAD/GATT International Trade Centre. Yet the results achieved were far from adequate, and the Conference should give a decisive impetus to the continuing machinery so as to enable it to contribute fully to the implementation of the International Development Strategy.

88. To this end, converging measures on a wide front—normative and regulatory—and by all countries had become indispensable, either to translate into immediate practice important decisions already made by the permanent machinery, or to channel specific efforts towards the adoption of effective steps within given, though flexible, time-limits. It would be necessary to take definite steps towards stabilizing commodity prices and progressively eliminating tariff and non-tariff barriers, so as to improve access to markets of the developed countries. In financial matters, a solution must be found to the urgent problem of alleviating the heavy burden of the external debt borne by a large number of the developing countries, and at the same time the

quantitative and qualitative aspects of official aid should be stressed. Likewise, in other areas such as shipping, technology, and assistance to regional integration of developing countries, much was still required in order to make the International Development Strategy a coherent framework and powerful tool for development through international co-operation. However, if action at the international level was to have the desired success, the transformation of internal structures through reforms going to the very root of the present inequalities was to be considered as a prerequisite—not only in the developing countries but throughout the international community. This implied that a high degree of discipline should be introduced in economic, financial and trade policies, particularly by the developed countries. There was also a need for a mutual understanding of the problems and respect for the criteria which each country legitimately adopted within the framework of international co-operation. In this respect, private foreign investment could perform a useful function under certain circumstances and subject to rules that should be realistic, rational and stable.

89. Touching upon other questions of direct relevance to development, the Secretary-General of UNCTAD drew attention to the justifiable demands for the curtailment of the excessive outlay on armaments and the conquest of space, and also referred to the complexity of the demographic problem, which had to be envisaged as an integral part of the over-all development question and could not be reduced to a mere population-food equation. At least as expensive and as troubling as any other form of over-population, was the automobile explosion which, unless controlled, might pollute the entire world almost irreversibly and also involve the squandering of non-renewable resources. Neither underdevelopment nor the pollution of the environment should be accepted as a constant or a necessary evil, both being ills which could frustrate the possibility of material and cultural progress. Both were world-wide in scope and, for that very reason, called for the co-operation of all. Yet the task of development yielded precedence to no other.

90. In concluding, the Secretary-General of UNCTAD stated that it had become evident that the situation of inferiority in which the third world and its peoples were placed could not and must not persist. This was increasingly demanded not only by the developing countries themselves but also by important sectors of opinion, and particularly by young people, in the developed world. There must be an end to the remaining vestiges of the exploitation of man by man and of some nations by others. The existence of bodies like UNCTAD testified to the growing awareness of this need, and to the fact that formulae of agreement could evolve within their framework to further this lofty aim. The second session of the Conference had served to draw attention to the need for the International Development Strategy. Since then, the Strategy had been adopted by the General Assembly of the United Nations. It was for the present session of the Conference to help to set the Strategy in motion with the dynamic impetus that the circumstances demanded.

91. Addressing the Conference at its 89th plenary

meeting on 18 April 1972, Mr. Philippe de Seynes, the Under-Secretary-General for Economic and Social Affairs, said that consensus on the International Development Strategy for the Second United Nations Development Decade had been achieved at the price of a vague and too general formulation that hid a growing social and political instability in the world. If the eradication of mass poverty was to be the guiding principle of the policy of development, then all its characteristics and manifestations had to be attacked simultaneously—in particular nutritional, housing and health deficiencies—and investments should be so planned as to create more employment, to benefit the least fortunate areas and to make optimum use of resources. In some circumstances, the whole way of life of a community might need to be changed, which might involve the acceptance of some readjustment and sacrifices by the people. It was in this context that the Strategy should be seen as the expression of a sense of collective responsibility for the development process and as an instrument—to be continuously appraised and adapted—of international co-operation. Even though in some quarters the very concept of growth was being questioned and even though the considerations of the protection of the environment imposed certain constraints, the case for a compensatory redistribution would be all the stronger.

92. He considered that, in the light of events in 1971, the coming years would witness a series of institutional negotiations on monetary questions, with a view to avoiding abrupt and unilateral reactions to changes in balance-of-payments situations. He expected that such negotiations would take into account the financial needs of the developing countries. It was high time that the deliberate creation of reserve assets by IMF by reference to appropriate criteria was discussed in intergovernmental gatherings. Any monetary reform might also involve the establishment of a link between newly created liquidity and development assistance, the case for which had been stated with great force and lucidity within UNCTAD. So far as trade was concerned, he said that the objects of future negotiations should be, *inter alia*, to prevent setbacks, to enlarge the scope of existing agreements, to conclude new ones, to accord special attention to the least developed countries, and to improve the access to markets for the products of the developing countries.

93. He thought that it would become necessary to devise international arrangements for the supervision and normalization of the activities of multinational corporations; there was a lacuna in the existing international machinery for dealing with such corporations. In his opinion, the technological, political, economic and philosophical forces impelling the world towards unification would in future operate largely through international institutions, rules and statutes. It was for this reason, he concluded, that the Conference—a focal point for the aspirations and hopes of a large part of mankind—occupied a unique place in the fabric of international economic co-operation.<sup>72</sup>

<sup>72</sup> For a fuller account of Mr. de Seynes' statement see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IA, part one.*

94. The views expressed in the course of the general debate, as reflecting the broad positions of countries or groups of countries, are set forth in paragraphs 95 to 180 below. Yet on many issues before the Conference, despite differing approaches, broadly similar points of departure and judgement could be discerned.

95. In the course of their statements in the general debate, Heads of delegation touched on a wide range of subjects within the framework of the agenda. Some of the principal themes around which discussions tended to crystallize are indicated below.<sup>73</sup> Most of the statements reflected the general concern caused by the recent disturbances in the international monetary system and their impact on world trade and development, more particularly in the developing countries. While views varied as to the need for, and methods of, compensating developing countries for losses they might have suffered in consequence of the realignments of currencies, there was a general consensus that the developing countries should be enabled to participate effectively in any future discussions on the reform of the international monetary system. In this connexion, many representatives suggested the strengthening of the voting powers of the developing countries in IMF and the creation of a new international monetary system which would take fully into account the needs of development, including the need for a more global representative institution. Some others maintained that the central forum should remain IMF.

96. Some delegations proposed also that a world-wide conference should be convened under the auspices of the United Nations to consider the international monetary situation and the possible reform of the world monetary system, taking into account the interests of all the countries concerned.

97. The idea of the establishment of a link between SDRs and development finance was widely advocated, and some views were advanced on the matter of the timing and modalities, which could be raised by any practical application of it. The idea of the establishment of such a link was considered worth pursuing actively, particularly in the context of world monetary reform, although some countries were still uncommitted on the principle involved.

98. Another subject which claimed attention was the increasingly important role of multinational corporations in world trade; a number of representatives urged that methods be devised for supervising the activities of these corporations.

99. There was general agreement that the special problems of the least developed and the land-locked developing countries merited particular attention. Mention was also made of the special problems of developing island countries.

100. The potential role of technology in development and the need for the transfer of appropriate technology to developing countries on suitable terms were stressed.

101. In dealing with some of the specific problems

of developing countries, many representatives mentioned the need for the diversification of the economies of these countries, with a view to lessening their dependence on the production of, and trade in, a narrow range of commodities.

102. The important role that regional economic co-operation and integration could play in assisting the development of the third world was also stressed by many speakers. Numerous references were made to the actual and potential benefits of moves towards economic co-operation and integration in the context of regional groupings of developing countries. The primary role of developing countries in promoting their own development was mentioned; nevertheless, it was fully recognized that the achievement of that development would depend on the success of international co-operation as defined in UNCTAD and in the International Development Strategy for the Second United Nations Development Decade. Another important theme referred to was the impact of regional groupings of developed countries on world trade in general and on that of the developing countries in particular.

103. The need to facilitate all trade flows, i.e. those between countries at different stages of development, between developing countries and between countries with different economic and social systems, was reiterated.

104. Many representatives mentioned the need for drawing up and adopting within UNCTAD a code of conduct for liner conferences. Reference was also made to the harmful effects of increased freight rates in the trade of developing countries. Some representatives of developed market-economy countries could not, however, associate themselves with these suggestions.

105. All speakers who referred to the supplementary item (included in the agenda by unanimous decision) concerning the economic consequences of the closure of the Suez Canal, stressed the adverse effects of the closure of the Canal on international commerce and trade as well as on the economies of developing and developed countries. It was generally agreed that a prompt solution should be found to ensure the reopening of the Suez Canal as part and parcel of the over-all settlement of the problem of the Middle East.

106. While the progress made in the First Development Decade was noted, there was a general consensus that it had fallen short of the expectations of the third world. There was general agreement on the inadequacy of such progress, in that during the period the disparity between the third world and the developed countries, far from diminishing, had actually continued to increase. It was argued that, in future, if only to attain the targets of the International Development Strategy, more financial assistance and greater trade liberalization measures would be required.

107. Many representatives pointed to the key role of official development assistance and expressed regret that the target agreed at the second session of the Conference and subsequently incorporated in the International Development Strategy was still far from being attained. Some developed market-economy countries indicated steps that they were taking in that regard.

<sup>73</sup> For a detailed account of the consideration of specific agenda items, see part four below, the summary records of the main Committees and the reports of those Committees and of the Working Groups in annex VI below.

Reference was also made to the over-all 1 per cent target for total transfers of financial resources and the examination of the component elements of that target.

108. Serious concern was expressed by all about the heavy and growing indebtedness of developing countries, which, in the opinion of the representatives of the developing countries and of a number of other speakers, called for a liberalization of the terms and conditions of financial assistance.

109. With regard to 16 primary commodities, there was general support for the claim that international commodity agreements had an important role to play and that efforts should be continued, where appropriate, for the conclusion of more such agreements. The early conclusion of a cocoa agreement was highly desirable, and some representatives considered that such an agreement should be concluded before the end of 1972.

110. In connexion with the problem of market access, some representatives indicated that action in this field would materialize in the course of the new round of multilateral trade negotiations to be held in 1973 under the auspices of GATT to deal with both tariff and non-tariff barriers to trade in the field of both primary commodities and manufactures and semi-manufactures.<sup>74</sup> On the other hand, the representatives of some socialist countries of Eastern Europe pointed out that the recently announced formula for this round, while still unclear, might divert the negotiations from the consideration of the genuine interests of developing countries and thus merely result in an understanding among participating developed countries at the expense of third countries, thereby, *inter alia*, reducing preferential margins accorded in the framework of the generalized system of preferences. The hope was expressed that all the developing countries would participate actively and fully in this round of negotiations, and that their interests would not be overlooked. A number of representatives emphasized that UNCTAD, as the most universal organization dealing with problems of trade and development, should be closely associated with these negotiations; the representatives of some developed market-economy countries thought that UNCTAD should play a useful role in the preparations for those negotiations.

111. Many references were made to the achievement of UNCTAD in establishing the generalized system of preferences, already being applied by a number of countries; many appeals were addressed to those countries which had expressed their determination to seek the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971, but had not yet done so, to take such action as soon as possible. It was recognized that improvements in the generalized system of preferences would eventually be required if countries were to derive maximum benefit therefrom. It was recognized that the generalized system of preferences could be no panacea for all the problems of developing countries and that, in order that these countries should benefit fully from the generalized system of preferences, strenuous export promotion would also be required. In

the opinion of some representatives, the existence of non-tariff barriers did much to vitiate the benefits to be derived by the developing countries from the generalized system of preferences.

112. Many representatives laid special emphasis on the right of developing countries to exercise control over the exploitation of their own natural resources, without outside interference, including the natural resources of the sea-bed.

113. Some representatives urged the general acceptance of the Principles drawn up at the first session of the Conference, and the withdrawal of reservations formulated at that time. It was also suggested that a new set of principles, on the lines of those recommended in the Action Programme of Lima adopted by the Group of 77 (TD/143),<sup>75</sup> should also be accepted to take account of the new conditions which had arisen since the 1964 Conference.

114. References were made to the question of the protection of the environment and to its implications for the trade and development needs of the developing countries. The Conference, at its 91st plenary meeting on 19 April 1972, heard a statement on this question by Mr. Maurice Strong, Secretary-General of the United Nations Conference on the Human Environment.

115. Reference was also made to the relationship between demographic trends and economic growth.

116. The question of the link between disarmament and development was also discussed.

117. Attention was drawn to the lack of a public information programme to arouse the interest of the public in the problems of development. It was suggested, and the suggestion was supported by many representatives, that an annual United Nations-sponsored "world development day" should be instituted.

118. Most representatives emphasized the need to strengthen UNCTAD's role as a negotiating instrument by an appropriate review of its institutional arrangements and by enlarging its field of competence. Some others thought that UNCTAD should continue to operate within the framework of General Assembly resolution 1995 (XIX). The representatives of a number of countries stressed that the full universality of UNCTAD had not yet been achieved.

119. Much emphasis was laid on the need for action leading to a juster and more rational international division of labour (including the adjustment of industrial structures), to the benefit of the whole world community, and on the desirability of associating all groups of countries in international decisions relating to this matter.

120. The essence of the views of member States of the Conference is set out below.<sup>76</sup>

<sup>75</sup> See annex VIII,F below.

<sup>76</sup> For a full account of the consideration of agenda item 7, see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IA, part one, "Statements by Heads of delegation"*. In the present report, the views of the developing countries are set forth in paras. 122 to 157, and those of the countries in list B of the annex to General Assembly resolution 1995 (XIX) in paras. 158-167. The views of the socialist countries of Eastern Europe appear in paras. 168 to 179.

<sup>74</sup> See GATT documents L/3669 and L/3670.

121. During the general debate representatives of all developing countries reaffirmed their support for the Declaration and Principles of the Action Programme of Lima and the Charter of Algiers.<sup>77</sup>

122. One of the dominant themes in the statements made by the representatives of all developing countries was the recent international monetary crisis and its adverse effect on their economies. Developing countries were in no way responsible for this crisis, and had been forced to bear the brunt of the uncertainties engendered by the breakdown of the Bretton Woods system, and the subsequent currency realignments which had depleted, and eroded the value of, their reserves. Furthermore, the situation had been aggravated for those countries which imported mainly from developed countries whose currencies had appreciated in terms of the dollar, thereby causing a most unfavourable impact on their already deteriorating terms of trade. This crisis had also worsened their present serious debt burden (standing at some \$65 billion at the end of 1969). Special remedial measures had accordingly to be taken to offset these losses. To this effect most representatives advocated an increase in the share of developing countries in SDR allocations.

123. The breakdown of the existing system made it an absolute necessity for the international community to build a new monetary system which would have to take into account the problems of developing countries and thus accord a central role to the question of development. Any reform should enhance the role of SDRs. Furthermore, developing countries demanded that a link be established between SDRs and additional development finance. This idea had already been endorsed by two UNCTAD Expert Groups, the Commission for International Development (Pearson Commission), and a number of studies prepared for national legislatures of developed countries. They also demanded a change in the system of determining voting powers and quotas in IMF to ensure their full participation. The representatives of developing countries stated that the Conference at its third session must make a clear call for the acceptance of the link, and that IMF should be instructed to conclude its technical studies on the implementation of such a scheme as soon as possible. Moreover, the link would be of assistance to the developed countries themselves by helping them to achieve the trade surpluses they each sought, through the increase in the effective demand for imports from developing countries which would be stimulated by the issue of these SDRs.

124. Even more serious was the fact that the crisis of the monetary system had illustrated only too clearly the existing situation and the growing tendency on the part of developed countries to settle vital matters for the international community within their own small restricted group. These matters had serious repercussions on world trade at large, and on that of the developing countries in particular. It was therefore essential that developing countries should participate

fully in the discussions and decision-making related to the reform of the present international monetary system.

125. Most representatives endorsed the suggestions that had emerged from the first meeting of the Intergovernmental Group of 24 on International Monetary Matters, held at Caracas on 6 and 7 April 1972, for the early establishment of a Committee of the Board of Governors of IMF and that the representation of developing countries in that Committee should not be less than that in the Executive Board. The representatives of some developing countries pointed out the need to convene an international monetary conference in which all countries could participate, regardless of their social and economic systems.

126. They also viewed with concern the indications that developed countries were now attempting to settle trade questions as well among themselves and that in this field, too, the interests of the developing countries would not be taken into account. It was therefore essential that those countries should be fully represented in any such negotiations—including those of GATT on trade barriers, to be held in 1973—regardless of whether they were members of GATT or not. UNCTAD should also be closely associated with these negotiations. The experience of the Kennedy Round had demonstrated only too clearly that the developed countries had been the main beneficiaries. What was required in the present situation was the establishment of joint machinery to review the interrelated problems of the monetary system, development financing and trade, in which developing countries and UNCTAD must participate fully, because of the close interdependence of international monetary issues, trade and development finance.

127. Since the majority of developing countries still depended on the export of primary commodities, the prices of which were constantly declining while the price of their imports continued to increase, the statements of many representatives reflected disappointment with the slow progress that had been made in this field with regard to efforts to offset fluctuations in commodity prices. For example, despite many years of negotiations, a cocoa agreement had not yet been concluded. These representatives expressed the hope, in view of the urgency of the situation, that such an agreement would soon become an accomplished fact. Indeed, with the exception of that relating to sugar, few new commodity agreements had been agreed upon since the second session of the Conference. This was all the more deplorable since at that session concrete action had been agreed upon by developed and developing countries in resolution 16 (II).

128. Reference was also made to complementary action by producers of commodities, who should devise co-ordinated measures with a view to strengthening the bargaining power of developing countries in their common objectives of obtaining more equitable treatment in the international trade in these commodities. The need for the organization of commodity markets was stressed by most of the representatives. They felt that this should be viewed in a dynamic perspective, so as not to freeze the present international division of labour, based on the production of primary products. Greater

<sup>77</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and annexes...*, p. 431.

efforts should also be made to find solutions to meet the increasing threat from synthetic to natural products.

129. One of the basic factors inhibiting exports lay in the policies regarding market access adopted by developed countries. Agricultural protectionism in these countries, which encouraged high-cost domestic production, shut out the products of developing countries. Representatives of developing countries stressed the urgent need to introduce a method of market sharing to ensure that a larger proportion of imports came from developing countries.

130. It was considered that, in order to reduce the dependence of developing countries on a few commodities (many of which were in surplus supply or faced competition from synthetics), diversification of their economies must play an important role, particularly vertical diversification, which could lay the basis for the industrialization of these countries. Assistance from developed countries was essential for that purpose.

131. In the field of exports of manufactures and semi-manufactures, developing countries were faced by both tariff and non-tariff barriers. Reference was made to UNCTAD's successful efforts in introducing the generalized system of preferences. Many representatives, while thanking those countries which had implemented their schemes of preferences, appealed to other countries to follow suit. They pointed out, however, that in order to be of real assistance to developing countries, the product coverage of the schemes would have to be considerably widened to include processed and semi-processed goods, as well as other items of particular interest to developing countries (at present excluded from the schemes). Improvements were also needed, through modification, in the escape clauses and the rules of origin. Some representatives pointed out that any tariff concessions agreed at the 1973 GATT negotiations among developed countries would, of course, reduce the benefits of the generalized system of preferences for developing countries.

132. The principle of the standstill, already endorsed, must be implemented. Non-tariff barriers in all their forms, being the basic inhibitors of exports of developing countries, must be abolished in the shortest possible time. That applied particularly to quantitative restrictions.

133. While reiterating the fact that the primary responsibility for development lay with the developing countries themselves, as stated in the Charter of Algiers, and that major efforts were being made by them in the mobilization of domestic resources, these representatives stated that external financial assistance could play an important role by enhancing domestic efforts and speeding up the process of development.

134. While the developed world had accepted the need for international co-operation as enunciated in the International Development Strategy, the fact remained that in recent years the level of such external assistance had remained stagnant, and that there was growing evidence of "aid fatigue" on the part of the developed countries.

135. Referring to the 1 per cent target of GNP agreed at the second session of the Conference and so far met by only five countries, the representatives of most developing countries suggested that in the interests of clarity and equity the elements which made up this total should be clearly defined and that only true aid, i.e., concessional loans, should be included in the target and these should be net of both interest and amortization. Commercial credits (at high rates of interest) which were basically provided by donor countries to assist their own export promotion plans, could not be classified as aid. In the same way, private foreign capital invested primarily with the idea of obtaining profits could not be considered as aid. All those factors highlighted the need to attain the 0.7 per cent target of official development assistance, which was now lagging markedly behind.

136. In view of the serious debt situation of developing countries (further aggravated by the recent currency realignments), the terms and conditions on which aid was supplied should be considerably softened. It was of great importance that existing debts should be consolidated on softer terms and for longer periods, including a reasonable period of grace. In this connexion reference was made to the suggestions contained in the Pearson Commission's report.<sup>78</sup> Representatives of developing countries strongly emphasized the need for aid to be untied. Tied aid increased the cost of procurement and of future repayments. With the prospective downswing in the trade cycle of OECD countries, export shortfalls in developing countries were likely to increase and existing facilities would prove inadequate to deal with the situation. This underlined the need for a scheme of supplementary financing. Accordingly, IBRD should be instructed to go ahead with its study on the technicalities of a scheme of supplementary financing regardless of whether additional financial resources were available or not, as requested at the eleventh session of the Trade and Development Board.<sup>79</sup>

137. Representatives of many developing countries referred to the important role that technology could play in development; the absence of technology had been one of the main factors which had led to the growing gap between developed and developing countries. What was now required was the transfer of appropriate technology, adapted where necessary to meet the needs of developing countries at a reasonable cost in view of its growing impact on the balance of payments of developing countries. The establishment of an adequate infrastructure in developing countries and the provision of training facilities within these countries were necessary to ensure that developing countries were not for ever dependent on developed countries in this field. The need to transform the present Intergovernmental Group on Transfer of Technology into a permanent organ of UNCTAD was also stressed.

<sup>78</sup> *Partners in Development: report of the Commission for International Development* (London, Pall Mall Press, 1969).

<sup>79</sup> See para. 312 of the Board's report on its eleventh session (*Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1), part three*).

138. The growing role of multinational corporations was stressed, and also the need to find some effective measures to ensure that their operations did not conflict with the interests of developing countries. It was also stressed that restrictive business practices inhibited exports from developing countries and that therefore they had to be further identified and necessary measures had to be taken by developed countries to eliminate them. In this respect UNCTAD had a great responsibility.

139. In the field of invisibles, representatives referred to the important role that shipping could play both as an earner and as a saver of foreign exchange. It was essential that the merchant marines of developing countries should be expanded; that assistance be provided for the purchase of new and second-hand ships at reasonable prices; and that more adequate arrangements be made for consultations with shipowners, particularly regarding increases in freight rates. The hope was expressed that the Conference would be in a position to draw up a draft code of conduct for liner conferences.

140. The contribution that insurance and reinsurance and tourism could make to the balance of payments of developing countries was also stressed, and the need to develop more effective domestic insurance and reinsurance markets was emphasized.

141. Considerable importance was attached to the role that economic co-operation and regional integration could play in assisting the development of the developing countries. In this connexion the need for developed countries to assist developing countries, especially the least developed among them, and to compensate them for the losses incurred in the process of integration was stressed.

142. Reference was made to the economic consequences of the closure of the Suez Canal which had affected the economy and development of almost all countries, developing as well as developed. It was accordingly right that the subject had been included on the agenda of the third session of the conference, as UNCTAD was the competent forum for the discussion of such a question. The representatives of a number of developing countries stated that continued closure of the Suez Canal was linked to the occupation by Israel of Arab territories; hence, the prompt re-opening of that major international waterway was of crucial importance for the resumption of the normal flow of international trade. They also emphasized that a complete withdrawal by Israel from all occupied territories was a requisite for the re-opening of the Suez Canal and its continued operation under normal and peaceful conditions, given that that problem was part and parcel of the over-all settlement of the situation in the Middle East.

143. Representatives of developing countries referred to the impact of regional groupings of developed countries on the trade and development of developing countries. Such groupings should not be protectionist blocs, but should be outward-looking and pay due regard to the interests of developing countries when the proposed enlargement of EEC took place; developing countries which had enjoyed preferential treatment in

some of the developed countries should receive equivalent compensation for the losses they would now suffer.

144. The representatives of developing countries stressed the need for special measures to meet the requirements of the least developed and of the land-locked developing countries in order to ensure that those countries could derive due and equitable benefits from international measures. It was, however, stated that such special treatment should not adversely affect the interests of other developing countries.

145. A theme referred to by many representatives of this group of countries was the inalienable right of developing countries to exercise sovereignty over their own natural resources and to take whatever steps they deemed desirable in the exploitation of these resources in the interests of the economic and social development of their own people; any external political or economic measures of pressure brought to bear on the exercise of that right was a flagrant violation of the principle of self-determination and non-intervention, and in the last analysis a threat to peace and security.

146. Many representatives reaffirmed the right of States to exploit their land and sea resources for the progress and welfare of their own people. Developing countries should have full rights in the development of the resources of the sea-bed, and there was a need to guarantee that the exploitation of these resources would not be to the detriment of the interests of developing countries.

147. The importance of the problems of the environment was also emphasized. It was pointed out that one of the basic aspects of the problem was to improve the quality of life, and in the case of developing countries this involved more rapid development of their resources through industrialization, which could not be postponed. Some of the dangers for developing countries inherent in the new preoccupation of developed countries with the question of environment and pollution were touched upon.

148. It was underlined that a vast sum of money was spent on space research and armaments. Steps taken to reach partial or complete disarmament would release considerable resources, which should be used for development purposes. It was therefore necessary to forge links between the Disarmament Decade and the Development Decade.

149. Attention was drawn to the lack of successful efforts to inform world public opinion on the problems of development in such a way as to engage both the minds and the hearts of people in the developed world and impress upon them the real magnitude of the development problem. More active steps would have to be taken to fill this lacuna, especially by UNCTAD.

150. If any progress was to be made in assisting the developing countries it was essential that UNCTAD's role should be strengthened, particularly its negotiating role. UNCTAD, as the most representative body dealing with the problems of trade and development, was the most appropriate forum to settle conflicting interests. Accordingly, it should be more action-oriented in its negotiating and decision-making role. Its review, appraisal and implementation procedures should have

a more operational character, and in view of the increase in membership since 1964, the Trade and Development Board should be enlarged to make it more representative.

151. The time was ripe for the Conference to take appropriate steps for the institutional reform of UNCTAD on the lines of the comprehensive set of precise proposals set out in the Action Programme of Lima. The essential role of UNCTAD in the implementation and in the review and appraisal of the International Development Strategy was stressed.

152. Reference was made to the Principles adopted (with many reservations on the part of developed countries) at the first session of the Conference. These countries were requested to withdraw their reservations, and it was suggested that new Principles should be added to take account of the changes which had occurred since the first session. The representative of one developing country suggested that the Conference at its third session should consider drawing up a charter of the economic rights and duties of States.

153. Representatives of some developing countries welcomed the participation of the People's Republic of China in the work of UNCTAD and also welcomed countries which had become members since the second session of the Conference. Some representatives regretted the fact that UNCTAD was still not a truly universal organization and hoped that countries at present left out would soon become members.

154. All representatives pointed to the crucial role that the present session of the Conference had to play, particularly in view of the fact that it coincided with the opening of the Second United Nations Development Decade on which so many hopes had been pinned and the objectives of which had been endorsed as recently as October 1970 by the international community. Accordingly, it was particularly important that the third session should be action-oriented. Modern science and technology had eliminated the need for poverty, but two thirds of mankind remained impoverished because of the inequitable relations which existed between rich and poor nations.

155. It was well known that although some progress had been made during the First United Nations Development Decade, it fell far short of the aspirations of the developing countries, and indeed the relative position of the developing vis-à-vis the developed countries had deteriorated even further. The facts were well known—a lower growth in their *per capita* income; their declining share in world export trade; unfavourable terms of trade; the alarming growth of their debt burden; the percentage decline in financial flows from developed countries; the growing technological gap and the growth of protectionist trends in developed countries. Those facts had been clearly set out in the Lima Declaration.

156. Despite these disappointments and frustrations, developing countries still retained their faith in international co-operation and in the responsibility of UNCTAD in that field. They had come to the Conference not in a spirit of recrimination but to engage in a dialogue to endeavour to work out realistic measures in co-operation with the developed world to bring about a more just and more equitable international

division of labour. The full programme of action was contained in the Lima Declaration. This was no time for pious statements and procrastinations. What was needed at the present Conference was the expression of political will to work towards the early implementation of a time-bound programme of commitments.

157. The representative of a developing socialist country in Asia said that UNCTAD had been established on the initiative of the developing countries and through their active promotion; it should play a positive role in promoting international trade and speeding up economic development, especially that of developing countries. He pointed out that the economic backwardness of Asian, African and Latin American countries was the result of oppression and plunder by imperialism and colonialism. The aggressive and expansionist policy persistently pursued by imperialism and colonialism constituted an obstacle not only to the efforts of the developing countries to win complete independence and develop their national economy but also to the promotion of international trade on the basis of equality and mutual benefit. His country had become aware through its own experience and practice that independence and self-reliance were prerequisites for the development of the national economy. But independence and self-reliance did not mean self-sufficiency and seclusion; they in no way precluded the development on a basis of equality of trade through mutually beneficial exchanges of needed goods, economic co-operation with friendly countries and mutual support and assistance among them, all of which were conducive to the enhancement of the capacity of self-reliance and the development of an independent national economy. Each country, regardless of its social system, should conduct its relations with other countries in accordance with the five principles of mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence. International trade and aid should be in conformity with these principles. His country resolutely supported the reasonable demands and proposals put forward by the developing countries in the fields of trade relations, terms and conditions of assistance, debt-service payments, international monetary affairs, natural resources and shipping and insurance, and the active expansion of their intra-trade, with a view to safeguarding their national independence and developing their national economy. His country was ready to make its own contribution to the establishment of economic and trade relations based on equality and mutual benefit with all countries of the world, irrespective of their size and level of development.

158. The representatives of the developed market-economy countries who spoke in the general debate set forth the views of their respective Governments on the principal questions before the Conference at its third session. They shared in large measure the concern of the developing countries at the very difficult situation confronting many of them. They considered that the Conference was taking place at an important stage in the evolution of international economic and trade relations. Although they considered that economic and social

development was primarily a task for the developing countries themselves and that for this purpose those countries should practise increasing self-reliance in finding solutions to their problems, as had been recognized in the Lima Declaration, nevertheless their Governments would continue to endeavour to support the developing countries' efforts in that direction by means of measures and policies conducive to an expansion of the trade and economic development of the developing countries and by the application of appropriate aid policies.

159. With regard to primary commodities, they expressed themselves in favour of moves towards greater diversification of the economies of developing countries with a view to reducing their often excessive dependence on the export of a narrow range of commodities. In their opinion the approach to the solution of the problems of the developing countries attributable to the composition of their commodity trade should be on a case-by-case basis. In this connexion they favoured steps towards appropriate constructive action on commodity agreements; in particular, the early conclusion of an agreement on cocoa had been generally recognized as both desirable and timely. Reference was also made to the renegotiation of the existing International Sugar Agreement. So far as the developing countries' export trade in manufactures was concerned, they were gratified to note that the generalized system of preferences had been established and that schemes for the granting of preferences to the products of developing countries were already being applied by a number of preference-giving countries or would be introduced in the near future.

160. As regards financial resources for development, they acknowledged that it would be necessary to give careful and constructive consideration to the idea of the link between official development assistance and SDRs in IMF; they also accepted that means should be found for the developing countries to participate in consultations on the reform of the international monetary system. At the same time, they considered that IMF was the appropriate forum for the consideration of proposals for the reform of the international monetary system. As regards the volume and terms of financial assistance for the developing countries, they announced new decisions on, or reiterated their Governments' policies towards, the aid targets proclaimed by the Conference and subsequently provided for in the International Development Strategy, with respect to both the total volume and the official element of the total transfer of financial resources; and they referred to the steps which their Governments had been taking with a view to improving the quality and increasing the quantity of such transfers. Many of them stated that their Governments were disposed to take action with a view to untying financial aid in a multilateral context, or even, in some cases, unilaterally. They expressed strong support for the continued flow of private investment to the developing countries provided that such investment was made in terms acceptable and beneficial to all the parties concerned. They appreciated the serious debt problem of many of the developing countries but generally thought that each case should be examined on its merits.

Some reference was made to the desirability of instituting supplementary financial measures to support the development planning of developing countries in cases of unforeseen shortfalls of production.

161. With regard to shipping questions, they recognized in principle the usefulness of a code of conduct for liner conferences. They considered that the evolution in UNCTAD of a universally acceptable code of conduct for liner conferences would represent a major step forward and that the implementation of such a world code would in itself be of substantial benefit to all countries, and to developing countries in particular. In this connexion, many of these representatives considered that the code elaborated by the Committee of European National Shipowners' Associations in consultation with European shippers' organizations (TD/128 and Corr.1) should be fully taken into account in the future work in this subject: in many cases, this code had now been adopted by conferences.

162. The representatives of developed market-economy countries expressed understanding of the special situation of the least developed and the land-locked among the developing countries, and expressed their Governments' readiness to consider any constructive suggestion or proposal that might emanate from the Conference with a view to according special terms to such countries. In this connexion, a number of developed market-economy countries made certain concrete suggestions as to the measures which might help the least developed and land-locked countries, some of which they were already prepared to take.

163. With regard to questions concerning UNCTAD's institutional arrangements, these representatives took the view that no fundamental changes should be made in General Assembly resolution 1995 (XIX), which governed the activities of the Conference and its permanent machinery, and considered that effective ways could be devised for ensuring greater efficiency of the existing machinery within the framework of that resolution.

164. With regard to regional groupings of developed countries, the representatives of several developed market-economy countries referred to the outward-looking attitude of EEC to world trade, particularly that of developing countries, and expressed confidence that the enlargement of the Community would further stimulate moves in that direction.

165. Some representatives of developed market-economy countries commented on the polemical nature of certain remarks by some representatives during the general debate and deplored the introduction of such essentially political issues into UNCTAD.

166. The representatives of the developed market-economy countries looked forward to the progressive improvement of some of the schemes of preferences in consequence of periodic reviews of the schemes in question, or in some cases even in advance of those reviews. They expressed support for dynamic export policies and in this connexion commended the efforts that were being made to promote the exports of developing countries, through the channel of the UNCTAD/

GATT International Trade Centre and by other means, and stressed the importance of the prospective round of trade negotiations, focusing on the need to eliminate non-tariff barriers, which was to take place in 1973 under the auspices of GATT and in the course of which they were confident that special attention would be given to the problems of developing countries. The representative of one developed market-economy country stated that to that end the Secretary-General of UNCTAD should be formally or informally involved in the work of preparing these negotiations.<sup>80</sup>

167. The representatives of Malta, Spain and Turkey emphasized the need for an early implementation of all the schemes of preferences and that all developing countries should be considered as beneficiaries, regardless of the list or group in which they were included. The representatives of Greece, Spain and Turkey noted with satisfaction the signature of the Protocol of Trade Negotiations among Developing Countries<sup>81</sup> under the auspices of GATT by sixteen developing countries, in which they had taken an active part. In their opinion, the Protocol represented a significant achievement for the promotion of trade relations among developing countries.

168. Representatives of socialist countries of Eastern Europe declared that the normalization and improvement of the conditions of international trade, as well as the objectives of economic progress in developing countries, were closely connected with the necessity to strengthen peace, to make the international political climate more healthy and to observe the principles of peaceful co-existence among nations having different economic and social systems. They called for the cessation of aggression against peoples of Indochina and for the peaceful settlement of the Middle East dispute on the basis of Security Council resolution 242 (1967). At the same time they stressed that the violation of peace in these areas was inflicting huge damage on the trade and economic development of many countries.

169. These representatives underlined their view that the Conference should consider flows and problems in international trade and strive for the normalization of economic relations in the world; in this connexion they pointed out, in particular, obstacles remaining in East-West trade, although some positive trends had emerged.

170. They urged the immediate elimination of discrimination in that respect and the granting to their countries of most-favoured-nation treatment. They emphasized that UNCTAD should have the leading role in the elimination of such trade barriers. They criticized the economic policy of economic groupings of developed market-economy countries.

171. These representatives specially stressed that the expansion of a mutually beneficial trade exchange between socialist and developed capitalist countries would meet not only the interests of these countries, but the interests of developing countries as well.

172. In their view, new elements of instability in the world economy were manifested by the crisis of the monetary system, in the solution of which all countries should be invited to participate. They emphasized that economic backwardness was caused by the colonial period, an obsolete international division of labour, and neo-colonialism; in this connexion they reiterated their view that their countries could not be considered as part of the "rich North" and that an identical approach to the socialist and to the developed market economies was not appropriate.

173. They stated that the socialist countries concerned, with due regard for their own possibilities, rendered assistance to developing countries and supported their efforts to mobilize their internal resources for development of the economy and to carry out progressive reforms in economic and social structures. They took the problems of the least developed and land-locked developing countries into account.

174. Representatives of the socialist countries of Eastern Europe described the development of their national economies and the results achieved in trade and other forms of economic co-operation with developing countries. Socialist countries members of CMEA continued to expand and improve their co-operation; the recently adopted Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration had an open character and could create favourable conditions for trade between socialist countries and third countries, notably developing ones. They pointed out that during the past decade imports from developing countries had been growing at a very rapid rate and their share in the total volume of imports by the socialist countries had increased. These countries would continue to expand their trade, economic and scientific and technical co-operation with the developing countries, bearing in mind their own possibilities as well as those of the developing countries. They would render assistance to the developing countries in the training of national, scientific and technical workers, and would provide them with an opportunity to get acquainted with the experience in the planning of economy.

175. The representatives of some socialist countries of Eastern Europe stated that their countries would continue to provide long-term credits to developing countries at low interest rates, these credits being settled, as a rule, through the deliveries of traditional export commodities and the products of newly-developed industries. They considered the sectoral division of labour one of the potential instruments for creating a new international division of labour. A wider utilization of long-term agreements could be an effective means of helping developing countries.

176. Representatives of socialist countries expressed due understanding of the needs of developing countries, as stated in the Lima Declaration. The attitude of the socialist and developing countries towards a number of provisions in that Declaration was either very close or identical.

177. In order to work out commodity agreements and, eventually, a general agreement on commodity

<sup>80</sup> See the summary record of the 92nd meeting (TD/SR.92).

<sup>81</sup> See GATT document L/3643.

arrangements, conferences held under the auspices of UNCTAD should reflect the interests both of exporting and importing countries. Many representatives of socialist countries indicated that their countries would give preference to the products of developing countries. Socialist countries had already granted substantial preferences to developing countries. Some of them had introduced preferential tariffs. One country had completely eliminated customs duties on all goods from developing countries. In general, Conference resolution 15 (II) formed a sound basis for economic co-operation among countries having different social and economic systems.

178. The negative aspects of the activities of liner conferences should be eliminated.

179. Representatives of socialist countries of Eastern Europe considered that UNCTAD was the most universal trade and economic organization dealing with problems of trade and economic co-operation between developing, socialist and developed market-economy countries. The socialist countries of Eastern Europe wished to enhance the authority and effectiveness of UNCTAD and to make a greater contribution to the normalization and extension of international trade relations. The universal acceptance and application of the Principles governing international trade relations and trade policies conducive to development, adopted at the first session of the Conference, was needed: these principles were widely applied in the trade policies and practice of the socialist countries of Eastern Europe. The representatives of these countries considered achievement of universality in the membership of UNCTAD a problem to be solved without delay.

180. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, had always supported the targets set by UNCTAD. Less than 30 years before, his country had undertaken to build a new socialist society. Within a relatively short period, it had obtained significant results so far as economic expansion was concerned. However, because it had lagged so far behind at the start, there were still sizeable economic gaps between it and the developed countries, and it was still confronted by the same economic difficulties as the other developing countries. By identifying itself with the basic aspirations of the developing countries, his country expressed its support for the objectives and requests set out in the Lima Declaration, which in fact reflected its own needs and concerns. His country considered that it was essential to promote the unhampered development of economic, scientific and technical exchanges among all countries, irrespective of their economic and social systems, on the basis of principles of independence and national sovereignty, equality in rights and non-interference in the domestic affairs of other countries. States had to assume their obligation to eliminate restrictions and discriminatory practices which acted as barriers to trade. An improved international trade machinery necessarily should be subordinated to a more rational and equitable international division of labour, which would allow the developing countries to use their national resources more efficiently,

to diversify their economies and to have greater access to the markets of the developed countries. His delegation supported the conclusion of further international agreements on commodities, the improvement of the system of customs preferences in favour of all developing countries and the elimination of non-tariff barriers. There was a parallel need to increase the volume of financial aid from the economically developed countries.

181. The various topics treated in the general debate were (as mentioned above) considered in greater detail in the main Committees and Working Groups and formed the subject of proposals submitted to those sessional bodies. As a result of their deliberations and of informal consultations, draft texts of recommendations, resolutions and decisions were elaborated and laid before the Conference.<sup>82</sup>

182. A list of the Heads of delegations of States members of UNCTAD, and representatives of the specialized agencies, other intergovernmental organizations concerned and the regional economic commissions, who made statements in the general debate under item 7 is contained in annex IV to the present report. Summaries thereof are included, grouped together, in part one of the summary records of the session's plenary meetings and form an integral part of the Conference report.

183. At the 102nd plenary meeting on 26 April 1972 the representative of Bulgaria introduced and read out a declaration on behalf of a group of socialist countries (TD/154),<sup>83</sup> the text of which had been circulated at his request on behalf of the authors of the declaration.

184. In his statement at the 103rd plenary meeting on 26 April 1972, on the conclusion of the general debate, the President of the Conference thanked the States members of UNCTAD and the intergovernmental and non-governmental organizations for their contributions to the debate, which testified to the importance of the session. He acknowledged the high level of representation and the quality of the debate. He made special reference to the visit of the President of Mexico, who had suggested in his address to the Conference the formulation of a "charter of the economic rights and duties of States" to supplement the Universal Declaration of Human Rights. He noted that the statements made in the general debate were most revealing, both as regards matters on which States seemed to be in agreement and as regards questions on which opinions and positions differed. He was encouraged by his impression that there was a broad area within which new agreements might be worked out, and existing ones broadened, regarding issues that affected all mankind. He noted that, almost without exception, to a greater or lesser extent, the Heads of delegations agreed that the gap between the developed countries and the third world should be narrowed; that the international monetary system should be reformed and serve the purposes of the expansion of trade and economic development of the world at large and of the developing countries in

<sup>82</sup> The draft texts are reproduced in appendices to the reports of the sessional bodies concerned (see annex VI below).

<sup>83</sup> See annex VIII,G below.

particular; that UNCTAD was a principal instrument for elaborating concerted world policies relating to trade and development; that development was essentially the result of the internal efforts of the countries concerned, in conformity with their own characteristics and political and economic ideas; that the rapid transformations occurring in the modern world called for increased international co-operation; that the measures outlined in the International Development Strategy were all interrelated; that special measures were needed in favour of the least developed among the developing countries; and that the efforts of the Conference and of the Trade and Development Board could only bear fruit in an atmosphere of world peace. He added that a new problem had been evoked in the course of the general debate—that of the activities of multinational corpor-

ations. As the Under-Secretary-General for Economic and Social Affairs and others had suggested, some international machinery should be devised for supervising the activities of these corporations.

185. On the conclusion of the general debate, at the 103rd plenary meeting on 26 April 1972, the spokesman for Group B submitted a draft resolution constituting a vote of thanks to the Government and people of Chile for the efficient and hospitable arrangements made for receiving the Conference. The draft resolution was subsequently co-sponsored by all other groups and warmly endorsed by all members of the Conference, and was adopted by acclamation.<sup>84</sup>

<sup>84</sup> For the text of the resolution as adopted, see annex I,A below, resolution 36 (III).

## PART FOUR. EXAMINATION OF RECENT DEVELOPMENTS AND LONG-TERM TRENDS IN WORLD TRADE AND DEVELOPMENT IN ACCORDANCE WITH THE AIMS AND FUNCTIONS OF UNCTAD

### (Agenda item 8)

186. In connexion with this broad theme the Conference examined a number of questions included as sub-items under this general heading in the session's agenda. The views expressed by representatives on these matters and the conclusions reached by the Conference are briefly recorded below.

A. *Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme (agenda item 8 (a)).*<sup>85</sup>

187. The institutional and administrative aspects of this matter were considered by Working Group I.<sup>86</sup>

188. The questions raised by this sub-item also formed the subject of statements made in the course of the general debate in connexion with item 7.<sup>87</sup>

189. Many of the representatives who spoke on this sub-item stated that the review and appraisal exercise to be carried out by UNCTAD should proceed in the context of the existing international economic situation with special regard for the position of the developing countries.

190. The representatives of many developing countries who spoke in the debate considered that the review machinery of UNCTAD should be strengthened and adjusted, as necessary, for the purpose of examining and evolving the policy measures set forth in the International Development Strategy for the Second United Nations Development Decade within the scope of its competence, and the recommendations, resolutions and other decisions of UNCTAD.

191. In addition, they considered that the review should make it possible not only to determine to what extent the recommendations of UNCTAD had been carried out, but also to ascertain the obstacles to the attainment of the objectives of UNCTAD and of the

International Development Strategy; wherever possible, suggestions should be made for action to remove any such obstacles.

192. Most of the representatives of the developed market-economy countries considered that the review of the implementation of the recommendations, resolutions and other decisions of UNCTAD should continue to be carried out in conformity with the arrangements worked out under Board resolution 19 (II) and that UNCTAD's sectoral review and appraisal of those parts of the International Development Strategy which fell within its competence should be so organized as to fit into the over-all review and appraisal of the Economic and Social Council to which UNCTAD's report would be forwarded.

193. In the opinion of the representatives of socialist countries of Eastern Europe who spoke in the debate on this matter, thorough and regular reviews were necessary for the purpose of ensuring the discharge of the obligations undertaken by member States with respect to targets and policy measures. They considered that UNCTAD could make a greater contribution to the expansion of international trade and economic development by promoting greater respect for the Principles and other recommendations governing international economic relations.

194. A draft resolution concerning this subject submitted by the Group of 77 (TD/L.57/Rev.2) was considered in Working Group I. Amendments to that draft resolution submitted in Working Group I by the representative of the United Kingdom of Great Britain and Northern Ireland on behalf of 21 members of Group B (TD/L.71 and Corr.1) had been rejected by a vote. The draft resolution was approved by Working Group I by a vote and recommended for adoption by the Conference.<sup>88</sup>

195. After informal consultations, the President of the Conference submitted, at the 119th plenary meeting on 20 May 1972, a draft resolution (TD/L.99) to replace that recommended by the Working Group. After the Conference had taken note of the statement of financial implications (TD/174/Add.1),<sup>89</sup> the draft

<sup>85</sup> The Conference considered this sub-item at its 108th, 109th, 111th-114th, 118th and 119th plenary meetings on 12, 13 and 15 to 20 May 1972.

<sup>86</sup> For the report of Working Group I, see annex VI.G below.

<sup>87</sup> For an account of the Conference's deliberations under item 7, see part three above.

<sup>88</sup> For the text as recommended by the Working Group, see annex VI.G below, appendix I (b).

<sup>89</sup> For the statement of financial implications, see annex IX below.

resolution submitted by the President was adopted without dissent.<sup>90</sup>

196. Statements were made by the representatives of the United Kingdom of Great Britain and Northern Ireland (on behalf of Group B), the United States of America, Mexico, Chile, Brazil and El Salvador (on behalf of the Group of 77).<sup>91</sup>

**B. Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964) (agenda item 10)**

197. The question of the "review of the institutional arrangements of UNCTAD" formed the subject of draft resolutions and proposals considered by Working Group I.<sup>92</sup>

198. At the 119th plenary meeting on 20 May 1972, after conducting informal consultations, the President of the Conference submitted a draft resolution entitled "Review of the institutional arrangements of UNCTAD" (TD/L.98). The draft submitted by the President was adopted without dissent.<sup>93</sup>

199. A draft resolution entitled "Further evolution in the institutional machinery of UNCTAD" had been recommended by Working Group I for adoption by the Conference.<sup>94</sup> At its 119th plenary meeting on 20 May 1972 the Conference considered this draft resolution and amendments thereto (TD/L.96) proposed on behalf of the Group of 77.

200. After hearing statements by the representatives of the United Kingdom of Great Britain and Northern Ireland (on behalf of Group B), Chile, the Union of Soviet Socialist Republics, El Salvador (on behalf of the Group of 77), Senegal, Madagascar and Gabon,<sup>95</sup> the Conference adopted the amendments by a roll-call vote of 58 votes in favour and 27 against, with 6 abstentions.<sup>96</sup> After the Conference had taken note of the financial implications (TD/174/Add.1), the draft resolution as a whole, as amended, was adopted by a roll-call

vote of 60 votes in favour and 25 against, with 6 abstentions.<sup>97</sup>

201. In connexion with the same item, a draft resolution (TD/L.72) had been submitted by the Byelorussian Soviet Socialist Republic, Bulgaria, Cuba, Czechoslovakia, Guinea, Hungary, the Mongolian People's Republic, Poland, Romania, the Syrian Arab Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics.

202. At the 118th plenary meeting on 19 May 1972 the President of the Conference suggested that, as there was not sufficient time to conduct consultations on that draft resolution, it might be referred to the Trade and Development Board for consideration. The representative of Bulgaria, on behalf of the sponsors, agreed to the suggestion, and the Conference accordingly decided that the draft resolution in question should be referred to the Board for consideration.<sup>98</sup>

**C. Multilateral trade negotiations**

203. At the 108th plenary meeting, on 12 May 1972, the representative of Ethiopia introduced a draft resolution on multilateral trade negotiations (TD/L.61/Rev.1), submitted by the Group of 77. The representative of France introduced a statement by Group B on the participation of developing countries in the multilateral trade negotiations in 1973 (TD/173)<sup>99</sup> to take place in the framework of GATT. He stated that these countries would request that the Contracting Parties make adequate arrangements, in practical terms, for the full and active participation of all developing countries

Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Gabon, Greece, Ireland, Israel, Italy, Japan, Madagascar, Netherlands, New Zealand, Norway, Portugal, Senegal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Cameroon, Dahomey, Holy See, Ivory Coast, Thailand, Tunisia.

<sup>97</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bangladesh, Barbados, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Libyan Arab Republic, Malaysia, Mali, Mexico, Mongolia, Nicaragua, Nigeria, Panama, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Sudan, Thailand, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Ivory Coast, Japan, Netherlands, New Zealand, Norway, Portugal, Senegal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Cameroon, Dahomey, Gabon, Holy See, Israel, Madagascar.

For the text as adopted, see annex I,A below, resolution 81 (III).

<sup>98</sup> For the text of the draft resolution referred to the Board, see annex VII below.

<sup>99</sup> See annex VIII,I below.

<sup>90</sup> For the text as adopted, see annex I,A below, resolution 79 (III).

<sup>91</sup> See the summary record of the 119th meeting (TD/SR.119).

<sup>92</sup> For the texts of these drafts and proposals, see annex VI, G below, appendix II.

<sup>93</sup> For the text as adopted, see annex I,A below, resolution 80 (III).

<sup>94</sup> For the text as recommended by Working Group I, see annex VI,G below, appendix I, (a). For the vote on the draft resolution see the Working Group's report (*ibid.*, para. 28).

<sup>95</sup> See the summary record of the 119th meeting (TD/SR.119).

<sup>96</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bangladesh, Barbados, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iraq, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Libyan Arab Republic, Malaysia, Mali, Mexico, Mongolia, Nicaragua, Nigeria, Panama, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Sudan, Trinidad and Tobago, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist

in the negotiations. These countries welcomed and looked forward to a continuation of the arrangements for co-operation between the secretariats of UNCTAD and GATT. In particular, they were prepared to have examined further the possibility of enabling the UNCTAD secretariat to make full use of appropriate GATT documentation. They suggested that the Secretary-General of UNCTAD be asked to give assistance on request to those developing countries preparing for the negotiations.

204. Representatives of developed market-economy countries expressed their hope of full participation by the developing countries in the 1973 negotiations. The representative of one developed market-economy country said that, although it was not expected of the developing countries that they should grant reciprocity in trade concessions, efforts to liberalize their trade could be economically advantageous to the developing countries themselves.

205. As a result of consultations conducted by him, the President of the Conference submitted, at the 119th plenary meeting on 20 May 1972, a draft resolution (TD/L.97) concerning this matter. The representative of Ethiopia, on behalf of the Group of 77, announced that the draft previously submitted by that Group was being withdrawn and that its sponsors would support the President's draft. He stated that the Group of 77 was interested in the forthcoming multilateral trade negotiations if the ground rules and modalities of these negotiations took the interests of developing countries duly into account. The Group of 77 had decided to establish at Geneva a co-ordinating group to serve as a clearing house for ideas about these negotiations and to prepare the requisite documents for the Governments of developing countries. These documents would deal with the strategy and tactics to be applied by developing countries in the negotiations, methods of evaluating progress in the preparation of the negotiations and of informing Governments of the results of the Group's work.<sup>100</sup>

206. The representative of Australia referred to the statement previously made by Group B (TD/173).

207. After the adoption of an amendment proposed by the representative of Gabon, the draft resolution submitted by the President, as amended, was adopted without dissent.<sup>101</sup>

208. The representative of Israel made a statement.<sup>102</sup>

#### D. *Charter of the economic rights and duties of States*

209. At the 108th plenary meeting on 12 May 1972 the representative of Ethiopia introduced a draft resolution (TD/L.62) submitted by the Group of 77, proposing the drawing up of a "charter of the economic duties and rights of States".

210. In the ensuing debate, the representatives of developing countries said that the proposal had been inspired by the address of the President of Mexico at the 92nd plenary meeting of the Conference. They considered that the Principles adopted at the first session of the Conference governing international trade relations and trade policies conducive to development were no longer sufficient to protect weaker countries against foreign economic power. The principles had to be converted into internationally legal instruments in order to make it possible for the Governments of the countries concerned to invoke their rights. The charter should be a counterpart in the economic field to the Universal Declaration of Human Rights and the International Covenants on Human Rights. In drawing up the charter, account should be taken of the Principles adopted at the first session of the Conference, of the Principles in the Charter of Algiers, as well as of proposed amendments to the Principles adopted at the first session of the Conference which were contained in the Declaration and Principles of the Action Programme of Lima (TD/143) and of the objectives and measures in the International Development Strategy. These representatives suggested that a working group should be established to perform this task. Its first draft should be submitted to all member States for comments and suggestions and, in the light of these, a final draft should be elaborated by the working group. The draft should be submitted to the Trade and Development Board at its thirteenth session, and the Board, in its turn should submit a report to the General Assembly for consideration at its twenty-eighth session. The charter could either be proposed for adoption, or opened for signature by member States or submitted to a special conference.

211. Representatives of developed market-economy countries and of socialist countries of Eastern Europe attached great importance to the proposal for drawing up a charter of economic rights and duties of States. The representatives of some developed market-economy countries felt, however, that a charter of such wide scope was a matter of direct concern to the General Assembly and that the proposal should therefore be referred to that body in the first instance. Representatives of developing countries said that UNCTAD, which had established principles governing international trade relations and trade policies conducive to development, and was constantly working on improving international trade and economic conditions, was the appropriate body to draft the charter.

212. At the 115th plenary meeting, on 18 May 1972, the President of the Conference submitted a draft resolution (TD/L.84) which he had prepared in the course of consultations with delegations of member States.

213. The sponsors of the earlier draft resolution on the same subject (TD/L.62) announced that they were withdrawing their draft resolution in favour of that submitted by the President.

214. The draft resolution submitted by the President was adopted, with an amendment consisting of the addition of the figure "31" in the blank space in

<sup>100</sup> See annex VIII,M below.

<sup>101</sup> For the text as adopted, see annex LA below, resolution 82 (III).

<sup>102</sup> See summary record of the 119th meeting (TD/SR.119).

operative paragraph 1, by a roll-call vote of 90 votes in favour, none against and 19 abstentions.<sup>103, 104</sup>

215. Statements in connexion with the resolution were made by the representatives of Malta, Netherlands, Spain, Austria, Belgium, France, Japan, Australia, Sweden (also on behalf of Denmark, Finland and Norway), Turkey, Switzerland, United Kingdom of Great Britain and Northern Ireland, Canada, Federal Republic of Germany, Ireland, New Zealand and Greece.<sup>105</sup>

#### E. *The role of the co-operative movement in international trade and development*

216. At the 111th plenary meeting, on 15 May 1972, the representative of India introduced a draft resolution on the role of the co-operative movement in trade and development (TD/L.63/Rev.1), submitted by twenty-three countries, including countries from all groups.

217. Some other countries said that they would have wished to be associated with or endorse the draft resolution. It was stated by all those who participated in the discussion that the co-operative movement had shown itself to be extremely useful in many countries in promoting self-help and mutual assistance among millions of small producers and consumers, helping them to some extent to overcome the disadvantage of small scale.

218. At the same meeting the draft resolution was adopted without dissent.<sup>106</sup>

<sup>103</sup> The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Barbados, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, France, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Lesotho, Liberia, Libyan Arab Republic, Luxembourg, Madagascar, Malaysia, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*Against:* None.

*Abstaining:* Australia, Austria, Canada, Denmark, Federal Republic of Germany, Finland, Ireland, Italy, Japan, Liechtenstein, New Zealand, Norway, Paraguay, South Africa, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

For the text as adopted, see annex I.A below, resolution 45 (III).

<sup>104</sup> A statement of financial implications (TD/L.84/Add.1) was circulated to the Conference (see annex IX below).

<sup>105</sup> See the summary record of the 115th meeting (TD/SR.115). For reservations or observations by delegations, see annex I.B below.

<sup>106</sup> For the text as adopted, see annex I.A below, resolution 38 (III).

#### F. *Dissemination of information and mobilization of public opinion relative to problems of trade and development*

219. At the 109th plenary meeting, on 13 May 1972, the representative of Chile introduced a draft resolution on the dissemination of information and mobilization of public opinion relative to problems of trade and development (TD/L.64), sponsored by 15 countries, including countries from all groups.

220. He stated that the preamble to the draft resolution referred to two ideas. One had been inspired by the proposal made in the general debate at the 85th plenary meeting by the Head of the French delegation for instituting a "world development day". The other originated from the proposal made by several countries at the second session of the Conference concerning the need to intensify the provision of information to the public about the problems of trade and development and the efforts by the United Nations, particularly UNCTAD, to find solutions to these problems. This need should be met by strengthening and regrouping the information media servicing UNCTAD and other United Nations bodies.

221. In the ensuing debate the idea of instituting a world development day was generally endorsed. As regards the strengthening and reorganization of the information services of UNCTAD, the representatives of some developed market-economy countries stated that they were not convinced of the value of or need for such action. If anything, they considered that the Centre for Economic and Social Information should receive increased resources. They were also doubtful about the study proposed in the draft resolution on the effects of information media on the behaviour of influential sectors of public opinion in respect of trade and development problems. Others asked for clarification of what was intended by these two ideas. The representatives of some developed market-economy countries stated that they had no difficulty with the draft resolution as a whole.

222. The representatives of socialist countries of Eastern Europe accepted the proposals for reorganization of the information services on condition that it would be done within present budgetary limits.

223. The representative of one developed market-economy country recommended that other countries should set up national services providing information about development and referred to his own country's positive experience of the activities of a national committee for the Second United Nations Development Decade.

224. After further discussion at the 113th plenary meeting, on 17 May 1972, the draft resolution, now sponsored by 19 countries, was adopted without dissent, subject to certain drafting changes.<sup>107</sup>

<sup>107</sup> For the text as adopted, see annex I.A below, resolution 43 (III).

*G. Proposal concerning the establishment of "developing countries' trade centres"*

225. At the 115th plenary meeting on 18 May 1972 the representative of Indonesia introduced, on behalf of the sponsors, a draft resolution (TD/L.78) on the establishment of "third world trade centres". At its 119th plenary meeting, on 20 May 1972, the Conference had before it a revised draft resolution on this subject (TD/L.78/Rev.1). The idea underlying the draft resolution had originally been put forward in a statement made by the ministerial representative of a developed market-economy country. It was welcomed wholeheartedly by the representative of a developing country. The representative of another developed market-economy country considered the idea to be a useful one, but expressed misgivings about some of its technicalities.

226. At the 119th plenary meeting on 20 May 1972, the attention of the Conference was drawn to the UNCTAD secretariat's statement of the financial implications of the revised draft resolution (TD/L.78/Rev.1/Add.1).

227. At the same meeting, the Conference decided, with the agreement of the sponsors, that the revised draft resolution should be referred to the Trade and Development Board for further consideration.<sup>108</sup>

228. Statements were made by the representatives of Netherlands, Israel, Norway, Chile, Peru and Cuba.<sup>109</sup>

*H. Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (agenda item 8 (b))*

229. The Conference considered this sub-item at its 109th to 112th, 114th and 115th plenary meetings on 13 and 15 to 18 May 1972.

230. At the 109th plenary meeting, on 13 May 1972, the representative of Ethiopia introduced a draft resolution (TD/L.55), submitted by the Group of 77.

231. In the ensuing debate, representatives of developing and socialist countries said that international economic relations had evolved since the adoption of principles at the first session of the Conference which were of fundamental importance. In the opinion of developing countries, new principles were required to protect the developing countries from the adverse effects of events that had occurred since 1964. If, owing to lack of time, it was not possible to reach agreement on new principles at the third session, they suggested that those contained in the draft resolution might serve as a useful basis for drawing up a "charter of the economic rights and duties of States".<sup>110</sup> Representatives of socialist countries of Eastern Europe stated that they could support the proposals of developing countries to introduce some new principles, on condition that the new principles were of a universal character and

consistent with those adopted by the Conference at its first session.

232. At the 115th plenary meeting on 18 May 1972, a revised draft resolution (TD/L.55/Rev.2) was submitted on behalf of the Group of 77.

233. The spokesman for Group B said that his group regretted that a draft resolution covering such an important subject had been introduced so late in the session and that consequently there had not been sufficient time to examine the substance of the proposal. In the circumstances, his Group would prefer the principles contained in the draft resolution to be referred to the Trade and Development Board for consideration. The representatives of two developed market-economy countries said that their delegations would be forced to vote against the draft resolution if it went forward in its present form. The representative of another developed market-economy country suggested that principles contained in the draft resolution should be included among the material to be considered by the working group to be set up to consider the charter of the economic rights and duties of States.

234. There was a consensus among representatives of developing countries and some others, as was stated by one of them, that this subject, because of its special nature, was within the competence of the Conference itself and that the Trade and Development Board should study only the steps to be taken to carry out the scheme. In this connexion, the primary responsibility of the Conference in the matter was underlined.

235. The spokesman for a number of socialist countries of Eastern Europe said that those countries would have liked to engage in consultations, and expressed the conviction that such consultations would have enabled them to support a draft resolution. In the absence of adequate consultations, however, these countries would have to abstain in the vote on the draft resolution. He added that in his view the draft should have included a clear expression of support for the Principles adopted by the Conference at its first session and should have urged all countries to observe those Principles unconditionally.

236. Amendments proposed to this draft resolution by France and the Netherlands were successively rejected.<sup>111</sup> The sponsors of the revised draft resolution announced that the words "as envisaged in resolution..." in operative paragraph 2 should be deleted.

237. The revised draft resolution submitted by the Group of 77 (TD/L.55/Rev.2), as amended by the sponsors, was adopted by a roll-call vote of 72 in favour, 15 against and 18 abstentions.<sup>112</sup>

<sup>111</sup> For particulars of the amendments proposed and of the votes thereon, see the summary record of the 115th meeting (TD/SR.115).

<sup>112</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Costa Rica, Cuba, Cyprus, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Honduras, India, Indonesia, Iraq, Iran, Israel, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mali,

(Continued on next page.)

<sup>108</sup> For the text referred to the Board, see annex VII below.

<sup>109</sup> See the summary record of the 119th meeting (TD/SR.119).

<sup>110</sup> Considered in connexion with agenda item 8 (a) (see paras. 209-215 above).

238. Statements in explanation of vote were made by the representatives of the United States of America, the Federal Republic of Germany, Bulgaria, China, Turkey, Malta, Bolivia, Switzerland, Australia, Spain, Belgium (also on behalf of Luxembourg), Austria and France.<sup>113</sup>

239. Under the same item, at the 110th plenary meeting, on 15 May 1972, the representative of Cuba introduced his delegation's draft resolution (TD/L.70) concerning recent United States military measures affecting the ports of the Democratic Republic of Viet-Nam.

240. The representative of the United States of America moved, under rule 46 of the rules of procedure, that the matter as treated in the Cuban draft resolution should be declared to be outside the competence of the Conference.

241. At the 114th plenary meeting, on 17 May 1972, the United States motion was carried by a roll-call vote of 50 votes in favour, 26 against and 17 abstentions.<sup>114</sup> Accordingly, the Conference considered that it had no competence to consider the draft resolution submitted by Cuba.

242. Statements in explanation of vote were made by the representatives of Cuba, Bulgaria, China, France,

Austria, Norway, Burma, Greece, Switzerland, Peru, Denmark, Bolivia and Ecuador.<sup>115</sup>

I. *Impact of regional economic groupings of the developed countries on international trade including the trade of developing countries* (agenda item 8 (c))

243. The Conference considered this sub-item at its 108th to 112th, 115th and 116th plenary meetings on 12, 13, 15, 16, 18 and 19 May 1972. The Conference had before it a report by the UNCTAD secretariat (TD/131 and Add.1 and Add.1/Corr.1 and Add.2).

244. At the 109th plenary meeting on 13 May 1972, the representative of Brazil introduced a draft resolution on the subject (TD/L.66 and Corr.1-3) on behalf of a group of developing countries.

245. In the ensuing debate virtually all the representatives who spoke on the subject stressed the growing role of economic groupings of developed countries in international trade and the need to take into account the impact of these economic groupings on such trade and in particular on the foreign economic relations of developing countries. Many data and figures were cited in this respect. It was also broadly agreed that efforts should be made to avert and minimize any adverse effects, now or in the future, of economic groupings on developing countries, and to foster as far as possible policies conducive to solving the trade and development problems of those countries.

246. Many of the representatives of the developed market-economy countries and the representative of EEC participated in the debate. Some of those representatives and the representative of EEC stressed that rapid economic expansion in EEC countries increased the capacity of member countries to trade and provide aid, and also emphasized the outward-looking orientation of EEC and its efforts to take into account the needs and interests of developing countries. They cited figures to show that the volume of trade between EEC member States and developing countries had increased noticeably. They pointed out that the deficit of the trade balance of the Community in favour of the developing countries had reached \$4.7 billion in 1971 and that the result could be judged very favourably in comparison with those recorded in other countries or in other economic groupings. They expressed the belief that the enlargement of EEC would create further possibilities for trade and aid to developing countries. Several representatives of developed market-economy countries said they could not agree with certain statements in the draft resolution, and expressed the hope that it would be withdrawn.

247. The representative of one developed market-economy country said that his delegation sympathized with many of the concerns voiced in the draft resolution. However, he doubted whether in the limited time available the existing points of view could be harmonized.

248. The representatives of the developing countries sponsoring the draft resolution stressed the growing

(Continued)

Malta, Mauritius, Mexico, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Austria, Belgium, Canada, Federal Republic of Germany, Ireland, Italy, Japan, Liechtenstein, Luxembourg, New Zealand, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Denmark, Finland, France, Greece, Hungary, Mongolia, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

For the text as adopted, see annex I,A below, resolution 46 (II). For statements made both before and after the voting, see the summary record of the 115th meeting (TD/SR.115).

<sup>113</sup> For observations or reservations by delegations, see annex I,B below.

<sup>114</sup> The result of the vote was as follows:

*In favour:* Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Canada, Colombia, Costa Rica, Denmark, Ecuador, El Salvador, Federal Republic of Germany, Fiji, Greece, Guatemala, Guyana, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Khmer Republic, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mauritius, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Philippines, Portugal, Republic of Korea, Republic of Viet-Nam, South Africa, Spain, Switzerland, Thailand, Togo, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Zaire.

*Against:* Algeria, Bulgaria, Byelorussian Soviet Socialist Republic, Chile, China, Congo, Cuba, Czechoslovakia, Egypt, Guinea, Hungary, India, Iraq, Kuwait, Libyan Arab Republic, Mali, Malta, Mongolia, Poland, Romania, Sudan, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Yugoslavia.

*Abstaining:* Barbados, Burma, Cameroon, Central African Republic, Chad, Dahomey, Finland, France, Kenya, Mexico, Oman, Peru, Rwanda, Sweden, Trinidad and Tobago, Tunisia, Venezuela.

<sup>115</sup> For these statements, and also statements made before the vote, see the summary record of the 114th meeting (TD/SR.114).

importance of economic groupings and specifically of EEC, in international trade and the need to make their policies compatible with the needs of developing countries. They stated that the share of developing countries in the exports and imports of EEC was falling, which constituted a dangerous trend. The need to take measures in this field was especially important in view of the pending far-reaching trade talks.

249. Many representatives of developing countries expressed the view that economic groupings could not *a priori* be classified as beneficial or harmful to the trade and development needs of developing countries. Economic groupings could help to solve those countries' problems if they pursued an outward-looking policy, especially if they enlarged the scope of the generalized system of preferences, offered more liberal access to markets and in general liberalized trade. The representative of one developing country pointed out that the share of a large group of developing countries (South and South-East Asia) in the trade of EEC countries was declining, while their share in that of CMEA was growing.

250. The representatives of several developing countries pointed out that EEC, by eliminating trade barriers between its member countries and working out common economic policies, was undermining the advantages which should have accrued to developing countries through the generalized system of preferences and through other measures approved in UNCTAD. The representatives of many developing countries considered that a non-discriminatory policy should be followed towards all developing countries.

251. The representative of one of the countries sponsoring the draft resolution acknowledged that the loss of existing preferences by some developing countries constituted a real problem, which deserved serious analysis.

252. Representatives of other developing countries expressed serious concern about the draft resolution which, in their opinion, did not take adequate account of the existing state of affairs, and in particular of the special relationships which existed between some developing countries and some developed countries. They considered that the draft resolution was unjustifiably hostile towards the very concept of economic groupings of developed countries. While stressing their desire for solidarity among developing countries, they stated that they could not support the draft resolution and many of them said that they would vote against it.

253. The representatives of several socialist countries of Eastern Europe emphasized that the restrictive trade practices pursued by economic groupings of developed market-economy countries, and in particular policies of discrimination against non-member countries, created serious difficulties for the expansion of trade both of socialist and developing countries. These policies violated many principles adopted by UNCTAD, limited the area of application of most-favoured-nation treatment and increased difficulties for world trade. They expressed the belief that the expected enlargement of EEC would

create the danger of a further growth of discrimination in international trade.

254. At the 116th plenary meeting, on 19 May 1972, the representative of Brazil, speaking on behalf of a number of Latin American countries sponsors of the draft resolution, proposed that the Conference should transmit the text of the draft resolution to the Trade and Development Board for consideration.

255. The Conference decided, without dissent, to transmit the text of the draft resolution to the Board.<sup>116</sup>

#### J. Trade and economic aspects of disarmament (agenda item 8 (d))

256. The Conference considered this sub-item at its 105th and 113th plenary meetings on 4 and 17 May 1972. The Conference had before it a note by the UNCTAD secretariat (TD/133) drawing attention to the report by the Secretary-General of the United Nations entitled *Economic and social consequences of the arms race and of military expenditures*<sup>117</sup> and reproducing in an annex an extract from the addendum to that report<sup>118</sup> consisting of the text of a communication addressed to the Secretary-General of the United Nations by the Secretary-General of UNCTAD pursuant to paragraph 5 of General Assembly resolution 2667 (XXV).

257. At the 105th meeting, on 4 May 1972, the representative of Peru introduced a draft resolution (TD/L.53) submitted by the Group of 77.

258. In the ensuing debate virtually all the representatives who spoke stressed their concern about the size of the resources being devoted to military expenditures and to the arms race. Many of them cited figures to show that expenditures on armaments and war efforts far exceeded expenditures on health and education, and those for other purposes contributing to economic and social progress. It was broadly agreed that resources used now for military purposes could, if re-channelled, make a tangible contribution to such progress in the world. However, in the opinion of some representatives it was unrealistic at that stage to earmark the proceeds of disarmament.

259. All the representatives who spoke in the debate recognized the need for disarmament, partly because it could release important resources for peaceful uses. Some of them stated, however, that the current policies of disarmament were illusory and were being used by great Powers to consolidate their positions.

260. The representatives of some socialist countries of Eastern Europe considered that the trade and economic aspects of disarmament should be viewed as being inextricably linked with the principal aspects of disarmament, i.e. in the context of reaching concrete accords in the field of disarmament, with reaching agreement on general and complete disarmament, on the basis of

<sup>116</sup> For the text of the draft resolution referred to the Board, see annex VII below.

<sup>117</sup> A/8469 (United Nations publication, Sales No. E.72.IX.16) (A/8469/Rev.1).

<sup>118</sup> A/8469/Add.1.

which alone humanity could make full use of the material benefits derived from disarmament once general and complete disarmament had been achieved.

261. During the debate it was fully recognized that complete disarmament might be a long-drawn-out process. Many representatives stated that meanwhile steps taken to reach partial or complete disarmament might release considerable resources which could be used for development purposes.

262. Much attention was devoted during the discussion to the idea of a link between the Second United Nations Development Decade and the Disarmament Decade. The representatives of many developing countries emphasized that this link should be a direct one. The representatives of some developed market-economy countries stated that, though sharing the common preoccupation with disarmament and acknowledging its potential economic benefits, they did not consider UNCTAD as the appropriate forum for discussing these highly technical problems. The representatives of many of these countries took the view that disarmament was not yet an accomplished fact but remained an objective of international action and hence that it would be premature to speak concretely of the methods, forms, timing, etc., of a link between the Development and Disarmament Decades. In this connexion, some of these representatives recalled the main conclusions of the report of the Secretary-General of the United Nations.

263. One representative proposed that UNCTAD should undertake a special study of the international trade in arms.

264. The representative of one developed market-economy country expressed his support for the draft resolution, in the light of his Government's general policy in this field. Several representatives, while agreeing with the general ideas reflected in the draft resolution, considered that efforts should be made to prepare a version acceptable to a large number of countries.

265. At the 113th plenary meeting on 17 May 1972 the representative of Ethiopia, on behalf of the Group of 77, sponsors of the draft resolution referred to above (TD/L.53), announced that the sponsors were withdrawing their text in favour of a draft resolution (TD/L.65) submitted by the President of the Conference as a result of consultations.

266. At the same meeting, the draft resolution submitted by the President of the Conference was adopted by 87 votes to none, with 9 abstentions.<sup>119</sup>

267. Statements in explanation of vote were made by the representatives of the United Kingdom of Great Britain and Northern Ireland, the Ukrainian Soviet Socialist Republic (also on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Union of Soviet Socialist Republics), Canada and the Holy Sec.<sup>120</sup>

#### K. *Impact of environment policies on trade and development, in particular of the developing countries (agenda item 8 (e))*

268. The Conference considered this sub-item at its 104th and 115th plenary meetings on 4 and 18 May 1972. The Conference had before it a report on this topic by the UNCTAD secretariat (TD/130),<sup>121</sup> prepared in response to a request addressed to the Secretary-General of UNCTAD by the General Assembly in resolution 2849 (XXVI) of 20 December 1971.

269. At the 104th plenary meeting the representative of Peru introduced a draft resolution (TD/L.54), submitted by the Group of 77.

270. In the ensuing debate all the representatives who spoke expressed great concern with the safeguarding of the environment and stressed the need to evaluate the impact of a deterioration of the environment on international trade and development.

271. The representatives of some developed market-economy countries considered that, since pollution knew no national frontiers, environmental problems should in large measure be approached on an international scale; they considered it more appropriate, however, for UNCTAD to discuss environmental problems after the United Nations Conference on the Human Environment (to be held at Stockholm in June 1972) had taken place.

272. Some representatives of socialist countries stressed the need for a universal approach to these problems in the sense of full participation in the relevant discussions by all countries without discrimination. One of them pointed out that the environmental policies and practices of developed countries should on no account give rise to new difficulties in international economic relations, such as the creation of new obstacles of a non-tariff character, or an increase in discrimination. The damage done by foreign capital to the interests of developing countries should be taken into account when possible measures in that field were elaborated under the auspices of the United Nations and of UNCTAD.

273. Representatives of developing countries emphasized the priority of economic development, for in their opinion economic progress would in many cases offer the means of solving certain environmental problems; in this context they stated that UNCTAD had a great responsibility in this regard, as it was recognized that the deterioration of the environment had a great impact on international trade and particularly on economic development.

274. Many representatives stressed the importance of a more comprehensive approach to the interrelationship between development and the environment, and the need to take into account both the positive and the negative consequences of the growing concern with environment. It was broadly agreed that the effects on economic development, particularly that of the developing countries, of measures taken to protect the

<sup>119</sup> For the text of the resolution as adopted, see annex I, A below, resolution 44 (III).

<sup>120</sup> See the summary record of the 113th meeting (TD/SR.113). For reservations or observations by delegations, see annex I, B below.

<sup>121</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IV, *General review and special issues* (United Nations publication, Sales No. E.73.II.D.7).

environment should be carefully considered. Many representatives urged that such measures should be consistent with the provisions of the International Development Strategy. The representative of one developed market-economy country stated that growing concern with environmental problems should not cause any diminution in the flows of aid to developing countries.

275. It was generally felt that the ideas expressed in the UNCTAD secretariat's report should be brought to the attention of the United Nations Conference on the Human Environment.

276. Many of the representatives of developed market-economy countries who spoke in the debate stated that they had difficulty in accepting draft resolution TD/L.54, because in its operative part it made specific reference to and reaffirmed General Assembly resolution 2849 (XXVI) of 20 December 1971. Those representatives pointed out that their countries' delegations had either abstained from voting on, or had voted against, the adoption of that resolution and their attitude towards it had not changed since then. Most of the representatives of developing countries who participated in the debate stressed that the General Assembly resolution laid down the principal guidelines regarding the treatment of environmental and development problems, and should therefore be reflected in a resolution to be adopted by UNCTAD.

277. Many representatives were willing that informal consultations should be undertaken with a view to reaching a more generally acceptable text. Accordingly, the President announced that, to that end, informal consultations would be held.

278. As a result of these consultations, the President submitted a draft resolution (TD/L.77) at the 115th plenary meeting, on 18 May 1972.

279. In view of the submission of the draft resolution by the President, the sponsors of the earlier draft (TD/L.54) withdrew it.

280. The draft resolution submitted by the President of the Conference was adopted without dissent.<sup>122</sup>

281. Statements were made by the representatives of Japan, Sweden and the United States of America.<sup>123</sup>

#### L. Insurance (agenda item 8 (f))

282. This matter was considered by the Fourth Committee.<sup>124</sup>

283. At its 113th plenary meeting, on 17 May 1972, the Conference took note of the Fourth Committee's report on its consideration of this subject (TD/161/Add.2 and Corr.1) and considered the draft resolution recommended by that Committee.

284. The representative of the United Kingdom of Great Britain and Northern Ireland made a statement

explaining his delegation's position with respect to certain provisions of the draft resolution.<sup>125</sup>

285. The Conference adopted the draft resolution without dissent.<sup>126</sup>

#### M. Economic effects of the closure of the Suez Canal (agenda item 8 (g))

286. The Conference considered this sub-item at its 106th, 107th and 112th plenary meetings on 8, 9 and 16 May 1972.

287. A large number of representatives stressed in their statements on this item the very great economic importance of the Suez Canal as an international waterway. Many representatives referred to the context in which the problem had arisen and also drew attention in this connexion to the relevant decisions of the General Assembly and the Security Council. All representatives agreed that the economic aspects of the question should be discussed in UNCTAD; some representatives added that any political aspects of the question should be left to the political organs of the United Nations, while many others argued that the two aspects were linked and could not usefully be discussed separately.

288. The closure of the Suez Canal in 1967 had had grave, continuous and increasing consequences on world shipping and trade. Especially affected were the economies of countries whose external trade or use of ports and allied facilities had depended heavily on the use of the Canal, some of which were among the least developed of the developing countries. Several representatives illustrated these consequences by reference to the data in the secretariat's preliminary study on the subject.<sup>127</sup>

289. Elaborating on the adverse economic effects of the closure of the Suez Canal in general as well as in the particular cases of their own countries, several representatives said that the closure of the Suez Canal had resulted, among other consequences, in higher freight rates, owing to the increased demand for shipping space, and in higher operating costs caused by the need for vessels to use longer sea routes. They added that the diversions also involved longer sailing time and therefore delays in the delivery of goods, higher total interest on capital tied up and higher insurance premiums, etc.

290. A great number of representatives emphasized the distortion of international trade, as well as the

<sup>125</sup> See the summary record of the meeting (TD/SR.113). The representative of the United Kingdom of Great Britain and Northern Ireland requested that the fact that in the Fourth Committee his delegation had abstained in the vote on the draft resolution as a whole and had voted against certain operative paragraphs or sub-paragraphs (see annex VI,D below, loc. cit.) should also be recorded in the report of the Conference.

<sup>126</sup> For the text as adopted, see annex I,A below, resolution 42 (III).

<sup>127</sup> See *Review of maritime transport 1971: report by the UNCTAD secretariat* (United Nations publication, Sales No. E.73.II.D.2), chap. IX, section A. "The economic effects of the closure of the Suez Canal", paras. 182-211.

<sup>122</sup> For the text of the resolution as adopted, see annex I,A below, resolution 47 (III).

<sup>123</sup> See the summary record of the 115th meeting (TD/SR.115).

<sup>124</sup> For the report of the Fourth Committee on this subject, see annex VI,D below, chapter II.

hindrance to international economic co-operation, as other important consequences of the closure of the Suez Canal.

291. They stated that all these factors contributed to the higher costs of imports. In many cases, countries had also suffered, owing to loss of competitiveness of certain of their exports in their traditional markets. That was true not only of developing countries but also of developed market-economy countries in Western Europe and of the socialist countries of Eastern Europe and Asia. However, the consequences were more disastrous for developing countries, since a reduction of their foreign exchange earnings or an increase of their foreign exchange outlays hampered their efforts at promoting economic development.

292. In the context of the observations recorded above, there was general agreement that it was of the highest importance in the interest of world trade and economic development that the Suez Canal should be speedily reopened, and that the necessary conditions therefor should be brought about urgently in accordance with the relevant resolutions of the General Assembly and the Security Council.

293. At the 106th plenary meeting, on 8 May 1972, a draft resolution entitled "Economic effects of the closure of the Suez Canal" (TD/L.52) was introduced on behalf of the Group of 77. Some representatives expressed concern at the political overtones of a number of the terms of the draft resolution, which, on the proposal of the President, was referred for further consideration to informal consultations with interested delegations.

294. At the 112th plenary meeting on 16 May 1972, the President announced that efforts to reach a consensus on a draft resolution had not been successful. A motion to close the debate on the sub-item was carried by a roll-call vote of 71 to 1, with 32 abstentions, and after some further procedural votes and

discussion,<sup>128</sup> the Conference adopted the draft resolution contained in document TD/L.52 by a roll-call vote of 70 in favour, none against, and 37 abstentions.<sup>129</sup>

295. After the adoption of the resolution, statements in explanation of vote were made by the representatives of Israel, France, Dominican Republic, Norway, Barbados, Italy, Finland, United States of America, Guatemala, Nigeria, the United Kingdom of Great Britain and Northern Ireland, Kenya, Turkey, Canada, Austria, Greece, the Holy See, Bolivia, Egypt, Australia, Malta, Luxembourg, Belgium and Gabon.<sup>130</sup>

<sup>128</sup> For an account of the procedural discussion, and for particulars of the roll-call vote on the motion for the closure of the debate, see the summary record of the meeting (TD/SR.112).

<sup>129</sup> The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Colombia, Congo, Cuba, Cyprus, Czechoslovakia, Ecuador, Egypt, Ethiopia, Finland, France, Greece, Guinea, Guyana, Hungary, India, Indonesia, Iran, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kuwait, Laos, Lebanon, Libyan Arab Republic, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nigeria, Oman, Pakistan, Panama, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, Somalia, Spain, Sudan, Syrian Arab Republic, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia.

*Against:* None.

*Abstaining:* Australia, Austria, Barbados, Belgium, Bolivia, Canada, Costa Rica, Denmark, Dominican Republic, El Salvador, Federal Republic of Germany, Gabon, Ghana, Guatemala, Ireland, Kenya, Liberia, Liechtenstein, Luxembourg, Malta, Netherlands, New Zealand, Nicaragua, Norway, Paraguay, Portugal, Rwanda, Sierra Leone,\* Singapore, South Africa, Sweden, Switzerland, Thailand, Togo, United States of America, Uruguay, Zaire.

For the text as adopted, see annex I,A below, resolution 40 (III).

\* At the 116th plenary meeting, on 19 May 1972, the representative of Sierra Leone stated that he had received instructions from his Government, which had arrived after the vote had been taken, to vote in favour of the draft resolution.

<sup>130</sup> See the summary record of the 112th meeting (TD/SR.112). For reservations or observations by delegations, see annex I,B below.

## PART FIVE. ACTION TAKEN BY THE CONFERENCE AT ITS THIRD SESSION

### Chapter I

#### CONCLUSIONS AND GUIDELINES FOR FUTURE WORK

296. The representatives of States members of the United Nations Conference on Trade and Development, working together in the hospitable city of Santiago towards the attainment of the goals set for the third session of the Conference by the General Assembly and described in part one of the present report, reached the following conclusions and laid down the following guidelines for future work:

(a) The third session has provided the international economic community with a unique opportunity to engage in thoroughgoing consultations on many problems and perspectives within the competence of UNCTAD of major importance for improving international trade and economic co-operation on a global scale—and, in particular, on those of urgent concern to the developing countries. Some salient features of the work and results of the session are briefly described in paragraphs 297 to 306 below.

(b) In addition to examining the specific international economic issues on the session's agenda, the Conference also addressed itself to such fundamental matters as means, institutional and other, of broadening the base of, and participation in, the intergovernmental process of decision-making in respect of multilateral trade negotiations and the restructuring and reform of the international monetary system in such a way as to take into account the legitimate interests of all member States of UNCTAD, and those of the developing States in particular. Underlying the consideration of these issues there was a widespread recognition of the growing world-wide interdependence—affecting all member States, regardless of differences in economic and social systems or levels of development—of problems in the trade, development finance, and monetary spheres, of evolving structural relationships in the world economy and of UNCTAD's involvement in that development.

(c) The declarations made by various groups and by delegations either in advance of, or during the session, such as the Declaration and Principles of the Action Programme of Lima, provided a valuable framework within which the third session could make progress towards building better bases for international economic understanding and co-operation.

(d) The Conference has adopted a number of resolutions and other decisions, listed as grouped according to agenda item in part five, chapter II below, several of which represent new initiatives and departures in international economic co-operation, while others contain guidelines for the work of its permanent

organ, the Trade and Development Board, which carries out the functions falling within the competence of the Conference when the Conference is not in session. Taken together, these conclusions and guidelines agreed by the Conference impart a fresh impetus for constructive work within UNCTAD in the years to come.

#### *Conclusions*

297. As regards participation in, and the preparation, scope and conduct of, the comprehensive multilateral negotiations to take place in 1973 with a view to accelerating the liberalization and expansion of world trade, the Conference has unanimously agreed, *inter alia*, that special techniques, modalities and ground rules should be established for the negotiations to ensure that particular attention is given to the interests of all developing countries so that they can participate fully.

298. As regards the *least developed* among the developing countries, mindful of the particular problems and urgent needs of these countries, and noting the pressing need to supplement commercial policy measures applied to all developing countries with liberal and substantially increased financial and technical assistance flows in favour of the least developed of them, the Conference has unanimously agreed, *inter alia*, on confirming the identification of such countries, on the need for reviewing the criteria of identification and eligibility of individual countries for inclusion in the list of hard-core least developed countries, and on a series of special measures to be taken in favour of them, which would be supplementary to the general measures applicable to all developing countries and should not prevent the least developed countries from benefiting from the general measures as well.

299. As regards the *international monetary system* and development finance, the Conference, recalling resolution 84 (XI) of the Trade and Development Board, as adopted, which indicated, *inter alia*, that all interested countries, especially the developing countries, should participate fully in the consultations and negotiations on the reform of the international monetary system, has resolved, *inter alia*, that essential improvements are required in the decision-making process regarding the international monetary system and its reform; has recognized that a more satisfactory system of monetary co-operation, with the widest possible participation of developed and developing countries, is desirable and that, as a step toward realizing this aim, the role of

IMF as the central forum for debate and as the institution for effective decision-making on all matters that concern the international monetary system should be strengthened, and that IMF should evolve in such a manner as to make it more responsive to the requirements of the world economy; and strongly supported the view that there should be effective participation of the developing countries in the decision-making process of the international monetary system and its reform: it has, moreover, recognized that the most serious attention deserves to be given to the subject of a link between SDRs and development finance, and to the possibilities that such a link might provide for channeling new resources for development finance.

300. As regards the *institutional arrangements* of UNCTAD, the Conference has unanimously agreed, *inter alia*, to recommend the enlargement of the Trade and Development Board, and has defined certain considerations and means by which the method of work of the Board and determination of membership in its main Committees could be improved; furthermore, it has reaffirmed the essential role and responsibility of UNCTAD in carrying out its sectoral review and appraisal of the implementation of the International Development Strategy within its competence, has decided that the Board should meet to that end in special biennial session at a suitably high level and invited it to establish adequate procedures and mechanisms; finally, the Conference has adopted by a majority a resolution relating to the establishment of a comprehensive organization with responsibility for international trade and development.

301. As regards *commodity problems and policies*, access to markets and pricing policy, including international price stabilization measures and mechanisms, the Conference, considering the urgent need for UNCTAD to undertake vigorous action in the fields of access to markets and pricing policy, and recognizing the fact that no agreement was reached on the draft resolutions on these questions submitted at the third session, has, *inter alia*, given directives to the Trade and Development Board and the Committee on Commodities—which is to convene in special session for the purpose of organizing intensive intergovernmental consultations relating to agreed commodities or groups of commodities—with the aim of achieving concrete and significant results on trade liberalization and pricing policy in the 1970s; it has further requested the Secretary-General of UNCTAD to prepare appropriate documentation and to carry out consultations concerning the commodities which should be the subject of intensive consultations and the procedures to be followed therein.

302. As regards international trade in *manufactures and semi-manufactures*, the Conference has unanimously agreed, *inter alia*, that the Special Committee on Preferences should be established as a permanent machinery within UNCTAD and should be convened as early as possible in 1972 or 1973, with a view to consultations on further improvements of the preferential arrangements, taking into consideration the requests in this connexion made by the developing countries; and

that the Committee on Manufactures should accelerate its consideration of means of reducing or removing non-tariff barriers, bearing in mind the need to assist developing countries in their preparations for full and effective participation in the multilateral trade negotiations to take place in 1973.

303. As regards the international *transfer of technology*, the Conference, mindful of the need to improve access to, and adequacy of, international flows of technology, has decided, *inter alia*, that the continuing nature of UNCTAD's functions in this field should be reflected in the institutional arrangements in UNCTAD; adopted a series of recommendations concerning measures to improve the transfer of, and access to, technology, addressed to developing countries, developed market-economy countries and the socialist countries of Eastern Europe, as well as to the international community at large in respect of the special position of the least developed among developing countries; and endorsed the work programme of the Intergovernmental Group on Transfer of Technology.

304. As regards the *promotion of particular trade flows* the Conference has recommended a series of measures to facilitate trade and economic co-operation between the socialist countries of Eastern Europe and developing countries as well as East-West trade and economic relations; the recommendation provides for the continued use of UNCTAD machinery for consultations in this field and extended responsibilities for the Secretary-General of UNCTAD.

305. As regards a broad spectrum of other matters with which it was seized, the Conference was able to reach a wide measure of agreement on, *inter alia*, recommendations concerning the development of shipping, the preparation of a charter of the economic rights and duties of States, restrictive business practices, and marketing and distribution systems of primary commodities.

306. As regards certain other issues of great importance and concern to the majority of member States, the Conference was unable to record substantial progress towards generally acceptable solutions.

307. Notwithstanding the importance of some of its decisions, the Conference recognizes that the results of the third session have fallen short of the expectations placed in it by many participating States. It recognizes, equally, that progress towards a solution of the problems arising in international trade and development must be measured not only in relation to the magnitude of the challenge but also in the context of the complex and differentiated interests, needs and aspirations of its 142 member States and their groupings.

308. Given the essentially continuing nature of UNCTAD's tasks, it is for the periodic sessions of the Conference, bringing together its entire membership, to focus attention on major or urgent issues and to try to arrive at decisions of commensurate importance which further international economic co-operation. The Conference is called upon to give guidance and impart a sense of urgency to UNCTAD's permanent machinery in its on-going programmes and activities. Given, more-

over, the complexity of many of the issues confronting the Conference at its third session, and the time required to concert differing policies and arrive at common approaches, the Conference could not do more, in respect of some of these subjects, than prepare the

ground for further efforts which must now be undertaken by Governments in the conduct of their national policies, as appropriate, and within the continuing machinery to which they were remitted for further attention and action.

## Chapter II

### LIST OF RESOLUTIONS AND OTHER DECISIONS ADOPTED BY THE CONFERENCE

309. In the course of its third session the Conference adopted the resolutions and other decisions enumerated below,<sup>131</sup> classified according to agenda item, and the full texts of which (including, where appropriate, the voting record) are reproduced in annex I,A to the present report.

*Credentials of representatives to the Conference* (agenda item 5)

41 (III) Credentials of representatives to the third session of the United Nations Conference on Trade and Development

*Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD* (agenda item 8)

38 (III) The role of the co-operative movement in trade and development

40 (III) Economic effects of the closure of the Suez Canal

42 (III) Insurance and reinsurance

43 (III) Dissemination of information and mobilization of public opinion relative to problems of trade and development

44 (III) Trade and economic aspects of disarmament

45 (III) Charter of the economic rights and duties of States

46 (III) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development

47 (III) Impact of environment policies on trade and development, in particular of the developing countries

79 (III) Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD

82 (III) Multilateral trade negotiations

*Impact of the present international monetary situation on world trade and development, especially of the developing countries* (agenda item 9)

58 (III) Compensation for losses occasioned by the realignments of major currencies

84 (III) The international monetary situation

*Review of the institutional arrangements of UNCTAD* (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964) (agenda item 10)

80 (III) Review of the institutional arrangements of UNCTAD

81 (III) Further evolution in the institutional arrangements of UNCTAD

*Special measures in favour of the least developed among the developing countries* (agenda item 11 (a))

62 (III) Special measures in favour of the least developed among the developing countries

64 (III) Identification of and general considerations about the special measures in favour of the least developed among the developing countries

65 (III) Developing island countries

*Other special measures related to the particular needs of the land-locked developing countries* (agenda item 11 (b))

63 (III) Special measures related to the particular needs of the land-locked developing countries

*Export promotion* (agenda item 12)

75 (III) Export promotion

*Commodity problems and policies* (agenda item 13)

49 (III) International Cocoa Agreement

50 (III) Competitiveness of natural products, synthetics and substitutes

51 (III) The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction

52 (III) The exploitation, for commercial purposes of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction

54 (III) The stabilization of commodity prices, and, in particular, the role of the International Bank for Reconstruction and Development

78 (III) Marketing and distribution systems

83 (III) Intergovernmental consultations on commodities in connexion with access to markets and pricing policy

*Manufactures and semi-manufactures* (agenda item 14)

72 (III) Adjustment assistance measures

73 (III) Restrictive business practices

74 (III) International subcontracting

76 (III) Liberalization of non-tariff barriers

77 (III) Preferences

<sup>131</sup> The resolutions have been numbered. The arabic and roman numerals identifying conference resolutions indicate, respectively, the number of the resolution and the session at which it was adopted. For the check list of the resolutions, arranged in numerical order, see annex XI below.

*Financial resources for development (agenda item 15)*

- 37 (III) Development of tourism
- 55 (III) Special aspects of development finance: supplementary financing
- 56 (III) Foreign private investment in its relationship to development
- 57 (III) Problems of mobilization of internal resources of developing countries
- 59 (III) The increasing burden of debt-servicing in developing countries
- 60 (III) Terms and conditions of official development assistance
- 61 (III) Financial resources for development: total inflow of public and private resources
- 84 (III) The international monetary situation

*Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system (agenda item 16)*

- 66 (III) Draft code of conduct for liner conferences
- 67 (III) Development of ports
- 68 (III) International combined transport of goods
- 69 (III) Freight rates
- 70 (III) Development of merchant marines
- 71 (III) Economic co-operation in merchant shipping

*Trade expansion, economic co-operation and regional integration among developing countries (agenda item 17)*

- 48 (III) Trade expansion, economic co-operation and regional integration among developing countries

*Trade relations among countries having different economic and social systems (agenda item 18)*

- 53 (III) Trade relations among countries having different economic and social systems

*Transfer of technology in the light, inter alia, of Board resolution 74 (X) of 18 September 1970 (agenda item 19)*

- 39 (III) Transfer of technology

*Other business (agenda item 21)*

- 36 (III) Expression of gratitude to the Government and people of Chile

*Other decisions*

- (a) Periodic review by the Conference of the list of States contained in the annex to General Assembly resolution 1995 (XIX)
- (b) Election of members of the Trade and Development Board
- (c) Designation of intergovernmental bodies for the purposes of rule 80 of the rules of procedure of the Conference and of rule 78 of the rules of procedure of the Trade and Development Board
- (d) Amendment of the rules of procedure of the Conference
- (e) Revised calendar of UNCTAD meetings for the remainder of 1972
- (f) Adoption of the report of the Conference on its third session.

### **Chapter III**

#### **ADOPTION OF THE REPORT OF THE CONFERENCE**

(Agenda item 22)

310. The report of the Conference was adopted by the Conference at its 119th (closing) plenary meeting, on 21 May 1972, subject to the customary editorial changes to be approved by the Rapporteur and on the understanding that he was authorized, in consultation with the group of the "Friends of the Rapporteur", to complete the report as necessary.

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\*The text of this resolution is reproduced under agenda item 9.

## A. TEXTS AS ADOPTED

### 1. Resolutions

#### CREDENTIALS OF REPRESENTATIVES TO THE CONFERENCE

(Agenda item 5)

#### **41 (III). Credentials of representatives to the third session of the United Nations Conference on Trade and Development**

*The United Nations Conference on Trade and Development,  
Approves the report of the Credentials Committee.<sup>1</sup>*

*113th plenary meeting  
17 May 1972*

#### EXAMINATION OF RECENT DEVELOPMENTS AND LONG-TERM TRENDS IN WORLD TRADE AND DEVELOPMENT IN ACCORDANCE WITH THE AIMS AND FUNCTIONS OF UNCTAD

(Agenda item 8)

#### **38 (III). The role of the co-operative movement in trade and development<sup>2</sup>**

*The United Nations Conference on Trade and  
Development,*

*Considering that, as stated in the recommendations approved by the General Assembly in its resolution 2459 (XXIII) of 20 December 1968, by the Economic and Social Council in its resolution 1491 (XLVIII) of 26 May 1970 and the International Labour Conference in its recommendation No. 127 of 1966, the co-operative sector plays an important role in the development of nations, because of its principles of self-help, democracy and solidarity, enabling co-operators to be involved in their own development and ensuring that the fruits of development benefit the majority of the population in developing countries and not just a small minority,*

*Noting that co-operatives contribute to economic development by promoting agricultural, manufacturing, mining and fishery production, facilitate the marketing of the products of these activities at the national and international level and help to set just prices, bringing about a closer link between producers and consumers,*

*Taking further into account that the co-operative system promotes and strengthens small-scale industry and handicrafts, develops savings through insurance and credit unions and, through its housing schemes, contributes to an improvement in the standard of living,*

*Recalling that the International Co-operative Alliance has designated the 1970s as the Co-operative Development Decade in support of the Second United Nations Development Decade and that the importance of co-operatives for housing, production and agriculture is stressed in paragraphs 71, 73 and 75 of the International Development Strategy adopted by the General Assembly in its resolution 2626 (XXV) of 24 October 1970,*

*1. Recognizes the role of co-operatives as efficient democratic organizations in the economic and social development of countries, especially of the developing countries, as they are capable of stimulating the people's direct participation in creating progress through an effort of solidarity and self-help in the field of consumer services, agricultural, manufacturing and mining activities, transport and housing, and of achieving a more equitable distribution of income and wealth;*

*2. Recommends that Governments of States members of UNCTAD facilitate, wherever possible, the development of co-operatives and assist in the financing of the required infrastructure;*

*3. Invites the appropriate multilateral development assistance agencies in the United Nations within the framework of the programming system of the United Nations Development Programme and in co-operation with other appropriate organizations, such as the International Labour Organisation, and the International Co-operative Alliance, to promote the exchange of experience between the co-operatives of the various countries and the dissemination of techniques evolved*

<sup>1</sup> TD/167 (see annex VI, J below).

<sup>2</sup> The Conference adopted this resolution without dissent.

by the co-operative movements, particularly in relation to methods to be applied in the expansion of production and to the characteristics and needs of each country.

*111th plenary meeting  
15 May 1972*

#### 40 (III). Economic effects of the closure of the Suez Canal<sup>3</sup>

*The United Nations Conference on Trade and Development,*

*Fully aware* that the Suez Canal is a vital world waterway for promoting international trade and for joining the East to the West,

*Concerned* that the closure of the Suez Canal has affected the economy of many countries by increasing sea transport costs, as well as the over-all costs of international trade,

*Taking into account*, with deep concern, the harmful effects of the closure of the Suez Canal in the field of economic development and balance of payments, specially with regard to developing countries,

*Mindful of the fact* that the continued closure of the Suez Canal is linked to the occupation by Israel of Arab territories,

*Taking note* of the special study prepared by the UNCTAD secretariat in this respect<sup>4</sup> and submitted to the African Ministerial Meeting held at Addis Ababa from 8 to 14 October 1971, and to the Second Ministerial Meeting of the Group of 77 held at Lima from 25 October to 7 November 1971,

*Recalling* Security Council resolution 242 (1967) of November 1967, as well as General Assembly resolution 2628 (XXV) of 4 November 1970,

<sup>3</sup> The Conference adopted this resolution by a roll-call vote of 70 votes in favour, none against and 37 abstentions. The result of this vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Colombia, Congo, Cuba, Cyprus, Czechoslovakia, Ecuador, Egypt, Ethiopia, Finland, France, Greece, Guinea, Guyana, Hungary, India, Indonesia, Iran, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kuwait, Laos, Lebanon, Libyan Arab Republic, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nigeria, Oman, Pakistan, Panama, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, Somalia, Spain, Sudan, Syrian Arab Republic, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia.

*Against:* None.

*Abstaining:* Australia, Austria, Barbados, Belgium, Bolivia, Canada, Costa Rica, Denmark, Dominican Republic, El Salvador, Federal Republic of Germany, Gabon, Ghana, Guatemala, Ireland, Kenya, Liberia, Liechtenstein, Luxembourg, Malta, Netherlands, New Zealand, Nicaragua, Norway, Paraguay, Portugal, Rwanda, Sierra Leone, Singapore, South Africa, Sweden, Switzerland, Thailand, Togo, United States of America, Uruguay, Zaire.

<sup>4</sup> E/CN.14/UNCTAD III/PM/3. See *Review of maritime transport 1971: report by the UNCTAD secretariat* (United Nations publication, Sales No. E.73.II.D.2), chap. IX, section A.

*Recalling also* the resolution adopted by the African Ministerial Meeting on 14 October 1971, concerning the economic effects of the closure of the Suez Canal,<sup>5</sup>

*Noting* resolution 2 adopted by the Ministerial Meeting of the Group of 77 in November 1971,<sup>6</sup>

*Convinced* that a quick reopening of the Suez Canal is of crucial importance for the normal channelling of international trade, and the maximization of its benefits, especially for developing countries,

*Convinced also* that the Israeli withdrawal from occupied territories is a requisite for the reopening of the Suez Canal and its continued operation in normal and peaceful conditions,

*Supports* firmly the full implementation of Security Council resolution 242 (1967) which would lead to the speedy reopening of the Suez Canal.

*112th plenary meeting  
16 May 1972*

#### 42 (III). Insurance and reinsurance<sup>7</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* the recommendation on insurance and reinsurance in annex A.IV.23 to the Final Act adopted by the Conference at its first session, in which it is agreed, *inter alia*, that a sound national insurance and reinsurance market is an essential characteristic of economic growth, that technical reserves and guarantee deposits of insurance and reinsurance companies should be invested in the country where the premium income arises, that adequate conditions of security, liquidity and income must, however, be assured, and that the question of adoption of uniform criteria for the compilation of insurance and reinsurance statistics should be examined,

*Recalling* the recommendations in Conference resolution 13 (II) of 24 March 1968 on insurance, particularly that insurers and reinsurers should provide insurance and reinsurance facilities to developing countries at the lowest cost commensurate with the risks involved, and that developed countries should continue to help the developing countries in encouraging and strengthening their national insurance and reinsurance markets,

*Further recalling* the reports by the UNCTAD secretariat considered at the fifth session of the Committee on Invisibles and Financing related to Trade, as well as the report of the Committee on that session,<sup>8</sup>

*Also recalling* that the general objective of the International Development Strategy for the Second United Nations Development Decade in the field of invisibles is to promote the earnings of developing countries and minimize their net outflow of foreign exchange arising

<sup>5</sup> See E/CN.14/545, annex I.

<sup>6</sup> TD/143, annex (see annex VIII,F below).

<sup>7</sup> The Conference adopted this resolution without dissent.

<sup>8</sup> *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395).*

from invisible transactions, and that the Strategy further defines as follows the objectives in the fields of insurance and reinsurance:

Reduction in the cost of insurance and reinsurance for developing countries especially the foreign exchange cost, will be brought about by appropriate measures, bearing in mind the risks involved, to encourage and assist the growth of national insurance and reinsurance markets in developing countries and the establishment to this end, where appropriate, of institutions in these countries or at the regional level,

Recognizing that economic growth gives rise to an increase in demand for insurance and reinsurance services and that the expansion at an adequate rate of the retention capacity of the national insurance markets of developing countries will help the economic development of these countries during the Second Development Decade and will reduce substantially or even eliminate the outflow of foreign exchange from these countries on account of insurance transactions,

Further recognizing that the anticipated expansion of world demand for insurance, in particular for the cover of larger industrial and other risks, may create serious difficulties as regards the capacity of insurers and reinsurers to meet this expanded demand, if they do not succeed in sufficiently increasing their funds by attracting new capital and by building up their free reserves,

Considering that appropriate insurance legislation and effective supervision are instruments of fundamental importance for establishing and strengthening the national insurance market in every developing country, for regulating all insurance operations transacted therein and thus for safeguarding and promoting the general economic interests of the countries concerned, in line with the recommendation in annex A.IV.23 of the Final Act adopted by the Conference at its first session, referred to above, and the objectives of the Second United Nations Development Decade, as well as for guaranteeing the rights of policy-holders and other beneficiaries,

Also recognizing the scarcity of properly trained staff, and especially the need to increase the number of properly trained executive and supervisory personnel, and that related training facilities are essential for the accomplishment of the above-mentioned aims,

Taking note with great interest and appreciation of the reports of the UNCTAD secretariat entitled:

- (a) "Study on insurance legislation and supervision in developing countries"<sup>9</sup>
- (b) "Investment of the technical reserves of insurance concerns in the country where the premium income arises"<sup>10</sup>
- (c) *Establishment of a unified international system of insurance statistics*,<sup>11</sup>

Also taking note with great interest and appreciation of the report of the Expert Group on Insurance Legislation and Supervision<sup>12</sup> based on the UNCTAD secretariat study on that subject,

Further noting the discussions on insurance and reinsurance which took place in the Fourth Committee of the Conference at its third session,<sup>13</sup>

1. *Affirms* that developing countries should take steps to enable their domestic insurance markets to cover in these markets—taking into account their national economic interests as well as the insured interests—the insurance operations generated by their economic activities, including their foreign trade, as far as is technically feasible;

2. *Considers* that developing countries might achieve these objectives more easily by establishing and strengthening domestic insurance and reinsurance organizations, where the size of the insurance market permits it, and expanding appropriate regional and subregional co-operation;

3. *Recommends* that action be taken in the following areas for the achievement of the objectives of the developing countries in the field of insurance and reinsurance:

- (a) *Costs, terms and conditions of insurance and reinsurance services*

Governments of developed countries should to the fullest extent possible bring to the attention of their insurance and reinsurance institutions the need to continue their efforts to provide developing countries with the necessary cover on the most appropriate terms and conditions and at the lowest cost commensurate with the risks involved, with due regard to sound underwriting principles giving adequate protection to policy-holders; such efforts would have a special importance for developing countries in view of the effects of insurance and reinsurance transactions on their economies;

- (b) *Insurance legislation and supervision*

Governments of developing countries members of UNCTAD may examine their insurance legislation and supervision system, in the light of the conclusions of the UNCTAD secretariat's study on insurance legislation and supervision and of the report of the Expert Group, as well as of the report of the Committee on Invisibles and Financing related to Trade on its fifth session and take necessary measures, where appropriate, to improve and complete these systems;

- (c) *Investment of the technical reserves of insurance and reinsurance companies*

Governments of developing countries members of UNCTAD should take steps to ensure that technical reserves accruing from insurance and reinsurance operations carried out in their countries are invested in the same countries, taking into account all the relevant characteristics and technical requirements of the risks involved and the kind of insurance and reinsurance cover

<sup>9</sup> See *Insurance legislation and supervision in developing countries* (United Nations publication, Sales No. E.72.II.D.4), part two.

<sup>10</sup> TD/B/C.3/87 and Corr.1.

<sup>11</sup> United Nations publication, Sales No. E.72.II.D.9.

<sup>12</sup> See *Insurance legislation and supervision in developing countries...* part one.

<sup>13</sup> See annex VI,D below.

provided, as well as the criteria of security, liquidity and income;

(d) *Unified international system of insurance statistics*

Governments of States members of UNCTAD are requested to introduce, where necessary, the unified international system of insurance statistics proposed by the UNCTAD secretariat in its report on this subject or, where appropriate, take steps to adapt their present system of insurance statistics so as to make it compatible with the proposed unified system and thus facilitate the compilation of internationally comparable insurance statistics, which will serve, *inter alia*, as an instrument of social and economic development;

(e) *Insurance taken out by investors*

Nationals of developed countries, when investing in developing countries, should, while observing the requirements of national legislations, call upon the insurance services of these countries' national insurance markets, whenever these markets can provide appropriate cover;

(f) *Regional and subregional co-operation*

Governments of developing countries members of UNCTAD should, where appropriate, establish closer co-operation between their insurance supervisory services as well as between their insurance and reinsurance institutions on a regional and/or subregional basis;

(g) *Technical assistance*

The United Nations Development Programme, taking into account the substantive competence of UNCTAD in the field of insurance and the consensus reached in the Governing Council of the Programme at its tenth session,<sup>14</sup> should be invited to consider favourably requests from the Governments of developing countries within the limits of the Programme funds for this purpose, to:

- (i) Provide technical assistance to developing countries upon request in the field of insurance and reinsurance, particularly for the purpose of implementing the objectives and recommendations contained in the present resolution;
- (ii) Finance and organize training courses and seminars for the staff of insurance supervisory services, and invite Governments of developed countries to provide complementary in-service training;
- (iii) Finance and organize regional meetings for insurance supervisors for the purpose of exchanging information and experience regarding insurance legislations and supervision with the participation of the United Nations regional economic commissions and the United Nations Economic and Social Office at Beirut;

Governments of developed countries members of UNCTAD should be invited to continue and, where appropriate, increase the technical assistance and training facilities which they provide to developing countries in order to assist in developing their domestic insurance and reinsurance systems. Insurance and reinsurance institutions of member countries are also invited to con-

tinue and, if possible, expand their technical assistance efforts;

In programmes of technical assistance in the field of insurance and reinsurance the special needs of the least developed among the developing countries should be taken into account;

4. *Urges* Governments of States members of UNCTAD to co-operate fully in the implementation of the above-mentioned objectives and recommendations;

5. *Requests* the UNCTAD secretariat to continue its studies of insurance and reinsurance—including regional and/or subregional reinsurance funds—within available resources and work programme priorities and to report on the progress of those studies to the Committee on Invisibles and Financing related to Trade at future sessions;

6. Wide publicity should be given by the countries concerned to the contents of the present resolution.

*113th plenary meeting  
17 May 1972*

**43 (III). Dissemination of information and mobilization of public opinion relative to problems of trade and development<sup>15</sup>**

*The United Nations Conference on Trade and Development,*

*Recalling* Conference resolution 10 (II) of 22 March 1968 on measures to inform world public opinion of the work of UNCTAD and of the problems of development,

*Bearing in mind* paragraph 84 of the International Development Strategy, which specifies, *inter alia*, that an essential part of the work during the Decade will consist of the mobilization of public opinion in both developing and developed countries in support of the objectives and policies for the Decade,

*Conscious* of the importance of the efforts of States and international organizations to give full meaning to the right to freedom of information and expression set forth in article 19 of the Universal Declaration of Human Rights,

*Recalling* General Assembly resolution 2800 (XXVI) of 4 December 1971 on the dissemination of information and mobilization of public opinion relative to the review and appraisal of progress in the implementation of the International Development Strategy for the Second United Nations Development Decade,

*Considering* that public opinion should become more keenly aware of the economic, trade, financial, monetary and technical problems presented by development, which are reflected in the inadmissible living conditions of millions of human beings,

*Considering* also that greater awareness of these problems on the part of public opinion in the developed countries would encourage the Governments of those countries to increase their assistance to the developing

<sup>14</sup> See General Assembly resolution 2688 (XXV), annex.

<sup>15</sup> The Conference adopted this resolution without dissent.

countries, particularly to the least developed among the developing countries and, by so doing, to reach the targets set by the International Development Strategy,

*Considering further* that the success of efforts by the developing countries themselves to reach those targets largely depends on the support offered by public opinion in those countries,

*Emphasizing* that the international information media have an important role to play in awakening public opinion and the international community to awareness of development problems, and that in doing so they should display the greatest possible impartiality,

*Realizing* that if leaders and populations are to become clearly aware of the tasks to be accomplished and the objectives to be pursued in the course of the Second United Nations Development Decade, it is essential to make full and effective use of the available resources of the United Nations agencies as well as of the support and co-operation of Governments,

*Recognizing* that UNCTAD is an essential organ of the United Nations system in the field of trade and development, and that it therefore constitutes a first-class source of information for the study of major development problems,

*Recognizing further* the efforts made by some of the industrialized countries which are mapping out the course to be followed in order to mobilize public opinion in favour of the objectives of the International Development Strategy,

*Taking note* with satisfaction of the steps jointly taken by the information services of UNCTAD and the United Nations Centre for Economic and Social Information on the eve of the third session of the Conference to organize a seminar for journalists from all over the world on the problems dealt with by UNCTAD, an initiative which did much to stimulate the interest shown by the international press in the proceedings of the session,

*Taking note* with satisfaction, lastly, of the proposal to organize a "world development day",

1. *Recommends* to the General Assembly that it should institute a "world development information day" with the object of each year drawing the attention of public opinion, both in the industrialized and in the developing countries, to development problems and the necessity of strengthening international co-operation to solve them;

2. *Suggests* that the General Assembly, if it deems it advisable, should link this "world development information day" in an appropriate manner with the celebration of other international occasions such as the anniversary of the United Nations;

3. *Requests* the Secretary-General of the United Nations to propose, at the twenty-seventh session of the General Assembly, in liaison with the organs of the United Nations system and non-governmental organizations concerned, a programme of events for that day;

4. *Invites* the information services of UNCTAD, in co-operation with the Centre for Economic and Social Information, to prepare their contribution to that day

and submit their suggestions to the Trade and Development Board;

5. *Requests* the Secretary-General of the United Nations to strengthen the information services of UNCTAD and re-group them, in close liaison with the Centre for Economic and Social Information and other United Nations information sources, in an information unit responsible for giving wider publicity to the debates and decisions of UNCTAD on trade and development questions and to the objectives of the International Development Strategy of concern to UNCTAD;

6. *Recommends* that the Secretary-General of UNCTAD should study the effects of information media on the behaviour of influential sectors of public opinion in respect of trade and development problems and should report thereon regularly to the Trade and Development Board.

*113th plenary meeting  
17 May 1972*

#### 44 (III). Trade and economic aspects of disarmament<sup>16</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* that the General Assembly, in resolution 2602 E (XXIV) of 16 December 1969, declared the decade of the 1970s as a Disarmament Decade,

*Noting* that the General Assembly, in paragraph 5 of the International Development Strategy for the Second United Nations Development Decade, adopted by it in resolution 2626 (XXV) of 24 October 1970, called for a close link between the Disarmament Decade and the Second Development Decade,

*Noting further* that the General Assembly in its resolution 2685 (XXV) of 11 December 1970 requested the Secretary-General of the United Nations to prepare a report, containing, *inter alia*, suggestions with a view to establishing the link between the Disarmament Decade and the Second United Nations Development Decade "so that an appropriate portion of the resources that are released as a consequence of progress towards general and complete disarmament would be used to increase assistance for the economic and social development of developing countries", and to submit that report to the General Assembly in 1973 at the first biennial review of the implementation of the International Development Strategy,

*Mindful* of the continued rapid rise in military expenditures in the world on the one hand and the limited amounts of resources assigned to development needs on the other,

*Mindful of the fact* that a halt in the arms race, concrete measures in the field of disarmament and a significant reduction in military expenditures could help the economic and social development of all countries and increase the possibility of providing additional aid to developing countries,

<sup>16</sup> The Conference adopted this resolution by 87 votes to none, with 9 abstentions.

*Mindful also of the fact that progress towards general and complete disarmament under effective international control would enhance the achievement of world peace which is a primary requirement for economic development,*

*Stressing that the diversion to development needs of a large amount of resources freed through concrete measures in the field of disarmament could accelerate economic and social development in the world and particularly in the developing countries,*

*Mindful that until general and complete disarmament is achieved there exists an important trade in armaments,*

1. *Urges that further progress be achieved towards the implementation of measures in the field of disarmament;*

2. *Endorses the many appeals made by the United Nations for the adoption of urgent and effective measures in the field of disarmament, in particular of nuclear disarmament under effective international control;*

3. *Urges member States to envisage the use of an important portion of the resources released through disarmament measures for the financing of economic and social programmes, particularly in the developing countries;*

4. *Requests the Secretary-General of UNCTAD to continue studies on the positive effects of disarmament on international trade and economic relations as a contribution to the preparation of the report of the Secretary-General of the United Nations on the link between the Disarmament Decade and the Second United Nations Development Decade, taking into consideration statements made at, and relevant documents of, the Conference, including specific proposals on the means by which a substantial portion of the savings resulting from the adoption of measures in the field of disarmament should be applied to economic and social development, particularly that of developing countries;*

5. *Calls upon all States to co-operate fully with efforts for the attainment of the objectives of the present resolution;*

6. *Decides that the Trade and Development Board should keep this matter under continuous review.*

*113th plenary meeting*

*17 May 1972*

#### **45 (III). Charter of the economic rights and duties of States<sup>17</sup>**

*The United Nations Conference on Trade and Development,*

*Recalling that one of its main functions, according to paragraph 3(b) of General Assembly resolution 1995 (XIX) of 30 December 1964, is "to formulate principles*

<sup>17</sup> The Conference adopted this resolution by a roll-call vote of 90 votes to none, with 19 abstentions. The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Barbados, Belgium, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica,

and policies on international trade and related problems of economic development",

*Recalling also the recommendations contained in annexes A.I.1 and A.I.3 of the Final Act adopted at the first session of the Conference, as well as Conference resolution 22 (II) of 26 March 1968,*

*Taking into account the International Development Strategy for the Second United Nations Development Decade adopted by the General Assembly of the United Nations in its resolution 2626 (XXV) of 24 October 1970 and the statements made by a country or group of countries on the Decade,*

*Taking note of the relevant principles contained in the Charter of Algiers<sup>18</sup> and the Declaration and Principles of the Action Programme of Lima,<sup>19</sup>*

*Noting with concern that the international legal instruments on which the economic relations between States are currently based are precarious and that it is not feasible to establish a just order and a stable world as long as a charter to protect duly the rights of all countries and in particular the developing States is not formulated,*

*Recalling that the Universal Declaration of Human Rights and the International Covenants on Human Rights make the full exercise of those rights dependent on the existence of a just international order and respect for the principle of self-determination of peoples and of the free disposition of their wealth and natural resources,*

*Recalling also the general, special and other Principles as approved by the Conference in the recommendations adopted at its first session,*

*Noting the urgent need in the international community to establish generally accepted norms to govern international economic relations systematically,*

*Considering in consequence the importance of further strengthening UNCTAD in accordance with General Assembly resolution 1995 (XIX) to ensure the full observance of these norms,*

Cuba, Cyprus, Czechoslovakia, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, France, Gabon, Ghana, Greece, Guatemala, Guinea, Guyana, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Lesotho, Liberia, Libyan Arab Republic, Luxembourg, Madagascar, Malaysia, Mali, Malta, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*Against:* None.

*Abstaining:* Australia, Austria, Canada, Denmark, Federal Republic of Germany, Finland, Ireland, Italy, Japan, Liechtenstein, New Zealand, Norway, Paraguay, South Africa, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

<sup>18</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and annexes* (United Nations publication, Sales No. E.68.IID.14), p. 431.

<sup>19</sup> TD/143 (see annex VIII,F below).

Taking note, in this context, of the important suggestion made at the 92nd plenary meeting that it would be desirable to draw up such a charter,<sup>20</sup>

1. *Decides* to establish a Working Group composed of government representatives of thirty-one member States, to draw up the text of a draft charter. The Working Group shall be appointed as soon as possible by the Secretary-General of UNCTAD in consultation with States members of the Conference; \*

2. *Decides* that the Working Group shall use as basic elements in its work:

(a) The general, special and other principles as approved by the Conference at its first session;

(b) Any proposals or suggestions on the subject made during the third session of the Conference;

(c) All documents mentioned above and other relevant resolutions adopted within the framework of the United Nations, particularly the International Development Strategy for the Second United Nations Development Decade;

(d) The principles contained in the Charter of Algiers and the Declaration and Principles of the Action Programme of Lima;

3. *Further decides* that the draft prepared by the Working Group shall be sent to States members of UNCTAD in order that they can communicate their suggestions, it being understood that the Working Group shall reconvene to elaborate the draft charter further in the light of comments and suggestions to be received from Governments of member States;

4. *Recommends* to the Trade and Development Board, that it examine, as a matter of priority, at its thirteenth session, the report of the above-mentioned Working Group, and the comments and suggestions made by States members of UNCTAD and transmit that report, with its comments, to the General Assembly at its twenty-eighth session;

5. *Invites* the General Assembly, upon receipt of the above-mentioned report of the Trade and Development Board, and the views expressed by Governments during the consideration of the item in the General Assembly, to decide upon the opportunity and procedure for the drafting and adoption of the charter.

*115th plenary meeting  
18 May 1972*

\* Before the adoption of this resolution, it was suggested that the Working Group should consist of ten States drawn from List B of the annex to General Assembly resolution 1995 (XIX), five from list D and from list C, five from among the African countries in List A and six from among the Asian countries in that List, one of which would be China. There was no dissent from that suggestion. (See the summary record of the 115th plenary meeting (TD/SR.115)).

<sup>20</sup> See the address by the President of Mexico, in *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one.

#### 46 (III). Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development<sup>21</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* that one of its principal functions as provided in paragraph 3(b) of General Assembly resolution 1995 (XIX) of 30 December 1964 is "to formulate principles and policies on international trade and related problems of economic development",

*Recalling further* the recommendations contained in annexes A.I.1 and A.I.3 to the Final Act adopted by the Conference at its first session, as well as Conference resolution 22 (II) of 26 March 1968,

*Taking note* of the trends and developments in international trade and related problems since the first session of the Conference,

1. *Adopts* the following principles to govern international trade relations and trade policies conducive to development:

I. A more rational international division of labour should be achieved through the necessary structural re-adjustments in the economies of developed countries in order to enable developing countries to diversify their economies, to increase the access of their products to the markets of developed countries and thus accelerate the rate of growth of the developing countries. For this purpose, developed countries should adopt and implement specific programmes of adjustment, including anticipatory adjustment, in their production structures;

II. Every country has the sovereign right freely to dispose of its natural resources in the interest of the economic development and well-being of its own people; any external, political or economic measures or pressure brought to bear on the exercise of this right is a flagrant violation of the principles of self-determination of peoples and

<sup>21</sup> The Conference adopted this resolution by a roll-call vote of 72 votes to 15 with 18 abstentions. The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bolivia, Brazil, Burma, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Costa Rica, Cuba, Cyprus, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Honduras, India, Indonesia, Iran, Iraq, Israel, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mali, Malta, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Sudan, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Austria, Belgium, Canada, Federal Republic of Germany, Ireland, Italy, Japan, Liechtenstein, Luxembourg, New Zealand, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Byelorussian Soviet Socialist Republic, Bulgaria, Czechoslovakia, Denmark, Finland, France, Greece, Hungary, Mongolia, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

- non-intervention, as set forth in the Charter of the United Nations and, if pursued, could constitute a threat to international peace and security;
- III. Developed countries shall: observe strictly the principle of standstill in regard to tariff and non-tariff matters; accord trade concessions to all developing countries on a strictly non-reciprocal basis; and extend to developing countries preferential treatment in all trade and development matters;
- IV. The international community should implement the programme of special measures in favour of the least developed among the developing countries, including the land-locked countries, with a view to enabling them to benefit fully and equitably from the Second United Nations Development Decade;
- V. The international community has the responsibility of eliminating any impediments to the growth and development of the developing countries and thus contributing to the creation of a world economic environment conducive to progress, prosperity and the attainment of collective economic security;
- VI. Developing countries should participate on the basis of equality with other members of the international community in any prior consultations and decision-making in the reform of the world trade and monetary system; and developed countries should not take any unilateral decisions which directly or indirectly affect the social and economic development of developing countries;
- VII. Developed countries should promote a massive transfer of technology to developing countries on favourable terms and conditions in order to contribute to their rapid industrialization, making available to developing countries freely and on a non-discriminatory basis all scientific and technological information relating to their development requirements;
- VIII. Developing countries have the right to reserve an increasing and substantial share in all invisible transactions relating to their foreign trade, including shipping and insurance;
- IX. Developed countries, in dealing with their balance-of-payments problems, should observe the principles of international economic co-operation and fulfil the commitments undertaken by them to that end;
- X. Financial assistance should always be provided on concessional terms with a predominant grant element, in such a way as to avoid an excessive debt burden for developing countries. Whenever debt relief is required, it should also be given on concessional terms and conditions to provide positive amelioration and as a legitimate form of aid. In order to avoid disruption in the economy of a developing country facing debt problems, debt relief should not be postponed until its balance-of-payments situation becomes critical. If, according to previously established indicators,
- the servicing of the debt reaches levels which seriously affect the economy of a developing country, the creditor international organizations and developed countries shall automatically consider the request for the refinancing of the debt of the country so affected. The process of negotiation shall be pursued without the interference of elements foreign to the debt itself, and the bases for the negotiation shall be those presented by the country requesting refinancing;
- XI. Coastal States have the right to dispose of marine resources within the limits of their national jurisdiction, which must take duly into account the development and welfare needs of their peoples. The sea-bed, the ocean floor and the subsoil thereof beyond the limits of national jurisdiction, as well as the resources of that area, are the common heritage of mankind and should be managed by an international régime, including an international machinery, which will ensure equitable sharing by all States in the substantive benefits derived from the exploitation of the area and its resources, taking into account the special interests and needs of developing countries and, among them, those of the land-locked countries;
- XII. The international community recognizes the relationship between environmental problems and development; developed countries, in adopting any environmental policies and pollution control measures, should take into account the development needs of the developing countries and ensure that their economies are not adversely affected;
- XIII. A substantial portion of the savings from the progressive measures towards general and complete disarmament should be used for the promotion of the economic and social progress of developing countries;
2. *Instructs* the continuing machinery, when exercising its review and appraisal functions, to include the question of the implementation of principles to govern international trade relations and trade policies conducive to development.
- 115th plenary meeting  
18 May 1972*
- 47 (III). Impact of environment policies on trade and development, in particular of the developing countries**<sup>22</sup>
- The United Nations Conference on Trade and Development,*  
*Recalling* General Assembly resolutions 2398 (XXIII) of 3 December 1968, 2581 (XXIV) of 15 December 1969 and 2657 (XXV) of 7 December 1970,  
*Recalling further* the International Development Strategy for the Second United Nations Development Decade, particularly paragraph 72,

<sup>22</sup> The Conference adopted this resolution without dissent.

*Taking note* of General Assembly resolution 2849 (XXVI) of 20 December 1971 on development and environment,

1. *Recommends* to the United Nations Conference on the Human Environment that in its deliberations and decisions, it should especially keep in mind the relationship between the environment and the trade and development of all countries, particularly the trade and development problems of the developing countries;

2. *Recommends further* to the United Nations Conference on the Human Environment to give special attention to the report on the impact of environment policies on trade and development, in particular of the developing countries,<sup>23</sup> submitted by the Secretary-General of UNCTAD to the United Nations Conference on Trade and Development at its third session;

3. *Requests* the Secretary-General of UNCTAD to continue studies on the impact of environmental policies on trade and development, particularly of developing countries, taking duly into account the recommendations that may be adopted by the United Nations Conference on the Human Environment.

*115th plenary meeting  
18 May 1972*

**79 (III). Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy and of the recommendations, resolutions and other decisions of UNCTAD**<sup>24</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* the International Development Strategy for the Second United Nations Development Decade, in particular paragraphs 79 to 83 thereof,

*Taking note* of Trade and Development Board resolution 81 (XI) of 17 September 1971,

*Taking note* also of General Assembly resolution 2801 (XXVI) of 14 December 1971,

1. *Reaffirms* the essential role and responsibility of UNCTAD for carrying out its sectoral review and appraisal of the progress achieved in implementing the policy measures and realization of the goals and objectives of the International Development Strategy within its field of competence,

2. *Affirms* the view that the above process of review and appraisal within its competence implies continuous efforts in a dynamic context within the machinery of UNCTAD, the common purpose of which is to assess the manner in which the operation of the International Development Strategy has contributed to economic growth and social progress, with a view to:

(a) Reviewing the progress made in, and seeking further implementation of, the policy measures as agreed upon in the International Development Strategy;

(b) Reaching agreement in more specific terms on issues which have not been fully resolved within the context of the International Development Strategy and particularly, to this end, to promote consultations with a view to enabling member States to make a fuller and more effective contribution to the achievement of the goals and objectives thereof;

(c) Seeking new areas of agreement and widening existing ones;

(d) Evolving new concepts and seeking agreement on additional measures;

3. *Decides* that the review and appraisal functions referred to above should be vested in the Trade and Development Board and be carried out in accordance with General Assembly resolution 2801 (XXVI). To this end the Board should meet in a special session once every two years at a suitably high level to formulate appropriate recommendations on the basis of the report to be prepared by the Secretary-General of UNCTAD; this session should be held at a time suitable to the over-all review and appraisal procedure envisaged in General Assembly resolution 2801 (XXVI);

4. *Invites* the Trade and Development Board to establish adequate procedures and mechanisms for defining and keeping under constant review the indicators and other data necessary for assessing progress in the implementation of policy measures within the field of competence of UNCTAD;

5. *Invites further* the Trade and Development Board to review the procedures already established for reviewing and assessing the implementation of recommendations, resolutions and other decisions of UNCTAD, with a view to adapting these procedures as necessary to the task of review and appraisal of policy measures falling within the competence of UNCTAD in accordance with paragraph 82 of the International Development Strategy, while avoiding unnecessary duplication or proliferation of review activities.

*119th plenary meeting  
20 May 1972*

**82 (III). Multilateral trade negotiations**<sup>25</sup>

*The United Nations Conference on Trade and Development,*

*Noting* the declarations made by all developed market-economy countries in which they undertake to initiate and actively support multilateral and comprehensive negotiations in the framework of the General Agreement on Tariffs and Trade beginning in 1973 with a view to the expansion and ever greater liberalization of world trade and improvement in the standard of living of the people of the world,

<sup>23</sup> TD/130 (see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7).

<sup>24</sup> The Conference adopted this resolution without dissent.

<sup>25</sup> The Conference adopted this resolution without dissent.

*Noting* that these declarations provide for special attention to be given to the problems of developing countries,

*Noting* that these negotiations are aimed at liberalizing barriers affecting agricultural as well as industrial trade,

*Recalling* the joint statement by developing countries at the conclusion of the Kennedy Round trade negotiations expressing deep regret that these countries were not able to share, to the same extent, the satisfaction of the participant developed countries in the achievements from the negotiations, and that many questions, including the reduction or elimination of duties and of non-tariff barriers on products of particular interest to them had remained unresolved,<sup>26</sup>

*Recognizing* the role and responsibilities of UNCTAD in the promotion of international trade, as well as the role assigned to it in regard to the implementation, within its competence, of the International Development Strategy for the Second United Nations Development Decade,

*Aware* of the need to take into account the relevant recommendations and resolutions of UNCTAD, including Conference resolution 62 (III) of 19 May 1972 on special measures in favour of the least developed among the developing countries,

*Considering* that any general settlement of international trade problems should take into account the interests of all flows of international trade, in particular those of developing countries,

*Stressing* the urgency of resolving the trade and development problems of developing countries,

*Noting* that while the developing countries have expressed appreciation of the aforementioned initiative by the developed market-economy countries they did not commit themselves to taking part in the negotiations until the techniques and modalities, which will adequately take into account their interests and aspirations, are evolved with their full participation,

*Aware* of the fact that some of the developing countries, especially those that are least developed, are not able to take full advantage of existing trade preferential arrangements and that efforts should be made to accommodate their trade interest in these negotiations,

*Noting further* the declarations of Group B and of the Group of 77 concerning the forthcoming multilateral trade negotiations,

*Draws attention* to the view of the developing countries that the multilateral trade negotiations should be governed, *inter alia*, by the following principles:

#### A

##### *Principles put forward by the developing countries*

1. (a) The developing countries, collectively or individually, shall not suffer, directly or indirectly, adverse or prejudicial effects as a result of these negotia-

tions. On the contrary, the negotiations shall provide the developing countries with additional benefits that represent a substantial and meaningful improvement of their position in international trade so that they secure an increasing share in the growth in international trade commensurate with the needs of their economic development on the basis of non-reciprocity, non-discrimination and preferential treatment;

(b) If the preferential advantages enjoyed by developing countries are adversely affected by the results of these negotiations, the developed countries shall take additional measures to compensate the developing countries so affected;

(c) Developed countries should provide more favourable and acceptable conditions of access to the products of developing countries and ensure for these products a larger share of the markets of developed countries, and devise measures designed to attain stable, equitable and remunerative prices for their products;

(d) All developing countries shall be entitled and enabled to participate fully, effectively and continuously in these negotiations at all stages, so that their interests are fully taken into account;

(e) All the concessions which may be exchanged by developed countries among themselves should automatically be extended to all developing countries;

(f) Concessions granted by the developed countries to developing countries need not be extended to the developed countries;

(g) In the negotiations among developing countries, the tariff and other concessions which they may negotiate among themselves shall not be extended to the developed countries;

(h) The negotiations should as a matter of priority secure significant concessions for the products of particular interest to least developed countries;

(f) The utmost priority shall be accorded to the removal of all barriers to the products of export interest to developing countries in the market of developed countries;

(j) Concessions agreed upon in the negotiations in favour of developing countries shall be made available to them immediately and will not be phased;

#### B

##### *Participation of developing countries*

2. Special techniques, modalities and ground rules should be established for the negotiations to ensure that special attention is given to the interests of the developing countries;

3. All developing countries should be given the opportunity to participate fully, effectively and continuously in the negotiations at all stages so that their interests are fully taken into account. To this end the Contracting Parties to the General Agreement on Tariffs and Trade are invited to make adequate arrangements;

<sup>26</sup> See *The Kennedy round: Estimated effects on tariff barriers* (United Nations publication, Sales No. E.68.II.D.12), part one, appendix VI.

## C

*Continuing action in UNCTAD*

4. The work of UNCTAD related to the expansion of the trade of the developing countries shall be pursued vigorously as agreed upon in the relevant resolutions and decisions of the Conference and its permanent machinery, and shall not be delayed in any way by the forthcoming trade negotiations;

## D

*Preparatory arrangements*

5. The Secretary-General of UNCTAD is requested to prepare relevant documentation, without duplicating documentation prepared by GATT, to assist the developing countries in their participation during the various stages of these negotiations. To this end, the Contracting Parties to the General Agreement on Tariffs and Trade are invited to take the necessary action to enable the UNCTAD secretariat to make full use of appropriate GATT documentation. The Secretary-General of UNCTAD is requested to give due priority to this work within the regular budgetary allocations without prejudice to the normal activities of UNCTAD;

6. The Secretary-General of UNCTAD and the Director-General of GATT are requested to co-ordinate their activities in assisting the developing countries to prepare for, and participate in, the various stages of these negotiations;

7. The GATT is requested to make available relevant documentation concerning these negotiations to all participating developing countries;

8. The United Nations Development Programme, in consultation with the appropriate organizations concerned with the trade negotiations, is invited to consider favourably requests from Governments of developing countries for technical assistance at the national, regional or interregional level to enable them to participate effectively in these negotiations;

9. The Secretary-General of UNCTAD is requested to keep the Trade and Development Board informed of any developments which may be of interest to UNCTAD or may have a bearing on matters fully within the competence of UNCTAD.

*119th plenary meeting  
20 May 1972*

## IMPACT OF THE PRESENT INTERNATIONAL MONETARY SITUATION ON WORLD TRADE AND DEVELOPMENT, ESPECIALLY OF THE DEVELOPING COUNTRIES

(Agenda item 9)

### 58 (III). Compensation for losses occasioned by the realignments of major currencies<sup>27</sup>

*The United Nations Conference on Trade and Development,*

Noting that the realignments of major currencies have had, and continue to have, adverse effects on the terms of trade of a number of developing countries,

Conscious that the debt burden of a number of developing countries has been aggravated by such currency realignments,

Mindful of the fact that because of such realignments a number of developing countries have suffered losses in their monetary reserves,

*Recommends that:*

(a) Bilateral donors as well as international financing institutions should take into account the adverse effects of such currency realignments on the terms of trade of each developing country and the flow of international resources in determining the volume of their assistance to that country;

(b) Donor countries whose currencies have appreciated as a result of such currency realignments should help to alleviate the debt service payments in respect of their outstanding loans;

(c) Additional special drawing rights in the Inter-

national Monetary Fund should be allocated to developing countries which have suffered losses in their monetary reserves because of such currency realignments.

*118th plenary meeting  
19 May 1972*

### 84 (III). The international monetary situation<sup>28</sup>

*The United Nations Conference on Trade and Development,*

Recalling the International Development Strategy for the Second United Nations Development Decade, as

<sup>28</sup> The Conference adopted this resolution by 67 votes to none, with 1 abstention. A separate vote was taken on paragraph 10, which was adopted by a roll-call vote of 65 votes to none, with 6 abstentions. The result of the vote was as follows:

*In favour:* Algeria, Argentina, Austria, Bangladesh, Belgium, Bolivia, Brazil, Canada, Ceylon, Colombia, Chile, Denmark, Dominican Republic, Egypt, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, Kuwait, Madagascar, Malaysia, Mali, Malta, Mexico, Nicaragua, Nigeria, Netherlands, Norway, Panama, Pakistan, Paraguay, Peru, Philippines, Portugal, Republic of Korea, Romania, Senegal, Spain, Sudan, Sweden, Switzerland, Togo, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* None.

*Abstaining:* Australia, Cameroun, Dahomey, New Zealand, South Africa, United States of America.

<sup>27</sup> The Conference adopted this resolution by 71 votes to 10, with 14 abstentions.

adopted, and taking note of the Declaration and Principles of the Action Programme of Lima,<sup>29</sup> the Joint Declaration of the developing countries at the fifth session of the Committee on Invisibles and Financing related to Trade<sup>30</sup> and the report of the First Meeting of the Intergovernmental Group of 24 on International Monetary Matters at the Ministerial level,<sup>31</sup>

Recalling also that General Assembly resolution 2806 (XXVI) of 14 December 1971, as adopted, states that in the reform of the international monetary system, account should be taken of the strengthening of the operation and authority of the International Monetary Fund in all matters of concern to the international community as a means of protecting the interests of all countries, especially those of the developing countries,

Recalling furthermore that General Assembly resolution 2806 (XXVI) declares, *inter alia*, that in the reform of the international monetary system account should be taken of the full participation of all interested countries, especially developing countries, in the process of decision-making,

Noting that the International Monetary Fund is open to those countries which are prepared to subscribe to its Articles of Agreement,

Recalling resolution No. 26-9, on the international monetary system, adopted unanimously by the Board of Governors of the International Monetary Fund at its Annual Meeting in 1971 which instructed the Executive Directors of that agency to make reports on measures that were necessary or desirable for the improvement or reform of the international monetary system,<sup>32</sup>

Recalling also Trade and Development Board resolution 84 (XI) of 20 September 1971, as adopted, which indicated, *inter alia*, that all interested countries, especially the developing countries, should participate fully in the consultations and negotiations on the reform of the international monetary system,

Determined to ensure the effective representation of the developing countries in the decision-making process on international monetary questions,

Taking note of the interdependence between problems of trade, development finance and the international monetary system,

Acknowledging that decisions taken in any one of these fields will have repercussions on others,

Taking note of the consultations held between the Secretary-General of UNCTAD and the Managing Director of the International Monetary Fund, reported in the addendum<sup>33</sup> to the report of the UNCTAD secretariat "The international monetary situation: impact on world trade and development",

Recalling further that in accordance with the Articles of Agreement of the International Monetary Fund all decisions with respect to the allocation of special drawing rights shall be based on the long-term global need for liquidity,

Noting also the recent exceptional expansion of international liquidity,

Recognizing the importance of the future role of special drawing rights, and the need to preserve and enhance this role within the framework of international monetary reform,

Noting with approval that the International Monetary Fund is examining as part of its consideration of the question of international monetary reform proposals for a link between the creation of additional international liquidity in the form of special drawing rights and the provision of development finance to developing countries,

Taking into account the consequences of the recent monetary crisis,

Noting that the International Monetary Fund is reviewing the methods by which quotas have been hitherto determined in the light of changed circumstances,

1. Resolves that essential improvements are required in the decision-making process regarding the international monetary system and its reform;

2. Recognizes that a more satisfactory system of monetary co-operation, with the widest possible participation of developed and developing countries, is desirable and recognizes further that, as a step towards realizing this aim, the role of the International Monetary Fund as the central forum for debate and as the institution for effective decision-making on all matters that concern the international monetary system should be strengthened, and that the Fund should evolve in such a manner as to make it more responsive to the requirements of the world economy;

3. Strongly supports the view that there should be effective participation of the developing countries in the decision-making process of the international monetary system and its reform to ensure that due consideration is given to the interests of developing and developed countries alike, in order to safeguard the interests of all members of the International Monetary Fund and in order to facilitate the expansion and balanced growth of international trade;

4. Invites the International Monetary Fund to give sympathetic consideration to proposals to create a Committee of Twenty of the Board of Governors of the International Monetary Fund to advise the Board on issues related to the reform of the international monetary system;

5. Endorses the view that the representation of developing countries in this committee should not be less than that existing at present in the Executive Board;

6. Emphasizes that any action taken or procedure adopted should be such as to strengthen the effectiveness of both the Board of Governors and the Executive

<sup>29</sup> TD/143 (see annex VIII.F below).

<sup>30</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395)*, annex V.A.

<sup>31</sup> TD/III/C.3/L.14.

<sup>32</sup> See International Monetary Fund, *Annual report of the Executive Directors for the fiscal year ended April 30, 1972* (Washington, D.C., 1972), chap. 3, footnote 1.

<sup>33</sup> TD/140/Add.1.

Directors of the International Monetary Fund as envisaged in the Articles of Agreement of the International Monetary Fund;

7. *Urges* that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated manner, taking into account their interdependence, with the full participation of developed and developing countries and requests the Secretary-General of UNCTAD to consult the Managing Director of the International Monetary Fund and the Director-General of GATT and to report to the Trade and Development Board at its twelfth session, with a view to enabling the Board to consider the ways in which this co-ordination can be effected;

8. *Notes with satisfaction* that the International Monetary Fund is considering a new allocation of special drawing rights starting on 1 January 1973, and draws the attention of the Fund to the strong support of developing countries for such a new allocation;

9. *Draws the attention* of the International Monetary Fund to the many statements made at the third session of the Conference on the relationship between special drawing rights and development finance, many of these statements indicating both the desirability of such a link and the possibilities that it might provide for channeling new resources for development finance;

10. *Recognizes* that the subject of such a link deserves the most serious attention and therefore urges the International Monetary Fund to pursue its consideration of all aspects of proposals for a link between special drawing rights and the provision of resources for development finance in the context of discussions on international monetary reform and having regard to the primary role of special drawing rights as a reserve asset, and invites the Executive Directors of the International Monetary Fund to present as soon as possible to the Board of Governors the studies required for decisions that are necessary on the possible implementation of a viable scheme;

11. *Invites* the International Monetary Fund, in its current review of the method by which quotas have been computed in the past, to give particular attention to the economic conditions of the developing countries;

12. *Further invites* the International Monetary Fund to consider making such adjustments in the terms and conditions governing the use of its compensatory financing and buffer stock financing facilities as would enable developing countries to make more effective use of them.

*119th plenary meeting  
21 May 1972*

## REVIEW OF THE INSTITUTIONAL ARRANGEMENTS OF UNCTAD (PARAGRAPHS 30, 31 AND 32 OF GENERAL ASSEMBLY RESOLUTION 1995 (XIX) OF 30 DECEMBER 1964)

(Agenda item 10)

### 80 (III). Review of the institutional arrangements of UNCTAD<sup>34</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolution 1995 (XIX) of 30 December 1964 and in particular section II, paragraphs 30, 31 and 32, which provide as follows:

30. The Conference will review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary.

31. To this end the Conference will study all relevant subjects, including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development.

32. The General Assembly expresses its intention to seek advice from the Conference before making changes in the fundamental provisions of the present resolution.

*Recalling further* General Assembly resolution 2820 (XXVI) of 16 December 1971 and in particular section II, paragraph 3,

*Taking into account* that the membership of the United Nations Conference on Trade and Development

has increased from 121 at the time of establishment of UNCTAD in 1964 to 142 at the end of the third session of the Conference,

*Taking also into account* that during the eight-year period the activities of UNCTAD have considerably developed and the number of subsidiary bodies increased, requiring the adjustments necessary in order to render UNCTAD more effective in responding to the needs for fulfilment of the basic objectives of the Conference as set forth in General Assembly resolution 1995 (XIX),

*Recognizing* that Trade and Development Board decision 45 (VII) of 21 September 1968 represents a first, but important, step aimed at improving the method of work of the permanent machinery, as envisaged in paragraphs 30 to 32 of General Assembly resolution 1995 (XIX),

*Recognizing further* that adequate and efficient institutional structures facilitate the adoption of concrete measures,

#### *A. Enlargement of the Trade and Development Board*

1. *Recommends* to the General Assembly at its twenty-seventh session to adopt the following amendments to section II, paragraph 5 of General Assembly resolution 1995 (XIX):

(a) In the first line replace "fifty-five" by "sixty-eight";

<sup>34</sup> The Conference adopted this resolution without dissent.

(b) In sub-paragraph (a) replace "twenty-two" by "twenty-nine";

(c) In sub-paragraph (b) replace "eighteen" by "twenty-one";

(d) In sub-paragraph (c) replace "nine" by "eleven";

(e) In sub-paragraph (d) replace "six" by "seven";

2. *Decides* to elect provisionally, subject to decision by the General Assembly on the recommendation contained in paragraph 1 above, sixty-eight members of the Trade and Development Board, to assume office immediately after the decision of the General Assembly;

3. *Decides* that the present members of the Trade and Development Board shall continue in office until the election of their successors is completed by a decision taken by the General Assembly on the recommendation contained in paragraph 1(a) above;

4. *Recommends* further to the General Assembly to adopt the following amendments to General Assembly resolution 1995 (XIX) in keeping with the practices of UNCTAD as confirmed by specific decisions taken by the General Assembly:

(a) Section II, *paragraph 2*: in the first sentence, insert "normally" between "be" and "convened": replace "three" by "four";

(b) Section II, *paragraph 10*: should be amended to read as follows:

"Any member of the Conference shall be entitled to participate in the deliberations of the Board on any item on its agenda of particular concern to that member with all the rights and privileges of a Board member except the right to vote.";

(c) Section II, *paragraph 13*: in the second sentence, replace "twice" by "once";

(d) Section II, *paragraph 25*: in the English text: (i) wherever the title "Chairman of the Board" is used, the word "Chairman" should be replaced by "President"; (ii) in sub-paragraph (d), in the second sentence, replace the phrase "Chairman of the organ concerned" by "presiding officer of the organ concerned".

#### B. *Improvement of the method of work of the Trade and Development Board*

5. *Reiterates* that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, and in the context of such a process the achievement of solutions, as emphasized in Board decision 45 (VII), is and remains the primary objective of UNCTAD, which should be vigorously pursued;

6. *Affirms* the important role of UNCTAD in the operations of the UNCTAD/GATT International Trade Centre and in the field of technical assistance, in accordance with General Assembly resolution 2401 (XXIII) of 13 December 1968, as an executing agency of the United Nations Development Programme, and stresses the importance of continued effective co-ordination in carrying out these operations, which should be vigorously pursued;

7. *Invites* the Trade and Development Board to undertake the necessary measures for improvements in the efficiency of its method of work as well as of its

subsidiary organs with the common objective of enhancing the capacity of UNCTAD to achieve positive results. To this end:

(a) The attention of the Trade and Development Board is drawn to the functions set forth in section II, paragraph 3 (e) of General Assembly resolution 1995 (XIX) which authorizes the Conference to "initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities"; and to that end, invites it, within the framework of the above provisions, to initiate action;

(b) Full use should be made, whenever it is considered desirable, of flexible techniques for intergroup consultations in order to facilitate agreement;

(c) The attention of the Trade and Development Board is drawn also to the procedures provided for in paragraph 25 of resolution 1995 (XIX);

8. *Invites also* the Trade and Development Board, whenever the Board considers it desirable:

(a) To hold meetings at an appropriately high, not excluding ministerial, level;

(b) To convene in special session, as provided for in the rules of procedure and in Board decision 45 (VII), to consider extraordinary situations critically affecting the substantial interests of member countries, and in particular developing countries, in international trade and related problems of economic development.

#### C. *Main committees and other subsidiary organs*

9. *Requests* the Trade and Development Board to convert the main Committees into committees open to the participation of all interested member States on the understanding that members of the Conference wishing to attend a particular session of one or more of the main Committees shall communicate their intention to the Secretary-General of UNCTAD at the latest during the preceding regular session of the Board. On the basis of such notifications, the Board will determine the membership of the main Committees accordingly and declare those members elected. The functioning of the foregoing procedure shall be reviewed by the Board at its fourteenth session;

10. *Invites* the Trade and Development Board to consider setting up, as its subsidiary organ, an Intergovernmental Group, with appropriate secretariat services, to be entrusted with the formulation, development and review and appraisal of policies and measures in favour of the least developed among the developing countries; and to determine its terms of reference;

11. *Requests* the Trade and Development Board to keep under review the terms of reference of its committees and subsidiary organs with a view to strengthening their effectiveness within their respective competence, and recommends that the committees of the Board should:

(a) Meet normally twice between Conferences, unless the interest of the work of the Organization requires more frequent meetings;

(b) Meet at such appropriate level as would enable them to deal effectively with the substantive business before them in order to achieve more positive results;

(c) Meet after careful preparations, including, wherever appropriate and necessary, by expert or *ad hoc* groups set up in accordance with existing procedures for the establishment of such bodies.

#### D. Secretariat

12. (a) Welcomes the development, largely on the initiative of the Secretary-General of UNCTAD, of flexible techniques for informal intergroup consultations and supports the further development of such consultations, with the assistance of the secretariat, with a view to better preparations for, and more positive results in official meetings;

(b) Expresses satisfaction with the efforts of the Secretary-General of UNCTAD in the exercise of his authority for arranging intergovernmental consultations in the field of commodities, after having taken into account the views of the commodity groups concerned and consulted with the interested Governments of member States, and ensured that the necessary preparatory work had been done.

*119th plenary meeting  
20 May 1972*

### 81 (III). Further evolution in the institutional machinery of UNCTAD<sup>35</sup>

*The United Nations Conference on Trade and Development,*

Recalling paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964,

<sup>35</sup> The Conference adopted this resolution by a roll-call vote of 60 votes to 25, with 6 abstentions. The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bangladesh, Barbados, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Lebanon, Libyan Arab Republic, Malaysia, Mali, Mexico, Mongolia, Nicaragua, Nigeria, Panama, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Sudan, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Gabon, Greece, Ireland, Israel, Italy, Japan, Madagascar, Netherlands, New Zealand, Norway, Portugal, Senegal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Cameroon, Dahomey, Holy See, Ivory Coast, Thailand, Tunisia.

Paragraphs 1 and 3 (b) were adopted by a separate roll-call vote of 58 votes in favour, 27 against and 6 abstentions. The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bangladesh, Barbados, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Ceylon, Chile, China, Colombia, Cuba, Cyprus, Czechoslovakia, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya,

1. Invites the Trade and Development Board to give careful consideration to the establishment of a comprehensive international trade organization, which would be as universal as possible in its membership and the range of problems of concern, aimed at the encouragement of international trade—especially from the viewpoint of developing countries and taking into account the interests of countries at various levels of development—between developing countries, and also between countries of different social and economic systems, with regard for the activities of existing international organizations;

2. Further invites all member States to communicate to the Secretary-General of UNCTAD prior to the thirteenth session of the Board, their views, comments and suggestions on the said reform;

3. Requests the Secretary-General of UNCTAD on the basis of such views, comments and suggestions and after consultations with the Director-General of GATT and executive heads of appropriate international organizations, to prepare a study on the establishment of such an organization which should have, *inter alia*, the following characteristics:

(a) Operational capacity, being endowed with the means for promoting the negotiation, implementation and evaluation of agreements relating to trade and development, within its competence;

(b) Ability to adjust itself to the dynamic conditions of world trade and to the growing needs of member countries, especially of developing countries;

(c) Ability to translate into concrete action the special measures agreed upon in favour of the least developed among the developing countries and the land-locked developing countries;

(d) A structure and organization capable of optimizing costs and avoiding unnecessary duplication in international co-operation;

4. Instructs the Trade and Development Board at its thirteenth session to establish a Sessional Committee to consider the study of the Secretary-General with a view to formulating appropriate recommendations and proposals for the establishment of the said organization, for submission to the General Assembly at its twenty-eighth session.

*119th plenary meeting  
20 May 1972*

*Khmer Republic, Kuwait, Libyan Arab Republic, Malaysia, Mali, Mexico, Mongolia, Nicaragua, Nigeria, Panama, Pakistan, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Sudan, Thailand, Trinidad and Tobago, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.*

*Against:* Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Ivory Coast, Japan, Netherlands, New Zealand, Norway, Portugal, Senegal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Cameroon, Dahomey, Gabon, Holy See, Israel, Madagascar.

## SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

(Agenda item 11 (a))

**62 (III). Special measures in favour of the least developed among the developing countries**<sup>36</sup>

*The United Nations Conference on Trade and Development,*

Recalling General Principle Fifteen in the recommendation contained in annex A.I.1 to the Final Act adopted by the Conference at its first session, which states that "the adoption of international policies and measures... shall take into account the individual characteristics and different stages of development of the developing countries, special attention being paid to the less developed among them, as an effective means of ensuring sustained growth with equitable opportunity for each developing country",

Bearing in mind Conference resolution 24 (II) of 26 March 1968, concerning special measures in favour of the least developed among the developing countries,

Recalling Trade and Development Board resolution 65 (IX) of 13 February 1970, which provides, *inter alia*, that each of the main Committees and the other relevant subsidiary bodies of UNCTAD shall submit concrete proposals to the Board on what effective measures might be taken in their respective fields of competence in favour of the least developed among the developing countries,

Recalling also Trade and Development Board resolution 82 (XI) of 18 September 1971, in particular paragraphs 1, 6 and 7,

Noting with appreciation the Action Programme submitted by the Secretary-General of UNCTAD<sup>37</sup> and also the report of the Third Expert Group on Special Measures for the Least Developed among the Developing Countries,<sup>38</sup>

Noting the International Development Strategy for the Second United Nations Development Decade adopted by General Assembly resolution 2626 (XXV) of 24 October 1970, in which, *inter alia*, provision is made for special measures in favour of the least developed among the developing countries, in order to enhance their capacity to benefit fully and equitably from the policy measures of the Decade,

Recognizing that the relevant provisions of the International Development Strategy in favour of the least developed among the developing countries must, as much as possible, be translated into action as rapidly as possible,

Bearing in mind General Assembly resolution 2768 (XXVI) of 18 November 1971 in which the Assembly, *inter alia*, approved the list of hard-core least developed countries contained in paragraph 66 of the report of the Committee for Development Planning on its seventh session,<sup>39</sup>

Bearing in mind the joint statement of the socialist countries of Eastern Europe on the Second Development Decade,<sup>40</sup> and social progress and the Declaration of a group of socialist countries at the third session of the Conference,<sup>41</sup>

Bearing in mind Conference resolution 15 (II) of 25 March 1968 and other documents and declarations,

Noting that, since the productive capacity and trade flows of the least developed among the developing countries have been and are extremely small, there is urgent need to supplement commercial policy measures applied to all developing countries with liberal and substantially increased financial and technical assistance flows in favour of the least developed of them so as to overcome the bottleneck at the production level of their economies,

*Decides that:*

1. Any special measure taken in favour of the least developed countries would be supplementary to the general measures applicable to all developing countries and should not prevent the least developed countries from benefiting from the general measures as well.

2. Any action or special measures taken in favour of the least developed countries in any of the fields mentioned below, while securing due and equitable benefits for the least developed countries, should ensure that the interests of the other developing countries are not injured or prejudiced in any manner.

3. While every effort should be made to evolve further satisfactory criteria for the identification of the least developed countries and to identify such countries in accordance with General Assembly resolution 2768 (XXVI) of 18 November 1971, urgent action should be taken, bearing in mind the provisions of Conference resolution 24 (II), to formulate and implement special measures in favour of the countries so far identified in General Assembly resolution 2768 (XXVI) with a view to promoting the sustained economic and social progress of those countries and to enhancing their capacity to benefit fully and equitably from the policy measures of the International Development Strategy, particularly in the following areas:

<sup>36</sup> The Conference adopted this resolution unanimously.

<sup>37</sup> TD/135 (see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7)).

<sup>38</sup> TD/135, annex.

<sup>39</sup> *Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 7 (E/4990)*.

<sup>40</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 42, document A/8074*.

<sup>41</sup> TD/154 (see annex VIII,G below).

## A. ISSUES IN SPECIFIC FIELDS

I. *Commodities*(a) *Commodity agreements*

4. Special consideration should be given to the least developed among the developing countries with regard to the operation of commodity agreements within their respective frameworks in such matters as allocation of quotas and exemption from quota cuts, bearing in mind the characteristics of each commodity and taking into account the interests of the other parties concerned.

5. In pre-financing of buffer stocks, the least developed countries should as far as possible be exempted, and where such exemption is not provided, developed countries and/or international financial institutions should wherever possible give favourable consideration to providing assistance to the least developed countries in such a way as to alleviate any financial burden on them.

6. Special consideration should also be given to exempting the least developed countries from the payment of dues and subscriptions, within the framework of commodity agreements, bearing in mind the characteristics of each commodity and taking into account the interests of the other parties concerned; where such exemption is not provided, developed countries and/or international financial institutions should consider providing such contributions or alleviating the financial burden involved.

(b) *Diversification*

7. Developed countries and organs and bodies of the United Nations system and other international financial institutions should take appropriate measures to assist the least developed countries in their efforts to diversify their economies in accordance with their own national priorities including the establishment of industries for the processing of locally produced foodstuffs and raw materials.

(c) *Access to markets and other commercial policy measures*

8. The highest priority should be accorded to the solution of problems affecting primary commodities, including processed and semi-processed products of the least developed countries. In current and future multi-lateral trade negotiations including liberalization of tariff and non-tariff barriers, special consideration aimed at a substantial improvement in their exports should be given to the least developed countries, bearing in mind section II, paragraph 6 of the recommendation contained in annex A.II.1 to the Final Act adopted by the Conference at its first session, and section II, paragraph 2 of the agreed conclusions of the Special Committee on Preferences.<sup>42</sup>

9. Efforts should be made to initiate and/or accelerate the elimination or reduction of revenue duties and other specific fiscal charges on the consumption of tropical products of special interest to the least developed

countries. Pending the elimination of such charges and subject to legislative procedures, consideration may be given to providing special financial assistance to the least developed countries.

10. Developed countries should undertake, in so far as possible, to avoid domestic support policies which might adversely affect the interest of the least developed countries.

11. Intensive technical and financial assistance should be provided to the fullest extent possible to the least developed countries to help remove the internal institutional and structural obstacles to industrialization and to the promotion of both import substitution and the establishment of export-oriented industries.

12. Developed countries should make their best efforts urgently to reduce and progressively to eliminate quantitative restrictions and other non-tariff barriers affecting trade in processed and semi-processed products of the least developed countries.

13. In the comprehensive review of the generalized system of preferences which, pursuant to section VI of the agreed conclusions of the Special Committee on Preferences, will be held some time before the end of the ten-year period, special attention will be given to the possibility of extending the duration for a long enough period to permit the least developed countries to derive equitable benefits therefrom.

14. The scheme should include processed and semi-processed agricultural and mineral and handicraft products of export interest to the least developed countries.

15. In accordance with section V, paragraph 3 of the agreed conclusions of the Special Committee on Preferences, escape-clause measures introduced by preference-giving countries should remain exceptional and should be decided on only after due account has been taken, in so far as their legal provisions permit, of the interests of the least developed countries.

16. In the application of the various sets of rules of origin for the implementation of the generalized system of preferences, the special situation and the low level of industrialization of the least developed countries should be taken fully into account.

17. Developed countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences relative to the least developed among the developing countries.

18. Developed countries should bear in mind that section II, paragraph 2 of the agreed conclusions of the Special Committee on Preferences is particularly relevant in the case of a number of least developed countries; this provides that "Developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them".

II. *Restrictive business practices*

19. Restrictive business practices adversely affecting the interests of the least developed countries should as

<sup>42</sup> See Trade and Development Board decision 75 (S-IV), annex.

far as possible be eliminated where they have already been identified, and action should be initiated as soon as possible to identify and as far as possible eliminate other such practices.

### III. *Development finance and technical assistance*

20. The developed countries should fulfil the commitments which they have undertaken in the International Development Strategy and other instruments with regard to the volume and modalities of financial aid, in order better to meet the needs of the least advanced countries.

21. The international community should ensure that within the general aid strategy the needs of the least developed countries are given special attention by the establishment and implementation of programmes with specific objectives corresponding to the requirements of the least developed countries in accordance with their national development plans.

22. In the provision of technical assistance to the least developed countries special attention should be given to difficulties experienced by these countries in meeting local counterpart requirements. Developed countries and multilateral agencies should consider as a matter of high priority minimizing, and wherever appropriate waiving, these local requirements in respect of the least developed countries.

23. The developed countries are urged to increase their contribution to the United Nations Development Programme as envisaged in General Assembly resolution 2688 (XXV) of 11 December 1970.

24. The Conference calls to the attention of the Governing Council of the United Nations Development Programme that high priority should be given to an immediate revision of the criteria at present used for the allocation of Programme resources with a view to enabling the least developed countries, which for various reasons have not obtained their fair share in the Programme, to derive equitable benefit from the resources of the Programme.

25. While technical assistance and pre-investment activities have especially crucial roles to play, financial assistance is a basic requirement for the accelerated growth of the least developed countries. As provided in the International Development Strategy, financing on concessional terms, including financing for infrastructure of all types, is particularly suitable for the least developed countries. Therefore, financial assistance to the least developed countries on concessional terms should be accorded a high priority by developed countries and international financial institutions.

26. Urgent attention should be given to increasing substantially the flow of resources from the International Development Association to the least developed countries, and the developed countries are invited to keep their needs in mind when making contributions to the Association.

27. It is recognized that to the maximum extent possible it is desirable to have reasonable stability in the prices of capital goods exported to the least developed countries.

28. In general, all forms of financial and technical assistance to the least developed countries should be tested by the criterion whether they contribute to fuller mobilization of internal resources.

This could be achieved by:

- (a) Making large contributions towards local costs;
- (b) Use of internal facilities and training of local counterparts;
- (c) Development of enterprises which utilize or facilitate maximum use of local ownership and management;
- (d) Ensuring that the assistance is not guided solely by financial criteria, but that consideration is given to the long-term social rate of return, including secondary effects, from development projects;
- (e) Improving the level of productivity, especially as regards foodstuffs;
- (f) Ensuring that the least developed among the developing countries receive a substantial contribution from existing resources of the International Development Association and of the United Nations Development Programme.

29. Financial assistance should be provided as far as possible on a long-term basis and be responsive to the requirements of development plans of the least developed countries.

30. While it may not be possible to untie assistance in all cases, in the light of the relevant decisions of the Conference at its second session developed countries will rapidly and progressively take what measures they can both to reduce the extent of tying of assistance and to mitigate the harmful effects, with special attention to the least developed among the developing countries.

### IV. *Transfer of technology*

31. In the fields of:

- (a) Identification of the appropriate technology;
- (b) Access to appropriate technology;
- (c) Cost of transfer;
- (d) Application of technology;
- (e) Adaptation of technology;

the state of development and the special position of the least developed countries shall be given special consideration. To this end, the international community should:

- (i) Co-operate with such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes where appropriate;
- (ii) Assist the specialized institutions of these countries to obtain the results of the research applicable to their economic development and to furnish such results if possible;
- (iii) Give special consideration to the terms, conditions and costs of transfer of technology to the least developed among the developing countries.

### V. Shipping

32. Developed countries and competent international institutions should devote special attention to the needs of the least developed countries in the field of shipping and ports in extending development finance on concessional terms. Owing to poor port facilities in many of the least developed countries, technical and financial assistance on concessional terms should be extended to projects in this field and this should receive special priority, with particular attention also to the needs for training.

33. Governments of developed and developing countries should invite shipowners and liner conferences to set freight rates, as far as feasible, at a level which will encourage and promote the exports and imports of the least developed countries.

34. In addition, special attention should be given to encouraging the non-traditional exports of the least developed countries by further application of promotional freight rates as far as feasible.

### VI. Trade promotion

35. The developed countries and relevant international bodies should support the efforts of the least developed countries to increase and diversify exports towards all markets by:

(a) Providing adequate technical and financial assistance;

(b) Intensifying their trade promotion actions in favour of the least developed countries;

(c) Undertaking specific measures in such fields as export promotion or import promotion or both, e.g. by contributing to the organization and running of and participation in trade fairs, trade promotion campaigns, the exchange of trade missions and the establishment of direct business contacts and other measures designed towards export promotion;

(d) Strengthening of national, subregional and regional promotional institutions.

36. Technical and financial assistance should be provided to promote research aimed at finding new end-uses for primary products of special interest to the least developed countries, particularly those facing competition from synthetics and substitutes.

## B. OTHER SPECIAL MEASURES, AND TECHNICAL AND FINANCIAL DEVELOPMENT ASSISTANCE IN FAVOUR OF THE LEAST DEVELOPED AMONG DEVELOPING COUNTRIES

### I. Action to be taken by socialist countries of Eastern Europe

37. Noting the understanding of the socialist countries of Eastern Europe of the problems of the least developed countries and their readiness to take into account these problems in the part which could be relevant to them, in the framework of the joint statement by the socialist countries on the Second Development Decade and social progress,<sup>43</sup> the Declaration by a group of

those countries at the third session of the Conference,<sup>44</sup> Conference resolution 15 (II) and other relevant documents and declarations, the Conference:

(a) *Recommends* that the socialist countries of Eastern Europe continue to provide long-term technical and financial assistance on favourable terms, and encourage the development of new forms of a steady division of labour with interested least developed countries bearing in mind the above-mentioned objectives of development;

(b) *Agrees* that in addition to the bilateral system of payments, ever-increasing attention should be paid to the possibilities of multilateral payments within the framework of the International Bank for Economic Co-operation and the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration;

(c) *Requests* the Secretary-General of UNCTAD, in co-operation with the socialist countries of Eastern Europe and interested least developed countries, to make studies of other possible forms of multilateral relations with the least developed countries;

(d) *Recommends* that in addition to increasing their purchases of raw materials, socialist countries of Eastern Europe should continue to take measures of a preferential character to encourage imports of products of national industries from the least developed countries, including the acceptance of the products of enterprises set up with their assistance in the least developed countries as payment for the credits granted, and the expansion of exports of commodities necessary for the economic development of the least developed countries, especially machinery and equipment;

(e) *Recommends* that the socialist countries of Eastern Europe should promote the stabilization of prices of commodities exported and imported by the least developed countries, through the conclusion of long-term trade agreements, and participation, where possible, in international commodity agreements.

### II. Action by other international organizations

38. *Invites* the appropriate international organizations and specialized agencies to undertake, or facilitate the undertaking of, in-depth and comprehensive country studies in order to determine the specific problems and needs of each least developed country so that the least developed countries can benefit fully from these and other special measures for the least developed among the developing countries, and requests the Secretary-General of UNCTAD to co-operate in these efforts;

39. *Requests* the Secretary-General of UNCTAD to keep under constant review the progress made in the implementation of the special measures in favour of the least developed countries called for in the relevant resolutions and to report thereon to the Trade and Development Board;

40. *Requests* the Secretary-General of UNCTAD, as part of his work in the review and appraisal process for the Second United Nations Development Decade,

<sup>43</sup> See footnote 40 above.

<sup>44</sup> See footnote 41 above.

to pay particular attention to the application of the International Development Strategy to the least developed countries and to report thereon to the Trade and Development Board.

41. Where requested by individual least developed countries, or groups of such countries, aid co-ordinating groups should be set up, wherever feasible, in order to review the needs of particular countries in detail, and facilitate the co-ordination of development assistance with a view to meeting those needs.

### III. Measures in the field of economic co-operation and regional integration

#### *Recommends that:*

42. In regional economic groupings of the developing countries the following aspects should be studied with a view to facilitating the association of the least developed countries:

- (a) Permission to impose quantitative restrictions;
- (b) Temporary exemption from alignment of tariffs with the common external tariffs;
- (c) Granting of greater fiscal incentives for new investment;
- (d) Preferential allocation of financial resources of the regional financial institutions and funds;
- (e) First choice in the location of industries;
- (f) Extension of regional commodity agreements and their coverage.

### IV. Other actions at the multinational level

43. In the interest of the least developed countries, the following actions can be taken at the multinational level:

- (a) The establishment of multinational projects in the fields of industry, transport and communications, energy, manpower development and natural resource surveys;
- (b) The building up of the necessary regional and subregional institutions;
- (c) The creation of regional and subregional payments arrangements;
- (d) Interim support to the needs of the least developed countries arising from obligations which they have to undertake in connexion with their participation in arrangements for economic co-operation. In particular, the Conference invites the International Monetary Fund to consider extending special drawings for the purpose of financing deficits resulting from trade liberalization by the least developed countries and making drawings under such a special facility independent of regular drawing rights;
- (e) The Conference *recommends* that the General Assembly invite the heads of specialized agencies concerned and other organs of the United Nations system, as well as the regional economic commissions and the United Nations Economic and Social Office in Beirut, to initiate and accelerate the implementation of their action programmes in favour of the least developed countries in their respective fields of competence;

(f) Countries members of UNCTAD, especially developed countries, should continue to review measures which they have taken in favour of the least developed among the developing countries, including the means by which such measures are being implemented and transmit progress reports to the Trade and Development Board, within the context of the review of the implementation of the recommendations of the Conference.

44. The Conference *invites* the Governing Council of the United Nations Development Programme to consider authorizing a study of the feasibility of using the United Nations Capital Development Fund first and foremost for the least developed countries and to submit its findings and recommendations, through the Economic and Social Council, to the General Assembly as soon as possible.

### V. Objectives for financial and technical assistance

45. Financial and technical assistance for the least developed countries should aim at assisting these countries to benefit equitably from the general measures taken or envisaged within the framework of the International Development Strategy for the Second United Nations Development Decade in favour of all developing countries. This assistance should aim to achieve, *inter alia*, the following objectives:

- (a) To assist these countries to make appropriate changes in their economic and social structures, including diversification of existing structures of production and trade;
- (b) To enhance their ability to absorb effectively an increased flow of financial and technical assistance;
- (c) To diversify their range of products and raise their productivity through research and the use of modern techniques of production and distribution so as to improve the quality, grading, packaging and marketing of their commodities;
- (d) To take concrete measures to encourage the establishment of industries for the processing of locally-produced foodstuffs and raw materials;
- (e) To assist these countries to start and accelerate their process of industrialization and in particular the establishment and development of industries likely to further the exports of products included in the generalized system of preferences, so as to ensure that all developing countries will benefit equitably from the generalized system of preferences;
- (f) To ensure that financial and technical assistance takes into account the long-term nature of the least developed countries' development problem.

46. The Conference *recommends* that:

- (a) Developed countries should increase both bilateral and multilateral financial and technical assistance to the least developed countries;
- (b) Official bilateral development assistance to these countries should be extended on highly concessional or International Development Association terms and preferably in the form of grants;
- (c) The International Development Association should be enabled to devote an increased amount of

its resources to these countries, and the regional development banks should pursue the same objectives on concessional terms;

(d) Developed countries give urgent consideration to the modalities for increasing flows of multilateral and bilateral assistance to the least developed countries. To this end:

- (i) Developed countries should keep in mind the special needs of the least developed countries when proceeding to the next replenishment of International Development Association funds;
- (ii) Within the World Bank Group there should be an urgent examination of the ways and means of increasing the share of the least developed countries in the total allocation of resources;
- (iii) Similar action should be encouraged within the framework of the regional development banks. These banks should be particularly encouraged to widen their participation in the financing of small-scale projects in the least developed countries or of regional multinational projects involving these countries;
- (iv) In view of the leading role of the United Nations Development Programme in the field of pre-investment and technical assistance, developed countries should increase their contributions to the Programme;
- (v) The Governing Council of the United Nations Development Programme should be asked to give high priority in its review of criteria for setting indicative planning figures, to increasing significantly the allocation of resources of the Programme for the least developed countries.

(e) With a view to implementing the aforesaid measures, *inter alia*, in order to assist the least developed countries to benefit equitably from the general measures taken or envisaged within the framework of the International Development Strategy for the Second United Nations Development Decade in favour of all developing countries, the Economic and Social Council, in consultation with the appropriate organs of the United Nations system, should study ways and means for establishing the institutional arrangements for the implementation of these measures, including a study of the desirability and feasibility of establishing a special fund for the least developed countries.

*118th plenary meeting*

*19 May 1972*

**64 (III). Identification and general considerations about the special measures in favour of the least developed among the developing countries**<sup>45</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* General Assembly resolution 2768

(XXVI) of 18 November 1971 on "Identification of the least developed among the developing countries",

*Recalling also* Trade and Development Board resolution 82 (XI) of 18 September 1971,

*Bearing in mind* that the case of land-locked developing countries should be taken into account in determining the criteria for identification of the least developed among the developing countries,

*Bearing in mind also* that the identification of the least developed among the developing countries is the prerequisite for the formulation of any concrete action programme in their favour in order to overcome their particular disabilities and to enhance their capacity to benefit fully and equitably from the policy measures for all the developing countries,

*Taking note* of the arrangements made within UNCTAD under Trade and Development Board resolution 82 (XI) for the review of criteria now being used for the identification of the least developed countries and for work on criteria for the identification of the relatively disadvantaged countries in the context of a geographic region and taking into account the existence of critical major economic sectors,

*Taking note also* of the work done on reviewing the criteria now being used for the identification of the least developed among the developing countries,

*Bearing in mind* that, while every effort should be made to evolve further satisfactory criteria for the identification of the least developed countries and to identify such countries, urgent action should be taken, bearing in mind the provisions of Conference resolution 24 (II), to formulate and implement special measures in favour of the countries so far identified so as to ensure the sustained economic and social progress of those countries and to enhance their capacity to benefit fully and equitably from the policy measures of the International Development Strategy,

*Resolves:*

1. To take note, without prejudice to future consideration, of the list of countries identified as the hard-core least developed countries, approved by the Trade and Development Board at its eleventh session and by the General Assembly in its resolution 2768 (XXVI) which should provide useful guidance for action by Governments and international organizations concerned. This initial list of hard-core least developed countries should be reviewed in the light of future work on this matter, in accordance with paragraph 5 of the General Assembly resolution under reference;

2. To recommend that, in accordance with Conference resolution 24 (II), the appropriate international bodies and the regional and subregional institutions concerned, carry out, within their respective fields of competence, work on criteria for the identification of the relatively disadvantaged countries.

*118th plenary meeting*

*19 May 1972*

<sup>45</sup> The Conference adopted this resolution without dissent.

### 65 (III). Developing island countries <sup>46</sup>

*The United Nations Conference on Trade and Development,*

*Recognizing* that the developing island countries face special problems linked to their geographical nature, such as, among others, major difficulties in respect of transport and communications with neighbouring countries and the distance from market centres, and are seriously hampered in their economic development, and that studies are needed in respect of these developing island countries which should take fully into account over-all prospects for, as well as existing levels of, development,

*Aware* of the need for dealing with these and related problems within the framework of the International Development Strategy for the Second United Nations Development Decade, in order to enhance the capacity

of these developing countries to benefit fully and equitably from the policy measures for the Decade,

*Requests* that the Secretary-General of UNCTAD, in line with the objectives of the International Development Strategy, and in collaboration with the regional economic commissions and the United Nations Economic and Social Office in Beirut, convene a small panel of experts selected in their personal capacity to identify and study the particular problems of these countries and to make recommendations thereon, giving special attention to the developing island countries which are facing major difficulties in respect of transport and communications with neighbouring countries as well as structural difficulties, and which are remote from major market centres, and also taking into account over-all prospects for, as well as existing levels of, development. The report of the panel should be submitted to the Trade and Development Board for its consideration before the end of 1973.

*118th plenary meeting  
19 May 1972*

<sup>46</sup> The Conference adopted this resolution without dissent.

## OTHER SPECIAL MEASURES RELATED TO THE PARTICULAR NEEDS OF THE LAND-LOCKED DEVELOPING COUNTRIES

(Agenda item 11 (b))

### 63 (III). Special measures related to the particular needs of the land-locked developing countries <sup>47</sup>

*The United Nations Conference on Trade and Development,*

*Recognizing* that the position of the land-locked developing countries, in particular, owing to the high costs of transport, the poor development of their infrastructure, inadequate and inconvenient transport, storage and port facilities in most transit countries, the lack of opportunity or arrangements to use their own transport equipment and to establish their own transport facilities and, in general the unfavourable trend of transport tariff and charges, is a factor seriously inhibiting the expansion of their trade and economic development,

*Reaffirming* the principle asserted by the higher organs of UNCTAD—the Conference and the Trade and Development Board—in Conference resolution 11 (II) of 23 March 1968 and Board resolution 69 (X) of 16 September 1970, that the land-locked situation should be considered as a factor in determining the criteria for the identification of the least developed among the developing countries,

*Recognizing* the need for the international community and the international organizations concerned to undertake studies and to take co-ordinated action, in order to secure more rational treatment for the land-locked developing countries most of which, being among the least developed, are doubly handicapped, which

action will implement the relevant programme of action called for in the International Development Strategy,

*Considering* the action programme submitted by the Secretary-General of UNCTAD in this matter, <sup>48</sup>

*Considering* General Principle Fifteen of the recommendation contained in annex A.I.1 to the Final Act adopted by the Conference at its first session, as it related to land-locked developing countries, and the report of the Group of Experts on the special problems involved in the trade and economic development of the land-locked developing countries, <sup>49</sup> within the competence of UNCTAD,

#### I. General subjects

1. *Resolves*, in order to assist in remedying the specific difficulties affecting the land-locked developing countries, to take action in the following areas:

##### A. Economic structure

2. *Urges* the Secretary-General of UNCTAD to keep under constant review the special economic problems deriving from the geographical situation of the land-locked developing countries;

<sup>48</sup> TD/136. (See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7). Will also be incorporated in a separate publication).

<sup>49</sup> See *Official Records of the Trade and Development Board, Tenth Session, First, second and third parts, Annexes, agenda item 13, document TD/B/308.*

<sup>47</sup> The Conference adopted this resolution without dissent.

3. *Requests* the developed countries and competent international organizations to provide technical and/or financial assistance to the land-locked developing countries for feasibility studies and investment to assist them in their economic development, so as to adapt it to their particular geographical situation, including:

(a) The development of import substitution industries, particularly industries producing high-bulk low-value goods;

(b) Increasing and improving the quality and the value of potential and traditional exports by the processing of raw materials and by more careful grading, packing and presentation of products;

(c) Thorough exploration to determine the mineral-resource endowment and other energy resources, together with measures, including the investigation of new forms of transport, needed for their exploitation;

(d) Development of the economies of the land-locked developing countries as far as possible along the lines of complementarity with neighbouring countries and the production of high-value low-bulk goods to reduce the adverse effects of transport costs;

(e) Investigation of the possibilities of developing tourism, with the necessary infrastructure of hotels and improved internal transport;

(f) Thorough consideration of the possibilities of marketing goods by air, including establishment of special institutions to seek ways of marketing products through air transport delivery;

#### B. *Transport and communications infrastructure*

4. *Invites* the Secretary-General of UNCTAD to appoint an expert group to study, in co-operation with the regional economic commissions and the United Nations Economic and Social Office in Beirut, ways and means of improving the transport infrastructure, as a part of the special measures related to the particular needs of the land-locked developing countries, taking into account section II of the Action Programme submitted by the Secretary-General of UNCTAD and the views expressed at the third session of the Conference, and to submit his findings to the Trade and Development Board at its thirteenth session;

5. *Urges* the developed countries and/or the competent international organizations to provide, at the request of the countries concerned, appropriate technical and/or financial assistance for feasibility studies on, or installation, improvement, construction and maintenance, as the case may be, of:

(a) Road transport in both land-locked developing countries and their neighbouring countries of transit in order to ensure all-weather through transport routes for heavy vehicles carrying goods in transit;

(b) Railways and rolling stock and, where economically feasible, the extension of the rail system of transit countries into land-locked countries;

(c) Inland waterways, to improve navigability so that continuous year-round use is possible;

(d) Air transport, to ensure that each land-locked developing country has at least one airport equipped in accordance with the required international standards;

(e) Postal and telecommunication systems, to bring them up to modern standards;

(f) The establishment, where economically feasible, of alternative transport routes to the sea from land-locked countries, specific attention being given in this connexion to the establishment of trunk routes of use to all countries within a region or a subregion;

(g) Special studies on the possibilities of equalizing the total transport costs related to the international trade of land-locked countries with those of their transit neighbours, so that their export products may be equally competitive and their imports not more expensive;

6. *Urges* the developed countries and competent international organizations to provide, at the request of the countries concerned, technical and financial assistance for the investigation and establishment, where economically feasible, of new forms of transport, with particular reference to pipelines for oil, natural gas and other suitable products;

7. *Requests* that Governments of States members of UNCTAD urge liner conferences and equivalent organizations to take into account the special problems of land-locked developing countries and to grant as far as possible promotional freight rates for their merchandise;

#### C. *Transit areas and port facilities*

8. *Recommends* that the developed countries and competent international organizations give, at the request of the countries concerned, technical and financial assistance for the investigation and the establishment of transit storage and related facilities at mutually agreed breakpoints and transit ports and transit areas at transit ports for land-locked countries;

#### D. *Measures to be taken by the socialist countries of Eastern Europe*

9. *Calls* on the socialist countries of Eastern Europe, in implementing measures in the context of the Declaration of a group of socialist countries at the third session of the Conference<sup>50</sup> and of Conference resolution 15 (II) of 25 March 1968, to take into account, in their programmes, the above-mentioned objectives in the field of economic structure and infrastructure of transport and communications in land-locked developing countries;

#### E. *Institutional arrangements*

10. *Agrees* on the need to establish, within the regional economic commissions and the United Nations Economic and Social Office in Beirut, special regional or subregional bodies where no such bodies or other machinery exist, to make suggestions with a view to implementing the recommendations of UNCTAD and other United Nations bodies relating to the problems of the land-locked countries;

11. *Reiterates* that the United Nations Development Programme, the specialized agencies, the international financial institutions and developed countries should take into account the special needs of land-locked developing countries, particularly in the field of transport, and should give favourable consideration to requests

<sup>50</sup> TD/154 (see annex VIII,G below).

from these countries for financial and technical assistance for the achievement of the aims and objectives enunciated in the International Development Strategy;

12. *Requests* the Secretary-General of UNCTAD to organize, in consultation with the countries concerned, studies of existing port and transit procedures applied in different regions and port and transport facilities available for land-locked developing countries, with a view to enabling them and their transit neighbours to conclude agreements for the improvement of such facilities and procedures;

13. *Recommends* to the Economic and Social Council, in consultation with the appropriate organs of the United Nations system, to study the desirability and feasibility, including possible ways and means, of establishing a special fund for subsidizing the additional transport costs of land-locked developing countries, with a view to reporting its findings to the General Assembly at its twenty-eighth session;

14. *Further requests* the Secretary-General of UNCTAD to prepare, in consultation with the international organizations concerned, a draft international convention or proposals on simplification and standardization of transit customs and trade documents, taking into consideration existing international conventions on the subject and the extent to which they might meet the specific requirements of land-locked developing countries and to submit it, through the Trade and Development Board at its thirteenth session, to the General Assembly;

## II. Administrative and other measures

15. *Invites* the Governments of land-locked developing countries and their neighbouring countries of transit to continue their joint efforts to conclude bilateral agreements or, if mutually agreed, multilateral arrangements with respect to:

(a) The appointment of representatives to assist in the clearance of goods of the land-locked countries in transit;

(b) The establishment of procedures for intergovernmental consultations to ensure that the needs and problems of both land-locked and transit countries are kept under review;

(c) Further simplification of customs and other procedures and formalities and the limitation of documentation;

(d) Familiarizing the officials concerned with the spirit of transit agreements;

16. *Invites* land-locked developing countries and their neighbouring transit countries to seek to conclude agreements on transport facilities with the object of:

(a) Facilitating the movement of road vehicles across the frontiers of the parties to the agreement, if necessary, on the basis of reciprocity;

(b) Facilitating the movement of rolling stock of the parties to the agreement which have interconnected railway systems;

17. *Requests* the governments of the transit countries to provide, when mutually agreed, alternative available transport routes both to the sea ports and other neighbouring countries for the use of the land-locked developing countries;

18. *Requests also* the governments of the transit countries to continue to provide adequate space for transit storage facilities at mutually agreed breakpoints and transit ports and transit areas at transit ports for land-locked developing countries; and where these facilities are not adequate to improve them.

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## EXPORT PROMOTION

(Agenda item 12)

### 75 (III). Export promotion<sup>51</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* the International Development Strategy for the Second United Nations Development Decade and, in particular, paragraph 36 thereof,

*Recognizing* that promotion of the exports of developing countries is a necessary complement to removal of the external obstacles to those countries' exports,

*Noting* with appreciation that the large-scale technical assistance project financed by the United Nations Development Programme for training and advisory services to preference-receiving countries in the implementation of the generalized system of preferences has already become operational,

1. *Recognizes* that developing countries should

<sup>51</sup> The Conference adopted this resolution without dissent.

actively continue and intensify the implementation of appropriate measures for export promotion;

2. *Urges* developed countries, due consideration being given to measures undertaken for the reduction and, if possible, elimination of tariff and non-tariff barriers to the exports of developing countries, to take measures to promote the exports of developing countries through the provision of technical and financial assistance to developing countries for the purpose of:

(a) Studies and research, including exchange of commercial information on a continuous basis on the export prospects for products from developing countries;

(b) Standardization, packaging, design and quality control of products from developing countries;

(c) Organizing international trade fairs with a view to securing increased export opportunities for products from developing countries;

(d) Formulating and implementing programmes for training executives and experts at all levels in the field of trade promotion;

3. *Requests* the appropriate international organizations to provide technical and financial assistance to developing countries in the field of export promotion;

4. *Urges* developed countries to consider measures to facilitate exports from developing countries by appropriate means, such as, where possible, the establishment of national centres in developed countries for the promotion of imports from developing countries or other import facilitation measures;

5. *Recognizes with appreciation* the financial and other support given by the developed countries to the UNCTAD/GATT International Trade Centre, and recommends that such support should, if possible, be increased;

6. *Requests* developed countries and the international organizations concerned to continue to lend their technical and financial support to the work programmes of regional, subregional and national trade promotion centres in order to enable them, in co-operation with other agencies, to collect and disseminate commercial information on a continuing basis, and to supplement the export efforts of developing countries to promote trade with developed countries and among themselves;

7. *Requests* developed countries and the international organizations concerned to assist, where necessary, in creating or strengthening national trade promotion centres and associations thereof in the developing countries in order to achieve the objectives stated in paragraph 6 above;

8. *Recommends* to developing countries to co-operate among themselves in order to intensify the export pro-

motion of their products in the markets of developing and developed countries;

9. *Recommends* regional trade promotion centres to assist developing countries in taking advantage of the trade opportunities resulting from regional and sub-regional co-operation plans and of the export possibilities in such cases where aid is provided in untied form;

10. *Requests* the Secretary-General of UNCTAD together with the Director-General of GATT to continue their efforts to ensure that the International Trade Centre is fully equipped to enable it, in co-operation with the Food and Agriculture Organization of the United Nations and the United Nations Industrial Development Organization, to pursue effective and co-ordinated programmes of assistance to developing countries in the field of export promotion and to pay particular attention to the problems of the least developed countries;

11. *Urges* developed countries to take into account the special market situations prevailing in developing countries and the special needs of developing countries for adopting certain export promotion measures as part of their efforts to achieve diversification and promotion of their exports;

12. *Requests* developed countries and international financial organizations, including the regional development banks, recognizing the need for developing countries to improve their export financing facilities, to give active consideration to means to bring about such an improvement.

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## COMMODITY PROBLEMS AND POLICIES

(Agenda item 13)

### 49 (III). International cocoa agreement<sup>52</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* its resolution 16 (II) of 26 March 1968,

*Recalling further* General Assembly resolution 2820 (XXVI) of 16 December 1971 and Trade and Development Board resolution 85 (XI) of 20 September 1971,

*Conscious* of the importance to a great number of developing countries of price stabilization for cocoa,

*Noting* the positive and encouraging statements made by some consumer countries during the third session of the United Nations Conference on Trade and Development,

1. *Deeply regrets* that it has to date not been possible to conclude an international cocoa agreement;

2. *Takes note* of the report of the Secretary-General of UNCTAD on the first part of the United Nations Cocoa Conference which took place in Geneva from 6 to 28 March 1972;<sup>53</sup>

3. *Requests* the Secretary-General of UNCTAD to take any other measures he may consider necessary in order to facilitate the resolution of outstanding issues and to this end to give every possible assistance to the Cocoa Conference with a view to concluding an international cocoa agreement;

4. *Further requests* the Secretary-General of UNCTAD to convene the second part of the Cocoa Conference with a view to concluding an international cocoa agreement before the end of 1972;

5. *Requests* participating Governments to make the second and concluding part of the Conference a pleni-

<sup>52</sup> The Conference adopted this resolution without dissent.

<sup>53</sup> See TD/III/C.1/L.10, pp. 6 ff.

potentiary Conference to provide the maximum possibility for the successful formulation of an international cocoa agreement;

6. *Calls upon* all participating Governments to make every possible effort to ensure the successful conclusion of an agreement, bearing in mind the dominant part cocoa plays in the export earnings of a great number of developing countries.

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### 50 (III). Competitiveness of natural products, synthetics and substitutes<sup>54</sup>

*The United Nations Conference on Trade and Development,*

Recalling the recommendation contained in annex A.II.7 to the Final Act adopted by the Conference at its first session, and noting the text approved by the Committee on Commodities at its fourth session concerning synthetics and substitutes,<sup>55</sup>

Expressing its grave concern at the erosion of traditional markets for natural products as a consequence of competition from synthetics and substitutes, leading to unfavourable economic consequences for the developing countries,

#### 1. *Requests:*

(a) Countries to encourage increased research and development in respect of natural products facing competition from synthetics and substitutes, including improving production techniques and increasing consumption and trade in those products through, *inter alia*, the development of alternative or new uses and markets for such products and trade promotion;

(b) The developed countries, within their assistance or other programmes, and the appropriate regional and international institutions, to provide financial and technical assistance to support:

(i) National, multinational, subregional and regional research and development projects of interest to developing countries for natural products facing competition from synthetics and substitutes;

(ii) Trade promotion and marketing of natural products by developing countries;

(c) The responsible agencies of the United Nations to assist in a flexible manner in improving the competitiveness of such products through financial and technical assistance, including assistance in export development;

2. *Draws the attention* of the United Nations Conference on the Human Environment, in its consideration of the general problem of industrial pollution, to the pollution problems that may arise from the production and consumption of synthetic materials and requests the Permanent Group on Synthetics and Substitutes to take into account such conclusions of that Conference

<sup>54</sup> The Conference adopted this resolution without dissent.

<sup>55</sup> See *Official Records of the Trade and Development Board, Ninth Session, Supplement No. 5 (TD/B/248/Rev.1 and Rev.1/Corr.1)*, annex I.

as are relevant to its continuing work on the question of the competitiveness of natural products;

3. *Urges* countries producing natural materials threatened by competition from synthetics to co-operate for the purpose of:

(a) Preparing and implementing long-term strategies and related comprehensive programmes of research, development and promotion for these materials, either through existing international bodies or, if need be, through new bodies which might be established for this purpose with the assistance, as necessary, of UNCTAD, the Food and Agriculture Organization of the United Nations and the United Nations Industrial Development Organization;

(b) Expanding consumption of natural products in the developing countries as a means of increasing trade in such products among developing countries;

4. *Requests* the Consultative Group on Agricultural Research sponsored jointly by the Food and Agriculture Organization of the United Nations, the International Bank for Reconstruction and Development and the United Nations Development Programme to give urgent consideration to the need for assistance to research designed to improve the competitiveness of natural raw materials, including processing and end-use research as well as production research;

5. *Urges* all countries concerned to co-operate with UNCTAD, the Food and Agriculture Organization of the United Nations and other competent international organizations to provide relevant information available to them on synthetics in order to facilitate study of the problems facing natural products.

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### 51 (III). The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction<sup>56</sup>

*The United Nations Conference on Trade and Development,*

<sup>56</sup> The Conference adopted this resolution by a roll-call vote of 64 votes to one, with 25 abstentions. The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Austria, Bolivia, Brazil, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Cuba, Dahomey, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Guyana, Holy See, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Libyan Arab Republic, Madagascar, Malaysia, Malta, Morocco, Mauritania, Mexico, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Romania, Rwanda, Senegal, Sudan, Thailand, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* United States of America.

*Abstaining:* Australia, Belgium, Burma, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Republic of Viet-Nam, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland.

Recalling General Assembly resolution 2750 A (XXV) of 17 December 1970, in which the Assembly requests the Secretary-General to co-operate with the United Nations Conference on Trade and Development in putting forward recommendations on the measures necessary to avoid the adverse economic effects which the exploitation of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction, may have on the prices of minerals primarily exported by the developing countries,

Considering that the exploitation of the sea-bed and the ocean floor beyond the limits of national jurisdiction may have an adverse impact on the ecological balance of the marine environment and of fisheries resources,

Noting with satisfaction the report by the UNCTAD secretariat "Mineral production from the area of the sea-bed beyond national jurisdiction: issues of international commodity policy",<sup>57</sup>

1. *Decides* that the question of the economic consequences and implications for the economies of the developing countries resulting from the exploitation of mineral resources shall be kept constantly under review by the Conference and its subsidiary organs, in particular the Trade and Development Board;

2. *Requests* the Secretary-General of UNCTAD, in co-operation with the specialized agencies and in particular the Food and Agriculture Organization of the United Nations, to study the adverse impact which the exploitation of the sea-bed may have on the fisheries resources of the seas and oceans;

3. *Invites* the Secretary-General of UNCTAD to continue to study the measures necessary to avoid the adverse economic effects which the exploitation of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction may have on the prices of minerals exported primarily by developing countries, and to propose specific and detailed measures in that connexion.

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**52 (III). The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction**<sup>58</sup>

*The United Nations Conference on Trade and Development,*

Recalling General Assembly resolution 2574 D (XXIV), of 15 December 1969, in which the Assembly

<sup>57</sup> TD/113/Supp.4 (see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade* (United Nations publication, Sales No. E.73.II.D.5.), part one, "Commodities").

<sup>58</sup> The Conference adopted this resolution by a roll-call vote of 57 votes to 14, with 17 abstentions. The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Bolivia, Brazil, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, Ghana, Guatemala,

declares that pending the establishment of an international régime for the sea-bed and the ocean floor, States and persons, physical or juridical, are bound to refrain from all activities of exploitation of the resources of the area;

*Bearing in mind* the provisions of the Declaration of Principles Governing the Sea-Bed and the Ocean Floor, and the Subsoil Thereof, beyond the Limits of National Jurisdiction, contained in General Assembly resolution 2749 (XXV) of 17 December 1970, which declares that the area shall not be subject to appropriation by any means by States or persons, natural or juridical, and that no State shall claim or exercise sovereignty or sovereign rights over any part thereof; and that no State or person, natural or juridical, shall claim, exercise or acquire rights with respect to the area or its resources incompatible with the international régime to be established and the principles of the Declaration,

*Gravely concerned* over the evidence that a number of States, organizations and consortia are already engaged in operational activities in the area,

1. *Calls upon* all States engaged in activities in the sea-bed area, beyond the limits of national jurisdiction, in conformity with the provisions of the two resolutions cited above, to cease and desist from all activities aiming at commercial exploitation in the sea-bed area and to refrain from engaging directly or through their nationals in any operations aimed at the exploitation of the area before the establishment of the international régime;

2. *Reaffirms* that prior to the establishment of the international régime, no legal claims on any part of the area or its resources, based on past, present or future activities will be recognized.

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**54 (III). The stabilization of commodity prices and, in particular, the role of the International Bank for Reconstruction and Development**<sup>59</sup>

*The United Nations Conference on Trade and Development,*

Noting the recommendation contained in annex A.II.1 to the Final Act adopted by the Conference at its first session, Conference resolutions 16 (II) and 19 (II) of

Guyana, Honduras, India, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Libyan Arab Republic, Madagascar, Mauritania, Mexico, Morocco, Nicaragua, Nigeria, Oman, Pakistan, Paraguay, Peru, Romania, Rwanda, Senegal, Sudan, Togo, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Belgium, Canada, Denmark, Federal Republic of Germany, France, Ireland, Japan, Luxembourg, New Zealand, Norway, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Austria, Burma, Finland, Greece, Israel, Italy, Malaysia, Malta, Netherlands, Portugal, Republic of Korea, Republic of Viet-Nam, Spain, Sweden, Switzerland, Thailand, Turkey.

<sup>59</sup> The Conference adopted this resolution by 74 votes to 2, with 13 abstentions.

26 March 1968 and 31 (II) of 28 March 1968, relating, *inter alia*, to commodity arrangements, financing of stocks and compensatory financing,

*Recognizing* that increases in the export earnings of the developing countries are governed partly by the prices of the commodities on which these countries still largely depend, and partly by a gradual rise in the volume of their exports of these commodities,

*Recognizing further* that the conclusion of agreements on individual commodities may contribute to an increase in these two sources of earnings, particularly as a result of the stabilization of prices of raw materials at equitable and remunerative levels,

*Convinced* that—notwithstanding the role played by UNCTAD in this field—the institutions of the World Bank Group should play a role in directly and indirectly stimulating the conclusion of, and compliance with, such agreements, and that this should be given a place of increasing importance in the loan policy of these institutions, which should assign priority to the solution of problems deriving from price fluctuations and to the financing of diversification and price stabilization programmes,

*Recommends* that:

(a) The International Bank for Reconstruction and Development should provide its assistance, as it has already done in the fields of agricultural research and technical assistance, to facilitate the conclusion of agreements for stabilizing the prices of certain commodities, and actively assist the intergovernmental and regional groups set up for that purpose;

(b) In general, the World Bank Group should make price stabilization an objective of its loan policies and encourage the conclusion of such agreements;

(c) The World Bank Group should apply systematically the principle already adopted in 1969 of assistance in the diversification of production, give priority to loans in respect of agro-industrial projects and promote industrial investment for the local processing of developing countries' agricultural products and raw materials, and that it should assess the value of projects submitted to it particularly in the light of their effects on export earnings and of their implications for the terms of trade of the country concerned;

(d) The International Bank for Reconstruction and Development and its affiliates, each within the limits of its competence, should act in close co-operation with the International Monetary Fund in financing the establishment of stocks of commodities and diversification programmes;

(e) The World Bank Group should provide direct financing to international agencies whose objective is to stabilize the prices of raw materials in accordance with agreements on individual commodities, when such intervention may appear necessary, and particularly where:

- (i) Pre-financing is envisaged;
- (ii) Stabilization of prices over the long term is required;
- (iii) Direct assistance to funds for the diversification, adjustment or improvement of production appears necessary.

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### 78 (III). Marketing and distribution systems<sup>60</sup>

*The United Nations Conference on Trade and Development,*

*Considering* the need to increase and stabilize the export earnings of the developing countries,

*Considering also* the need to ensure that the developing countries are able to retain a substantial and stable share of the income derived from international trade in the commodities they export,

*Considering likewise* the key importance of marketing and distribution systems for the international distribution of the income generated by that trade,

*Asserting* that high priority should be given to the study of this aspect of commodity trade,

1. *Requests* the Secretary-General of UNCTAD to have comprehensive studies made of marketing and distribution systems for commodities of export interest to the developing countries, and to submit to the Committee on Commodities at its seventh session a progress report on these studies. For the purposes of these studies, the UNCTAD secretariat should make use of all sources of information, including governmental and non-governmental, international and intergovernmental organizations concerned with commodity trade;

2. *Further requests* that, pursuant to the above, the UNCTAD secretariat should complete at the earliest possible date the study on cocoa, which should include a consideration of the economic problems of storing cocoa in tropical climates, and should submit the study to the Committee on Commodities at its seventh session. It should also carry out studies, *inter alia*, on the following commodities: tea, bananas, tobacco, rubber, oilseeds, oils and fats, oil-cakes, cotton, manganese ore, antimony and wolfram. The study of each of the commodities listed above should define clearly the following:

(a) The proportion of the total income derived by the developing countries from exports of the above-mentioned commodities which is retained in the territory of the developing countries;

(b) The effects of the operation of commodity exchanges on price levels and fluctuations thereof;

(c) The monopolistic or oligopolistic factors, including multinational corporations, which affect price levels on the main world commodity markets and their impact on the developing countries;

3. *Requests also* that the UNCTAD secretariat should make recommendations for remedial measures designed to expand the trade flow from the developing to the developed countries and to increase the profits accruing to the developing countries. It should also suggest ways and means of implementing the measures recommended.

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<sup>60</sup> The Conference adopted this resolution by 76 votes to 16, with 4 abstentions.

**83 (III). Intergovernmental consultations on commodities in connexion with access to markets and pricing policy**<sup>61</sup>

*The United Nations Conference on Trade and Development,*

Recalling the International Development Strategy for the Second United Nations Development Decade as adopted, the joint statement by the socialist countries on the Second Development Decade and social progress,<sup>62</sup> the recommendation contained in annex A.II.1 to the Final Act adopted by the Conference at its first session, and the relevant resolutions of the Trade and Development Board and the Committee on Commodities,

Recognizing the need for the intensification of inter-governmental consultations with the aim of attaining concrete and significant results in trade liberalization and pricing policy,

Recognizing the fact that no agreement was reached on the draft resolutions on access to markets and pricing policy<sup>63</sup> submitted at the third session of the Conference, and considering the urgent need for UNCTAD to undertake vigorous action in these fields,

1. *Decides* to refer these draft resolutions to the Board for consideration at its twelfth session, and requests

<sup>61</sup> The Conference adopted this resolution by consensus, subject to one delegation's dissent as far as paras. 2 and 3 are concerned.

<sup>62</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Annexes*, agenda item 42, document A/8074.

<sup>63</sup> TD/III/C.1/L.11 and TD/III/C.1/L.13 (see annex VII below).

the Board also to take into account the joint declaration of a group of socialist countries of Eastern Europe at the third session of the Conference<sup>64</sup> and requests the Board also to take into account the views of member States as reflected in the report of the First Committee,<sup>65</sup>

2. *Requests* the Secretary-General of UNCTAD to convene the seventh session of the Committee on Commodities as a special session, which shall be open-ended in order to enable all Governments of States members of UNCTAD to participate on an equal basis, for the purpose of organizing intensive intergovernmental consultations on agreed commodities or groups of commodities, including the setting up, as may be appropriate, of *ad hoc* consultative groups with the aim of reaching concrete and significant results on trade liberalization and pricing policy early in the 1970s;

3. *Further requests* the Secretary-General of UNCTAD to prepare appropriate documentation for the special session of the Committee on Commodities, and to carry out consultations with the representatives of interested Governments concerning the commodities which should be the subject of intensive consultations and the procedures to be followed therein. The Secretary-General of UNCTAD is requested to co-operate with other agencies, notably the Food and Agriculture Organization of the United Nations and intergovernmental commodity bodies, in the preparation of the requisite studies.

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<sup>64</sup> TD/154 (see annex VIII,G below).

<sup>65</sup> See annex VI,A below.

## MANUFACTURES AND SEMI-MANUFACTURES

(Agenda item 14)

**72 (III). Adjustment assistance measures**<sup>66</sup>

*The United Nations Conference on Trade and Development,*

Recalling that the International Development Strategy for the Second United Nations Development Decade provides in paragraph 35 that "developed countries, having in mind the importance of facilitating the expansion of their imports from developing countries, will consider adopting measures and where possible evolving a programme early in the Decade for assisting the adaptation and adjustment of industries and workers in situations where they are adversely affected or may be threatened to be adversely affected by increased imports of manufactures and semi-manufactures from developing countries",

Recalling further that paragraph 5 of the recommendation contained in annex A.III.6 to the Final Act

adopted by the Conference at its first session provides that the developed countries should consider, *inter alia*, making "Arrangements for assisting the adaptation and adjustment of industries and workers in situations where particular industries and workers in those industries are adversely affected by increased imports of manufactures and semi-manufactures",

Recognizing the important role which adjustment assistance policies or programmes can play in facilitating the transfer of domestic factors of production in developed countries seriously affected by economic changes including competing imports from developing countries into other, and to the extent possible more efficient, sectors or industries, thus reducing in appropriate cases the need for tariff and non-tariff protection,

Noting that the existing adjustment policies or programmes in developed countries are generally directed to adapting their economies to changing economic conditions and that they should take also into account increased imports from developing countries,

<sup>66</sup> The Conference adopted this resolution without dissent.

Recognizing that appropriate and, if feasible, long-term policies or programmes of adjustment assistance in the developed countries designed to assist industries and workers may be necessary in order to promote a more rational allocation of resources and thereby contribute to the expansion of exports of manufactures and semi-manufactures of developing countries,

Noting the preliminary conclusion of the secretariat of UNCTAD in its report on adjustment assistance measures that there is reason to believe that the costs arising from adjustment assistance will be more than offset by the benefits flowing from trade liberalization,<sup>67</sup>

1. Requests the developed countries to adopt where appropriate suitable adjustment assistance policies or programmes with a view to achieving a better allocation of resources, particularly taking into consideration trade liberalization measures for the expansion of the exports of manufactures and semi-manufactures of the developing countries;

2. Requests the UNCTAD secretariat to continue its reviews of adjustment assistance measures in developed countries, taking into account the work in progress in other international organizations, and to report to the Committee on Manufactures.

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### 73 (III). Restrictive business practices<sup>68</sup>

*The United Nations Conference on Trade and Development,*

Bearing in mind the International Development Strategy for the Second United Nations Development Decade, and in particular paragraph 37, which provides that: "Restrictive business practices particularly affecting the trade and development of the developing countries will be identified with a view to the consideration of appropriate remedial measures, the aim being to reach concrete and significant results early in the Decade. Efforts will be made with a view to achieving these results before 31 December 1972"; and, to the extent relevant to restrictive business practices, also paragraph 64 of the Strategy,

Recalling Conference resolution 25 (II) of 27 March 1968, and Trade and Development Board resolution 51 (VIII) of 5 February 1969 on the nature, scope and characteristics of the study of restrictive business practices,

Welcoming the studies carried out by the UNCTAD secretariat, in particular the preliminary report, *Restrictive business practices*, prepared for the Committee on Manufactures at its fifth session<sup>69</sup> and the report prepared for the Conference at its third session<sup>70</sup>

<sup>67</sup> See TD/121/Supp.1, para. 45. See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade* (United Nations publication, Sales No. E.73.II.D.5), part two, "Manufactures".

<sup>68</sup> The Conference adopted this resolution without dissent.

<sup>69</sup> United Nations publication, Sales No. E.72.II.D.10.

<sup>70</sup> TD/122 and Supp.1 and Corr.1 (see *Proceedings of the United Nations Conference on Trade and Development, Third*

and noting the other documents mentioned in the last named report,<sup>71</sup>

Reaffirming conclusion 2 (V), on restrictive business practices,<sup>72</sup> adopted by the Committee on Manufactures at its fifth session with regard to the future work on restrictive business practices,

Recognizing that work being done on restrictive business practices constitutes an important component of the programme of work on the liberalization of barriers to the trade of developing countries in manufactures and semi-manufactures and that every effort should be made with a view to alleviating and, where possible, eliminating restrictive business practices adversely affecting their trade and development,

Recognizing also the desirability of action by developing countries at national, subregional, regional or other multilateral levels to take appropriate remedial measures for such restrictive business practices which adversely affect their economies,

Considering the possible adverse impact of restrictive business practices, including among others those resulting from the increased activities of multinational enterprises, on the trade and development of developing countries,

Noting that the least developed among the developing countries have greater difficulty in taking effective action in this field,

1. Recommends that:

(a) Every effort should be made with a view to alleviating and, where possible eliminating, restrictive business practices adversely affecting the trade and development of developing countries;

(b) There should be co-operation among developed and developing countries through an exchange of information and consultations and other means, which could contribute to the alleviation and, where possible, elimination of restrictive business practices adversely affecting both the developed and developing countries;

(c) Attention should be paid to the possibility of drawing up guidelines for consideration by Governments of developed and developing countries regarding restrictive business practices adversely affecting developing countries;

2. Calls upon the UNCTAD secretariat to pursue further its studies in this field and to give urgent consideration to formulating the elements of a model law or laws for developing countries in regard to restrictive business practices;

3. Further calls upon all member countries, in particular the developed countries, and upon competent international organizations, such as the World Intellectual Property Organization and the International Chamber of Commerce, to extend their fullest co-operation to the UNCTAD secretariat in this regard;

Session, vol. II, *Merchandise trade* (United Nations publication, Sales No. E.73.II.D.5), part two, "Manufactures".

<sup>71</sup> See TD/122/Supp.1, paras. 5-7.

<sup>72</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 2 (TD/B/352), annex I.*

4. *Decides* to establish an *Ad hoc* Group of Experts on Restrictive Business Practices consisting of an adequate number of governmental and non-governmental experts to be nominated by the Secretary-General of UNCTAD after consultations with Governments. This Expert Group will be responsible to the Committee on Manufactures, to which it shall submit its report as soon as possible;

5. The terms of reference of the *Ad hoc* Group of Experts shall include the following, bearing in mind that the work shall be carried out in the context of liberalization and expansion of trade in manufactures and semi-manufactures of interest to developing countries:

(a) The identification of all restrictive business practices, including among others those resulting from activities of multinational corporations and enterprises which adversely affect the trade and development of developing countries, with a view to submitting recommendations to the Committee on Manufactures for alleviating and, where possible, eliminating, such practices;

(b) Further study of restrictive business practices followed by enterprises and corporations, which have already been identified and which are adversely affecting the trade and development of developing countries, including among others such practices which may stem from: cartel activities; business restrictions practised by enterprises and multinational corporations; export prohibitions; agreements on market distribution and allocation; the tying of the supply of inputs including raw materials and components; restrictions specified in contracts for the transfer of technology, arbitrary transfer pricing between the parent company and its affiliates; monopoly practices;

(c) In addition to the practices already referred to in the present resolution, in carrying out its studies and submitting its recommendations to the Committee on Manufactures, more attention than in the past should be given to such practices, among others, applied by enterprises and corporations and adversely affecting the trade and development of the developing countries, as those in relation to licensing arrangements and related agreements referring to the use of patents and trademarks; market sharing; pricing policy and participation of firms of developing countries in industrial projects of multinational corporations;

(d) In carrying out its studies and submitting its recommendations to the Committee on Manufactures, the Group of Experts shall give special consideration to the position of the least developed among the developing countries;

(e) It shall examine the possibility of drawing up guidelines for the consideration of governments of developed and developing countries regarding restrictive business practices adversely affecting developing countries;

(f) It shall take fully into account those studies which have been and are being carried out by the other international organizations of relevance to work in this area, and shall work in close co-operation with them;

6. *Requests* the Committee on Manufactures to con-

sider the report of the Group of Experts and recommend appropriate remedial action on restrictive business practices;

7. In so far as work on restrictive business practices is related to the question of transfer of technology, close co-ordination between the Committee on Manufactures and the Intergovernmental Group on Transfer of Technology should be maintained, so as to avoid duplication of work.

*118th plenary meeting*

*19 May 1972*

#### 74 (III). International sub-contracting <sup>73</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* the report by the UNCTAD secretariat entitled "Manufacturing of components through international sub-contracting as a means of expansion and diversification of exports of manufactures from the developing countries", <sup>74</sup>

*Recognizing* that the production of standard or specially designed components on the basis of international sub-contracting offers a promising possibility for expanding and diversifying exports of manufactures from the developing countries as well as for generating employment, creating skills, transferring technology and developing entrepreneurship in the developing countries,

*Taking into account* the fact that only a few developing countries have benefited by the considerable expansion in international sub-contracting witnessed in recent years,

*Considering* the desirability of firms in developed countries, especially those which have subsidiaries in developing countries or collaborating arrangements with firms in developing countries, making the maximum possible use of international sub-contracting in order to stimulate the expansion of trade in parts and components from developing countries,

1. *Welcomes* the establishment in the United Nations Industrial Development Organization of an international sub-contracting programme, and the growing co-operation between the secretariats of UNCTAD and the United Nations Industrial Development Organization, and requests the UNCTAD secretariat, taking fully into account the work on international sub-contracting in the United Nations Industrial Development Organization and the regional economic commissions, to continue its work on international sub-contracting giving special regard to the trade and development aspects, and to report to the Committee on Manufactures on the progress of this work; UNCTAD should provide assistance to the United Nations Industrial Development Organization on the trade and development aspects of international sub-contracting and in assessing the effects of international sub-contracting arrangements on the export trade of developing countries;

<sup>73</sup> The Conference adopted this resolution without dissent.

<sup>74</sup> TD/B/C.2/107.

2. *Invites* international and regional financial institutions concerned, as well as developed countries, to consider giving technical and financial assistance for modernization of equipment, training facilities, extension services in technology, management and marketing in developing countries for the purpose of encouraging international sub-contracting;

3. *Requests* the Committee on Manufactures to give further consideration to the trade and development aspects of international sub-contracting and to examine measures which might appropriately be taken to encourage international sub-contracting in developing countries.

*118th plenary meeting  
19 May 1972*

### 76 (III). Liberalization of non-tariff barriers <sup>75</sup>

*The United Nations Conference on Trade and Development,*

*Considering* that the present non-tariff barriers constitute an important obstacle to the expansion of international trade,

*Considering* further that the present non-tariff barriers in the developed countries constitute an important obstacle to the expansion of exports of manufactures and semi-manufactures, including processed and semi-processed products, from developing countries,

*Recalling* the International Development Strategy for the Second United Nations Development Decade, adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, and particularly paragraphs 33 and 34 thereof, the recommendation contained in annex A.III.4 to the Final Act adopted by the Conference at its first session, Trade and Development Board decision 45 (VII) of 21 September 1968 and decisions 2 (III), <sup>76</sup> 1 (IV) <sup>77</sup> and 1 (V) <sup>78</sup> of the Committee on Manufactures,

*Recognizing* the need for a continuing examination by UNCTAD of non-tariff barriers,

*Recognizing* further that the benefits which the developing countries can derive from the generalized system of preferences may be adversely affected by the non-tariff barriers relating to their exports, and that close co-ordination between UNCTAD work on non-tariff barriers and preferences would be desirable,

*Bearing in mind* the documentary material so far prepared by the UNCTAD secretariat on the identification and analysis of non-tariff barriers affecting exports of manufactures and semi-manufactures of interest to developing countries and the useful work carried out by other international organizations on the identification of non-tariff barriers,

<sup>75</sup> The Conference adopted this resolution without dissent.

<sup>76</sup> See *Official Records of the Trade and Development Board, Eighth Session, Supplement No. 2 (TD/B/199/Rev.1), annex I.*

<sup>77</sup> *Ibid.*, Tenth Session, Supplement No. 2 (TD/B/295), annex I.

<sup>78</sup> *Ibid.*, Eleventh Session, Supplement No. 2 (TD/B/352), annex I.

*Recognizing* the importance of the forthcoming multi-lateral trade negotiations proposed in 1973, and the need to assist the developing countries in preparing for their full and effective participation in these negotiations,

1. *Decides* to invite the Committee on Manufactures to accelerate its consideration of non-tariff barriers which may adversely affect developing countries' exports, and in pursuing these efforts to promote consultation on non-tariff barriers affecting present and potential exports of products of interest to developing countries;

2. *Decides also* to establish a Sessional Committee of the Committee on Manufactures at its sixth session in order to assist the developing countries in preparing for their full and effective participation in the multi-lateral trade negotiations in regard to non-tariff barriers;

3. *Further decides* that the Sessional Committee of the Committee on Manufactures should propose measures, on the basis of individual products or groups of products and having regard to both the countries applying non-tariff barriers and the countries affected thereby, for the reduction, relaxation and elimination of non-tariff barriers affecting the exports of developing countries;

4. *Requests* the Secretary-General of UNCTAD, in the context of and pursuant to decisions 2 (III), 1 (IV) and 1 (V) of the Committee on Manufactures, including the explanatory statements thereon and taking into account the debates in the Second Committee of the Conference at its third session, to continue the following work for the purpose of submitting it as basic documentary material to the Sessional Committee of the Committee on Manufactures:

(a) The identification and analysis of products or groups of products in accordance with the selection criteria and guidelines laid down in the report by the UNCTAD secretariat, "An analysis of the effects of non-tariff barriers in developed market-economy countries on selected products, or product-groups of export interest to developing countries" <sup>79</sup> and the discussion in the Sessional Committee of the Committee on Manufactures;

(b) The preparation of a document containing an up-to-date and more precise and detailed inventory of non-tariff barriers affecting the trade of developing countries with individual developed countries, making full use of appropriate documentation and information available in GATT relating to its work on non-tariff barriers, in consultation with the developed and developing countries concerned;

(c) The identification, in the light of decisions 1 (IV) and 1 (V) of the Committee on Manufactures, of those products which are of export interest to developing countries with a view to proposing measures for expansion of trade of manufactures and semi-manufactures of the developing countries to the socialist countries of Eastern Europe, making suggestions in this respect and, wherever necessary, seeking additional information from Governments of member States;

<sup>79</sup> TD/B/C.2/R.2.

(d) The identification of products covered by the generalized system of preferences which are affected by non-tariff barriers;

5. *Requests* all Governments of member States to co-operate fully with the UNCTAD secretariat in providing it with the appropriate information necessary for the advancement of its work on non-tariff barriers.

118th plenary meeting  
19 May 1972

### 77 (III). Preferences <sup>80</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* Conference resolution 21 (II) of 26 March 1968, wherein it recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized, non-reciprocal, non-discriminatory preferences which would be beneficial to the developing countries,

*Noting* decision 75 (S-IV) adopted by the Trade and Development Board on 13 October 1970 on the agreed conclusions of the Special Committee on Preferences, which noted the determination of the preference-giving countries to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971,

*Noting* the Joint Declaration made by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics at the second part of the fourth session of the Special Committee on Preferences, <sup>81</sup>

*Noting* the International Development Strategy for the Second United Nations Development Decade, in particular paragraph 32,

*Noting* the serious concern expressed at the third session of the Conference that certain developed countries have not yet put into effect their schemes, notwithstanding their determination to introduce the preferential arrangements "as early as possible in 1971" provided they had obtained the necessary legislation,

*Recalling* the objectives of the generalized system of preferences as stated in resolution 21 (II) and expressing the firm conviction that full consultations should be undertaken on the system as initially applied and on its operation and effects, having regard to continuing efforts for further improvement so as to ensure, *inter alia*, the broadest possible product coverage and benefit for all developing countries,

*Noting* that efforts should be continued for further harmonization of the rules of origin put into effect by preference-giving countries,

*Recognizing* that the benefits which developing countries can derive from the generalized system of

preferences may be adversely affected by non-tariff barriers, and limited by the use of safeguard mechanisms,

#### I

A. *Urges* those prospective preference-giving market-economy countries which have not yet sought the necessary legislation to do so as soon as possible with a view to implementing their schemes of generalized preferences in 1972 or early 1973;

B. *Urges* those socialist countries of Eastern Europe which have not yet indicated the nature of preferential treatment and have not yet specified the operational measures they intend to take for implementing the Joint Declaration should do so as early as possible; these countries should transmit the above information to the States members of UNCTAD through the Secretary-General of UNCTAD;

C. *Reiterates* that the problem of reverse preferences should be resolved by further consultations between the parties directly concerned with the assistance of the Secretary-General of UNCTAD if so requested. These consultations should be pursued as a matter of urgency with a view to finding early solutions. At the same time, developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them. In the meantime, the implementation of the generalized system of preferences should continue.

#### II

*Decides:*

A. To establish the Special Committee on Preferences as a permanent machinery within UNCTAD with terms of reference as described in section VIII of the agreed conclusions;

B. To have the Special Committee on Preferences convened as soon as possible in 1972 or 1973 to conduct consultations which may lead, *inter alia*, to improving the system in accordance with the agreed conclusions and in particular section VIII of these conclusions. In the consultations efforts should be pursued in a dynamic context for further improvement of these preferential arrangements, bearing in mind the agreed conclusions contained in the annex to Trade and Development Board decision 75 (S-IV) of 13 October 1970, *inter alia*, that developing countries sharing their existing tariff advantages with the rest of the developing countries as a result of the implementation of the generalized system of preferences will not be adversely affected. <sup>82</sup> In this connexion, the preference-giving countries will take into consideration the following requests of the developing countries;

(1) To include all processed and semi-processed agricultural and primary products in chapters 1 to 24 of the Brussels Tariff Nomenclature in their schemes of

<sup>80</sup> The Conference adopted this resolution without dissent.

<sup>81</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1)*, part two, para. 192.

<sup>82</sup> This sentence is taken from General Assembly resolution 2820 (XXVI), section I, paragraph 7 (b).

generalized preferences. All products in chapters 25 to 99 of the Brussels Tariff Nomenclature excluded from the present arrangements should be similarly included in their schemes;

(2) To provide duty-free and quota-free entry to imports from all developing countries under the generalized system of preferences;

(3) To accord unrestricted and duty-free entry to hand-made handicraft products from developing countries by including them in their schemes of preferences or by adopting suitable commercial policy measures. The Customs Co-operation Council secretariat is requested to expedite its technical study of products not included in the generalized system of preferences on the basis of proposals made by the Committee on Manufactures at its fifth session;

(4) In formulating and applying rules of origin under the generalized system of preferences to achieve maximum harmonization in accordance with the agreed conclusions reached in the UNCTAD Working Group on Rules of Origin at its third session.<sup>83</sup> Preference-giving countries should immediately modify, with a view to simplifying, those provisions in their existing rules of origin which would for lack of simplicity inhibit or hamper the growth of exports by developing countries under the generalized system of preferences. Preference-giving countries should allow materials or components originating from any developing country to be included in the application of their origin requirements for the final product;

(5) Not to resort to escape clause or safeguard actions save in exceptional circumstances and these should be subject to prior international consultation, approval and review;

(6) To eliminate, on a preferential and non-reciprocal basis in favour of all developing countries, all non-tariff barriers on products covered by the generalized system of preferences;

(7) Not to adopt any domestic policy measures which would minimize the benefits of the generalized system of preferences but should adopt further measures that would enable developing countries to derive maximum benefits from the system.

### III

*Urges* Governments of developed countries to assist developing countries in their application of rules of origin by providing experts for this purpose;

### IV

A. *Urges* that all preference-giving countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences relating to the least developed among the developing countries;

B. *Invites* the Secretary-General of UNCTAD, together with the Administrator of the United Nations Development Programme, in the Special Fund training and advisory project on the generalized system of preferences, to direct their attention to the special needs of the least developed among the developing countries.

*118th plenary meeting  
19 May 1972*

<sup>83</sup> See TD/B/AC.5/38, paras. 47-59.

## FINANCIAL RESOURCES FOR DEVELOPMENT

(Agenda item 15)

### 37 (III). Development of tourism<sup>84</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolution 2626 (XXV) of 24 October 1970, proclaiming the Second United Nations Development Decade, especially paragraph 55 of the International Development Strategy adopted in that resolution, and Conference resolution 8 (II) of 22 March 1968, on tourism,

*Taking into account* the experience of the last decade, in which, according to available data, while on the one hand there has been a substantial expansion of international tourism and of foreign exchange earnings from this source for the developing countries as a whole, on the other hand the bulk of receipts from international tourism has gone to developed countries,

*Bearing in mind* that receipts from international tourism may constitute an important item in the balance

of payments of the developing countries and may also have a favourable effect by generating additional employment and income for the populations of those countries,

*Recognizing* that the provision, *inter alia*, of financial resources and technical assistance to enable those countries to develop their tourist industry is a highly favourable area for international co-operation,

*Taking note* of the report by the UNCTAD secretariat, *Elements of tourism policy in developing countries*<sup>85</sup> and of the country studies appended thereto,<sup>86</sup> as well as of the report by the UNCTAD secretariat, "Tourism and developing countries"<sup>87</sup> and the

<sup>85</sup> TD/B/C.3/89 and Corr.1-2 (United Nations publication, Sales No. E.73.II.D.3).

<sup>86</sup> TD/B/C.3/89/Add.1-4.

<sup>87</sup> TD/142 and Corr.1 (see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. III, *Financing and Invisibles* (United Nations publication, Sales No. E.73.II.D.6)).

<sup>84</sup> The Conference adopted this resolution unanimously.

report of the Committee on Invisibles and Financing related to Trade on its fifth session,<sup>88</sup>

*Taking note* of the *Guidelines for tourism statistics* prepared by the UNCTAD secretariat in collaboration with the Statistical Office of the United Nations, the International Monetary Fund and the International Union of Official Travel Organizations,<sup>89</sup> and considering that these *Guidelines* are a useful contribution to the establishment of national data on tourism that are internationally comparable and needed for a better understanding of international travel and of the tourism industry, as well as for research and policy formulation in tourism,

*Recognizing* that widespread access to tourism for all segments of the population may be a factor contributing to the basic objective of raising standards of living and promoting real awareness of internal obstacles to development, inasmuch as it is a means of communication and cultural interaction which has an impact on the social and economic integration efforts of peoples,

*Taking note* of resolution A18-17 on "International Air Transport Fares and Rates Studies", adopted by the Assembly of the International Civil Aviation Organization at its eighteenth session, held from 15 June to 7 July 1971,<sup>90</sup>

*Stressing* the role of air transport in the promotion of tourism on a large scale in developing countries,

*Taking note* also of the report of the Secretary-General of UNCTAD on arrangements within the United Nations Secretariat for future work on tourism,<sup>91</sup> of, in particular, the prospective transformation of the International Union of Official Travel Organizations into an intergovernmental organization; and also of the relevant resolutions and decisions of the General Assembly and the Economic and Social Council concerning relations between the proposed World Tourism Organization and the United Nations,

*Recognizing* that it is necessary for UNCTAD, within its competence, to co-operate with other international organizations active in the field of tourism, especially the International Union of Official Travel Organizations and its proposed successor, the World Tourism Organization,

1. *Recommends* to developed and developing countries and the competent international organizations to take co-ordinated action in the following areas of particular importance to developing countries:

(a) Encouragement of travel from developed to developing countries by such means as: relaxation and, if possible, non-imposition of foreign exchange restrictions on travel abroad; granting duty-free entry, within the context of liberal tourist exemptions, for handicrafts and other traditional goods which are locally produced acquired by their residents in the course of tourist travel

abroad; and facilitating, as far as possible, the promotion of publicity campaigns;

(b) Provision of appropriate technical and financial assistance to developing countries, taking into account the need for promoting tourism within the over-all context of both established project criteria and national development plans and programmes, and including:

- (i) Credits on easy terms and grants, particularly for tourist facilities and for building the infrastructure vital to the development of tourism;
- (ii) Training of personnel needed for the development of tourism and for the operation and management of the tourism industry in developing countries;

(c) Examination within recognized fields of competence and, where appropriate, revision of the air fare structure in a manner that will take due account of the interest of developing countries in the growth of tourist traffic, especially to developing countries, and of the need to ensure an adequate yield to airlines;

2. *Recommends* that, in drawing up and implementing plans for the development of tourism, the Governments of developing countries should take into account the conclusions of the above-mentioned secretariat reports and the report of the Committee on Invisibles and Financing related to Trade on its fifth session and in particular the following considerations:

(a) Governments of developing countries should co-operate in drawing up long-term plans for the development of tourism at the regional and/or subregional levels;

(b) It is necessary to integrate tourism into national economic planning or at least to assess whether general economic and social policies adequately provide for the development of tourism;

(c) Within the public administration there should be an authoritative body responsible for matters relating to tourism, including the provision of the necessary infrastructure for tourism, which is able to ensure that due account is taken of the needs of tourism in the formulation of general economic and social policies;

(d) At the national level, decisions concerning the development of tourism in different regions or the development of different types of tourism should be taken in the context of a long-term master plan for tourism;

3. With regard to the *Guidelines for tourism statistics* mentioned above:

(a) *Draws* the attention of the Statistical Commission of the United Nations to the *Guidelines* for possible consideration at the Commission's seventeenth session;

(b) *Commends* the *Guidelines* to the United Nations regional economic commissions and the United Nations Economic and Social Office at Beirut and invites them to consider ways of implementing, where necessary, the recommendations, taking into account the particular situation of their regions;

(c) *Expresses the hope* that, as indicated in the *Guidelines*, the Statistical Office of the United Nations, in co-operation with the International Union of Official Travel Organizations, will issue appropriate manuals dealing with sampling and other techniques, in the

<sup>88</sup> *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395).*

<sup>89</sup> United Nations publication, Sales No. E.71.II.D.9.

<sup>90</sup> See International Civil Aviation Organization, *Resolutions adopted by the Assembly, Eighteenth Session* (Montreal, 1971), p. 62.

<sup>91</sup> TD/B/C.3/100.

specific context of tourism statistics, that could be applied without great expense by developing countries;

4. *Requests* the Secretary-General of UNCTAD to communicate the present resolution to the International Civil Aviation Organization and the International Air Transport Association in order that the particular needs of the developing countries may be taken duly into consideration in the work provided for in resolution A18-17 of the Assembly of the International Civil Aviation Organization;

5. *Requests* the Secretary-General of the United Nations to take the necessary steps to ensure that the continued implementation of the work in the field of tourism started by UNCTAD is not delayed as a result of the transfer of secretariat responsibilities to the Department of Economic and Social Affairs;

6. *Invites* States whose national tourism organizations are members of the International Union of Official Travel Organizations to take an early decision regarding the ratification of the statutes of the World Tourism Organization, the establishment of which has been recommended by the General Assembly in its resolutions 2529 (XXIV) of 5 December 1969 and 2802 (XXVI) of 14 December 1971, so that it may start to function at the earliest opportunity and contribute effectively to the development of tourism in general and its rapid growth in the developing countries in particular.

*109th plenary meeting  
13 May 1972*

### 55 (III). Special aspects of development finance: supplementary financing<sup>92</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* that supplementary financial measures designed to protect development plans of developing countries against disruptive consequences of export shortfalls have been under intensive discussion within UNCTAD since 1964,

*Emphasizing* paragraph 51 of the International Development Strategy for the Second United Nations Development Decade, in which the International Bank for Reconstruction and Development is invited to give further consideration to the adoption of supplementary financial measures at the earliest practicable opportunity,

*Noting* that in the absence of the detailed working out of arrangements for supplementary financing, presently entrusted to the International Bank for Reconstruction and Development under Trade and Development Board resolution 60 (IX) of 12 September 1969, the resources required cannot be satisfactorily ascertained,

*Noting also* the joint statement of developing countries at the fifth session of the Committee on Invisibles and Financing related to Trade,<sup>93</sup>

<sup>92</sup> The Conference adopted this resolution without dissent.

<sup>93</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395), annex II.*

*Noting* that the President of the International Bank for Reconstruction and Development, in his letter to the Secretary-General of UNCTAD dated 4 May 1971<sup>94</sup> said that should a developing country member of the Bank, for reasons outside its control, experience an unexpected shortfall of its export earnings which threatened to disrupt the implementation of its development programme, the World Bank Group would examine the case on its merits with a view to determining whether and how it could shape or modify its lending and its other operations for that country in such a way as to help the country to overcome its difficulties,

1. *Renews its invitation* to the International Bank for Reconstruction and Development to work out, before the sixth session of the Committee on Invisibles and Financing related to Trade, detailed arrangements for a scheme of supplementary financing (including an assessment of the cost of the scheme) and for the means of its implementation in pursuance of resolution 60 (IX) of the Trade and Development Board and the Declaration by the Trade and Development Board at its tenth session;<sup>95</sup>

2. *Invites* the Bank, on the basis of its preparation of detailed arrangements for supplementary financing, to explore possibilities of adequate financial support for these arrangements commensurate with the magnitude of the problem facing developing countries, and in particular draws the attention of the Bank to the fifth of the conclusions reached by the Intergovernmental Group on Supplementary Financing at its fifth session, which stated that it would be of little value merely to divert available resources from basic development finance for the purposes of supplementary financing;<sup>96</sup>

3. *Invites* the Bank to specify in greater detail what criteria developing countries would need to satisfy to take advantage of the undertaking given in the letter dated 4 May 1971 from the President of the Bank and what policies the Bank is willing to consider in response to such requests pending the working out of the detailed arrangements referred to in paragraph 1 above.

*117th plenary meeting  
19 May 1972*

### 56 (III). Foreign private investment in its relationship to development<sup>97</sup>

*The United Nations Conference on Trade and Development,*

*Taking account* of the International Development Strategy for the Second United Nations Development Decade, and in particular paragraph 50,

<sup>94</sup> *Ibid.*, *Eleventh Session, Annexes*, agenda item 7, document TD/B/353.

<sup>95</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1)*, part two, para. 203.

<sup>96</sup> See *Official Records of the Trade and Development Board, Ninth Session, Supplement No. 6 (TD/B/260/Rev.1)*, para. 34 (e).

<sup>97</sup> The Conference adopted this resolution by 73 votes to 3, with 23 abstentions.

Recalling Conference resolution 33 (II) of 28 March 1968,

Recognizing that private foreign capital must operate in accordance with the national priorities and decisions of developing countries, and must contribute to the expansion of total production and investment, without, however, leading to an outflow of foreign currency resources from the developing countries,

Noting that some developing countries have experienced a net outflow of capital on account of amortization and interest payments on public debt, and of returns on direct foreign investment, which in 1969 accounted for 60 per cent of the total gross capital receipts of those countries,

Considering that, in the light of the relevant parts of Conference resolution 33 (II), the Secretary-General of UNCTAD should continue his studies on private foreign investment with a view to determining with the greatest possible accuracy the effects of foreign private investment on the development process of the developing countries,

Recalling General Assembly resolution 2276 (XXII) of 4 December 1967 and resolution 2 (III) of the Committee on Invisibles and Financing related to Trade, on "Outflow of financial resources from developing countries",<sup>98</sup>

1. *Affirms* the sovereign right of developing countries to take the necessary measures to ensure that foreign capital operates in accordance with the national development needs of the countries concerned, including measures to limit the repatriation of profits;

2. *Expresses* its concern not only at the total amount of the financial outflow brought about by private foreign investment but also at its excessive utilization of local financial resources as well as the effects of certain marketing contracts among foreign companies that disrupt competition in the domestic markets, and their possible effects on the economic development of the developing countries;

3. *Recognizes* that private foreign investment, subject to national decisions and priorities, must facilitate the mobilization of internal resources, generate inflows and avoid outflows of foreign exchange reserves, incorporate adequate technology, and enhance savings and national investment;

4. *Urges* developed countries to take the necessary steps to reverse the tendency for an outflow of capital from developing countries, by fiscal or other appropriate measures, such as tax exemption of reinvestments of profits and other earnings accruing to private capital investments.

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### 57 (III). Problems of mobilization of internal resources of developing countries<sup>99</sup>

*The United Nations Conference on Trade and Development,*

Recalling Conference decision 28 (II) and paragraphs 10, 11 and 41 of the International Development Strategy for the Second United Nations Development Decade,

Considering that the mobilization of the internal resources of the developing countries is closely linked to the achievement of a new international division of labour,

Recognizing that many limiting external factors, such as the inadequate growth of demand for their exports, the existence of restrictive tariff and non-tariff policies, and the existence of restrictive trade practices and other practices, prevent optimum mobilization of the internal resources of the developing countries,

1. *Stresses* that the primary responsibility for the economic development of the developing countries rests with those countries themselves and that, to that end, they are determined to make all necessary efforts to solve their problems, to carry out the necessary reforms in their economic and social structures, to mobilize fully their basic resources and to ensure the participation of their peoples in the process and the benefits of development;

2. *Recommends* that the developed countries should refrain from taking any steps which interfere, either directly or indirectly, with the full and efficient mobilization of the domestic resources, both land and marine, of developing countries, and from interfering in the programmes and priorities established by those countries and designed to achieve such mobilization.

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### 59 (III). The increasing burden of debt-servicing in developing countries<sup>100</sup>

*The United Nations Conference on Trade and Development,*

Noting with concern that the attainment as well as the maintenance of an adequate rate of economic growth in developing countries is threatened by the increasing burden of debt-service payments,

Also noting that this burden is further compounded as a result of the absolute as well as the relative slow-down in the net flow of external assistance,

Noting in this connexion that the slow-down in the net flow of external assistance is considerable, and is due to continued inflation in the developed countries,

Noting further that one of the important causes of the increasing debt-service payments of developing countries

<sup>98</sup> See *Official Records of the Trade and Development Board, Ninth Session, Supplement No. 2 (TD/B/236/Rev.1 and Rev.1/Corr.1)*, annex I.

<sup>99</sup> The Conference adopted this resolution by 83 votes to none, with 16 abstentions.

<sup>100</sup> The Conference adopted this resolution by 74 votes to 14, with 17 abstentions.

is the unfavourable and hard terms and conditions on which external assistance has been provided and continues to be provided to the developing countries,

*Considering* that the present lower proportion of official development assistance in the total transfer of financial resources to the developing countries has also contributed to the burden of debt servicing,

*Considering also* that the suppliers' or purchasers' credits granted to developing countries, not being a component of development finance assistance to developing countries and consequently not responding to the objectives of development planning, are generally another significant cause of the burden of debt-servicing,

*Considering further* that the exchange-rate adjustment recently carried out by a number of developed countries has adversely affected the trade patterns and terms of trade of some developing countries, has significantly reduced their currency reserves and has considerably increased their debt burdens and that consequently, the problem of their external indebtedness has become quite acute,

*Considering furthermore* that debt relief can be an appropriate and effective as well as legitimate form of alleviation of the balance-of-payments problems existing in deficit developing countries and which often include debt-servicing difficulties,

*Recalling* the recommendation contained in annex A.IV.5 to the Final Act adopted by the Conference at its first session and Conference decision 29 (II) of 28 March 1968,

*Further recalling* General Assembly resolutions 2170 (XXI) of 6 December 1966, 2415 (XXIII) of 17 December 1968, and 2807 (XXVI) of 14 December 1971, as well as Economic and Social Council resolution 1183 (XLI) of 5 August 1966,

*Recalling also* the provisions of paragraph 48 of the International Development Strategy for the Second United Nations Development Decade regarding the policy measures required to forestall and alleviate the effects of debt crises,

*Taking note* of the report by the UNCTAD secretariat entitled *Debt problems of developing countries* submitted to the Conference at its third session,<sup>101</sup>

*Recognizing* that the charging of moratorium interest and the application of the most-favoured-creditor-nation clause defeat the very purpose of debt rescheduling, which is to make the debtor solvent and credit-worthy,

1. *Invites* the competent international financial and credit institutions and the developed creditor countries concerned to review and revise the criteria and procedures for rescheduling of external debts of the developing countries, particularly those with serious debt-servicing problems, so as to ensure that the rescheduling of debts does not interfere with the orderly process of development planning in debtor countries and should be systematically designed to prevent both disruption of their long-term development plans and the need for

repeated rescheduling of debts, guided by the following requirements:

(a) Debt relief should not be limited to crisis situations, and should be tackled as a general problem;

(b) No moratorium interest should be charged and the most-favoured-creditor-nation clause should not apply;

(c) Equal treatment should be accorded to the broadly identical economic cases and attention be directed to the economic circumstances and requirements and also the performance of each debtor country;

(d) Appropriate financial and other arrangements should be devised for assisting developing creditor countries undertaking to provide debt relief to other developing debtor countries;

2. *Further invites* the competent international financial and credit institutions and the developed creditor countries to allow, where problems of indebtedness of developing countries reflect structural imbalance, the same grace periods, interest rates, and maturity periods as those considered appropriate for basic development finance;

3. *Requests* the competent international financial and credit institutions and the developed creditor countries to provide invariably in loan agreements a clause for postponement of debt repayments of developing countries in situations of serious balance-of-payments difficulties such as those brought about by an unexpected severe fall in exports or an unexpected increase in imports;

4. *Urges* the Governments of developed countries to assume the responsibility for suppliers' credits from companies registered in their territories and spread the repayment in easy terms, whenever necessary, in order to reduce the adverse effects of such credits on the balances of payments of developing countries;

5. *Further urges* the developed countries to ensure that export credits are granted to developing countries according to the criteria which are compatible with the objectives of planned development of these countries;

6. *Invites* the Trade and Development Board to create a special body within the machinery of UNCTAD in order to find practical solutions to the debt-servicing problems of the developing countries which so request and to organize consultations between representatives of developing debtor and developed creditor countries, including, where necessary, international experts serving in a personal capacity.

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## 60 (III). Terms and conditions of official development assistance<sup>102</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* the International Development Strategy for the Second United Nations Development Decade and

<sup>101</sup> United Nations publication, Sales No. E.72.IID.12.

<sup>102</sup> The Conference adopted this resolution by 89 votes to none, with 11 abstentions.

the relevant decisions of the General Assembly, as adopted, regarding the terms and conditions of assistance,

*Noting* the fact that an appreciable part of official loans is still tied,

*Reaffirming* the need to promote a larger flow of financial resources channelled by multilateral financial institutions for the development of the developing countries,

*Appreciating* the role played in development aid by existing multilateral financial institutions,

*Considering* the preference of the developing countries for the distribution on a multilateral basis of a larger proportion of public resources for development,

#### A

1. *Urges* that measures be taken further to soften the terms of external assistance so as to alleviate the growing burdens of servicing the external debt of developing countries. In accordance with Conference decision 29 (II) of 28 March 1968, as adopted, the developed market-economy countries members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development should work within that Committee to improve the concessionality of official development assistance;

2. *Invites* the developed countries to take into consideration the views of the developing countries as well as of some developed countries that (a) on average, interest rates on official development loans should not exceed 2 per cent per annum; (b) maturity periods of such loans should be at least 25 to 40 years and grace periods should be not less than 7 to 10 years; (c) the proportion of grants in total assistance of each developed country should be progressively increased, and countries contributing less than the 1970 Development Assistance Committee average of 63 per cent of their total assistance in the form of grants should reach that level not later than 1975;

3. *Further invites* all countries members of the Development Assistance Committee to implement the 1965 recommendations revised in 1969, and to reach agreement as soon as possible on the revised recommendations currently under consideration for a higher average grant element and a minimum concessional element for each transaction qualifying as official development assistance, taking into account the particular importance of grants. Special efforts should be made to provide particularly concessional terms to the least developed countries. The developed countries with centrally planned economies should make a similar endeavour to improve the concessionality of their financial assistance;

4. *Urges* the developed countries to reach an international agreement on general untying of aid at the earliest possible date. As an interim measure the developed countries are urged to consider sympathetically further untying of financial assistance for procurement in developing countries. Measures should also be taken to ensure that the underlying purpose of untying is not frustrated by indirect or informal tying;

5. *Invites* the multilateral financial institutions to keep under review the question of the establishment of a multilateral interest equalization fund as one of the means of softening the terms of development loans provided by these institutions.

#### B

1. *Recommends* that developed countries collectively should make efforts to increase to the fullest extent possible the proportion of financial resources transferred to the developing countries through multilateral financial institutions;

2. *Welcomes* the contribution of the multilateral financial institutions to the growth and development of the developing countries, and the continuing reviews by these institutions of their policies and programmes with a view to making them more flexible;

3. *Invites* the multilateral financial institutions to review their policies with a view to ascertaining the extent to which they can achieve greater equity and effectiveness in their operations by, *inter alia*:

(a) Increasing support for financing local costs, particularly in the least developed countries, when warranted by the investment projects and programmes;

(b) Promoting procurement in the recipient country, taking into account the efficiency of use of resources;

(c) Giving special consideration to projects having a high socio-economic impact, even where they have a low rate of return;

(d) Extending their operations to various areas in the public sector not hitherto covered, and not discriminating against either the public or the private sector;

(e) Channelling more of their funds through national development banks or similar institutions where appropriate and generally assisting these institutions;

(f) Providing aid (in the form of both capital and technical assistance) particularly suited to overcome the handicaps of those countries facing stubborn long-term obstacles to their development;

4. *Takes note* with satisfaction of the growing channelling of resources of the World Bank Group to developing countries, and invites the Group progressively to increase that proportion so that it will become in effect a development bank serving developing countries;

5. *Welcomes* the World Bank Group policy of expanding programme lending, in appropriate cases, without prejudice to project lending, as a way of assisting developing countries in their over-all development programmes;

6. *Requests* the Governments of countries members listed in Part I of Schedule A to the Articles of Agreement of the International Development Association to complete the third replenishment of the International Development Association without further delay;

7. *Invites* the Governments of countries members listed in Part I of Schedule A to the Articles of Agreement of the International Development Association to review the existing mechanisms for replenishments with a view to bringing about a progressive expansion in the

amount of resources available to the International Development Association and to minimizing uncertainties in its operations;

8. *Invites* the International Development Association to continue its efforts to adapt its lending policies to the economic circumstances and characteristics of individual developing countries and to increase its financial support to the least developed among the developing countries;

9. *Urges* the developed countries to increase their financial contributions to the United Nations Development Programme in order to permit the greatest possible increase in the capacity of the Programme to help developing countries to attain the objectives of the Second United Nations Development Decade and invites the Governing Council of the United Nations Development Programme:

(a) To review further existing criteria for the allocation of resources and to adjust, where necessary, the indicative planning figures of the least developed countries and of newly independent countries whose lack of an adequate administrative structure has prevented them from taking proper advantage of the Programme's assistance;

(b) To utilize fully in the administration and allocation of funds of the United Nations Development Programme the flexibility provided in the new country programming process, taking into account Economic and Social Council resolution 1615 (LI) of 26 July 1971, as adopted;

(c) To ensure that acceptable projects can be prepared so that developing countries, especially the least developed, can benefit from the resources available to them through the United Nations Development Programme;

(d) To examine its programmes of grants and technical assistance to ensure that they raise the absorptive capacity of the developing countries, especially the least developed countries, and thus make possible an increased flow of resources to these countries.

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### **61 (III). Financial resources for development: total inflow of public and private resources**<sup>103</sup>

*The United Nations Conference on Trade and Development,*

*Recalling* Conference resolution 27 (II) of 28 March 1968, as adopted, together with the International Development Strategy for the Second United Nations Development Decade, in particular its paragraphs 42 and 43, as adopted,

*Noting with concern* that the total net flows from the developed countries as a whole to developing countries and multilateral institutions have declined as a proportion of their combined gross national product,

*Taking into account* the fact that the ratio of official development assistance to the gross national product of the developed countries as a whole has been falling, and represented in 1970 less than half of the target set out in the International Development Strategy,

*Noting* the special importance of official assistance which is motivated essentially by developmental considerations whereas private investment and suppliers' credits respond largely to considerations of profit and export promotion,

*Taking into account* resolution 3 (IV) of the Committee on Invisibles and Financing related to Trade,<sup>104</sup>

*Noting* the concern of developing countries about the increasing outflow of financial resources due to debt servicing and remitted earnings on private foreign investment,

*Noting* that some developed countries when in temporary balance-of-payments difficulties have in the past reduced flows of resources to developing countries and adopted restrictive trade measures,

*Considering* that the stability and the continuity of the flow of assistance are of importance in enabling the developing countries to plan their development in advance,

1. *Urges* each economically advanced country to provide annually to developing countries financial resource transfers in terms of actual disbursements of a minimum net amount of 1 per cent of its gross national product at market prices having regard to the special position of those countries which are net importers of capital. Those developed countries which are unable to achieve this target by 1972 will endeavour to attain it without further delay and in any event not later than 1975; and those which have already attained it will endeavour to maintain their net resource transfers as a percentage of their gross national product and if possible to increase them;

2. *Calls upon* each economically advanced country progressively to increase its official development assistance and to exert its best efforts to reach a minimum net amount of disbursements of 0.7 per cent of its gross national product at market prices by the middle of the decade;

3. *Instructs* the Trade and Development Board to examine the concepts of the present aid and flow targets in order to prepare for a discussion thereon in the mid-term review of the implementation of the International Development Strategy;

4. *Recognizes* that the volume of official development assistance to developing countries should not be adversely affected by reference to immediate balance-of-payments difficulties, and that development assistance flows should be insulated as much as possible from internal and international economic fluctuations;

5. *Recommends* to Governments of economically advanced countries that they take the measures necessary to ensure the continuity of their official development assistance through multi-year programming or

<sup>103</sup> The Conference adopted this resolution by 80 votes to none, with 12 abstentions.

<sup>104</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 4 (TD/B/318), annex I.*

other means compatible with budgetary, administrative or parliamentary procedures, so as to offer a firm basis for effective planning of resource availabilities by developing countries from both bilateral and multilateral sources;

6. *Recommends* that Governments of economically

advanced countries should make development considerations their prime concern in drawing up their official development assistance programmes.

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## DEVELOPMENT OF SHIPPING; MARITIME TRANSPORT COSTS; FREIGHT RATES; A CODE OF CONDUCT FOR THE LINER CONFERENCE SYSTEM

(Agenda item 16)

### 66 (III). Draft code of conduct for liner conferences<sup>105</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* the necessity for further improvements in the liner conference system and for the elimination of all unfair and discriminatory practices of Conferences, where such exist,

*Noting* that it is essential that detailed information about costs and methods of freight-rate fixing be available for meaningful negotiations between liner conferences shippers, shippers' organizations, governmental bodies concerned and other interested parties, and that liner conferences observe and be seen to observe known principles of fair practice, which shall take full account of the needs of suppliers and users of shipping services and in particular of the needs of economic development, especially that of developing countries,

*Noting further* that the Governments of some developed countries, at the Meeting of Western European and Japanese Ministers of Transport held at Tokyo in February 1971, have directed their conference lines to undertake preparation of a "code of practice" and that this document<sup>106</sup> has been drafted and submitted to the Conference,

*Pointing out* with concern that such a document was prepared without direct involvement of the developing countries and shippers, shipping lines, and Governments of many other countries, and does not fully meet their needs and interests, especially those of developing countries,

*Taking into account* the report entitled *Regulation of liner conferences (a code of conduct for the liner Conference System)* prepared by the UNCTAD secretariat,<sup>107</sup>

*Taking note* of the report of the UNCTAD Working Group on International Shipping Legislation on its third session and in particular of resolution A, transmitting to the Conference two preliminary draft codes of conduct for the liner conference system,<sup>108</sup>

*Recognizing* the need for all liner conferences to adhere to a uniform code of conduct in order to promote the orderly expansion of world trade in general,

*Bearing in mind* that the Second Ministerial Meeting of the Group of 77, in the Declaration and Principles of the Action Programme of Lima<sup>109</sup> has recommended the preparation of a draft code of conduct,

1. *Decides* that there is an urgent need for adopting and implementing a universally acceptable code of conduct for liner conferences, which fully takes into account the special needs and problems of the developing countries;

2. *Requests* the General Assembly at its twenty-seventh session to convene as early as possible in 1973 a conference of plenipotentiaries to adopt a code of conduct for liner conferences to be adopted by the Governments of all countries and to be implemented in a manner that is binding on them and can be suitably enforced;

3. *Requests further* that the General Assembly establish at the same time a preparatory committee to make the necessary preparations for the conference of plenipotentiaries, including, *inter alia*, the preparation of a draft multilateral legal instrument on the code of conduct for liner conferences and to report to the conference of plenipotentiaries;

<sup>105</sup> The Conference adopted this resolution by a roll-call vote of 74 votes to 19, with 2 abstentions. The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Khmer Republic, Kuwait, Lebanon, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Senegal, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Austria, Israel.

<sup>106</sup> TD/128 and Corr.1.

<sup>107</sup> TD/104/Rev.1 and Corr.1 (United Nations publication, Sales No. E.72.II.D.13 and Corrigendum).

<sup>108</sup> See TD/B/C.4/93 and Corr.1, annex I.

<sup>109</sup> TD/143. (See annex VIII,F below.)

4. *Suggests* that the preparatory committee should meet for its first session as early as possible and for its final session at least two months before the conference of plenipotentiaries; and that the committee should comprise thirty-eight members, with the same distribution between the different regional areas as has been established for the UNCTAD Working Group on International Shipping Legislation for its fourth session;

5. *Recommends* that the preparatory committee should have before it and should take into consideration, as a basis for its work, the draft code of conduct for liner conferences annexed to the present resolution, the report on the debates on this subject in the Fourth Committee of the Conference at its third session<sup>110</sup> including the annex to section A of chapter III of the report of the Fourth Committee entitled "An informal exchange of views on the draft code of conduct for liner conferences (TD/III/C.4/L.2 and Corr. 1, annex): a summing-up by Mr. C. P. Srivastava, Chairman of the Fourth Committee"<sup>111</sup> and should also take into account the other documents cited above.

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## ANNEX

### Draft code of conduct for liner conferences

#### A. INTRODUCTION

##### *Objectives and principles*

1. The three fundamental and interrelated objectives of the Code are:

(a) To promote the orderly expansion of world trade in general, and particularly the growth and diversification of the trade of developing countries, with a view to contributing to the establishment of a new and more equitable international division of labour between developed and developing countries;

(b) To promote a new structure of world shipping, compatible with this new trade framework, in which the merchant marines of developing countries play an increasing and substantial role;

(c) To protect the interests of shippers especially in developing countries by creating a balance of rights and responsibilities between the parties to maritime transport.

2. Acceptance of these fundamental objectives will involve, as a corollary, the recognition, *inter alia*, of some basic principles of particular interest to developing countries:

(a) The principle that the level of freight rates shall be consistent with the trade objectives of developing countries;

(b) The principle that liner conferences shall consult with shippers, shipper's organizations and governments concerned including those in land-locked countries, before taking decisions affecting their interests;

(c) The principle that conference practices shall not involve any direct or indirect discrimination against the trade and shipping interests of developing countries;

(d) The principle that developing countries are fully entitled to carry a substantial and increasing share of the cargo gen-

erated by their foreign trade and to secure full development of their national merchant marines;

(e) The principle that the shipping lines of developing countries shall be admitted on the basis of equality in all conferences in which these countries have a trading interest;

(f) The principle that developing countries have the right to protect and promote their national merchant marines and that the measures adopted to this end will neither be considered discriminatory nor give rise to retaliation;

(g) The principle that public authorities are entitled to exercise fully their regulatory powers within their jurisdiction, in order to secure the implementation of the Code;

(h) The principle that disputes arising in the application or operation of this code which are not resolved through consultation between shipping lines or between conferences, shippers and shippers' organizations shall be submitted to procedures as established in this code.

#### B. RELATIONS AMONG MEMBER LINES

##### I. Membership

3. Membership of any conference, including way-port trades covered by that conference shall be open to shipping lines of any of the countries whose trade is carried by that conference, and in accordance with provisions for allocating trade shares stated below (see paragraphs 6 to 11), provided that the shipping line furnishes evidence of its ability and intention to institute and maintain a regular service between the ports concerned, including possibilities of employing chartered ships. Conflicts between shipping lines of the same flag should be solved by the government concerned.

4. Shipping lines of countries whose trade is not carried by the conference may be accepted by the conferences as members. Where such shipping lines are refused entry, the grounds for such refusal should be given within 90 days from the date of the application but this does not imply right of entry.

5. Membership of lines whose services are discontinued shall be considered as suspended, and such lines will be considered as having withdrawn from the conference if sailings are not resumed within 180 days unless this is due to *force majeure*.

##### II. Share of trade and pooling

6. Any shipping line admitted to a conference shall have loading rights in the trades covered by that conference. When the conference operates a pool, total or partial, all shipping lines members of the conference shall have the right to participate in the pool.

7. Where no third-flag carrier participates in a trade, the share in the pool of the shipping lines of each flag of the two countries whose trade is served by the conference shall be equal.

8. When one or more carriers with third country flags participate in a trade, their aggregate share shall be no more than 20 per cent of the total pool, the balance being divided among the flags of the lines of the countries whose trade is served by the conference as provided for in paragraph 7.

9. A higher share may be established for the third flag line through *ad hoc* consultations among the parties concerned whenever the shipping lines of the countries whose trade is served by the conference are not in a position to carry their shares of the trade as provided in the pool agreement.

10. The same criteria of sharing will be adopted when, in the absence of a pool, berthing and/or sailing agreements are adopted.

11. Disputes relating to the above-mentioned shares—except the provisions regarding cargo sharing among shipping lines of

<sup>110</sup> See annex VI,D below, chap. III, sect. A.

<sup>111</sup> *Ibid.*

the same national flag—shall be referred to the appropriate machinery established in the conference agreements.

12. Pool shares shall be reviewed periodically and, subject to the provisions regarding cargo sharing among national flag groups set out in paragraphs 7 and 8 above, the actual performance of individual shipping lines shall be taken into consideration for this purpose.

13. The conference shall provide for appropriate measures both in the basic agreement and pool agreement to cover cases where the cargo has been shut out by a line, for any reason other than late presentation by the shipper; these measures should include granting a dispensation to a line to lift cargo even in excess of its pool-share, if otherwise the cargo would be shut out and delayed beyond a period set by the Conference. If, despite this provision, cargo is shut out and the conference cannot guarantee its lifting within an appropriate period not exceeding fourteen days, or by the next scheduled sailing, whenever the gap between two consecutive scheduled sailings is longer than 14 days, the shipper of that cargo shall automatically be exempt from the loyalty provisions of the conference, in this particular case.

### III. Decision-making procedures

14. The decision-making procedures embodied in conference agreements shall fully reflect the share, the role and the interests of the national shipping lines of developing countries in their national trade.

### IV. Sanctions

15. Conference members shall be entitled—subject to provisions regarding withdrawal which are embodied in pool schemes and/or sharing arrangements—to secure their release from the terms of the conference agreement after 90 days' notice, without incurring liability to any punitive sanctions, though they shall be required to fulfil their share in the outstanding obligations of the conference up to the date of their withdrawal.

### V. Self-policing

16. Conferences shall adopt a standard and comprehensive list of practices which are regarded as breaches of the conference agreement and shall provide effective self-policing machinery to deal with malpractices, with specific provisions requiring:

(a) The fixing of maximum penalties for the designated offences, to be commensurate with their seriousness;

(b) The establishment of appropriate machinery for the examination and impartial adjudication of complaints against malpractices by a person or body unconnected with any of the conference member lines or affiliates;

(c) Reporting on the disposition and the action taken regarding complaints against malpractices to the governments whose shipping lines and trade are involved.

### VI. Conference agreements

17. All conference agreements, related documents, and pooling, berthing and sailing rights agreements, and their amendments, shall be made available to the governments concerned. These documents shall be also open for public information except for exclusive agreements between the shipping lines members of the conference which do not directly affect the shippers.

### VII. Contents of conference agreements

18. Conference agreements shall conform to this code of conduct.

## C. RELATIONS WITH SHIPPERS

### I. Loyalty arrangements

19. Loyalty arrangements shall be based on the dual-rate contract system which provides for a lower freight rate to be charged to shippers who sign the contract of exclusivity with a conference unless shippers agree with the conference upon some other form of loyalty arrangements.

20. Whatever loyalty arrangements are made the freight rate applicable to loyal shippers shall be determined within a fixed range of percentages of the freight rate applicable to other shippers. The differential between the two rates can be changed only after 90 days' notice to shippers, provided that if a reduction of the differential is proposed the same procedure and time limits shall be observed as are applicable to general increases in freight rates as provided in this Code.

21. The loyalty arrangements shall provide safeguards making explicit the rights of the shippers and conference members, *inter alia*:

(a) The shipper shall be bound only in respect of cargo whose routing is controlled by him or his affiliated company or his forwarding agent in accordance with the contract of sale of the goods concerned;

(b) Liquidated damages to be paid by the shipper shall not exceed the freight charges on the particular shipment, computed at the rate provided under the loyalty arrangements for loyal shippers, less the estimated cost of handling the cargo concerned;

(c) Loyalty arrangements shall include clauses entitling a shipper to resume full loyalty status under conditions established by the conference after payment of liquidated damages;

(d) The loyalty arrangements shall not apply to cargo which is normally loaded and carried in bulk outside the conference.

### II. Dispensation

22. Conferences shall provide machinery for requests for dispensation to be examined and a decision given quickly. Should a conference fail to confirm requested space within three business days of such a request on a vessel scheduled to sail within an appropriate period not exceeding 14 days from the date of the shipper's request, or by the next scheduled sailing whenever the gap between two consecutive scheduled sailings is longer than 14 days the shipper shall have the right, without being penalized, to utilize any vessel he chooses for the cargo in question.

23. Conference agreements and loyalty arrangements shall provide that dispensation will not be unreasonably withheld, and that reasons for its withholding shall be given in writing to the shipper by the conference. A shipper who considers that dispensation has been unreasonably withheld shall have the right of appeal to arbitration and, if his appeal is upheld, he shall be entitled to the award of damages against the conference of an amount determined by the arbitration procedure.

### III. Publication of tariffs and related regulations

24. Tariffs and related regulations, and amendments thereto, shall be published and made available to all shippers and shippers' organizations at reasonable cost. The related regulations shall spell out all conditions relating to the application of freight rates, to specified loading and unloading areas and to the carriage of specific cargoes.

### IV. Consultation machinery

25. There shall be regular consultations between the conference, the shippers, shippers' organizations and the Governments concerned on matters of common interest.

26. Conferences shall submit to the Governments of the countries whose trade is served detailed reports on their activities.

e.g. consultations held with shippers, action taken regarding complaints, changes in structure and membership, major changes in services, alterations in tariffs and changes in conditions of carriage. Such information shall be submitted whenever requested by governments and, in any case, on an annual basis.

27. Member lines shall submit to independent accountants, acceptable to the conference, to shippers, shippers' organizations and to governments if their approval is required, full information concerning their costs and income so that a consolidated analysis may be prepared at the conference level for submission to shippers, shippers' organizations and governments concerned at their request, especially when general changes in freight rates are proposed.

28. Government representatives shall be entitled to participate in consultation procedures.

29. Conferences shall consult with shippers before taking decisions on any matters which affect them, *inter alia*:

(a) Changes in general tariff conditions and related regulations;

(b) Freight rates: fixing specific freight rates, changes in general freight rates as provided in paragraphs 33 and 34 below, changes in particular freight rates, imposition of surcharges, promotional freight rates, classification of ports;

(c) Shippers' loyalty arrangements and conditions of carriage;

(d) Operation of cargo inspection services;

(e) Changes in schedules of calls in loading and discharging ports;

(f) Reduction of conventional service or loss of direct services as a consequence of unitization;

(g) Adequacy of shipping services;

(h) Quality of shipping services.

#### V. Representation

30. Local conference representation shall be established by a conference in all countries whose trade it serves regularly and shall be empowered to fix promotional freight rates, reductions of individual freight rates, and a specific freight rate by determining the class in which the cargo item in question should be placed and reserving space on an aggregated basis for the port. The decisions of local representatives shall be based on broad criteria which should be worked out by the conferences concerned to serve as guidelines in this connexion. Decisions of local conference representation shall be preceded by consultations with the shippers concerned and their organizations and adopted within 30 days after the initiation of the consultations.

#### D. FREIGHT RATES

31. In arriving at a decision on the question of fixing freight rates, wherever it appears in this code, it shall be understood that they shall be fixed at as low a level as is commercially feasible consistent with the needs of the situation, especially those of the developing countries. Further, for the purpose of evaluating the cost of operations of liner conferences serving developing countries, the round voyage of ships from and to these countries shall be viewed in an integrated manner so as to ensure that among other factors the nature and value of goods are adequately reflected in the process of fixing freight rates.

##### I. Classification of tariff rates

32. Conference tariffs should be drawn up so as to contain as few classes as possible and shall specify a freight rate for each individual product or group of products.

##### II. Questions of general freight rate increases

33. Conferences shall give notice to governments, shippers, shippers' organizations and other appropriate bodies of their

intention to effect a general increase in freight rates, at the same time providing them with reasons which in their opinion justify the proposed increase along with an aggregated analysis of the data regarding their costs and revenues prepared by independent accountants as stated in paragraph 27 above. Thirty days after the notice and within the following thirty days the conference shall discuss and negotiate the proposed increase with the governments concerned, shippers, shippers' organizations and other appropriate bodies.

34. If an agreement is reached as a result of the consultation it shall be implemented subject to the provisions of paragraph 36 below or submitted for consideration to the government of the country where the cargo originates, if so required by national legislation or regulation.

35. If no agreement is reached within 30 days the matter shall, if so required by the national legislation or regulation of the country from which the cargo originates, be referred to local arbitration or to the decision of the government of that country either directly or after local arbitration; otherwise the matter shall be submitted to international arbitration. The award of the arbitrator or the governmental decision, as the case may be, will be given within 90 days from the date of submission of the matter for arbitration or decision. The decision of the government or the award of the arbitrator, as the case may be, shall be implemented subject to the provisions of paragraph 36 below.

36. The agreement reached on the size of a general freight rate increase as a result of consultation, the award of the arbitrator or the governmental decision, as the case may be, shall enter into effect not less than 30 days after it has been delivered, provided always that at least six months elapse between the date of the original notice of the intention to increase freight rates and the date when the increase becomes effective.

37. In the case where the exports of liner cargo by a country on a particular trade route largely consist of a commodity, any increase in the freight rate on that commodity shall be treated as a general freight rate increase and the appropriate rules set out above shall apply.

38. Any freight rate increases fixed as provided above shall be embodied in an agreement with a duration of at least 18 calendar months from the date when the increase becomes effective, during which period no notice of intention of further increases may be given, subject always to the rules regarding surcharges and adjustment in freight rates consequent upon fluctuations in foreign exchange rates.

#### III. Promotional freight rates

39. Specific procedures shall be instituted, taking into consideration the time limits specified in paragraph 36 above for considering and deciding on applications for promotional freight rates for non-traditional exports. A clear distinction shall be made between these procedures and the general machinery for considering the possibility of reducing freight rates for non-traditional exports or exempting them from increases. Applications for promotional freight rates submitted by shippers or exporters shall contain appropriate supporting information justifying the need for a promotional rate, the cost of transporting the product internationally, and the costs incurred at its final destination, as well as information concerning the price of similar products in the market concerned. They must also contain information on any difficulties which might arise in connexion with putting the product on the market and on factors which might contribute to a reduction of costs in the future and that might eventually make it possible to apply a higher rate to the product, where necessary.

40. The procedures to be set up shall be made well known by the conference to all interested exporters and potential exporters

through Governments, shippers, shippers' organizations and appropriate commercial and other organizations.

41. Each promotional freight rate may be reviewed every twelve months. At the first review, the onus of proving any grounds for discontinuing a promotional freight rate shall rest upon the conference. At all subsequent reviews, the onus of proving grounds for continuing the rate shall rest upon the shippers concerned.

#### IV. Surcharges

42. Surcharges imposed by conferences to cover sudden general increases in costs or losses of revenues shall be regarded as temporary. They shall be reduced in accordance with improvements in the situation they were imposed to meet and shall be cancelled as soon as the situations or circumstances which prompted their imposition cease to prevail.

43. Surcharges imposed on cargo moving to and/or from a particular port shall likewise be regarded as temporary and likewise shall be reduced or removed when the situation in that port improves.

44. Before any surcharge, whether general or covering only a specific port, is imposed, there shall be consultation between the conference concerned and shippers, shippers' organizations and the Government of the country where the cargo originates in the case of a general surcharge or of the country in which the port is situated in the case of a port surcharge. However, where the surcharge imposed at a port has a significant impact on the freight rates from a country exporting cargoes to that port, the shippers, shippers' organizations or the Government of that country shall have the right at their discretion to enter into consultation with the conference on the matter.

45. Where agreement is reached on the size of the surcharge it shall be immediately implemented or submitted for the consideration of the Government concerned if so required by national legislation or regulation.

46. In the case of a general surcharge if no agreement has been reached through consultation then the procedure outlined in paragraph 55 below shall apply.

47. In the case of port surcharges if no agreement is reached within 15 days through consultation the matter shall be referred immediately to local arbitration or, if so required by national legislation or regulation of the country in which the port is situated, to the decision of the Government of that country, either directly or after local arbitration. The government decision or the award of the arbitrator, as the case may be, shall be given within 30 days from the date of the submission of the matter for decision or arbitration and shall be immediately implemented.

#### V. Currencies—devaluation, revaluation, rates of exchange, floating currencies

48. Formal devaluation of a conference's tariff currency provides a *de facto* reason for the introduction of a surcharge or a freight rates increase, reflecting the actual increase in shipowners' costs or the reduction in value of their freight rates directly resulting from such devaluation.

49. Formal revaluation of a conference's tariff currency provides a *de facto* reason for a rate reduction, reflecting the actual decrease in shipowners' costs or increase in value of their freight rates directly resulting from such revaluation.

50. Both the freight rate increases or surcharge referred to in paragraph 48 above and the rate reductions referred to in paragraph 49 above shall reflect only the increase/reduction in costs or the reduction/increase in the value of freight rates.

51. Formal devaluation or revaluation of a currency which is not the tariff currency but is the currency of a country importing or exporting a cargo results in a change in the cost incurred in terms of the tariff currency in that country by the

shipping lines members of a conference. If so desired by the shippers, shippers' organizations or the Government concerned in the case of devaluation or by the conference in the case of revaluation of such non-tariff currency, this question will be dealt with in the same manner as the revaluation or devaluation of the tariff currency.

52. The floating of currencies may result in their *de facto* revaluation or devaluation and shall therefore be dealt with in the way outlined in paragraphs 48 and 49 above relating to formal changes in the exchange rates of tariff currencies.

53. The amount of the surcharge or of the freight rate increase or reduction, as the case may be, shall be subject to consultation between the conference concerned and shippers, shippers' organizations and the Government of the country where the cargo originates.

54. Such consultations shall take place and be completed within a period not exceeding 15 days from the date when the intention to apply a surcharge or to effect a freight rate change is announced and if an agreement has been reached it shall be immediately implemented or submitted to the consideration of the Government of the country where the cargo originates if so required by national legislation or regulation.

55. If no agreement is reached within 15 days through consultations, the matter shall, if so required by the national legislation or regulation of the country from which the cargo originates, be referred to local arbitration or to the decision of the Government of that country either directly or after local arbitration; otherwise the matter shall be submitted to international arbitration. The governmental decision or the award of the arbitrator, as the case may be, shall be given within 30 days from the date of the submission of the matter for decision or arbitration and shall be immediately implemented.

#### VI. Averaging of freight rates

56. Freight rates should be quoted on a port-to-port basis as far as existing base ports are concerned, and rates for other ports should be expressed as appropriate percentages above and below the rates applying for the nearest base port in order to reflect differences between the actual costs incurred in the ports. Quotation of freight rates on a port-to-port basis, based on a thorough study, shall be a subject of consultation between conferences, shippers, shippers' organizations and Governments concerned.

#### E. OTHER MATTERS

##### I. Outside competition

57. Fighting ships shall be prohibited.

##### II. Head Office of the conference

58. Conferences shall set up their central offices in a country whose trade is served by the conference.

##### III. Adequacy of service

59. Conferences shall undertake to plan and provide regular services of the required frequency on the routes and shall arrange the service they provide so as to avoid bunching of sailings at the same time. They shall also make practical arrangements for transport of cargo during peak traffic periods.

60. Conferences, in consultation with the shippers, shippers' organizations and the Governments concerned, should provide ships in each trade that are suitable to satisfy reasonable needs of the trade served by this Conference.

61. Through consultation between shippers and the conferences, the demand for shipping space should be kept under continuous review and the supply of shipping adjusted accordingly.

62. Regular meetings shall be held between the conferences and the shippers' organizations and other appropriate bodies to

consider rationalization, and to ensure that the benefits of rationalization are shared equitably between the conference members and the shippers.

63. In respect of any port for which services are supplied only on inducement, the required inducement shall be specified to shippers in that port.

64. Where the interval between scheduled services at any port is more than 30 days, or such other period as may be determined by mutual consultation between the shippers and the conference, shippers shall receive treatment as "loyal" shippers without signing a loyalty agreement, and the conference shall have the right to cancel a scheduled sailing if, as a result of non-conference calls at the port, less than the minimum inducement is available.

#### IV. Conference tariffs

65. The corresponding Standard International Trade Classification/Brussels Tariff Nomenclature code may be indicated against each item the conference tariffs to facilitate statistical compilation and analysis.

#### F. PROVISION AND MACHINERY FOR IMPLEMENTATION

66. Disputes arising in the application or operation of this Code which are not resolved through consultation between shipping lines and between conferences, shippers and shippers' organizations shall be submitted to procedures as established in this Code.

67. Whenever there is a dispute efforts shall first be made to settle it through mutual consultation and negotiation between the parties concerned with a view to finding a mutually satisfactory solution. In the event that the consultation and negotiation are unsuccessful, and unless national legislation or regulation provides otherwise, the unresolved disputes may be submitted for conciliation before being referred to arbitration as provided for in this Code.

##### I. Arbitration—local or international

68. Disputes which cannot be settled as a result of consultation may be referred to local arbitration or, if so required by the national legislation or regulation of the country from which the cargo originates, submitted to the decision of the Government of that country, either directly or after local arbitration; but disputes in the following cases shall, unless national legislation or regulation of that country provides otherwise, be referred to international arbitration:

- (a) Refusal of entry into way-port conferences;
- (b) Unfair or discriminatory conference agreements;
- (c) Levels of freight rates and general increases;
- (d) Surcharges excluding port surcharges;
- (e) Changes in currency exchange rates (devaluation, revaluation or floating currencies) which lead or should lead to changes in freight rates or to surcharges.

69. The award of the arbitrator in the case of local arbitration shall be given within 60 days of the submission of the matter for arbitration.

70. The arbitrator's award in the case of international arbitration shall be given within 90 days of the submission, except where otherwise specified in this code, and shall be implemented immediately.

71. Any agreement between conferences, shippers and shippers' organizations or any decision taken by the local arbitrators as a consequence of the application of this Code shall be either implemented immediately or submitted to the Government of the country from which the cargo originates if so required by national legislation or regulation.

72. The Governments of the developing countries concerned shall at their option participate fully in the consultation, decision or solution in respect of disputes concerning freight rates, surcharges and conditions of transport of the products these countries import.

73. For international arbitration under this code a panel of internationally known and respected arbitrators shall be formed. For local arbitration, panels of qualified arbitrators shall be maintained in each country by an association of arbitrators, the chamber of commerce, or other suitable body agreed by shippers, shippers' organizations and Governments concerned and conferences, subject to the condition that not less than one half of the arbitrators on the panel shall be generally acceptable to the conferences covering the trade of that country and the other half shall be acceptable to the shippers and the shippers' organizations of that country.

74. Rules regarding the appointment of arbitrators and for their guidance, and regarding procedure and practice shall be provided at both the local and international levels.

75. In the case of local arbitration the hearings shall be held in the country where the cargo originates and the award announced in that country. In the case of international arbitration also the hearings shall be held and the award announced in the country where the cargo originates except where the parties concerned agree otherwise. In the case of issues which are not related to the origin of cargoes the venue of arbitration and the place where the award is announced shall be the country where the dispute arises unless the parties agree otherwise.

#### G. TRANSITIONAL ARRANGEMENTS

76. The Code should specify, in this section, such matters as the entry into force, procedures for amendments, and, as appropriate, procedures for eventual incorporation of the convention or agreement in national legislation.

### 67 (III). Development of ports<sup>112</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* the International Development Strategy for the Second United Nations Development Decade, particularly paragraph 53 on shipping and ports,

*Recalling* the "Common Measure of Understanding on Shipping Questions", in annex A.IV.22 to the Final Act adopted by the Conference at its first session, particularly paragraph 2 thereof,

*Mindful* of Conference resolution 7 (II) of 22 March 1968 in which the Conference recommends that the Governments of developed countries members of UNCTAD should, directly or through international and regional financing institutions, give favourable consideration to requests from the developing countries for assistance in connexion with the expeditious development and modernization of ports and related inland transportation facilities in the developing countries,

*Taking note* of the efforts that have already been made in the field of technical assistance in this area to developing countries,

<sup>112</sup> The Conference adopted this resolution without dissent.

Taking note of the paragraphs on shipping and ports in section E of the Action Programme of Lima by the Second Ministerial Meeting of the Group of 77<sup>113</sup> and of the report of the UNCTAD secretariat entitled "Implementation of the International Development Strategy in shipping and ports"<sup>114</sup> and the statements on these documents made by all States members of UNCTAD at the third session of the Conference,

Recognizing that port improvements which lead to quicker turn-round of ships reduce the time-related costs incurred by ships in ports, and further recognizing that such a reduction has an impact on the operating costs of shipping lines,

1. Urges the Governments of States members of UNCTAD to evolve a concerted national and international effort to promote the development and improvement of ports in developing countries; that as part of this effort, financial and technical assistance, within the over-all context of both established project criteria and the national development plans and programmes of these countries, should be continued and considerably enlarged, and that this assistance should be directed both to increasing the capacity and degree of sophistication of their port facilities and to improving the organization, management and operation of their ports;

2. Requests the Governments of States members of UNCTAD to urge shipping lines and liner conferences:

(a) To co-operate closely with port authorities so as to make effective use of port improvements and investments, especially in developing countries, and particularly in connexion with technological changes in maritime transport;

(b) To ensure as far as possible that benefits of cost saving accruing to shipping lines from port improvements are duly reflected in freight rates by way of appropriate adjustments therein;

3. Recommends Governments of States members of UNCTAD to take special measures in favour of land-locked developing countries when developing or improving ports serving those countries and also to take into account in their port development the special needs of all land-locked countries;

4. Recommends that the regional economic commissions, relevant regional organizations and regional financial institutions should be enabled, through adequate funding, to assist in port and related inland transport development in developing countries in an appropriately integrated fashion, with support, as appropriate and if requested, from the UNCTAD secretariat. Such assistance should be directed, *inter alia*, towards:

(a) Convening regional and subregional seminars and conferences on problems of port development and organization;

(b) Establishing, in co-operation with the International Labour Organisation, UNCTAD, other organizations concerned, and Governments of States members

of UNCTAD, subregional or zonal training institutions for all levels of port labour and management;

(c) Forming sub-zonal and zonal or even wider associations of ports and harbours, promoting, within the concept of sister ports, a programme of mutual co-operation and assistance, in order to combine their efforts to facilitate further development and improvement of ports.

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### 68 (III). International combined transport of goods<sup>115</sup>

*The United Nations Conference on Trade and Development,*

Recalling the International Development Strategy for the Second United Nations Development Decade, in particular paragraphs 53(a) and 54,

Being aware that the Economic and Social Council, at its resumed forty-eighth session, decided that a Conference on International Container Traffic should be convened jointly by the United Nations and the Intergovernmental Maritime Consultative Organization to consider administrative, technical and legal problems in the field of international container transport,<sup>116</sup>

Noting that the Intergovernmental Preparatory Group established by the Economic and Social Council met in February 1972 and recommended a provisional agenda, item 11 of which provides that the United Nations/IMCO Conference on International Container Traffic is to assess the need for a possible convention on the international combined transport of goods and, if appropriate to further the work on such a convention, such recommendation to be approved by the Economic and Social Council,<sup>117</sup>

Noting further that the Secretary-General of the United Nations has distributed a summary of conclusions of the study prepared pursuant to Economic and Social Council resolution 1568 (L)<sup>118</sup> and that a final text of the study<sup>119</sup> is currently being prepared for publication,

Believing that the specific economic implications of such a convention, in particular for developing countries, should be thoroughly studied prior to its consideration and adoption,

Recalling paragraphs 6 and 8 of Economic and Social Council resolution 1568 (L),

<sup>115</sup> The Conference adopted this resolution without dissent.

<sup>116</sup> See *Official Records of the Economic and Social Council, Resumed Forty-eighth Session, Supplement No. 1A (E/4832/Add.1 and Corr.1)*, p. 17.

<sup>117</sup> For the provisional agenda of the United Nations/IMCO Conference on International Container Traffic, as approved by the Economic and Social Council, see Council resolution 1725 (LIII).

<sup>118</sup> E/5111.

<sup>119</sup> "Economic implications, in particular for developing countries, of the proposed convention on international combined transport of goods" (ST/ECA/160 and Corr.1).

<sup>113</sup> TD/143, part three (see annex VIII,F below).

<sup>114</sup> TD/103 and Corr.1 (see *Shipping in the seventies: report by the secretariat of UNCTAD* (United Nations publication, Sales No. E.72.II.D.15), part two).

1. *Reiterates* resolution 17 (V) of the Committee on Shipping;<sup>120</sup>

2. *Requests* that the complete study of the Secretary-General of the United Nations should be made available as soon as possible so as to enable the Committee on Shipping, at its second special session in July 1972, to make its own full and carefully considered observations thereon;

3. *Recommends* that the developing countries inform the respective regional economic commissions of their position regarding a combined transport convention before July 1972, when these commissions should advise the Economic and Social Council on this in accordance with paragraph 8 of resolution 1568 (L);

4. *Recommends further* to States members of UNCTAD that in the consideration of a convention on international combined transport of goods, it is ensured that the following criteria are fully met:

(a) The implications for developing countries, especially as regards the needs of maritime transport, trade, insurance and economic development are thoroughly studied and taken into account;

(b) General guidelines on such a possible convention have been agreed to internationally, with adequate representation of the points of view of developing countries;

(c) Account is taken of the stage and trends of the technological development in intermodal transport in deciding if such a convention is mature for international consideration.

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### 69 (III). Freight rates<sup>121</sup>

*The United Nations Conference on Trade and Development,*

*Noting with concern* that increases in freight rates applied by liner conferences often adversely affect the balance-of-payments positions of the developing countries and have an adverse impact on their exports,

*Noting further* that in recent years liner freight rate increases have been larger and more frequent,

*Taking into consideration* the UNCTAD secretariat reports *Review of maritime transport 1971*<sup>122</sup> "Perspectives and problems in world shipping"<sup>123</sup> and "Promotional freight rates on non-traditional exports of developing countries",<sup>124</sup>

*Bearing in mind* the aim of developing countries to expand their non-traditional exports and that freight

costs as part of the export prices of such commodities have a bearing on the ability of those countries to promote such expansion,

*Recognizing* the important part promotional freight rates can play in facilitating the expansion of non-traditional exports from developing countries,

*Noting also* the views of developing countries that progress in providing promotional freight rates is considered to have been slow,

*Recognizing* the need for shipping lines to obtain a reasonable return on capital invested,

*Observing* that the present resolution has been conceived in order to recognize the importance attached to the subject of freight rates by all countries and that its contents in no way prejudice the position which a country or a group of countries will or may take concerning freight rates in connexion with a code of conduct for liner conferences,

1. *Invites* the Governments of States members of UNCTAD to urge their shipping lines, when considering any freight rate increases to ensure that to the fullest extent possible the effect of increases on commodities of importance to the trade of developing countries is taken into consideration;

2. *Recommends* that the Governments of States members of UNCTAD should urge liner conferences and equivalent organizations, when considering the determination and adjustments of liner freight rates, to pay special attention to:

(a) The need to review and, if necessary, adjust and revise freight rates which shippers, shippers' organizations and other interested parties—including where appropriate public authorities—consider to be high or discriminatory, bearing in mind the need for freight rates for exports of developing countries to be fixed at as low a level as is commercially feasible;

(b) The need to avoid conference practices and the setting of freight rates at levels which, all other factors being equal, have the effect of frustrating the export of a product from a developing country while encouraging the export of the same product from another country served by the same conference;

(c) Ensuring that cost savings to shipping lines resulting from port improvements and/or development, including improvements in port management are taken into account in freight rate consultations between conferences and shippers and/or shippers' organizations;

3. *Recommends* also that in order to reduce the costs of maritime transport consideration be given to:

(a) Technological development in maritime transport, taking into account the needs of developing countries;

(b) Improvements in the organization of trade;

4. *Recommends further* that every effort should be made to encourage the institution and operation of shippers' organizations or equivalent bodies and the establishment of effective consultation machinery in developing countries on the basis of the following general criteria:

(a) Such machinery should provide, before the implementation of freight rate increases, for consultation by

<sup>120</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 3 (TD/B/347), annex I.*

<sup>121</sup> The Conference adopted this resolution without dissent.

<sup>122</sup> United Nations publication, Sales No. E.73.II.D.2.

<sup>123</sup> TD/102 and Corr.1. See *Shipping in the seventies: report by the secretariat of UNCTAD* (United Nations publication, Sales No. E.72.II.D.15), part one.

<sup>124</sup> TD/105 and TD/105/Supp.1.

liner conferences with shippers, shippers' organizations and other interested parties—including, where appropriate, public authorities—following adequate notice which takes into account the needs of the trade and is in conformity with national or regional practice and/or agreements;

(b) The views of shippers and shippers' organizations as expressed during consultation shall as far as is commercially possible be reflected by the conference in reaching its decision;

(c) In order to allow for full discussion of common problems with shippers, shippers' organizations and other interested parties—including, where appropriate, public authorities—conferences should maintain adequate and authoritative representation where practicable in their respective areas, and shippers should have adequate access to responsible conference representatives. The names and addresses of all representatives of the conference should be readily available and such representatives shall ensure that shippers' views are promptly and adequately made known to the conference and *vice versa*;

(d) Efforts should be directed to the establishment of national, subregional and regional shippers' organizations which can stimulate the development of further shippers' organizations and also play a useful part in consultation with shipping lines and liner conferences at the national, subregional and regional level;

(e) The United Nations regional economic commissions, other regional organizations and UNCTAD should be invited to assist in promoting the development of subregional and regional associations of this kind. In this connexion each regional economic commission or the relevant regional organization may be invited to convene a regional conference of shippers' organizations and other shippers' interests which could consider what form of subregional and regional machinery would be appropriate;

(f) During the process of consultation, special attention should be given to the need to promote intra-regional and interregional trade of developing countries;

5. *Resolves* that the Governments of States members of UNCTAD should urge liner conferences and equivalent bodies to:

(a) Give to shippers, shippers' organizations and other interested parties—including where appropriate, public authorities—by adequate prior publication, notice in conformity with national or regional practice and/or agreements when proposing general freight rate increases; the period of that notice shall be adequate to allow for consultations between the conference and the shippers and other interested parties;

(b) Provide reasons which in their opinion justify the proposed general increase in freight rates, together with an aggregated analysis of the data regarding their costs and revenues prepared by independent accountants as a basis for discussion;

(c) Give adequate opportunities on request for full and timely detailed discussions between the conference, the shippers, shippers' organizations and other interested parties—including, where appropriate, public authorities

concerned—on matters of common interest, including freight-rate increases and adequacy of shipping services;

(d) Endeavour to maintain as long as possible a period of stability in freight rates consistent with the needs of shippers and the need to provide conference lines with a reasonable return on capital;

6. *Recommends* that Governments of States members of UNCTAD urge conferences and equivalent organizations through their shipowners members of them to:

(a) Recognize the need to assist exports from developing countries by granting promotional freight rates, whenever commercially possible, for their non-traditional exports;

(b) Constitute effective procedures to provide for consultation with shippers, shippers' organizations and equivalent organizations of developing countries on the subject of promotional freight rates;

(c) Take into consideration as far as possible the views expressed by shipper interests of developing countries on matters regarding promotional freight rates when making their decisions;

(d) Avoid introducing specific promotional rates for non-traditional exports of one developing country when such a rate might impede the export of the same product from another country served by the same conference;

(e) In consultation with shippers, shippers' organizations and other interested parties—including, where appropriate, public authorities—review at regular intervals the special rates of freight established to decide the extent of continuation or amendment which is commercially possible after taking into account the effectiveness of the promotional rate for the products concerned;

7. *Requests* the UNCTAD secretariat to study within available resources, the feasibility of introducing free-in-and-out (f.i.o.) rates in liner trades and the implications thereof;

8. *Invites* the United Nations Development Programme, taking into account the substantive competence of UNCTAD in the field of ocean freight rates and the consensus reached in the Governing Council of the Programme at its tenth session,<sup>126</sup> to consider favourably requests from the Governments of developing countries within the limits of the United Nations Development Programme funds to provide technical assistance in this field.

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### 70 (III). Development of merchant marines<sup>126</sup>

*The United Nations Conference on Trade and Development,*

*Bearing in mind* the aim of the developing countries of establishing and expanding national and/or multi-national merchant marines in the light of the Declaration

<sup>125</sup> See General Assembly resolution 2688 (XXV), annex.

<sup>126</sup> The Conference adopted this resolution without dissent.

and Principles of the Action Programme adopted by the Group of 77 at the Second Ministerial Meeting in Lima<sup>127</sup> and the views of other groups as reflected in the report of the Fourth Committee of the Conference at its third session,

*Noting with concern* that while the fleets of developing countries have increased in size, the share of developing countries in the world merchant fleet has been declining instead of increasing and is substantially less than their share in world trade,

*Taking note* with appreciation of the UNCTAD secretariat's reports on multinational shipping enterprises<sup>128</sup> and on the implementation of the International Development Strategy in shipping and ports,<sup>129</sup>

*Agreeing* that any reference in the present resolution to the merchant marines of developing countries excludes fleets registered under so-called "flags of convenience",

*Taking note* of the aim of the developing countries to acquire, by the end of the Second United Nations Development Decade, at least 10 per cent of the deadweight tonnage of the total world fleet as compared to 7.1 per cent in 1970,

*Taking note* of the request of developing countries that the terms of the Understanding on export credits for ships of the Organisation for Economic Co-operation and Development, signed in May 1969, should be reviewed and modified with a view to liberalizing the terms and conditions on which export credits for ships are made available to developing countries,

*Urges that:*

1. Developed countries and international financial institutions should substantially increase where appropriate their financial and technical assistance to developing countries, and simplify as far as possible the procedures and conditions for granting credits to developing countries for the acquisition by these countries of new and second-hand ships, within the over-all context of both established project criteria and national development plans and programmes, for their national and multinational merchant marines;

2. Developed countries signatories to the Understanding on export credits for ships of the Organisation for Economic Co-operation and Development, signed in May 1969, should, consistent with the Procedure adopted in July 1971,<sup>130</sup> consider as far as possible and on a case-by-case basis improvement in the terms and conditions under which they finance the acquisition of new ships by developing countries in relation to the basic terms and conditions of the Understanding;

3. Governments of States members of UNCTAD, in view of the economic problems of developing countries and their limited resources and bearing in mind the International Development Strategy for the Second United Nations Development Decade, should take note of and examine carefully the proposals made by the developing countries at the third session of the Conference that ships should be sold to them on the following minimum terms and conditions:

(a) New vessels should be sold to the developing countries on deferred payment terms involving repayment over a period of ten years after delivery of the vessels, with a suitable period of grace;

(b) Suitable second-hand vessels should be sold to the developing countries on deferred payment terms extending up to eight years;

(c) The cash down payment up to the time of delivery of vessels sold to developing countries should not exceed 15 per cent of the price of the ship in the case of new vessels and 20 per cent of the price in the case of second-hand vessels;

(d) The rate of interest for such deferred payment should not exceed 5 per cent per annum;

4. The Governments of developed countries should, where appropriate, accept the guarantee given by national financial institutions of the developing countries as adequate cover for the deferred portion of payment for vessels, both new and second-hand, purchased by developing countries;

5. Governments of those developed countries which have established arrangements for the financing of ship exports through buyers' credits should bear in mind the legitimate desire of developing countries, when seeking to purchase ships from shipyards in a developed country, to secure the most favourable commercial terms, and ensure that, where feasible, buyers' credits as well as suppliers' credits are made available;

6. The States members of UNCTAD should as far as possible take part in contributing to the achievement of the aim of the developing countries to acquire at least 10 per cent of the deadweight tonnage of the total world fleet by the end of the Second United Nations Development Decade;

7. Governments of States members of UNCTAD should invite liner conferences operating in the national maritime trade of developing countries to admit national and/or multinational shipping lines of the developing countries concerned as full members and also consider favourably, fairly and on equal terms applications of the national and/or multinational shipping lines of developing countries for admission as full members of way-port trades related to these countries' own foreign trade subject to the rights and obligations of conference membership, the objective being that shipping lines of developing countries should have an increasing and substantial participation in the carriage of cargoes generated by their foreign trade;

8. Since tankers and bulk carriers constitute the main growth points of the world fleet, developing countries may give special attention to the establishment, expansion and sound operation of bulk carrier and tanker

<sup>127</sup> TD/143 (see annex VIII.F below).

<sup>128</sup> TD/108 and Corr.1; TD/108/Supp.1/Rev.1 (United Nations publication, Sales No. E.72.II.D.17).

<sup>129</sup> TD/103 and Corr.1 (see *Shipping in the seventies: report by the secretariat of UNCTAD* (United Nations publication, Sales No. E.72.II.D.15), part two).

<sup>130</sup> See TD/101, chap. VI (see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7)).

fleets in order to realize their desired level of participation in world shipping and in this task the developed countries may consider assisting the developing countries where appropriate consistent with paragraph 1 of the present resolution;

9. Since, to the extent that traders in developed countries buy on f.o.b. terms and sell on c.i.f. terms in trade transactions with developing countries, shippers in developed countries are generally in a position to nominate the carrier, this situation should not prevent developing countries from participating on a fair basis in the trade concerned;

10. It being recognized that developing countries should have an increasing and substantial participation in the carriage of maritime cargoes, they should be enabled to expand their national and multinational merchant marines through the adoption of such measures as may be appropriate to permit their shipowners to compete in the international freight market and thus contribute to a sound development of shipping;

11. Groups of developing countries should examine the feasibility of establishing multinational merchant marines, possibly on a regional or subregional basis, with a view, *inter alia*, to securing increasing participation in the carriage of maritime cargoes and in earnings therefrom;

12. Developed countries and international and regional financial institutions should consider granting financial assistance on favourable terms and give technical assistance for the development and expansion of the shipbuilding and ship repairing industry in developing countries, within the over-all context of both established project criteria and the national development plans and programmes;

13. *Invites* the United Nations Development Programme, within the limits of its funds and taking into account the substantive competence of UNCTAD in the field of shipping and the consensus reached in the Governing Council of the Programme at its tenth session,<sup>131</sup> to continue to consider favourably requests from developing countries for technical assistance within their country programme in all matters related to national merchant marines.

*118th plenary meeting  
19 May 1972*

<sup>131</sup> See General Assembly resolution 2688 (XXV), annex.

### **71 (III). Economic co-operation in merchant shipping<sup>132</sup>**

*The United Nations Conference on Trade and Development,*

*Recognizing* the great importance, for the development of international trade, of the further extension of economic co-operation in the field of merchant shipping,

*Recalling* that the Committee on Shipping is called upon to promote understanding and co-operation in the field of shipping and to be available for the harmonization of the shipping policies of Governments and regional economic groupings,

*Recognizing* UNCTAD's efforts in promoting co-operation in the field of shipping, in particular between liner conferences and shippers,

*Recognizing further* the desirability of considering, in UNCTAD, measures aimed at strengthening co-operation on shipping matters among Governments and further harmonizing government policies in the field of merchant shipping,

*Requests* the Trade and Development Board at its twelfth session to instruct the Committee on Shipping within its terms of reference:

(a) To establish which subjects may be suitable and ripe for such harmonization, taking into account in particular the interests of developing countries, and avoiding duplication of work being done in other international bodies;

(b) To prepare a work programme and to establish priorities for examining such subjects;

(c) To set in train the necessary work on these subjects and to report any findings or conclusions to the Trade and Development Board, to enable the latter to determine which of these should be transmitted to the Conference at its fourth session, for it to consider what action would be appropriate.

*118th plenary meeting  
19 May 1972*

<sup>132</sup> The Conference adopted this resolution without dissent.

## **TRADE EXPANSION, ECONOMIC CO-OPERATION AND REGIONAL INTEGRATION AMONG DEVELOPING COUNTRIES**

(Agenda item 17)

### **48 (III). Trade expansion, economic co-operation and regional integration among developing countries<sup>133</sup>**

*The United Nations Conference on Trade and Development,*

*Recalling* its concerted declaration 23 (II) of 26 March 1968 on trade expansion, economic co-operation and regional integration among developing countries,

*Recalling further* Trade and Development Board resolutions 53 (VIII) of 7 February 1969 and 77 (X) of 8 March 1971,

<sup>133</sup> The Conference adopted this resolution without dissent.

*Reaffirming* paragraphs 39 and 40 of the International Development Strategy for the Second United Nations Development Decade,

*Bearing in mind* the conclusions reached by the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries,<sup>134</sup>

*Recognizing* that, since the second session of the Conference, developing countries have negotiated and entered into meaningful commitments in the field of trade expansion, economic co-operation and regional integration, and that some developed countries and international organizations have made important contributions towards the solution of problems encountered by developing countries in this field,

*Recommends* that, in accordance with the principles contained in paragraphs 39 and 40 of the International Development Strategy for the Second United Nations Development Decade:

#### *Action by developing countries*

##### 1. Developing countries should:

(a) Intensify current efforts and initiate new efforts to negotiate and put into effect long-term and meaningful commitments among themselves within the sub-regional, regional, interregional and other frameworks of their choice, in order to expand their mutual trade and to extend their economic co-operation in other fields;

(b) Within each subregion to which they belong, as an expression of political will, take further steps to overcome the difficulties that have so far stood in the way of trade expansion, economic co-operation and regional integration among them. Specifically, they should aim at bringing to fruition within the Second United Nations Development Decade the plans already agreed upon, namely to form where needed single multinational organizations in each subregion charged with the task of promoting trade expansion, economic co-operation and regional integration among participating States as a preliminary and preparatory step towards the larger and final goal of trade expansion, economic co-operation and regional integration among developing countries;

(c) Apply the principle of equivalent concessions in order to enable developing countries, including those which conduct a substantial part of their foreign trade through public and State-owned enterprises, to participate in regional groupings;

(d) Avail themselves of the facility offered under paragraph 6 of Trade and Development Board resolution 53 (VIII) to seek international support for their concrete schemes in the field of trade expansion, economic co-operation and regional integration;

(e) Make further efforts to intensify and widen economic co-operation among themselves. To that end, they should:

- (i) Promote and encourage expansion of intraregional trade and, where appropriate, the establishment of suitable payments arrangements among themselves;
- (ii) Encourage and promote appropriate commodity action and in particular the advancement of the interests of primary producers of their region through intensive consultations among producer countries in order to encourage appropriate policies leading to the establishment of producers' associations;
- (iii) Further the establishment of mutually agreed regional, subregional and interregional preferential trade agreements;
- (iv) Undertake steps further to liberalize their mutual trade, including the reduction or elimination of trade barriers;
- (v) Encourage regional and subregional groupings of which they are members to identify action to be taken in relation to the research, production, trade promotion and marketing of commodities;
- (vi) Promote where mutually agreed upon the establishment of associations with a view to taking concerted action in such fields as market analysis and research or export promotion in third-country markets, particularly in developed-country markets;
- (vii) Render the fullest support to industrial development in the countries of the region by optimal use of resources, including technical skill and know-how, available within the region;
- (viii) Stimulate export production and intensify measures for export promotion in countries of the region through mutual regional and subregional co-operation;
- (ix) Further plans for mutual monetary co-operation;
- (x) Promote mutual consultations among countries in the region in order to find satisfactory solutions to common problems relating to shipping and ocean freight rates;
- (xi) Encourage travel and tourism among their nationals by co-operating in schemes for the promotion of tourism on a joint basis;
- (xii) Endeavour to widen the number of countries parties to the Protocol relating to Trade Negotiations Among Developing Countries within the framework of GATT, in which UNCTAD is collaborating, which is open for accession to all developing countries, including non-members of GATT, and to increase the product coverage in the Consolidated Lists of Tariff Concessions annexed thereto;
- (xiii) Undertake schemes related to the building of regional transport and communications infrastructures;
- (xiv) Promote within a regional and subregional framework the exchange of information and consultations among themselves on their trade and development policies as well as on their objectives with respect to economic co-operation so as to assist them in determining their priorities and in harmonizing their development programmes and trade policies;

<sup>134</sup> See *Official Records of the Trade and Development Board, Tenth Session, First, second and third parts, Annexes, agenda item 11, document TD/B/333, chap.V.*

(f) Devise, within the framework of their respective regional, subregional and interregional organizations, effective formulae for industrial co-operation in such fields as industrial harmonization and complementarity, allocation of specific industries, and the sharing of benefits from such multinational industries and the ownership and control of such industries in accordance with their national development needs.

2. Regional and subregional organizations be invited to take measures to provide more favourable treatment to the less developed among their members. Economic co-operation provides a suitable framework in which to cater for the interests of the least developed and land-locked States. In such matters as access to the sea, diversification of their economies, including the establishment of integrated industries with strong economic linkages, the required range of special measures in their favour could be sustained where countries belong to the same economic grouping.

3. The regional economic commissions and regional and subregional groupings and their members should give high priority to the development and utilization of training facilities available in the region and subregion, especially in the scientific and technological fields.

4. The organization of regional and subregional groupings should be rationalized in order that administrative and other costs may be minimized.

#### *Action by developed market-economy countries*

5. Developed market-economy countries, in pursuance of their Declaration of Support contained in paragraphs 17-20 of concerted declaration 23 (II) of the Conference, of resolution 53 (VIII) of the Trade and Development Board, and of paragraph 40 of the International Development Strategy should:

(a) Through their bilateral and multilateral financial and technical assistance, further support trade expansion, economic co-operation and regional integration efforts of developing countries;

(b) In the context of regional integration, facilitate an accelerated transfer, on fair and reasonable terms, of foreign technology appropriate to the needs of developing countries;

(c) Extend assistance to developing countries, with a view to:

- (i) Building the necessary infrastructure for the expansion of intraregional trade;
- (ii) Supporting, where appropriate, the creation of regional payments arrangements and other monetary arrangements;
- (iii) Enabling the least developed countries as well as the less developed countries within a regional grouping to overcome obstacles to integration and minimize losses which result from unequal levels of economic development and to derive fuller benefits from economic co-operation and integration arrangements;

(d) Examine the possibility of permitting developing countries belonging to subregional or regional groupings to utilize the cumulative treatment principle, in order

to enable the members of such groupings to derive full benefits from the generalized system of preferences;

(e) As soon as possible consider sympathetically further untying of financial assistance for procurement in developing countries to enable them to take the fullest advantage of the opportunity for the expansion of their mutual trade. In the context of any measures for procurement in developing countries, developed countries should, where appropriate, provide technical assistance in order to facilitate the effective participation of enterprises of developing countries in multinational bidding, without prejudice to other measures proposed in paragraph 18 of Conference decision 29 (II) of 28 March 1968;

(f) Give greater assistance in the training of personnel of economic co-operation institutions of developing countries, especially those in the field of trade expansion.

#### *Action by socialist countries of Eastern Europe*

6. The socialist countries of Eastern Europe should:

(a) In accordance with their economic and social system and with the relevant provisions of Conference resolution 15 (II) of 25 March 1968, accord the appropriate attention within their individual plans and programmes with a view to expanding their assistance to trade expansion and economic co-operation among the developing countries, with particular attention to multinational infrastructures, industrial projects, co-ordination of planning, location of industries and use of State-trading agencies in support of trade expansion commitments, on the basis of concrete proposals of developing countries;

(b) With the consent of the developing country concerned, take steps further to multilateralize their payments arrangements and make active use of the payments facilities provided by the multilateral economic organizations of Eastern Europe, as well as develop other possibilities for effecting payments;

(c) Be requested to give direct assistance in the field of economic co-operation to interested economic co-operation groupings of developing countries.

#### *Action by multilateral organizations*

7. Regional and subregional development banks and other international organizations concerned should be invited to give due priority to developing countries in furthering their schemes of regional and subregional co-operation. The World Bank Group, regional development banks and other international institutions are invited to give due priority to the furthering and financing, through subregional financial institutions, where they exist, of multinational projects prepared by developing countries and regional and subregional groupings.

8. The Secretary-General of UNCTAD should request the International Monetary Fund to consider the possibility of establishing a special facility to support trade expansion efforts among developing countries members of regional or subregional groupings, in the event that there should be balance-of-payments problems in these countries.

9. Regional and subregional development banks, international financial institutions, the United Nations Industrial Development Organization and UNCTAD should exchange information and experience in order to contribute better to schemes of regional and subregional integration efforts in the developing countries. With this objective in mind, the Secretary-General of UNCTAD is asked to consult with the Governments and multilateral organizations concerned as to the desirability and purpose of convening a meeting of multilateral financial institutions.

*Action by the international community*

10. Use should be made of the provision of paragraph 6 of Trade and Development Board resolution 53 (VIII), which provides for the possibility of consul-

tations between developing countries members of a regional grouping and interested developed countries on particular concrete schemes in the field of trade expansion, economic co-operation and regional integration between developing countries, with a view to examining such schemes and to considering national or international support action consistent with the Declaration of Support by developed countries.

11. Every effort should be made to alleviate, and where possible eliminate restrictive business practices adversely affecting the growth of industry and expansion of trade among member States belonging to regional and subregional groupings.

*115th plenary meeting  
18 May 1972*

## TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

(Agenda item 18)

### **53 (III). Trade relations among countries having different economic and social systems**<sup>135</sup>

*The United Nations Conference on Trade and Development,*

*Reaffirming* Conference resolution 15 (II) of 25 March 1968,

*Noting* that in recent years trade between the socialist countries of Eastern Europe and the developing countries in general has grown, and that economic relations have widened on a more stable basis and that new forms of co-operation have emerged,

*Noting* the joint declaration made by socialist countries of Eastern Europe in the Special Committee on Preferences during the second part of its fourth session,<sup>136</sup> and measures which have been taken in order to grant preferences to developing countries,

*Considering* that the expansion of trade and economic relations between East and West would affect positively the expansion of international trade as a whole, including the trade of developing countries, provided that the necessary constructive measures to promote trade and economic relations with developing countries are undertaken by those two groups of countries and that the interests of developing countries are duly safeguarded,

*Taking note* of certain developments which in recent years have led to improved economic relations between developed market-economy countries and socialist countries of Eastern Europe, the strengthening of their economic relations, the emergence of new forms of co-operation and the imparting of a longer-term and more stable character to economic relationships,

*Considering* the need for continuing common efforts to remove those existing trade-policy and other obstacles which still hamper further growth of trade between socialist countries of Eastern Europe and developed market-economy countries, taking fully into account the interests of developing countries,

*Recalling* General Principles Two, Six, Seven and Eight governing international trade relations and trade policies conducive to development, as embodied in the recommendation contained in annex A.I.1 to the Final Act adopted by the Conference at its first session,

*Considering* that any general settlement of international trade problems should take into account the interests of all flows of international trade, in particular those of developing countries,

*Taking into account* the role played by the Economic Commission for Europe in the development and strengthening of economic relations between East and West,

*Intending* also to further the implementation of Conference resolution 15 (II),

### I

1. *Considers* that, in view of the scientific and technological revolution and the substantial expansion and extension of international exchanges and international specialization, the 1970s should become a new important landmark in the development of economic relations between countries having different economic and social systems;

2. *Invites* countries having different economic and social systems:

(a) *To continue* to implement Conference resolution 15 (II) with a view to deepening and expanding a stable and mutually advantageous division of labour;

(b) *To make wider use*, where appropriate, of bilateral and multilateral consultations, with a view firstly

<sup>135</sup> The Conference adopted this resolution without dissent.

<sup>136</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329)*, part two, para. 192.

to determining the long-term prospects for mutual economic co-operation in specific fields, and secondly to taking into mutual consideration the existing long-term economic development plans and programmes of each partner in fields of mutual interest;

(c) For this purpose, to make use, *inter alia*, of the established machinery for consultations within the framework of the Trade and Development Board's Sessional Committee on trade relations among countries having different economic and social systems;

3. *Recommends* that developing countries and socialist countries of Eastern Europe, whenever it is considered mutually convenient, continue their efforts to expand and diversify trade between them, particularly on a long-term basis, as well as all other forms of economic, industrial, scientific and technical co-operation;

## II

*Recommends* that socialist countries of Eastern Europe:

1. Continue to take, and where necessary to take further, positive measures to ensure the implementation of Conference resolution 15 (II);

2. Continue the implementation of measures to accord preferences to imports from developing countries, as well as the implementation of other measures of a preferential character on a non-reciprocal basis, as provided for in Conference resolution 15 (II) and the joint declaration made by socialist countries of Eastern Europe in the Special Committee on Preferences during the second part of its fourth session, and accord preferential conditions in their procurement policies for products imported from developing countries, it being understood that each of them will do so in accordance with the modalities of its foreign trade system;

3. Give due consideration, when formulating quantitative targets in their long-term economic plans, to the trade needs of developing countries and in particular their production and export potential, so that imports from developing countries are not only expanded but progressively diversified, with an increasing proportion of manufactures, semi-manufactures and non-traditional items;

4. Promote, together with the developing countries, the conclusion of long-term purchase agreements between their agencies and enterprises and those of the developing countries, in order to facilitate the planning and execution of the latter's investment, production and delivery programmes;

5. Promote increasing contacts between their foreign trade and manufacturing agencies and corresponding organizations of developing countries with a view to identifying new export possibilities and techniques of export promotion for developing countries;

6. Intensify the dissemination of information relating to the export trade of developing countries, through the organization of seminars, symposia and training courses;

7. Intensify industrial, scientific, technical and other forms of co-operation with developing countries designed to develop and strengthen the industrial base and export

potential of the developing countries, in particular the least developed among them;

8. Implement measures adopted by the organizations within the United Nations system, in particular UNCTAD, to stimulate the transfer of technology to developing countries on fair and reasonable terms;

9. Study the possibility of collaborating with the developing countries, upon their request and as mutually agreed upon, in the marketing of products and establishment of joint ventures in third countries;

10. Accept repayment of credits in the form of goods from developing countries, as mutually agreed upon;

11. Introduce, by mutual agreement, elements of flexibility and multilateralism in bilateral payments arrangements with developing countries, taking into account their specific circumstances and pattern of trade, and with a view to facilitating the settlement of their trade and payments positions;

12. Take positive action to facilitate as far as possible the utilization of the balances accumulated in any one bilateral trade relationship by a developing country, among the rest of the socialist countries of Eastern Europe, if the respective developing country so requests;

13. Take specific measures so that products imported from developing countries are not re-exported to third countries, unless it is with the agreement of the developing country concerned;

14. In accordance with the normal trade practices and upon the request of the developing countries, supply industrial raw materials and other essential goods, machinery and equipment, produced by the socialist countries of Eastern Europe in which they have export possibilities;

## III

*Recommends* that the developing countries:

1. Create, where they do not already exist, favourable conditions for expanding trade with the socialist countries of Eastern Europe by encouraging direct trade relations with these countries;

2. In their efforts to increase their over-all trade, give, in particular, attention to the possibility of expanding their trade with socialist countries of Eastern Europe and grant to these countries conditions for trade not inferior to those granted normally to the developed market-economy countries;

3. Promote as far as possible the production of goods for which there are possibilities for export to socialist countries of Eastern Europe and take steps to encourage such exports;

## IV

1. *Recommends* that countries participating in East-West trade and economic co-operation, fully taking into account the interests of the developing countries and in accordance with the Principles as embodied in the recommendation contained in annex A.I.1 to the Final Act adopted by the Conference at its first session, taking into account also the work in this field of other United Nations organs, including the regional economic commissions;

(a) Participate fully in the improvement of existing, and the establishment of new and forward-looking, forms of long-term trade and economic relations, especially those which are conducive to the joint solution of major economic problems of the countries concerned with the view to expanding their mutual trade;

(b) Continue bilaterally as well as multilaterally to seek ways of removing the economic, administrative and trade policy obstacles to a further expansion of East-West trade;

(c) Take steps to promote co-operation in connexion with the exploitation of natural resources in countries concerned, co-operation in industrial development, scientific and technical co-operation and the protection of the environment;

(d) Intensify the promotion of trade through such means as may be appropriate for, and capable of, releasing potential for trade;

(e) Take steps to promote the dissemination of information on the possibilities of expanding economic relationships among them and to continue to stimulate a climate of good will conducive to the further mutual development of trade relations;

2. *Recommends* that countries participating in East-West trade ensure, through positive measures, that the expansion of trade and economic co-operation between them does not unfavourably affect the possibilities for such co-operation between them and the developing countries, and leads to the expansion of trade between them and the developing countries in a wider range of products and services;

## V

*Recommends* that the Trade and Development Board should continue to provide the facilities for consultations provided for in part IV of Conference resolution 15 (II), and elaborated in the agreed conclusions adopted at the ninth session of the Trade and Development Board;<sup>187</sup> and that

<sup>187</sup> See *Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616)*, part three, chap. II, C.

(a) The countries concerned should be informed in advance of the intention to hold consultations and, if possible, notify each other of the subjects they wish to discuss;

(b) Countries so informed and willing to participate in the consultations should make the necessary preliminary preparations;

(c) If it is thought desirable, competent experts should be sent to participate in the consultations;

## VI

*Invites* the Secretary-General of UNCTAD, in consultation with other competent organs of the United Nations, while avoiding duplication of the work done by these organs, in particular by the regional economic commissions:

(a) To study ways and means of expanding trade and economic relationships between countries having different economic and social systems and existing opportunities for mutually advantageous international specialization which might help to increase the volume of their mutual trade, taking into consideration the interests of developing countries;

(b) To conduct further studies in consultation with the countries interested in order to suggest measures intended to develop all forms of trade and economic relations, including, *inter alia*, multilateral forms, between the socialist countries of Eastern Europe and the developing countries. The above studies should be submitted to the Trade and Development Board for further consideration;

(c) To promote the dissemination of information on the legal forms and organizational systems of foreign trade and commercial practices in the socialist countries of Eastern Europe and in trade between countries having different economic and social systems, bearing in mind especially the needs of the developing countries.

117th plenary meeting  
19 May 1972

## TRANSFER OF TECHNOLOGY IN THE LIGHT, *INTER ALIA*, OF BOARD RESOLUTION 74 (X) OF 18 SEPTEMBER 1970

(Agenda item 19)

### 39 (III). Transfer of technology<sup>188</sup>

*The United Nations Conference on Trade and Development,*

*Convinced* that scientific and technical co-operation constitutes one of the main factors of economic and social development and contributes to the strengthening of peace and security of all nations,

*Bearing in mind* the importance of the transfer of adequate technology to all countries, and in particular to the developing countries,

*Considering* the recognition given in the International Development Strategy for the Second United Nations Development Decade, in particular in paragraph 64, to the promotion of the transfer of technology to developing countries,

*Recalling* General Assembly resolution 2658 (XXV) of 7 December 1970, particularly its paragraph 7, recommending to UNCTAD and other organizations to

<sup>188</sup> The Conference adopted this resolution without dissent.

continue and intensify within their competence efforts for the transfer of operative technology to the developing countries,

*Drawing attention* to the special functions of UNCTAD as decided in Trade and Development Board resolution 74 (X) to be pursued on a continuing basis and the establishment within UNCTAD of an Intergovernmental Group on Transfer of Technology,

*Noting* that the General Assembly in its resolution 2726 (XXV) of 15 December 1970 endorsed Trade and Development Board resolution 74 (X), establishing the Intergovernmental Group on Transfer of Technology within UNCTAD, and requested States members of UNCTAD to give their fullest support to the Intergovernmental Group, including provision of budgetary support,

*Welcoming* the unanimous approval by the Intergovernmental Group of a comprehensive programme of work for UNCTAD in this field,<sup>139</sup>

*Noting further* the unanimous welcome by the General Assembly of this work programme in resolution 2821 (XXVI) of 16 December 1971,

*Recalling* Economic and Social Council resolution 1621 B (LI) under which a standing committee of the Council was established to provide policy guidance and make recommendations on matters relating to the application of science and technology to development, which will take into account the specific competence of UNCTAD as defined in Trade and Development Board resolution 74 (X) of 18 September 1970,

*Noting further* the Declaration and Principles of the Action Programme adopted by the Second Ministerial Meeting of the Group of 77<sup>140</sup> held at Lima from 25 October to 7 November 1971,

*Noting also* the views expressed in the course of the third session of the Conference,

### I. Institutional arrangements within UNCTAD

1. *Endorses* the work of UNCTAD, to be pursued on a continuing basis, and the programme of work approved unanimously by the Intergovernmental Group on Transfer of Technology at its organizational (first) session;

2. *Instructs* the Board to ensure that the continuing nature of UNCTAD's functions in this field is reflected in the institutional arrangements in UNCTAD;

### II. Improving the access to technology

3. *Invites* the developing countries to establish institutions, if they do not have them, for the specific purpose of dealing with the whole range of complex questions connected with the transfer of technology from developed to developing countries, and takes note of the wishes of the developing countries that these institutions should, *inter alia*:

(a) Be responsible for the registration, deposit, review and approval of agreements involving transfer of technology in the public and private sectors;

(b) Undertake or assist in the evaluation, negotiation or renegotiation of contracts involving the transfer of technology;

(c) Assist domestic enterprises in finding alternative potential suppliers of technology in accordance with the priorities of national development planning;

(d) Make arrangements for the training of personnel to staff institutions concerned with the transfer of technology;

4. *Invites* the developing countries to take the specific measures they deem necessary to promote an accelerated transfer of adequate technology to them under fair and reasonable terms and conditions;

5. *Recommends* that developed market-economy countries facilitate an accelerated transfer of technology on favourable terms to developing countries, *inter alia*, by:

(a) Providing capital and technical assistance and developing scientific and technological co-operation;

(b) Endeavouring to provide possible incentives to their enterprises to facilitate an accelerated transfer of their patented and non-patented technology to developing countries on fair and reasonable terms and conditions and by assisting these countries to make effective use of imported techniques and equipment;

(c) Assisting developing countries to absorb and disseminate imported technologies through the provision of necessary information and technical assistance, such as training in planning and management of enterprises and in marketing, as well as other forms of scientific and technological co-operation;

(d) Endeavouring to provide their enterprises and their subsidiaries located in developing countries with possible incentives to employ wherever possible local labour, experts and technicians as well as to utilize local raw materials, to transfer specifications and technological processes used in production to local enterprises or competent organizations, and also to contribute to the development of know-how and expertise by training staff in the developing countries;

(e) Designating institutions able to provide information to developing countries concerning the range of technologies available;

(f) Assisting, through their over-all co-operation programmes, in the application of technology and in its adaptation to the production structures and economic and social requirements of developing countries at their request;

(g) Taking steps to encourage and promote the communication of the results of the work of research institutes and universities in the developed countries to corresponding institutions in developing countries;

(h) Participating actively in the identification of restrictive business practices affecting the transfer of technology to developing countries with a view to alleviating and, where possible, eliminating these

<sup>139</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Annexes*, agenda item 7 (e), document TD/B/365, annex I, appendix.

<sup>140</sup> TD/143 (see annex VIII,F below).

practices in accordance with paragraph 37 of the International Development Strategy for the Second United Nations Development Decade;

6. *Recommends* that the socialist countries of Eastern Europe, in accordance with their economic and social systems, undertake to facilitate the accelerated transfer of technology on favourable terms to developing countries, *inter alia*, through agreements on trade, economic and scientific and technical co-operation;

7. *Requests* that the Secretary-General of UNCTAD:

(a) Implement the programme of work for UNCTAD in the field of transfer of technology approved by the Intergovernmental Group on Transfer of Technology, and undertake the studies necessary for the formulation of concrete policies to be applied at the national, regional and international levels;

(b) Provide advice through UNCTAD's own services, to be financed through the United Nations Development Programme within the framework of specific projects and/or by any voluntary contributions, in co-operation, as appropriate, with other bodies, with a view to making available at the request of the developing countries, especially the least developed among them, experienced personnel to assist, within UNCTAD's competence, in the transfer of technology to developing countries;

(c) Initiate, and participate in, through the United Nations Development Programme, and in accordance with its procedures, and in co-operation with other competent bodies within the United Nations system and with the World Intellectual Property Organization, training programmes concerning transfer of technology for personnel from developing countries, especially from the least developed among them;

(d) Assist the Board in reviewing and implementing within UNCTAD's field of competence the provisions in paragraphs 37 and 64 of the International Development Strategy for the Second United Nations Development Decade;

8. *Decides* that UNCTAD should co-operate with other bodies in the United Nations system, and with other competent international organizations, including the World Intellectual Property Organization, so as, in conformity with part II of the programme of work, to supplement their activities in order to:

(a) Assist developing countries in the application and adaptation of technology to their production structures and economic and social requirements;

(b) Explore the possibility of setting up multilateral institutions such as technology transfer centres, patent banks and technological information centres;

(c) Explore proposals for bilateral and multilateral arrangements to facilitate the transfer of technology on reasonable terms and conditions without causing strain to the balances of payments of developing countries;

(d) Study possible international mechanisms for the promotion of the transfer of technology to developing countries and particularly take the necessary steps for co-ordinating action with the World Intellectual Property Organization, on studies to be carried out in this field;

9. *Resolves* to request the Secretary-General of UNCTAD and the Director-General of the World Intellectual Property Organization, in co-operation with other competent bodies of the United Nations system, to carry out jointly a study of possible bases for new international legislation regulating the transfer from developed to developing countries of patented and non-patented technology, including related commercial and legal aspects of such transfer, for submission to the Economic and Social Council and the Trade and Development Board;

10. *Invites* the Secretary-General of the United Nations, in co-operation with the Secretary-General of UNCTAD and the Director-General of the World Intellectual Property Organization, to carry out a study with a view to bringing up to date the report prepared by the Secretary-General of the United Nations on the *Role of patents in the transfer of technology to the developing countries*<sup>141</sup> and to devote special consideration in this study to the role of the international patent system in such transfer, with a view to providing a better understanding of this role in the context of a future revision of the system;

11. *Recommends* that the international community, in recognition of the special position of the least developed among the developing countries, should:

(a) Assist such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;

(b) Furnish on easier terms to the specialized institutions of such countries the results of research relevant to their economic development;

(c) Give special consideration to the terms, conditions and costs of transfer of technology to such countries;

12. *Urges* that international organizations and financing programmes, in particular the International Bank for Reconstruction and Development and the United Nations Development Programme, should give high priority to providing technical and/or financial assistance to meet the needs as defined by developing countries in the field of transfer of technology, particularly for the purpose defined in paragraphs 3, 7 and 8 above;

### III. *Improving the scientific and technological infrastructure*

13. *Recommends* that urgent measures be taken by the developed countries, as well as by competent international organizations at the national, regional and international levels, to improve the scientific and technological infrastructure of the developing countries;

14. *Invites* the developing countries at the national level:

(a) To apply the provisions of paragraph 61 of the International Development Strategy for the Second United Nations Development Decade;

(b) To develop an efficient infrastructure geared to the specific socio-economic needs of each country as a

<sup>141</sup> United Nations publication, Sales No. 65.II.B.1.

solid basis for the adoption and/or adaptation of imported technology, the creation of national technology and the application thereof, and the strengthening of its domestic, scientific and technological capabilities;

(c) To readapt their education and training systems to the needs and demands of a technologically progressive developing-economy society;

15. *Further invites* the developing countries at the regional and interregional level to consider action:

(a) To assist the transfer of technology to themselves by exchanging information concerning their experiences in acquiring, adapting, developing and applying imported technology, and in this regard, to set up regional or subregional information centres;

(b) To make appropriate institutional arrangements for the training and exchange of technical personnel;

(c) To establish joint technological research centres for projects of regional interest and for exchanging adapted or recently developed imported technology between developing countries within the region, or between different regions;

(d) To promote the study of scientific and technological projects between developing countries with common technological requirements arising from similarities in their sectoral structure of production;

(e) To set up machinery to facilitate the dissemination and exchange of technologies originating in the developing countries, so that the comparative advantages and specialization offered by each sector of activity may be fully utilized;

(f) To endeavour to co-ordinate their policies with regard to imported technology, including its adaptation to domestic conditions;

16. *Recommends* that the developed countries:

(a) Give urgent consideration to the possibility of taking prompt measures to move towards fuller implementation of the provisions of paragraph 63 of the International Development Strategy for the Second United Nations Development Decade;

(b) Endeavour to provide possible incentives to encourage their national enterprises to transfer to their associated enterprises in developing countries a substantial and increasing volume of their research activities;

17. *Takes note* of the wishes of the developing countries that the developed countries should:

(a) Devote 0.05 per cent per annum of their gross national product to the technological problems of developing countries;

(b) Allocate at least 10 per cent of their research and development expenditure to programmes designed to solve problems of specific interest to developing countries generally, and as far as possible devote that expenditure to projects in developing countries;

18. *Calls on* the socialist countries of Eastern Europe to increase further, in accordance with their economic and social systems, their assistance to the developing countries, taking account of their own possibilities, and to continue transferring adequate technology to the developing countries on favourable terms;

19. *Recommends* that bodies in the United Nations system, including UNCTAD, within its field of competence as defined in part II of the programme of work of the Intergovernmental Group, which provides that it will supplement the activities of the bodies competent in this matter, and of the World Intellectual Property Organization, should:

(a) Bring to an acceptable conclusion the United Nations World Plan of Action for the Application of Science and Technology to Development;

(b) Assist the developing countries to create the necessary infrastructure, as regards both institutions and personnel, for the development and transfer of technology;

(c) Co-ordinate their efforts and programmes for the support of science and technology at the regional and international level in order to facilitate the transfer of technology to developing countries;

(d) Support the regional economic commissions and the United Nations Economic and Social Office in Beirut in order to enable them to carry out fully their role in the application of science and technology to development within their respective regions;

20. *Requests* UNCTAD, within its field of competence, as defined in part II of the programme of work which provides that it will supplement the activities of the competent bodies in this matter, to contribute to the studies being carried out on the outflow of trained personnel from developing countries which constitutes a reverse transfer of technology;

21. *Recalls* that, as recognized in the preamble to Trade and Development Board resolution 74 (X), none of the existing United Nations bodies deals exclusively with the specific question of the transfer of operative technology to developing countries and that, therefore, as decided in paragraph 2 of that resolution, UNCTAD would perform its functions in this field in co-operation and co-ordination with other bodies in the United Nations system and other international organizations with the aim of avoiding any overlapping and unnecessary duplication of activities, in conformity with the responsibilities of the Economic and Social Council, particularly those of co-ordination, and with the agreements governing the relationship between the United Nations and the agencies concerned.

*112th plenary meeting*

*16 May 1972*

## OTHER BUSINESS

(Agenda item 21)

**36 (III). Expression of gratitude to the Government and people of Chile**<sup>142</sup>

*The United Nations Conference on Trade and Development,*

*Meeting in its third session at Santiago de Chile at the invitation of the Government of Chile,*

*Appreciative of the efficiency and thoroughness of the administrative arrangements made, the beauty and utility of the Conference Centre and the warmth of the welcome accorded to all delegations,*

<sup>142</sup> The Conference adopted this resolution by acclamation.

1. *Applauds* the Government and people of Chile for the enormous efforts which they have devoted to the preparation and organization of the Conference and for the outstanding success of those efforts;

2. *Records* its lively appreciation of the generous hospitality and universal friendship accorded to participants in the Conference by Chileans from all sectors;

3. *Requests* the President of the Conference to express its deep gratitude to the President of Chile and through him to the whole Chilean people.

*103rd plenary meeting  
26 April 1972*

**2. Other decisions****(a) Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)**<sup>143</sup>

1. In conformity with paragraph 6 of General Assembly resolution 1995 (XIX), which provides that "the lists of States contained in the annex [to that resolution] shall be reviewed periodically by the Conference in the light of changes in the membership of the Conference and other factors", the Conference at its third session decided to include the undermentioned countries in list A of the annex to Assembly resolution 1995 (XIX):

Bahrain, Bangladesh, Bhutan, Equatorial Guinea, Fiji, Oman, Qatar, Swaziland, the United Arab Emirates.<sup>144</sup>

*82nd plenary meeting  
13 April 1972*

*and 118th plenary meeting  
19 May 1972*

2. The lists of States members of UNCTAD given in the annex to General Assembly resolution 1995 (XIX) have accordingly been amended by this decision. The amended lists are set out below:

<sup>143</sup> Paragraph 1 of General Assembly resolution 1995 (XIX) provides that "the members of the Conference shall be those States which are Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency".

<sup>144</sup> These countries (except Bangladesh) had been previously admitted to membership of the United Nations. As was reported to the Conference at its 118th plenary meeting on 19 May 1972, Bangladesh qualified for and consequently was admitted to membership of the Conference by virtue of its having become a member of a specialized agency of the United Nations and having deposited with the Secretary-General of the United Nations the formal instrument of accession.

## A

Afghanistan	Malaysia
Algeria	Maldives
Bahrain	Mali
Bangladesh	Mauritania
Bhutan	Mauritius
Botswana	Mongolia
Burma	Morocco
Burundi	Nepal
Cameroon	Niger
Central African Republic	Nigeria
Ceylon	Oman
Chad	Pakistan
China	People's Democratic Republic of Yemen
Congo	Philippines
Dahomey	Qatar
Egypt	Republic of Korea
Equatorial Guinea	Republic of Viet-Nam
Ethiopia	Rwanda
Fiji	Saudi Arabia
Gabon	Senegal
Gambia	Sierra Leone
Ghana	Singapore
Guinea	Somalia
India	South Africa
Indonesia	Sudan
Iran	Swaziland
Iraq	Syrian Arab Republic
Israel	Thailand
Ivory Coast	Togo
Jordan	Tunisia
Kenya	Uganda
Khmer Republic	United Arab Emirates
Kuwait	United Republic of Tanzania
Laos	Upper Volta
Lebanon	Western Samoa
Lesotho	Yemen
Liberia	Yugoslavia
Libyan Arab Republic	Zaire
Madagascar	Zambia
Malawi	

## B

Australia	Luxembourg
Austria	Malta
Belgium	Monaco
Canada	Netherlands
Cyprus	New Zealand
Denmark	Norway
Federal Republic of Germany	Portugal
Finland	San Mariuo
France	Spain
Greece	Sweden
Holy See	Switzerland
Iceland	Turkey
Ireland	United Kingdom of
Italy	Great Britain and Northern
Japan	Ireland
Liechtenstein	United States of America

## C

Argentina	Guyana
Barbados	Haiti
Bolivia	Honduras
Brazil	Jamaica
Chile	Mexico
Colombia	Nicaragua
Costa Rica	Panama
Cuba	Paraguay
Dominican Republic	Peru
Ecuador	Trinidad and Tobago
El Salvador	Uruguay
Guatemala	Venezuela

## D

Albania	Poland
Bulgaria	Romania
Byelorussian Soviet Socialist	Ukrainian Soviet Socialist
Republic	Republic
Czechoslovakia	Union of Soviet Socialist
Hungary	Republics

**(b) Election of members of the Trade and Development Board**

In the course of its third session the Conference elected the sixty-eight States members of the Board mentioned below:<sup>145</sup> Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Ceylon, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Hungary,

India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Nepal, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

*119th plenary meeting*  
*20 May 1972*

**(c) Designation of intergovernmental bodies for the purpose of rule 80 of the rules of procedure of the Conference and of rule 78 of the rules of procedure of the Trade and Development Board**

In the course of its third session the Conference decided to designate the undermentioned intergovernmental bodies for the purpose of participation in its deliberations under rule 80 of its rules of procedure and in the deliberations of the Board under rule 78 of the Board's rules of procedure:

Italo-Latin American Institute  
African Development Bank  
East African Community  
Caribbean Development Bank

*88th plenary meeting*  
*17 April 1972*

*96th plenary meeting*  
*21 April 1972*

*101st plenary meeting*  
*25 April 1972*

*and 106th plenary meeting*  
*8 May 1972*

**(d) Amendment of the rules of procedure of the Conference**

In the course of its third session the Conference decided to amend rule 22 of its rules of procedure to read:

"There shall be a Bureau of the Conference of thirty-five members, which shall comprise the President and Vice-Presidents of the Conference, the Chairman of the main Committees and the Rapporteur of the Conference. The President of the Conference, or in his absence, a Vice-President designated by him, shall serve as Chairman of the Bureau of the Conference."

*101st plenary meeting*  
*25 April 1972*

<sup>145</sup> Provisionally, subject to the decision of the General Assembly on the Conference's recommendations in resolution 80 (III) for the amendment of the provisions in Assembly resolution 1995 (XIX) concerning the proposed increase in the membership of the Trade and Development Board from 55 to 68. The Conference decided, furthermore, that the present members of the Board would continue in office until the provisional election of their successors was completed by action to be taken by the General Assembly in pursuance of the aforesaid recommendations, whereupon the provisionally elected members would assume office immediately.

**(e) Revised calendar of UNCTAD meetings for the remainder of 1972** <sup>146</sup>

	<i>Date</i>	<i>Duration</i>	<i>Location</i>
Committee on Shipping, second special session	3-6 July	4 days	Geneva
Advisory Committee to the Board and to the Committee on Commodities, seventh session	10-14 July	1 week	Geneva
Working Group on Tungsten, eighth session	26-28 July	3 days	Geneva
United Nations Cocoa Conference, 1972	28 August-29 September	5 weeks	Geneva
Trade and Development Board, twelfth session	3-27 October	4 weeks	Geneva
Committee on Commodities, seventh session	30 October-10 November	2 weeks	Geneva
Committee on Tungsten	as required	1 week	Geneva
Intergovernmental Group on Transfer of Technology, second session	to be determined	2 weeks	Geneva
Permanent Sub-Committee on Commodities	if required	1 week	Geneva
Commodity consultations	as required	3-4 weeks up to	
Working parties, study groups and expert groups	as required	16 weeks	Geneva

*119th plenary meeting  
20 March 1972*

**(f) Adoption of the report of the Conference on its third session**

At its 119th (closing) plenary meeting, on 21 May 1972, the Conference adopted the report on its third session.

<sup>146</sup> The dates of some of the meetings mentioned in the revised calendar were subsequently changed by the Secretary-General of UNCTAD by virtue of the provisions of Trade and Development Board decision 45 (VII). The changes were communicated to the States members of UNCTAD.

## B. OBSERVATIONS AND RESERVATIONS BY DELEGATIONS ON THE DECISIONS OF THE CONFERENCE

### 1. Observations and reservations by delegations

#### AUSTRALIA

##### *General observations*

1. As regards the term "technical and financial assistance" and similar expressions used in a number of resolutions adopted by the Conference, Australia interprets this assistance to be within the framework of existing financial procedures and practices.

2. Australia's support for resolutions which make reference to particular general principles adopted at the first session of the Conference is without prejudice to observations recorded by Australia in respect of such principles.

3. Australia's support for resolutions referring to particular paragraphs of the International Development Strategy for the Second United Nations Development Decade is without prejudice to observations recorded by Australia in respect of the paragraphs concerned.

##### *Specific observations*

*Trade expansion, economic co-operation and regional integration among developing countries* (resolution 48 (III))

Australia supports paragraph 1 (e) (iii) of the resolution regarding the establishment of mutually agreed regional, subregional and interregional preferential trade agreements on the understanding that they foster a rational and outward-looking expansion of production and trade, and avoid undue injury to the trading interests of third parties, including third developing countries as referred to in paragraph 39 of the International Development Strategy for the Second United Nations Development Decade.

In connexion with paragraph 1 (e) (xii) Australia wishes to record its understanding that dependent developing countries are eligible for accession to the Protocol Relating to Trade Negotiations among Developing Countries on the basis of the statement in this regard made by the participating countries at the 27th Session of the Contracting Parties of the GATT.

In regard to paragraph 8, in view of the existing facilities available from IMF, Australia is not convinced of the need for a special facility to support, in the event of balance-of-payments problems, the trade expansion efforts mentioned.

*Special measures in favour of the least developed among the developing countries* (resolution 62 (III))

In supporting the aims of rapid economic advancement of the developing countries, in particular the least

developed among them, Australia voted in favour of this resolution. At the same time it makes the following observations on specific parts of the resolution:

*Paragraph 14:* Australia will give serious consideration to the proposal contained in this paragraph, but reserves the right to be selective about the products to be included in the Australian system of preferences for developing countries. In this connexion it has been the long held view of the Australian Government that tariff preferences for the developing countries should be related to manufactures, semi-manufactures and handicrafts.

*Paragraphs 33 and 34:* Australia believes that commercial aspects will need to be taken into account in establishing the feasibility of promotional freight rates.

*Paragraph 43 (c):* Australia hopes that developing countries, in considering the creation of regional and subregional payments arrangements, will take fully into account the positive advantages of the present multilateral payments system.

*Paragraph 43 (d):* In view of the existing facilities available from IMF, Australia is not convinced of the need for a special facility to finance deficits resulting from trade liberalization.

*Paragraph 46 (e):* Australia believes that there is sufficient flexibility within the existing multilateral aid institutions to provide for the particular needs of least developed countries. Accordingly it has reservations regarding the proposal to create a special fund for these countries.

*Identification and measures in favour of the least developed among the developing countries* (Annex 1 (b) of document TD/170)<sup>1</sup>

Attention is drawn to the views expressed by the Australian delegation at the third session of the Conference on Papua-New Guinea's case for identification as one of the least developed of the developing countries.

It is recalled that all Members of the United Nations have obligations to promote the advancement of this country, which the General Assembly has acknowledged should be treated as a single political and territorial entity (resolution 2865 (XXVI)) under the international trusteeship system (Chapter XII, Article 76 of the Charter of the United Nations).

<sup>1</sup> See resolution 64 (III), "Identification and general considerations about the special measures in favour of the least developed among the developing countries".

It is noted that the Committee for Development Planning did not consider countries that were likely to become self-governing or independent in the near future, such as Papua-New Guinea, in compiling the list of least developed countries which was approved by the General Assembly in resolution 2768 (XXVI). It is further noted that document TD/137<sup>2</sup> (paragraph 21) of the third Conference states that this important issue should be borne in mind in future work on identification, and that priority should be given to the early screening of newly self-governing or independent countries.

As this question remains to be determined, Australia draws attention to the need for equitable treatment for Papua-New Guinea in regard to the special measures for the least developed countries as specified in resolution 62 (III) adopted by the third Conference. In this connexion Australia would view with concern any action, for example within the context of an international commodity agreement, which was considered to be harmful to Papua-New Guinea's development and trade.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

Australia sympathises with the transport problems of the land-locked countries and supported this resolution. At the same time, however, it believes that there is sufficient flexibility within the existing multilateral aid institutions to provide for the particular needs of these countries. Accordingly, it has reservations regarding the proposal for new machinery in the form of a special fund for the purposes described in paragraph 13 of the resolution.

#### AUSTRIA

*Terms and conditions of official development assistance (resolution 60 (III))*

The Austrian delegation fully recognized the importance of further softening and harmonizing the terms and conditions of aid. The Austrian Government will intensify its efforts to reach, as soon as possible, the norms set out in the supplement to the 1965 recommendations of financial terms and conditions adopted on 12 February 1965 by the Development Assistance Committee of OECD.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

The Austrian delegation referred to the reservations made by Austria concerning paragraphs 42 and 43 of the International Development Strategy. Austria, however, will continue to make every effort in order to reach the 1 per cent goal during the Second United Nations Development Decade.

As to the 0.7 per cent target, Austria fully recognizes the special importance of the role of official development assistance. While Austria is not in a position at

the present time to accept the proposed proportion of 0.7 per cent and the proposed date, it will, within the limits of its economic and budgetary possibilities, endeavour to provide a substantive part of its development assistance in this form.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

The Austrian delegation declared that paragraph 16 would be applied in so far as legal provisions permit the Austrian Administration to do so. As far as paragraph 43, sub-paragraph (d) is concerned, the Austrian delegation pointed out that the question of the utilization of special drawing rights for development financing was under discussion in various other forums and that for this reason it had to reserve its position on this paragraph.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

The Austrian delegation, while accepting the resolution, reiterated its doubts as to whether the creation of a special fund for subsidizing the additional transport costs of land-locked developing countries would really be the best way to help them overcome their specific handicaps, since such a fund would involve additional administrative burdens and costs.

#### BELGIUM

The general position of Belgium on the questions on the agenda of the Conference was expressed in the statements made by the Belgian delegation in the Committees and in the plenary.

Of the 48 resolutions adopted by the Conference, Belgium voted in favour of 37; it was unable to vote in favour of the other draft resolutions.

It voted *against* the following draft resolutions: TD/L.70 (Principles); TD/L.55/Rev.2 (Principles); TD/III/C.2/L.5 (Marketing and distribution of commodities); TD/III/C.1/L.16 (Sea-bed—cessation of current exploitation); TD/III/C.3/L.7 (Burden of debt-servicing); TD/L.74 (Code of conduct for liner conferences) and TD/L.96 (Further evolution in the institutional machinery of UNCTAD).

In addition, Belgium *abstained* in the vote on the following draft resolutions: TD/L.52 (Suez Canal); TD/III/C.1/L.17 (Sea-bed—study); TD/III/C.3/L.5 (Foreign private capital and development); TD/III/C.3/L.13 (Compensation to developing countries for losses occasioned by the realignments of currencies) and TD/III/C.3/L.9 (Mobilization of internal resources).

The Belgian delegation explained its vote on the following items, listed here, in the order in which they appear in the Conference agenda:

*Item 8 (a) relating to the review of implementation, which gave rise to draft resolution TD/L.99<sup>3</sup>*

<sup>2</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7). The document will also form part of a separate publication.

<sup>3</sup> Resolution 79 (III).

The Belgian delegation associated itself with the statement made on behalf of Group B and drew attention to the role which the Economic and Social Council and other organizations concerned must also play in the process of appraisal.

*Item 8 (a) relating to the same question, which gave rise to draft resolution TD/L.84 (Charter of the economic rights and duties of States):*<sup>4</sup>

Belgium voted in favour of the draft resolution in document TD/L.84 because it agrees with the principle underlying it, and because the sponsors of the draft took into account certain amendments proposed by a number of delegations, including that of Belgium.

It nevertheless regrets that no account has been taken of the following three points, to which it has repeatedly drawn attention:

1. In order to do useful and lasting work, broad consultations should be held among specialized organizations of an economic character, such as FAO, the ILO and GATT, IBRD, IMF, regional organizations and institutions such as the regional development banks, the regional economic commissions, the European Economic Community, CMEA, OECD, etc.

2. The resolution should reserve an important role for the Economic and Social Council in the preparation of the charter.

3. The timing proposed in the resolution is much too short.

*Item 8 (b) relating to "principles", which gave rise to draft resolution TD/L.55/Rev.2:*<sup>5</sup>

Belgium expressed its opposition to this draft resolution for the following reasons:

Certain provisions of the draft resolution are unacceptable;

Other provisions are not consistent with the agreements concluded in the Committees of the Conference;

The fact that the draft resolution was submitted on what was theoretically the final day of the session rendered discussion of its substance impossible.

*Item (d) relating to the "economic aspects of disarmament", which gave rise to draft resolution TD/L.53:*<sup>6</sup>

Belgium, although sympathetic to the generous idea underlying the draft resolution, cannot endorse the establishment of a link between the Disarmament Decade and the Second Development Decade, as that might complicate the process of evaluating the progress made in implementing the International Development Strategy. Moreover, the proposal made in paragraph 7 that the Trade and Development Board should keep this matter under continuous review can only lead to duplication of United Nations activity in the field of disarmament.

*Item 8 (g) relating to the "economic effects of the*

*closure of the Suez canal", which gave rise to draft resolution TD/L.52:*<sup>7</sup>

Belgium, in abstaining in the vote, expressed its objections to the political aspects of this draft resolution and to the unilateral reference to Security Council resolution 242 (1967), which it would like to see implemented in its entirety.

*Items 9 and 15 (d) relating to monetary questions, which gave rise to draft resolution TD/L.101:*<sup>8</sup>

The Belgian delegation shares the reservations expressed by the United Kingdom representative on behalf of 13 countries in group B, including Belgium, to the effect that:

(a) Paragraph 7 should not be interpreted in any way which affected the independence of GATT or of IMF or implied the establishment of a new intergovernmental institution;

(b) With regard to paragraph 10, proposals for the establishment of a link must be studied in the context of the early reform of the international monetary system and must have due regard for the essential role of SDRs as a reserve asset.

*Item 10 relating to the "institutional arrangements of UNCTAD", which gave rise to the draft resolution proposed by Working Group I (TD/174, annex I (a)) with the amendments in document TD/L.96:*<sup>9</sup>

Belgium opposed the draft resolution for the reasons stated on behalf of Group B before the vote, namely that it would be a mistake to adopt a resolution with the proposed amendments (TD/L.96) providing for radical structural changes at a time when changes in the institutional arrangements (TD/L.98)<sup>10</sup> were already accepted.

*Items 11 (a) and (b) relating to the "least developed countries" and the "land-locked countries", which gave rise to draft resolutions TD/L.86<sup>11</sup> and TD/L.87:*<sup>12</sup>

Although Belgium voted in favour of the two draft resolutions, it explained its position as follows:

*TD/L.86:* with regard to the establishment of a special fund, it would be desirable, for reasons of efficiency and rationalization, to undertake the study in question within the general context of the studies proposed in draft resolution TD/L.87;

*TD/L.87:* the purpose of the diversification referred to in paragraph 7 should be to improve, as well as increase, agriculture and food production; the wording of paragraph 43 (d) concerning IMF is unsatisfactory; and, lastly, steps should be taken forthwith within the international organizations to assist the least developed countries, without prejudice to or awaiting the results of the proposed studies on the transformation of the

<sup>4</sup> Resolution 45 (III).

<sup>5</sup> Resolution 46 (III).

<sup>6</sup> Resolution 44 (III).

<sup>7</sup> Resolution 40 (III).

<sup>8</sup> Resolution 84 (III).

<sup>9</sup> Resolution 81 (III).

<sup>10</sup> Resolution 80 (III).

<sup>11</sup> Resolution 63 (III).

<sup>12</sup> Resolution 62 (III).

United Nations Capital Development Fund or the creation of a special fund.

*Item 15 (a) relating to the total inflow of public and private resources for development, which gave rise to draft resolution TD/L.91:*<sup>13</sup>

The Belgian delegation, which supported the draft resolution, pointed out that Belgium had planned its official assistance with a view to attaining the target of 0.7 per cent of its GNP by 1975. Belgium has expressed its willingness to review that objective as from 1975 in the light of the requirements emerging from the review to be undertaken at the mid-point of the Second United Nations Development Decade.

*Item 15 (d) relating to "supplementary financing", which gave rise to draft resolution TD/III/C.3/L.8/Rev.1:*<sup>14</sup>

Belgium, which abstained in the vote in the Committee, stated in plenary that it was in a position to support the draft resolution, in view of the reference to the proposals by the President of IBRD contained in his letter of 4 May 1971.<sup>15</sup> However, it still considered that the conclusion of commodity price stabilization agreements was the only sure means of guaranteeing the developing countries stable resources for financing, and that supplementary financing machinery could never play more than a residual role.

*Item 16 relating to the code of conduct for liner conferences, which gave rise to draft resolution TD/L.74*<sup>16</sup>

The Belgian delegation associated itself with the statement made by the French delegation on behalf of 16 countries in group B, including Belgium.<sup>17</sup>

*Item 19 relating to the transfer of technology, which gave rise to the draft resolution in the report of Working Group III (TD/164, annex II (a))*<sup>18</sup>

The Belgian delegation associated itself with the observations made by the Swiss delegation. It pointed out in particular that, pursuant to Trade and Development Board resolution 74 (X), paragraph 6, the Trade and Development Board was competent to decide on further activities of UNCTAD relating to the transfer of technology. Such a decision should normally take account of the results of the work of the Intergovernmental Group on Transfer of Technology.

#### BOLIVIA

*Steps to achieve a greater measure of agreement on principles governing international trade relations and*

*trade policies conducive to development (resolution 46 (III))*

The Government of Bolivia, while approving as a whole the text of the resolution on steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development, is obliged to enter a reservation on principle XI for the following reasons:

1. On the first part of principle XI, which states that "Coastal States have the right to dispose of marine resources within the limits of their national jurisdiction, which must take duly into account the development and welfare needs of their peoples", the Government of Bolivia will state its views later.

2. The Government of Bolivia considers that in the equitable sharing of the benefits derived from the exploitation of the sea-bed and the ocean floor and the subsoil thereof beyond the limits of national jurisdiction, special treatment should be given to the land-locked developing countries. Such special treatment is justified not only by considerations of justice and fairness, but by the fact that UNCTAD, ever since it was founded, has favoured the adoption of measures that take into account the peculiarly disadvantageous position of the land-locked countries.

The Government of Bolivia also considers that the sea is indeed the common property of the vast majority of countries, but that there are a very few nations which are denied a share in that property; among them mention should be made of the 20 developing nations which have no coastline and which are, in addition, relatively less developed countries.

The sea is now not only a vitally important medium for transport and communications, but also an important source both of traditional natural resources and of those which are contained in the sea-bed.

The coastal States have territorial waters and own the resources of the sea within their national jurisdiction, as well as the resources of the sea-bed, which are common to all mankind, and they thus enjoy a dual right which the land-locked countries lack.

The international community must not lose sight of this fact, and still less must it fail to recognize the manifestly unequal status of the land-locked countries.

We are supported by the conviction that, in any truly equitable sharing among States of the benefits derived from the exploitation of the sea-bed beyond the limits of national jurisdiction, in other words, from what is regarded as "the common heritage of mankind", special treatment will be accorded to the developing countries in general and to the land-locked developing countries in particular. In practice, and in the interest of true and effective fairness, this treatment can take no other form than the granting of a special and distinctive preference to the land-locked countries. In the case of Bolivia such a preference would hold good until it gains its own sovereign outlet to the sea.

<sup>13</sup> Resolution 61 (III).

<sup>14</sup> Resolution 55 (III).

<sup>15</sup> *Official Records of the Trade and Development Board, Eleventh Session, Annexes, agenda item 7, document TD/B/353.*

<sup>16</sup> Resolution 66 (III).

<sup>17</sup> See annex VIII, J below.

<sup>18</sup> Superseded by TD/L.69, adopted as resolution 39 (III).

## BULGARIA \*

*Dissemination of information and mobilization of public opinion relative to problems of trade and development (resolution 43 (III))*

The Bulgarian delegation did not object to the unanimous adoption of this resolution but reserved its right to make a relevant statement at the next session of the General Assembly. The Bulgarian delegation drew particular attention to paragraph 2 of the resolution and emphasized that the exclusive and universal nature of the celebration of the anniversary of the United Nations should not be impaired.

*Trade and economic aspects of disarmament (resolution 44 (III))*

The Bulgarian delegation abstained in the vote on this resolution, in view of its disagreement with the drafting of the operative paragraphs of the resolution.

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (resolution 46 (III))*

The Bulgarian delegation abstained in the vote on this resolution considering that it had not been sufficiently discussed for the purpose of taking decisions on a matter of such vital importance for UNCTAD, and that the text did not make clear the interrelationship of the Principles adopted at the first session of the Conference<sup>19</sup> and the principles enumerated in the present resolution.

*Preferences (resolution 77 (III))*

The Bulgarian delegation participated in the adoption of this resolution without objection, on the understanding that the provision in section II B (2) "to provide duty-free and quota-free entry to imports from all developing countries under the generalized system of preferences" shall not be interpreted in a restrictive sense in conformity with the provisions of the agreed conclusions of the Special Committee on Preferences<sup>20</sup> concerning beneficiary countries.

*The international monetary situation (resolution 84 (III))*

The Bulgarian delegation did not participate in the vote on this resolution, on the ground that it was in contradiction with the work and decisions of UNCTAD on international monetary issues both before and during the third session of the Conference, and that it did not take into account the decisions of the General Assembly on this question or the interests of the majority of the members of UNCTAD.

## CANADA

*Transfer of technology (resolution 39 (III))*

While accepting this resolution, the Canadian delega-

tion pointed out, with reference to part 1, paragraph 1, that Canada had endorsed the work programme of the Intergovernmental Group on Transfer of Technology in so far as it had co-operated with the secretariat in completing the questionnaire on this subject. However, Canada was not a member of the Intergovernmental Group. Canadian views on the scope and focus of its work programme had been made known elsewhere. Acceptance of the resolution should not, therefore, be interpreted as an endorsement of that programme. The Canadian delegation further had doubts about the possibility of developing bases for international legislation to regulate the transfer of technology as outlined in paragraph 9 of the resolution. Finally, the Canadian delegation reserved its position with respect to the financial implications of the resolution.

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

The Canadian delegation abstained on this resolution. It had noted in the debate that the UNCTAD secretariat considered that existing documentation was insufficient to judge the economic effects of the closure of the Suez Canal. It also stated that the United Nations Security Council or the General Assembly, rather than UNCTAD, was the proper forum for any broader political discussion of this topic. The Canadian Government continued to support Security Council resolution 242 (1967) and the measures which would result in the re-opening of the canal. Following from the above it therefore had a number of reservations on the resolution including, but not confined solely to, the fourth and tenth preambular paragraphs and the operative paragraph. The Canadian delegation's abstention on the substantive motion, like those on the procedural motions preceding it, were to be viewed in that light.

*Trade and economic aspects of disarmament (resolution 44 (III))*

The Canadian delegation supported this resolution but questioned the assumption that development funds would automatically be generated by disarmament and doubted that this assumption was a realistic one.

*Charter of the economic rights and duties of States (resolution 45 (III))*

The Canadian delegation, while abstaining on this resolution, considered the statement made by the President of Mexico on the subject<sup>21</sup> to be most important and therefore regretted that there had been insufficient time for the Conference to find a formulation which would command a large measure of support. The delegation added that its inability to support the resolution should not be interpreted as a negative stand on the concept of a charter of rights and duties of States. Its position, as at the first and second sessions of the Conference, was that in any further work the Conference should aim at a comprehensive study of principles rather than isolating certain principles on which various delegations had serious reservations.

\* Also on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics.

<sup>19</sup> See annex A.I.1 to the Final Act.

<sup>20</sup> See Trade and Development Board decision 75 (S-IV).

<sup>21</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one, "Statements by Heads of delegation".

Obviously this could not be accomplished quickly. For the present, the Canadian delegation could only indicate its readiness to search for appropriate means and forums for pursuing the discussion; the Economic and Social Council might make an important contribution to this work. The delegation regretted that no statement of financial implications had been made with respect to this resolution before its adoption.

*Trade expansion, economic co-operation and regional integration among developing countries (resolution 48 (III))*

In supporting this resolution, the Canadian delegation made clear that it interpreted the resolution in the light of the principles outlined in paragraph 39 of the International Development Strategy which states that regional arrangements among developing countries should foster the rational and outward-looking expansion of production and trade and avoid undue injury to the trading interests of third parties, including third developing countries. It considered that this statement, which was cited in the recommendation covering the action paragraphs of the resolution, governed their application and in particular applied to paragraphs 1 (a) and 1 (e) (iii). In the view of the Canadian delegation paragraph 1 (e) (iv), which refers to steps to further liberalize trade among developing countries, including non-tariff barriers, means that any reduction or elimination of non-tariff barriers would be on a non-discriminatory basis. It interprets the producer associations referred to in paragraph 1 (e) (ii) as being associations of the kind described in paragraph 1 (e) (vi). In that section of the resolution addressed to developed market-economy countries it interprets the assistance referred to in paragraphs 5 (a) (ii) and (iii) as being technical assistance. With reference to paragraph 8, the Canadian delegation reserved its position on the creation of a special facility in IMF. In its view, and as explained by the representative of IMF, adequate means for assisting with short-term balance-of-payments problems arising in the context of regional integration schemes already existed in IMF.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (resolution 51 (III))*

The Canadian delegation abstained in the voting on this resolution because it had not had sufficient opportunity to give its contents the attention that their importance merited.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (resolution 52 (III))*

The Canadian delegation voted against this draft resolution for the reasons given concerning its vote on resolution 51 (III) and in addition because most elements covered in the resolution fell within the competence of another United Nations body.

*The stabilization of commodity prices and, in particular,*

*the role of the International Bank for Reconstruction and Development (resolution 54 (III))*

The Canadian delegation abstained from voting on this resolution, considering that the text went beyond the competence of the Conference in so far as it recommended certain measures affecting the World Bank whose views on those measures were unknown to the Canadian delegation. In addition, the resolution was tabled at a late stage in the Conference and there had been insufficient time to discuss it thoroughly or examine all its implications.

*Special aspects of development finance: supplementary financing (resolution 55 (III))*

Although this resolution was not put to a vote in a plenary meeting of the Conference, if such a vote had been taken, the Canadian delegation would have abstained.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

The Canadian delegation voted for this resolution and supported its objectives. However, as was the case with target dates employed in the International Development Strategy, the Canadian Government had reservations about the use of targets such as those which appear in paragraph 1 of the resolution.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

The Canadian delegation supported this resolution and hoped that the elaboration of an action programme, the outcome of much work over many years during which the problem had evolved from a principle into a wide-ranging solution to the problem, would be regarded as a major accomplishment of the third session of the Conference. Because of the great importance attached by the Canadian Government to the elaboration of such an action programme the delegation had devoted much time and effort to working out the resolution which incorporated many Canadian ideas, in particular those on financial and technical assistance. In view of these very earnest efforts it was regrettable that the present resolution did not provide for as extensive a programme in certain directions as the Canadian Government had hoped, and that the resolution did not command the kind of endorsement it would have wished it to receive.

With regard to paragraphs 1 and 2, Canada accepted them on the understanding that the language of paragraph 2 referred to serious injury or grave prejudice. As regards paragraphs 5 and 6 relating to buffer stock prefinancing, and paragraphs 8 and 12 relating to trade liberalization, Canadian acceptance of special measures was to be understood within the context of Government policies on such matters which had been explained in the subsidiary bodies of the Conference.

The Canadian delegation had serious difficulty concerning the invitation in paragraph 43 (d) to IMF to establish a special facility for dealing with interim balance-of-payments problems arising in trade liberalization activities undertaken by least developed countries within the context of arrangements for economic

co-operation. As indicated in its comments on resolution 48 (III) it considered that adequate means already existed within IMF to meet short-term difficulties of this kind.

The Canadian delegation had particular difficulty with the paragraphs dealing with the possibility of special purpose funds for the least developed countries. The Canadian delegation continued to believe that there were better means for increasing the flow of concessional financing to least developed countries than to use the United Nations Capital Development Fund for this purpose or to establish another special fund. Its own views on the best means to achieve the transfer of additional multilateral concessional financing to the least developed were well reflected in sub-paragraph (d) of paragraph 46 of the resolution. In accepting the paragraphs relating to special funds the Canadian delegation did so without prejudice to the position it might take when this matter was considered by the Governing Council of the United Nations Development Programme.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

While supporting this resolution, the Canadian delegation had serious doubts as to whether it was desirable or necessary for either the Economic and Social Council or the General Assembly to study the establishment of a special fund to subsidize the additional transport costs of land-locked countries. In its view, there are more effective ways to deal with the problem of the high transport costs of land-locked countries.

*Adjustment assistance measures (resolution 72 (III))*

In supporting this resolution the Canadian delegation indicated that its support was qualified by the reservations it had expressed and forwarded to the secretariat respecting the secretariat report (TD/121/Supp.1)<sup>22</sup> which was referred to in the last preambular paragraph of the resolution.

*Intergovernmental consultations on commodities in connexion with access to markets and pricing policy (resolution 83 (III))*

The Canadian delegation questioned the meaning of the provision for participation in the proposed special session of the Committee on Commodities "on an equal basis" since its understanding was that all members of UNCTAD bodies participated on an equal basis in UNCTAD deliberations. With reference to the proposal for special consultative groups, given the already large number of commodity groups, it wondered if UNCTAD work would be additional to these existing groups or be confined to areas in which no work was presently being undertaken. The Canadian delegation considered the request that the Secretary-General of UNCTAD prepare appropriate documentation on commodities to be discussed by these groups premature when no decision had yet been taken on the commodities to be considered. In this respect, it was the view of the

Canadian delegation that a decision should be taken on the direction of UNCTAD's work before steps were taken as proposed in the draft resolution. The reservations of the Canadian delegation followed from the above comments and questions.

CHILE

*Transfer of technology (resolution 39 (III))*

The Government of Chile reaffirms the fundamental role which should devolve on UNCTAD in the transfer of operative technology to developing countries. It likewise reaffirms the need to transform the Intergovernmental Group on Transfer of Technology into a main UNCTAD committee.

*Foreign private investment in its relationship to development (resolution 56 (III))*

The Government of Chile considers that foreign private investment should not be regarded as assistance or reckoned as part of financial co-operation for development. Foreign private investment, being subject to national decisions and priorities, should promote the mobilization of internal resources, lead to an inflow and not an outflow of foreign exchange, encourage savings and national technological research, represent a real technological contribution, and serve as a supplement to national investment, preferably in association with the latter—which has not always been the case.

*The increasing burden of debt-servicing in developing countries (resolution 59 (III))*

The Government of Chile considers that countries furnishing assistance should regard external debt servicing assistance as a legitimate form of aid and permit recourse to further loans to refinance debt payments, so as to reduce the need for wide-scale debt-assistance negotiations. It further considers that loan agreements should include a clause whereby the borrower may suspend interest payments for specific periods in times of balance-of-payments difficulties. Finally, a system of automatic renegotiation should be created and studied which should be explicitly spelt out in the clauses of contracts between developing countries and international financing bodies, as well as in the Governments of developed countries.

*Review of the institutional arrangements of UNCTAD (resolution 80 (III)) and further evolution in the institutional machinery of UNCTAD (resolution 81 (III))*

The Government of Chile draws attention to the importance of the changes which were introduced at the Conference in the institutional arrangements of UNCTAD and emphasizes once again the need to give the machinery concrete form in an international organization for trade and development.

*The international monetary situation (resolution 84 (III))*

The Government of Chile reaffirms that any reform of the international monetary system should be based on a more dynamic concept of world trade, based on recognition of the new trade needs of developing

<sup>22</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise Trade* (United Nations publication, Sales No. E.73.II.D.5), part two, "Manufactures".

countries. Moreover, any change that might be contemplated in the international monetary system should take particular account of the interests of the developing countries. In seeking a solution to the present international monetary crisis, the entire international community should participate fully in the decision-making process with a view to achieving a steady and uninterrupted expansion of trade and financial flows, especially of those of the developing countries.

#### CHINA

##### *Explanations and reservations relating to the resolutions adopted at the third session of the Conference*

1. The votes cast by the Chinese delegation have reflected China's principled stand on the resolutions adopted at the Conference and various records of the Conference.

2. In view of China's consistent stand on the question of disarmament, the Chinese delegation, while voting for the draft resolution TD/L.55/Rev.2 "Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development",<sup>23</sup> made reservations to paragraph XIII of the resolution.

3. With regard to draft resolution TD/L.86 "Special measures related to the particular needs of the land-locked developing countries"<sup>24</sup> and TD/L.74 "Revisions to draft resolution TD/III/C.4/L.2 on the draft code of conduct for liner conferences",<sup>25</sup> the Chinese delegation voted for both of them. The Chinese delegation understands, however, that wherever these two resolutions involve a third country, its consent should be obtained.

4. In view of the fact that the Chinese delegation did not participate in the work of the Fifth Committee and of Working Group II of the Conference, it was absent from the voting on the reports and annexes thereto of the Fifth Committee and Working Group II.

5. At the time of the vote in plenary meeting the Chinese delegation stated that it would not take part in the votes on documents TD/L.65 "Trade and economic aspects of disarmament",<sup>26</sup> TD/L.77 "Impact of environment policies on trade and development, in particular of the developing countries",<sup>27</sup> and TD/L.101 "The international monetary situation".<sup>28</sup> Besides, the Chinese delegation did not take part in the voting on the following draft resolutions: TD/L.88 "Economic co-operation in merchant shipping"<sup>29</sup> and TD/III/C.3/L.5 "Foreign private investment in its relationship to development".<sup>30</sup>

<sup>23</sup> Resolution 46 (III).

<sup>24</sup> Resolution 63 (III).

<sup>25</sup> Resolution 66 (III).

<sup>26</sup> Resolution 44 (III).

<sup>27</sup> Resolution 47 (III).

<sup>28</sup> Resolution 84 (III).

<sup>29</sup> Resolution 71 (III).

<sup>30</sup> Resolution 56 (III).

#### CUBA

The Revolutionary Government of Cuba confirms each and every one of the reservations and comments made by the Cuban delegation in the course of the Conference, both in the Committees and Working Groups and in the plenary meetings.

In addition it wishes to make clear that it is entering a formal reservation on those texts and resolutions which refer to private investment in general, and on those relating to any form of participation by international monetary or credit organizations.

#### DENMARK

##### *Transfer of technology (resolution 39 (III))*

The Danish delegation welcomes the adoption of the resolution on transfer of technology, but would like to stress that the text of paragraph 2 should in its view not prejudice the outcome of the major review to be undertaken by the Trade and Development Board in accordance with resolution 74 (X) of the Board.

##### *Trade expansion, economic co-operation and regional integration among developing countries (resolution 48 (III))*

The Danish delegation understands paragraph 8 of this resolution to mean that IMF is invited to make an objective study of the problem.

The existing facilities of the Fund may quite probably be adequate, if the balance-of-payments problems referred to are supposed to be of a short-term nature. If the balance-of-payments problems are of a long-term nature, this is not a task for IMF. Therefore to start with, IMF should see whether, in fact, existing facilities are sufficient. If that proves not to be the case, the Danish delegation is quite prepared to consider means to solve the problem.

##### *Foreign private investment in its relationship to development (resolution 56 (III))*

The Danish delegation abstained from voting. The reason for this is that the text submitted was in the view of the Danish delegation somewhat unbalanced. It is regrettable that time did not allow the Conference to reach a compromise on this issue which the Danish delegation believes it would have been possible to achieve. The Danish Government is of the opinion that developed countries and the international community should refrain from making recommendations on the advisability of direct foreign private investments in the developing countries, as it is exclusively for these countries to decide whether the advantages of foreign direct investments outweigh the disadvantages.

##### *The increasing burden of debt-servicing in developing countries (resolution 59 (III))*

The Danish delegation abstained from voting.

The Danish Government is fully aware of the serious debt-servicing problems confronting many developing countries. This is one of the reasons why three quarters

of Danish development assistance consists of grants and one quarter of loans with zero per cent interest, 7 years' grace period and 25 years' maturity.

It is, however, the opinion of the Danish Government that debt-relief operations ought to be limited to exceptional cases, that the terms of debt relief should be decided on a case-by-case basis and that the existing machinery for dealing with debt-relief operations is by and large sufficient.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

The Danish delegation abstained from voting. The Danish Government does in principle support the major part of the resolution, but cannot commit itself fully to the contents of paragraphs 1 and 2.

It is the opinion of the Danish Government that the development co-operation efforts of the developed countries can only be meaningfully measured in terms of official development assistance. The Danish Government is in favour of a target of 0.7 per cent of gross national product for the volume of official development assistance. Denmark cannot, however, commit itself internationally to a specific target date. At present, Denmark expects to attain the 0.7 per cent target soon after the middle of the decade.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

The Danish delegation welcomes the resolution on special measures in favour of the least developed countries as a framework for further efforts to assist these countries in solving their special and serious development problems.

However, Denmark has to make its acceptance of the resolution as a whole subject to a few reservations and interpretations.

As to paragraphs 1 and 2, Denmark fully understands the preoccupation that special measures in favour of the least developed countries should not be at the expense of other developing countries. Denmark agrees that due attention should be paid to this point of view, especially as regards the developing countries with a relatively low *per capita* income. However, unqualified commitments to the paragraphs as now formulated would in Denmark's opinion not be entirely consistent with its acceptance of other paragraphs in the resolution.

Concerning paragraph 16, for technical and administrative reasons Denmark does not find it possible to have different rules of origin applying to different categories of developing countries.

As to IMF's study on a special drawing facility envisaged in paragraph 43, Denmark's position is the same as that described in its explanation of vote on paragraph 8 of resolution 48 (III).

Regarding paragraphs 44 and 46 on studies concerning the United Nations Capital Development Fund and a possible fund for the least developed countries the Danish delegation wished to make it clear that its acceptance of these paragraphs in no way prejudices or changes the position of Denmark on the substance of the matter. With regard to the special fund, Denmark

maintains the view expressed at the Conference that the creation of such a fund is not advisable and that the same purposes can be achieved more efficiently within the existing machinery for multilateral development assistance.

*The international monetary situation (resolution 84 (III))*

The Danish delegation voted in favour of this resolution with the understanding that none of its paragraphs are to be interpreted so as to prejudice decisions to be taken by IMF on monetary issues, among others that of the future role and use of special drawing rights.

The last paragraph of the resolution corresponds to paragraph 8 of resolution 48 (III) on trade expansion, economic co-operation and regional integration among developing countries. The Danish delegation would like to have it noted that the explanation of vote which was made on the latter paragraph also applies to the former.

*Motion by the United States of America, under rule 46 of the rules of procedure, for declaring as outside the competence of the Conference the draft resolution submitted by Cuba (TD/L.70) concerning the situation in Viet-Nam*

The delegation of Denmark voted in favour of the motion by the United States of America.

It considers that the matter raised by Cuba is part of an extremely complicated political problem, which it would be inappropriate to deal with in UNCTAD.

The vote of the delegation of Denmark is based on this belief and is not an expression of opinion—either positive or negative—on the substance of the Cuban proposal.

#### FEDERAL REPUBLIC OF GERMANY

*The increasing burden of debt-servicing in developing countries (resolution 59 (III))*

The delegation of the Federal Republic of Germany attaches great importance to the problem of indebtedness developing countries face. However, it has not been able to support this resolution because it would eventually lead to:

1. More or less automatic debt re-scheduling procedures on an institutionalized basis;
2. Almost completely uniform debt relief terms;
3. A reduced status of creditworthiness for debtor countries.

The delegation of the Federal Republic of Germany believes that the interests of individual developing countries which face serious debt repayment difficulties would, as in the past also in the future, best be served by a case-by-case approach permitting as much flexibility as possible.

*Terms and conditions of official development assistance (resolution 60 (III))*

*Paragraph A 2:* While endorsing the resolution, the delegation of the Federal Republic of Germany points out that an improved average grant element of the

total official development assistance programmes, as recommended also in the resolution, might be achieved in different ways and not necessarily by providing both the specific terms and the proportion of grants as mentioned in this paragraph.

*Paragraph A 5:* The delegation of the Federal Republic of Germany points out that there is, in its opinion, little doubt that a further review of the question of the establishment of a multilateral interest equalization fund will lead to the same results as those undertaken in the past.

*Paragraph B 4:* The delegation of the Federal Republic of Germany believes that the World Bank Group already provides most of its lending for developing countries. It also holds the view that the Bank's capacity to lend to developing countries had never been reduced by some lending operations to developed countries.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

*Paragraph 1:* The Government of the Federal Republic of Germany stated in its letter addressed to the President of the General Assembly and to the Secretary-General of the United Nations on the occasion of the adoption of the International Development Strategy for the Second United Nations Development Decade on 24 October 1970 that its development policy during the Second Development Decade would be guided by the principles set out in the United Nations Strategy document. In doing so, it also recognized as a guideline for itself paragraph 42 of the Strategy document which refers to the 1 per cent target. During the years 1968 and 1969 the Federal Republic of Germany reached this target. It is thus among the nations to which the last sentence of paragraph 1 of the resolution applies. The Government of the Federal Republic of Germany will continue to increase the volume of its financial flows. It will make every effort to re-attain the 1 per cent target at the earliest possible date and to maintain it during as many years as possible. It cannot guarantee, however, that the 1 per cent target will be fully reached in every single year.

*Paragraph 2:* The delegation of the Federal Republic of Germany would like to refer to the aforementioned statement on the strategy document, in which it pointed out that it adopted the 0.7 per cent target set out in paragraph 43 of the document and that it will endeavour to attain this target at the earliest possible date. This policy has not changed since.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

*Paragraph 1:* It is the understanding of the Federal Republic of Germany that by using the formula "Any special measures taken in favour of the least developed countries would be supplementary", the Conference wishes to ensure that in addition to general assistance measures special measures should be taken in favour of the least developed countries. The Government of the Federal Republic of Germany has already adopted such a special measure: the least developed countries comprised in the hard-core list will forthwith be granted credits on IDA terms.

The Government of the Federal Republic of Germany, moreover, envisages to give special treatment also in other sectors to the least developed countries in accordance with paragraph 1.

*Paragraph 5:* The Federal Republic of Germany is prepared to examine on a case-by-case basis whether it will be able to pre-finance buffer stocks for the 25 developing countries comprised in the hard-core list.

*Paragraph 6:* There are no provisions existing for the payment of dues and subscriptions within the framework of commodity agreements under the development assistance programme of the Federal Republic of Germany.

*Paragraph 9:* The Federal Republic of Germany is unable, for budgetary reasons, to create a link between the revenue duties imposed on tropical products and the provision of financial resources for development assistance.

*Paragraph 46 (e):* A special fund for the least developed countries would lead to the fragmentation of the over-all resources available for development assistance and to additional administrative costs. The specific needs of the least developed countries can just as well be met by using the financial resources available within the existing bodies or active funds.

## FINLAND

*Terms and conditions of official development assistance (resolution 60 (III))*

The Finnish delegation observed that it interprets paragraph B 4 as not depriving IBRD of the possibility to continue to grant loans to any member country in need of improvement and modernization of its basic economic structures.

## FRANCE

*Transfer of technology (resolution 39 (III))*

*Paragraph 5.* With regard to the "possible incentives" which the Governments of the developed countries are to endeavour to provide to facilitate the transfer of technology to the developing countries (sub-paragraph (b)), the French delegation wishes to point out:

(1) That the expression "appropriate measures" would have been preferable to the word "incentives";

(2) That such encouragement can be provided by the French authorities only on a case-by-case basis, through credit insurance and, in some cases, by guaranteeing investments.

*Paragraph 9.* The French delegation enters a reservation concerning the provisions of this paragraph, which it regards as unrealistic. It has the gravest doubts as to the possibility of establishing international regulations which would be both reasonable and acceptable to a sufficient number of countries on the transfer to developing countries of patented and non-patented technology, including the commercial and legal aspects of such transfer.

*Compensation for losses occasioned by the realignments of major currencies (resolution 58 (III))*

The French delegation was obliged to abstain on this text on which it enters express reservations:

1. The provisions of the operative paragraph, sub-paragraph (a) tend to ascribe to the donor countries as a whole responsibility for the unfavourable consequences for the developing countries of a policy for which the former countries are not all responsible;

2. The problems caused by the excessive indebtedness of some developing countries, which France fully appreciates, call for a study in depth and cannot be solved by measures based only on the recommendation in sub-paragraph (b);

3. With regard to the operative sub-paragraph (c) the French delegation, although willing to agree to the establishment of a link between the creation of special drawing rights and development assistance, believes that the use of SDRs for development will depend on the measures that are taken to reform the international monetary system and on the role which SDRs are called upon to play in the system.

*Terms and conditions of official development assistance (resolution 60 (III))*

Although favourably disposed to a very considerable proportion of the provisions of this resolution, the French delegation was obliged to abstain in the vote on the resolution as a whole, because the text contains several points which it is unable to approve. Had the text been voted on paragraph by paragraph, the French delegation would have abstained on operative paragraphs A.2, B.3 and B.5 and would have voted against operative paragraphs A.4 and A.5.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

While the French delegation associates itself fully with the objectives of the resolution and voted in favour of it, it nevertheless enters reservations on certain points:

(1) It considers that the percentage in paragraph 2 should have been set at a level between 0.60 per cent and 0.70 per cent of GNP. In its view, targets of this kind serve as a real incentive only if they are based on the practical experience of certain countries. They should therefore be realistic in character.

(2) With reference to paragraph 3, the French delegation points out that any change in the concepts of capital flow and official assistance targets, far from having a favourable impact on the effective volume of transfers of resources to the developing countries, might even discourage the efforts which are being made to increase such transfers.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

With regard to the principles for action set out in paragraphs 1 and 2, the French delegation considers that, although special measures in favour of the least

developed countries should not prejudice the interests of the other developing countries, they should also be capable of being applied without it being necessary to extend them to the other developing countries.

*Paragraph 30* appears to imply that tied assistance is by definition harmful. The French delegation cannot associate itself with that point of view since, while tied assistance certainly can have drawbacks in certain circumstances, it has undeniable advantages in other cases.

*Paragraph 37.* The joint statement referred to in the ninth preambular paragraph was made unilaterally by one group of countries at the third session of the Conference. That fact that it is mentioned in the resolution in no way implies any acquiescence by the French delegation in its contents or its presentation.

*Paragraph 41.* The basic responsibility for the organization of assistance furnished to it rests with the recipient State. The role of the donor countries is to assist the recipient government while respecting its sovereignty and its objectives.

*Paragraph 43 D.* Action taken to liberalize trade is precisely one of the factors which IMF takes into account in granting its regular assistance, which appears already to be adequate in this respect.

Lastly, the French authorities do not believe that the establishment of a special fund would make it possible to settle the problems of the least developed among the developing countries.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

The French authorities do not believe that the establishment of a special fund would make it possible to settle the problems of the land-locked developing countries.

## HOLY SEE

*Trade and economic aspects of disarmament (resolution 44 (III))*

When draft resolution TD/L.53 was submitted in the plenary, the delegation of the Holy See expressed its regret that the problem of the trade in armaments had been forgotten.

We now note, with satisfaction, that the resolution we have adopted makes an explicit reference to this problem in its preamble.

We would have liked to see the operative part of the resolution invite the Trade and Development Board to carry out studies on the trade in armaments. We are of the opinion that this is an important, serious and undoubtedly difficult trade problem. Since, however, in the opinion of some countries, UNCTAD appears not to be competent to carry out such studies, we express the hope that some other international organization will undertake the study of this question.

## IRELAND

*Terms and conditions of official development assistance* (resolution 60 (III))

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

The delegation of Ireland wishes to point out that its support for resolutions 60 (III) and 61 (III) should be interpreted in the light of Ireland's position as a net importer of capital. Its support for resolution 61 (III) should also be interpreted in the light of the reservation recorded for Ireland in connexion with the International Development Strategy for the Second United Nations Development Decade.<sup>31</sup>

## ISRAEL

1. The delegation of Israel wishes to point out that paragraph 142 of the report summarizing the general debate does not reflect adequately the opinions expressed by the majority of delegations participating in the debate concerning the closure of the Suez Canal. For a correct and complete picture of the trend of the debate, and the position taken by the delegations, it is essential to refer to the records of the three meetings which were devoted to this matter (TD/SR.106, 107 and 112).

2. The delegation of Israel stresses that in voting on the draft resolution concerning the "Economic effects of the closure of the Suez Canal (TD/L.52)",<sup>32</sup> the Conference exceeded the competence accorded to it by General Assembly resolution 1995 (XIX).

For this reason the delegation of Israel did not participate in that vote and reserves its position on the resolution as adopted. Its general position on this matter is contained in the statements of the representative of Israel, as recorded at the 106th and 112th plenary meetings of the Conference.

## ITALY

*Transfer of technology* (resolution 39 (III))

The Italian delegation entered a reservation concerning the increase in staff contemplated in the resolution.

*Economic effects of the closure of the Suez Canal* (resolution 40 (III))

The Italian delegation entered a reservation concerning the reference to General Assembly resolution 2628 (XXV), which Italy did not support, and the close link established in the tenth preambular paragraph between the reopening of the Suez Canal and the Israeli withdrawal from occupied territories.

<sup>31</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 42, document A/8124/Add.1.*

<sup>32</sup> Resolution 40 (III).

Such a link does not appear to be consistent with the need to maintain the balance on which Security Council resolution 242 (1967) is based.

It stresses only one part of resolution 242 (1967) and completely excludes partial solutions based on the reopening of the Canal.

*Insurance and reinsurance* (resolution 42 (III))

The Italian delegation entered a reservation concerning the excessively peremptory wording of certain paragraphs and the fact that insufficient account is taken of the requirement to divide risks and of the freedom that is necessary in this field in the interest of the developing countries themselves.

*Terms and conditions of official development assistance* (resolution 60 (III))

The Italian delegation entered a reservation concerning the possibility of attaining the objectives indicated in paragraph 2.

Italy will nevertheless continue its efforts to improve the conditions of official assistance to the developing countries.

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

The Italian delegation entered a reservation concerning paragraph 2 with respect to the possibility of attaining by the middle of the decade the objective referred to in the paragraph.

*Special measures in favour of the least developed among the developing countries* (resolution 62 (III))

The Italian delegation entered a reservation concerning paragraph 6, relating to exemption from the payment of dues and subscriptions within the framework of commodity agreements, and paragraph 9, relating to exemption from revenue duties.

## JAPAN

In supporting the decisions of the Conference concerned, the delegation of Japan wishes to make the following observations and reservations:

*Impact of environment policies on trade and development, in particular of the developing countries* (resolution 47 (III))

The delegation of Japan supports the resolution on the understanding that its vote in favour will not affect the position of the Government of Japan on the related General Assembly resolution 2849 (XXVI) and on the contents of document TD/130<sup>33</sup> of the Conference.

*Trade expansion, economic co-operation and regional integration among developing countries* (resolution 48 (III))

The delegation of Japan supports the resolution as a whole. However, it has doubts as to the appropriate-

<sup>33</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7.).

ness of the creation of a new facility by IMF mentioned in paragraph 8.

*Terms and conditions of official development assistance (resolution 60 (III))*

The Japanese delegation voted in favour of the resolution as a whole, as it fully subscribes to the importance of further softening of the terms and conditions of official development assistance and is well aware of the view of the developing countries in this regard.

However, under the present circumstances, the Japanese Government is unable to implement the specific terms target mentioned in paragraph 2 of part A, including that of grants which is to be attained by 1975.

Nevertheless, it is the policy of the Japanese Government to make special efforts to improve further the terms and conditions of its official development assistance through various means including expansion of grant programmes and improvement of terms of official development loans. It is in accordance with such a policy that the Japanese Government has up to date made its best efforts with a view to reaching the terms target adopted by the Development Assistance Committee of OECD in 1969.

As regards paragraph 3 of part A, the Japanese Government will be, as heretofore, participating in the discussions which have been taking place in the DAC.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

The delegation of Japan supports the resolution as a whole.

With regard to paragraph 2, the Japanese Government intends to exert its utmost efforts to achieve the international target of 0.7 per cent of GNP for official development assistance. However, given the rapid and particularly high rate of growth of Japan's GNP, an early attainment of this target is in no sense an easy task and thus the Japanese delegation feels obliged to reserve its position on the target date, namely, "by the middle of the decade".

As regards paragraph 3, the Japanese delegation is not convinced of the advisability of revision of the definition of volume targets, and is concerned that discussions on the revision of targets might have the adverse effect of discouraging the aid effort of those donor countries who have accepted the targets and are striving to achieve them.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

The delegation of Japan supports the resolution as a whole.

With regard to the words "in prefinancing of buffer stocks" in paragraph 5, the Government of Japan takes the position that studies should be made on the market structures of the commodities concerned, and then the question of buffer stocks should be examined as a means of solving problems involved in these commodities.

With regard to the latter part of paragraph 6, the Government of Japan reserves its position.

The Japanese Government maintains its position that the implementation of the first part of paragraph 9 should be subject to the second part of paragraph B.3 (d) of resolution 73 (X) of the Trade and Development Board.

Concerning the second part of the paragraph, the Japanese Government reserves its position.

The delegation of Japan accepts paragraph 10 on the understanding that the words "to avoid domestic support policies" mean "to avoid adopting domestic support policies".

The delegation of Japan accepts paragraph 12 on the understanding that its implementation should be subject to the provision of paragraph B.3 (b) of resolution 73 (X) of the Trade and Development Board.

With regard to paragraph 16, the Japanese Government considers that the rules of origin cannot technically be applied in a discriminating manner in favour of the least developed among the developing countries.

The Government of Japan considers that the question of special drawings mentioned in the second sentence of paragraph 43 (d), is a matter to be determined by IMF.

With regard to paragraph 46 (b), the Government of Japan intends to extend its aid to the least developed among the developing countries, with the recognition of the necessity of extending to these countries technical assistance and financial assistance in the form of grants or on concessional terms.

However, the Japanese Government considers it undesirable to set special terms in a strict manner as they might affect adversely the effort to increase the volume of financial assistance to these countries.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

The delegation of Japan supports the resolution as a whole. However, with regard to paragraph 13, it cannot subscribe to the idea of establishing such a special fund.

*Adjustment assistance measures (resolution 72 (III))*

The Japanese delegation, supporting fully the resolution on "Adjustment assistance measures", considers it necessary to remind the Conference that the Japanese delegation made the following statement when paragraph 35 of the International Development Strategy was adopted at the twenty-fifth session of the General Assembly, namely:

"The Government of Japan does not consider it possible to evolve a programme of adjustment assistance measures in the light of the nature of adjustment assistance."

*Intergovernmental consultations on commodities in connexion with access to markets and pricing policy (resolution 83 (III))*

As regards this resolution, it is the understanding of the Japanese delegation that the special session of the Committee on Commodities proposed in the resolution

is a forum for intergovernmental consultations on commodities within the framework of resolution 73 (X) of the Trade and Development Board, and that the forum for intergovernmental negotiations will be the multi-lateral trade negotiations of 1973 within the framework of GATT in which all the developing countries members of UNCTAD are encouraged to participate actively.

## MALTA

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

The delegation of Malta is in full agreement with the operative part of this resolution as stated in its intervention. It also supports most of the preambular paragraphs, but since, as the President made clear, the Conference voted on the resolution as a whole, it had no option but to abstain, to reflect its reservations on some aspects of the preambular part, which reflect only part of resolution 242 (1967) of the Security Council.

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (resolution 46 (III))*

The delegation of Malta voted in favour of this resolution because it agrees with the general ideas expressed, and looks on these principles as being general, and therefore they do not override the Conference decisions which have been or will be taken after lengthier and deeper consideration of the specific issues in question. The delegation of Malta regrets the result of the vote because principles are valuable in direct proportion to their acceptability.

## MEXICO

*Intergovernmental consultations on commodities in connexion with access to markets and pricing policy (resolution 83 (III))*

This resolution is of course very far from the draft resolution submitted by the Group of 77.<sup>84</sup> We hope that Group B will continue to maintain a coherent viewpoint and will not frustrate the objectives set out in the Strategy for the Second United Nations Development Decade. We trust that the intergovernmental consultations (within this forum) will lead to a better understanding in solving the serious problems presented by access to markets and a pricing policy which is highly unfavourable to the developing countries.

*Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (resolution 79 (III))*

The Mexican delegation voted in favour of the resolution in order not to go against the general feeling of

the Conference, but it wishes to enter a reservation on the resolution because the text was greatly weakened by the deletion of sub-paragraph (e) of paragraph 2 of the draft resolution contained in annex I (b) of the report of Working Group I<sup>85</sup> which read: "Laying down the necessary guidelines for future action and for the formulation of principles and policies on international trade and related problems of economic development."

## NETHERLANDS

*Transfer of technology (resolution 39 (III))*

The Netherlands delegation, welcoming the adoption of this resolution, stated that, if the Trade and Development Board should be asked to transform the Intergovernmental Group into a permanent committee, the Netherlands would consider such a request in a positive way.<sup>86</sup>

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

The Netherlands delegation abstained in the vote on this resolution because it had difficulties, for instance, with the sixth preambular paragraph, so far as the mention of General Assembly resolution 2628 (XXV) was concerned, and with the tenth preambular paragraph.<sup>87</sup>

*Dissemination of information and mobilization of public opinion relative to problems of trade and development (resolution 43 (III))*

The Netherlands delegation supported the resolution in question. While drawing attention to the activities of a national commission for international development co-operation with regard to the dissemination of information on the developing countries and encouraging other Governments to create similar bodies, it stressed that the mobilization of public opinion could be greatly facilitated by the United Nations information services, under the umbrella of CESI to which its Government had been making substantial contributions for several years. Other Governments might follow that example.<sup>88</sup>

*Trade and economic aspects of disarmament (resolution 44 (III))*

The Netherlands delegation, convinced that world-wide disarmament could contribute to the development of developing countries and in conformity with its position regarding paragraph 5 of the International Development Strategy, was prepared to accept the resolution in question.<sup>89</sup>

<sup>85</sup> See annex VI.G below, appendix I (b).

<sup>86</sup> See also the Netherlands representative's statement in the summary record of the 112th meeting (TD/SR.112).

<sup>87</sup> See also the Netherlands representative's statement in the summary record of the 106th meeting (TD/SR.106).

<sup>88</sup> See also the Netherlands representative's statement in the summary record of the 113th meeting (TD/SR.113).

<sup>89</sup> See also the Netherlands representative's statement in the summary record of the 105th plenary meeting (TD/SR.105).

<sup>84</sup> TD/III/C.1/L.11 (for text, see annex VII below).

*Charter of the economic rights and duties of States* (resolution 45 (III))

The Netherlands delegation, while voting in favour of the resolution, considered that some of the language used, for instance in the fifth preambular paragraph, was not well balanced and added that it had voted on the basis of the French text of that paragraph.<sup>40</sup>

*The stabilization of commodity prices and, in particular, the role of the International Bank for Reconstruction and Development* (resolution 54 (III))

The Netherlands delegation considers that the questions raised in paragraphs (d) and (e) should be carefully studied by the World Bank before it takes a definite stand on these questions.<sup>41</sup>

*Compensation for losses occasioned by the realignments of major currencies* (resolution 58 (III))

The Netherlands delegation, which abstained in the vote on this resolution, stated that it could accept the recommendation in sub-paragraph (a) of the operative paragraph and that the Netherlands intended to realize the recommendation in sub-paragraph (b) in respect of official development loans only. The Netherlands could not accept the recommendation in sub-paragraph (c), but its Government was willing to take into consideration the possible losses in global monetary reserves, including those of developing countries, in consequence of the recent realignments of currencies when a possible allocation of special drawing rights came up for discussion in the near future.<sup>42</sup>

*Special measures related to the particular needs of the land-locked developing countries* (resolution 63 (III))

The Netherlands delegation, although voting in favour of the resolution and although agreeing to the carrying out of the study contemplated in paragraph 13, expressed reservations concerning the merits of the establishment of a fund for subsidizing additional transport costs. In the Netherlands delegation's opinion the needs of the land-locked developing countries could be met by assistance through existing bilateral and multilateral channels.<sup>43</sup>

## NEW ZEALAND

*Transfer of technology* (resolution 39 (III))

The New Zealand delegation, while pleased to support the resolution, nevertheless shares with other delegations, in particular those of France, the United Kingdom, Canada and Australia, their concern about the work programme contained in the resolution. New Zealand's support for the resolution is accordingly without prejudice to the reservations it entered on relevant paragraphs of the International Development Strategy or on the position it might take when the financial implications are considered elsewhere.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction* (resolution 51 (III))

New Zealand abstained in the vote on the resolution as it had been inadequately discussed by the Conference.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction* (resolution 52 (III))

New Zealand voted against the resolution because, in its view, UNCTAD is not competent to take a decision on a question which is primarily legal in nature. Moreover, these issues have yet to be settled and indeed are scheduled for further discussion by the Committee on the Peaceful Uses of the Sea-bed and the Ocean Floor beyond the Limits of National Jurisdiction.

*Terms and conditions of official development assistance* (resolution 60 (III))

New Zealand abstained in the vote on the resolution because the wording of paragraph 4 of part B can be interpreted as implying that there should be progressive curtailment of the ability of IBRD to lend to countries which do not satisfy UNCTAD criteria for classification as "developing countries". The New Zealand delegation drew the attention of the most developed of the developing countries to the possibility that they, too, might in the future be adversely affected should the policy advocated in this resolution be implemented by the International Bank, and especially if there were to be any subsequent stiffening of UNCTAD criteria for the classification of developing countries. As a country needing to accelerate the rate of investment in internationally competitive secondary and tertiary industries, New Zealand could not subscribe to a resolution which might operate to its detriment.

*Developing island countries* (resolution 65 (III))

The delegation of New Zealand welcomes the support given to this resolution, especially if, as it understands the position, the examination of the problems of the developing island communities called for in the resolution will include those in the Asian and Pacific region. New Zealand has very close relations with these territories. Many of these communities have most if not all of the obvious problems mentioned in the resolution. What is needed is a further and more wide-ranging assessment of these problems. It is hoped that this examination will result in assistance from the international community to contribute to their solution. New Zealand hopes that the work and recommendations of the panel of experts will produce results in the not too distant future.

## SWEDEN

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

Sweden voted in favour of this resolution as a whole in recognition of the vital importance of an increased

<sup>40</sup> See also the Netherlands representative's statement in the summary record of the 115th meeting (TD/SR.115).

<sup>41</sup> See also the Netherlands representative's statement in the summary record of the 117th meeting (TD/SR.117).

<sup>42</sup> See also the Netherlands representative's statement in the summary record of the 118th meeting (TD/SR.118).

<sup>43</sup> *Ibid.*

net transfer of real resources to the developing countries. Sweden would, however, have preferred a text which emphasized the primary role of official development assistance in these transfers. The Swedish Government maintains serious reservations about the definition of the traditional 1 per cent target. This target does not reflect the true net transfer of resources, as reverse flows of investment income and interest payments are not deducted. The phrase "minimum net amount" in the resolution is therefore misleading.

Furthermore the traditional target includes transactions which are not subject to government control and no Government can consequently make firm commitments with regard to these transactions. However, on the assumption that private flows will not decrease sharply, Sweden should reach the 1 per cent target before the middle of the decade.

*Special measures in favour of the least developed among the developing countries* (resolution 62 (III))

The Swedish delegation expressed its satisfaction that the resolution had been adopted unanimously, which indeed was a step forward by the Conference in a very important field and will no doubt be considered as one of its main achievements.

As to the substance of the resolution, Sweden made the following remarks in regard to paragraphs 43 (d) and 16. Special short-term drawings from IMF are not, in the Swedish delegation's opinion, a suitable method of dealing with the balance-of-payments problems of the least developed countries. What is required are substantially increased flows of official development assistance on particularly lenient terms. This is why the Swedish delegation was prepared to consider the establishing of a fund directed particularly to the need of the least developed countries.

As regards paragraph 16, the Swedish delegation finds it difficult to apply different rules to different beneficiary countries. Sweden is, however, ready to provide customs experts to assist in the handling of practical problems related to the rules of origin.

*Development of merchant marines* (resolution 70 (III))

The Swedish delegation made the following statement in the Fourth Committee with regard to paragraph 2 of this resolution.<sup>44</sup> As far as the Swedish delegation can see, this paragraph implies continued wishes for somewhat softer commercial terms for exports of ships to developing countries. This would be incompatible with the views that Sweden expressed in the Third Committee that official development assistance should be increased so as to alleviate the debt problems of the developing countries in order that they would not need to have recourse to private credits.

SWITZERLAND

*Transfer of technology* (resolution 39 (III))

The Swiss delegation referred to its misgivings with respect to the fact that the resolution adopted by the

Conference prejudices the results of the work which the Intergovernmental Group still has to do in the course of the next two sessions. It reserved the right to define its position on certain points of the resolution during the two sessions in question.

*Charter of the economic rights and duties of States* (resolution 45 (III))

The Swiss delegation abstained in the vote on this resolution because it considered that so far-reaching a proposal should have been given more careful consideration, for instance in the Trade and Development Board, before being made the subject of a formal Conference resolution.

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development* (resolution 46 (III))

The Swiss delegation voted against the resolution because it had a number of reservations concerning the text, and, particularly, because it considered that such a question could not be examined outside the context of recommendation A.I.3 of the Conference at its first session.

*Trade expansion, economic co-operation and regional integration among developing countries* (resolution 48 (III))

In supporting the resolution and recalling Switzerland's positive attitude to regional co-operation among developing countries, the Swiss delegation stresses the special importance it attaches to utilization of the consultation procedure referred to in paragraph 10 of the resolution.

The Swiss delegation is, moreover, of the opinion that paragraph 8 should be interpreted as requesting IMF to consider the desirability of creating special facilities to promote trade expansion among developing countries members of regional groupings. It also considers, with reference to paragraph 1 (e) (ii), that commodity agreements should take into account the interests of the consumer as well as of the producer countries, and, with reference to paragraph 5 (c) (iii), that the main purpose of the proposed assistance should be to prevent losses from taking place rather than to provide compensation if they do occur.

*Foreign private investment in its relationship to development* (resolution 56 (III))

The Swiss delegation abstained in the vote on this resolution because it considered that the text was not sufficiently balanced and that an affirmative vote would have necessitated too many reservations on its part on substantive points. It nevertheless hoped that, in view of its importance, the question would continue to be given close consideration by the permanent machinery of UNCTAD.

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

While endorsing the resolution as a whole, the Swiss delegation expressed some reservations, stating that it believed it was a mistake to try to set a time-limit for

<sup>44</sup> See the summary record of the twelfth meeting of the Fourth Committee (TD/III/C.4/SR.12).

attainment of the flow target of 1 per cent of GNP and that it was unable to subscribe to the target of 0.7 per cent of GNP for official development assistance. It was also of the opinion, with regard to the redefinition of targets, that it would be preferable to concentrate first on attaining those which had already been accepted.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

In supporting the resolution the Swiss delegation expressed reservations on some specific points. With regard to paragraph 12, the question of the elimination of quantitative restrictions and other non-tariff barriers affecting trade should be dealt with in connexion with the over-all problem of non-tariff barriers. With regard to paragraph 16, it does not seem desirable to envisage the application of rules of origin for the implementation of the generalized system of preferences for purposes other than verifying origin. The proposal made in paragraph 43, sub-paragraph (d), concerning the extension of SDRs for financing deficits resulting from trade liberalization should be examined by the members of the Fund themselves. With reference to paragraph 46, sub-paragraph (e), on institutional arrangements for the implementation of special measures in favour of the least developed countries, the Swiss delegation would prefer to assist the least developed countries by a better allocation of priorities in existing bodies rather than by the establishment of a special fund.

*Liberalization of non-tariff barriers (resolution 76 (III))*

While supporting this resolution, the Swiss delegation deemed it necessary, in view of the wording of the fourth preambular paragraph, to point out that UNCTAD should concentrate, in continuing its examination of the question, on non-tariff barriers which are causing the developing countries serious concern.

*Motion by the United States of America, under rule 46 of the rules of procedure, for declaring as outside the competence of the Conference the draft resolution submitted by Cuba (TD/L.70)*

The Swiss delegation pointed out that, in voting on this motion, it had voted only on the procedural issue submitted to the Conference.

## TURKEY

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

1. First of all, the Turkish delegation cast its vote in favour of document TD/L.52 on the basis of the English text, which is the original version of that draft resolution.

2. Furthermore, Turkey's policy is and continues to be based on Security Council resolution 242 (1967).

3. In the opinion of the Turkish delegation, since all the preambular paragraphs of draft resolution TD/L.52, which has just been adopted by the Conference, lead up to a single operative paragraph consisting of an expression of support for the full implementation of Security Council resolution 242 (1967):

*First, the tenth preambular paragraph of the resolu-*

*tion as adopted should be understood in the light of the specific wording of sub-paragraph (i) of operative paragraph 1 of the above-mentioned Security Council resolution, and in the context of the simultaneous and general application of the two principles set forth in the same paragraph of that resolution of the Council;*

*Secondly, the statements of fact in the fourth and tenth preambular paragraphs of the resolution as adopted should be understood as being independent of any legal judgement on, or any interpretation of, the texts relating to the operation of the Suez Canal. In this connexion, the Turkish delegation wishes to reaffirm its support for the conditions laid down in the above-mentioned resolution of the Security Council, and states that its Government will continue to support, as it has in the past, any constructive initiative aimed at bringing about the reopening of the Canal which is likely to be acceptable to all the parties directly concerned.*

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (resolution 46 (III))*

The Turkish delegation supports points II and IV of paragraph 1 of the resolution.

It largely approves points I, III, V, VI, VII, VIII and X, but considers that much more intensive consultations should have been held on these points among the various groups in order to arrive at more generally acceptable wordings.

With regard to point XII of the same paragraph, it believes that, as this question has been referred to a special body by the General Assembly, UNCTAD should not concern itself with it.

Points XII and XIII were the subject of resolutions recently adopted by the Conference itself, but the wording of these two sub-paragraphs is not entirely in accordance with the wording of the resolution in question. Although certain representatives have asserted that paragraph 2 is not prejudicial to the powers of the Trade and Development Board under Conference resolution 22 (II) nevertheless, since it makes no explicit reference to that resolution, and as the wording of this paragraph does not exactly correspond to the terms of that same resolution, this paragraph should have been drafted in a form more in keeping with the aims of its sponsors.

The Turkish delegation, hopes, however, as has been mentioned in the course of the debate, that the Board will be in a position to undertake a more detailed re-examination of these principles on the basis of resolution 22 (II).

The foregoing were the reasons for the abstention of the Turkish delegation.

*Charter of the economic rights and duties of States (resolution 45 (III))*

In voting in favour of this resolution, Turkey was especially mindful of certain passages of the statement made by the President of Mexico. The Turkish delegation would like to mention in particular certain of the principles which he formulated: for example, the freedom of every State to dispose of its natural resources;

absolute respect for the right of every nation to adopt its own economic system and to regulate private ownership in accordance with the demands of public interest; renunciation of the use of instruments of economic pressure to limit the sovereignty of States; abidance of foreign capital by the laws of the country in which it is invested; and prohibition of interference by multinational corporations in the internal affairs of States.

Turkey, which has been republican ever since it was founded, has always upheld and applied these principles. It is therefore natural that it should support the same principles when the charter in question is drawn up.

The Turkish delegation voted in favour of this resolution on the understanding that it refers to a charter setting forth general norms on the subject and having the same juridical character as the Universal Declaration of Human Rights adopted by the United Nations General Assembly, and that elements other than those mentioned in paragraph 2 will be taken into consideration by the Working Group.

*Trade expansion, economic co-operation and regional integration among developing countries (resolution 48 (III))*

With reference to its statement, the summary of which appears in the first two sentences of paragraph 22 of the report of Working Group II (TD/171)<sup>45</sup> and which describes the co-operation between the countries of RCD, the Turkish delegation wishes to state that its Government most strongly supports paragraphs 1 (a), 1 (b), 1 (c), 1 (f), 2 and 3, which relate to action by developing countries.

*The international monetary situation (resolution 84 (III))*

The Turkish delegation, which voted in favour of the resolution on the impact of the international monetary situation, associates itself with the statement made on behalf of Australia, Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Finland, France, Ireland, Japan, New Zealand, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, except for that part of the statement which relates to paragraph 10 of the resolution.

UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND

*Transfer of technology (resolution 39 (III))*

The United Kingdom reserved on the endorsement of the Intergovernmental Group's programme of work in paragraph 1, on the additions to an already over ambitious work programme, on duplication with other bodies and on the financial and staff implications.

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

The representative of the United Kingdom said that his delegation had supported the resolution because its only operative paragraph referred explicitly and solely to Security Council resolution 242 (1967). Neverthe-

less they had considerable reservations about the fourth and tenth preambular paragraphs and considered it undesirable in general to introduce into UNCTAD resolutions provisions which had political overtones.

*Insurance and reinsurance (resolution 42 (III))*

Before resolution 42 (III) was adopted, the United Kingdom delegation recalled its abstention on the draft of the resolution when it was considered in the Fourth Committee.

*Trade and economic aspects of disarmament (resolution 44 (III))*

The representative of the United Kingdom said that he had voted in favour of the resolution because his Government strongly supported practical measures of arms control. However, he doubted whether it was wise for UNCTAD to enter this specialized field or to commit financial resources which might be generated by disarmament in advance of its achievement.

*Charter of the economic rights and duties of States (resolution 45 (III))*

The representative of the United Kingdom explained that while his delegation regarded the idea of a charter of economic rights and duties of States as an important one, there had not been time at the Conference to discuss the points in the resolution which caused his delegation difficulty, and his delegation had therefore abstained.

*Trade expansion, economic co-operation and regional integration among developing countries (resolution 48 (III))*

The representative of the United Kingdom said that his delegation had voted for the resolution on the understanding that the producers associations referred to in paragraph 1 (e) (ii) would be of the same sort as those referred to in paragraph 1 (e) (vi), that the United Kingdom would only be prepared to afford technical assistance in support of paragraph 5 (c) (ii) and that the meeting of multilateral financial institutions, referred to in paragraph 9, if found desirable, should not necessarily be held under the auspices of UNCTAD.

*Foreign private investment in its relationship to development (resolution 56 (III))*

The United Kingdom voted against this resolution because it failed to draw attention to the merits of private investment and because insufficient time was available for discussion of it.

*The increasing burden of debt-servicing in developing countries (resolution 59 (III))*

The United Kingdom delegation voted against this resolution because they did not agree with the call for new institutional arrangements and for far-reaching measures to be applied globally irrespective of individual country circumstances.

*Financial resources for development: total inflow of public and private resources (resolution 61 (III))*

The United Kingdom delegation abstained on this resolution because they were unable to subscribe to the target for official development assistance.

<sup>45</sup> See annex VI,H below.

*Special measures in favour of the least developed among the developing countries (resolution 62 (III))*

The United Kingdom delegation considered that the paragraph requiring that measures in favour of the least-developed should not prejudice the interests of the other developing countries was not entirely consistent with the rest of the resolution. For administrative reasons, the United Kingdom could not implement paragraph 16. They considered that shipowners could only consider the special needs of the least-developed countries on the basis of commercial feasibility. They were not convinced of the need for a special facility for making drawings under IMF or for a special fund.

*Special measures related to the particular needs of the land-locked developing countries (resolution 63 (III))*

The United Kingdom delegation does not believe that the establishment of a special fund to subsidize transport costs would lead to any increase in the flow of development aid. They considered that shipowners could only consider the special needs of the land-locked countries on the basis of commercial feasibility.

*Development of merchant marines (resolution 70 (III))*

In order to reflect the position correctly, it should be noted that the United Kingdom representative in the Fourth Committee indicated the following reservations on this resolution: the provisions of paragraph 2 could only be applied in relation to purchases of ships financed by official development assistance; paragraph 6 contained an over-all arbitrary target of doubtful practical value; paragraph 9 was unclear and had wide implications but could not be taken as restricting the freedom of shippers to choose the most competitive shipping available regardless of flag.

*Restrictive business practices (resolution 73 (III))*

The representative of the United Kingdom said that, in supporting the draft resolution TD/III/C.2/L.16, his delegation reserved its position as regards the financial and staffing implications of the resolution. It remained the view of his delegation that prime responsibility for work on restrictive business practices remained with the Committee on Manufactures.

*Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (resolution 79 (III))*

The United Kingdom has the same reservations on those passages of TD/L.99 which are drawn from General Assembly resolutions 2725 (XXV) and 2820 (XXVI) as were voiced in the General Assembly debate on those two resolutions.<sup>46</sup> As to operative paragraph 2 (d) of this resolution, the United Kingdom understanding is that this process is that envisaged in the International Development Strategy.

## UNITED STATES OF AMERICA

*Reservations, interpretations and observations relating to resolutions adopted by the Conference at its third session**Transfer of technology (resolution 39 (III))*

In supporting the resolution on transfer of technology, the United States does so without any implication of support for a net increase in the budgetary requirements of UNCTAD as a whole. In addition to the statements summarized in paragraph 75 of the report of Working Group III (TD/164),<sup>47</sup> the United States also suggests that, in exploring possible bases for a study as suggested in paragraph 9, the organizations concerned concentrate their primary attention on those aspects of this broad subject where they have special competence.

*Economic effects of the closure of the Suez Canal (resolution 40 (III))*

With respect to this resolution in the vote, on which the United States abstained, the United States indicated that political aspects should be avoided in the debate and in the resolution itself. The United States indicated it had problems with a number of paragraphs including, particularly, the fourth and tenth paragraphs which in the view of the United States are clearly political. The draft singles out only one element of Security Council resolution 242 (1967)—Israel withdrawal from occupied territories—while ignoring the obligations of the other side under the Security Council resolution. Furthermore, the United States indicated it could not subscribe to General Assembly resolution 2628 (XXV) which the United States did not support, nor to the citing of the resolution of the African Ministerial Meeting, which also contains elements of lack of balance.

*Charter of the economic rights and duties of States (resolution 45 (III))*

The United States has serious reservations about a number of features of the resolution.

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (resolution 46 (III))*

The United States voted against the resolution dealing with principles because it could not accept many of the principles and because there had been no opportunity for discussion on the resolution.

*Impact of environment policies on trade and development, in particular of the developing countries (resolution 47 (III))*

The United States supported the resolution on the environment. In doing so, it assumed that the studies mentioned in paragraph 3 of the resolution would be carried out in co-operation with other competent organizations.

<sup>46</sup> See *Official Records of the General Assembly, Twenty-fifth Session, Second Committee, 1365th meeting and ibid., Twenty-sixth Session, Second Committee, 1429th meeting.*

<sup>47</sup> See annex VLI below.

*Trade expansion, economic co-operation and regional integration among developing countries (resolution 48 (III))*

The United States supported the resolution because it considers the subject an important one and because it believes the resolution in general is appropriately addressed to the problem. However, the United States has reservations about paragraph 1, sub-paragraph (e), section (iii) and (xii) and paragraph 1, sub-paragraph (a). The United States has not been able to satisfy itself that the Protocol resulting from the work of the Trade Negotiations Committee of Developing Countries in GATT is satisfactory and is still concerned about its effects. Similar interregional and other preferential arrangements should be examined carefully in terms of their likely contribution to development, their relationship to international trade and monetary systems and their impact on third countries. The United States interprets paragraph 1 (e) (iv) to relate to a non-discriminatory reduction of trade barriers. The United States also has reservations about paragraph 5, sub-paragraph (c), section (ii), regarding developed country support of payments arrangements, and paragraph 8, calling for an IMF facility in support of regional arrangements among developing countries. If there had been a separate vote, the United States would have abstained on those paragraphs and sub-paragraphs.

*International Cocoa Agreement (resolution 49 (III))*

In accepting the resolution on an international cocoa agreement, the United States indicated in the First Committee that it was prepared to concur in the inclusion of the word "plenipotentiary" in the resolution on the understanding that representatives from governments participating in the Cocoa Conference will not be required or expected to sign any agreement which emerges from the Conference prior to review by Governments.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (resolution 51 (III))*

The United States voted against this resolution, which proposes further studies by UNCTAD on the effects of the exploitation of the resources of the sea-bed and the ocean floor, because the draft was issued late in the Conference and received no discussion or substantive consideration.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction (resolution 52 (III))*

The United States voted against this resolution, which proposes a moratorium on the exploitation of the resources of the sea-bed and ocean floor, because in the view of the United States the body competent to deal with the subject matter of the resolution is the United Nations Committee on the Peaceful Uses of the Sea-Bed and the Ocean Floor beyond the Limits of National Jurisdiction.

*Trade relations among countries having different economic and social systems (resolution 53 (III))*

The United States did not object to the resolution on East-South trade. However, the United States felt the resolution was unbalanced because it concentrates on and extols the forms of conduct of trade associated with socialist countries to the virtual exclusion of consideration of trading methods associated with market economies, which offer greater freedom in demand and supply choice and greater inducement to efficiency. Also, the resolution begins with too positive a picture of developments in East-South trade whose level remains unduly low. The United States was not able to accept the agreements implied in the preamble that East-South trade is dependent upon East-West trade. Non-objection by the United States to the resolution does not imply acceptance of any "general principles" which the United States has not supported in the past, referring particularly to the preambular paragraph beginning with the words "recalling the" and paragraph 1 of section IV. The United States also has reservations with reference to paragraphs 2 (b) and (c) of section I and paragraph 1 of section IV involving the insufficient role of GATT in the field of trade development.

*The stabilization of commodity prices and, in particular, the role of the International Bank for Reconstruction and Development (resolution 54 (III))*

The United States voted against this resolution, primarily because of the recommendation that the financing of commodity stocks become a major function of the World Bank group. In the view of the United States, the Conference was not substantively prepared or formally competent to pass judgment on this issue.

*Special aspects of development finance: supplementary financing (resolution 55 (III))*

With respect to the resolution on supplementary financial measures, the United States Government believes there is little need for IBRD examination of supplementary financial measures until it is clear that additional financing would be available, which seems highly doubtful at this time. Facilities exist to deal with problems which may arise in this regard.

*Foreign private investment in its relationship to development (resolution 56 (III))*

The United States voted against this resolution because it was unbalanced, failing to reflect the positive contributions of foreign private investment.

*Problems of mobilization of internal resources of developing countries (resolution 57 (III))*

The United States abstained in the vote on this resolution because it is unbalanced and there is too much emphasis on external barriers to economic development, and too little on effective mobilization of domestic resources.

*Compensation for losses occasioned by the realignments of major currencies (resolution 58 (III))*

The United States voted against this resolution because it did not agree that countries should be com-

compensated for foreign exchange losses caused by a change in parities. The United States had reservations with respect to the economic rationale on which this resolution is based.

*The increasing burden of debt-servicing in developing countries* (resolution 59 (III))

The United States voted against the resolution on debt relief because, in the view of the United States, the resolution lacks balance and there are many aspects which the United States Government cannot support.

*Terms and conditions of official development assistance* (resolution 60 (III))

The United States supported the resolution on volume, terms and conditions of the flow of public capital and the role of multilateral institutions. The United States, however, reserves on the reference in operative paragraph B9 to Economic and Social Council resolution 1615 (LI) because the United States voted against this resolution. Concerning the reference to the completion of the third IDA replenishment (paragraph B6), the United States gives priority to this appropriation request but Congressional approval is required before this contribution can be made.

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

The United States supported the resolution on the inflow of public and private resources. The United States is not in a position to accept specific targets or dates with respect to official development assistance levels. The United States reserved its position on paragraphs 1 and 2 of the resolution. With respect to paragraph 3, the United States indicated it expected an examination of target concepts in all its aspects.

*Special measures in favour of the least developed among the developing countries* (resolution 62 (III))

With respect to the resolution on the least developed among the developing countries, the United States pointed out that in many respects it may be the most significant resolution of the Conference. Concerning paragraphs 1 and 2, whether measures taken on behalf of the least developed countries are supplementary to general measures applicable to all developing countries will depend in the final analysis on the total configuration of United States aid and trade programmes. The United States cannot provide iron-clad guarantees of what this will be. In paragraph 12 on trade barriers, the United States would have preferred other language to cover this point. With respect to the special fund referred to in the final paragraph, the United States has serious doubts that the interests of the least developed countries will be served by establishing another fund. The interests of the least developed countries may be better served by contributions to UNDP, IDA and the regional banks.

*Special measures related to the particular needs of the land-locked developing countries* (resolution 63 (III))

As in the case of the reference to the special fund for the least developed countries, the United States has

serious doubts about the establishment of a fund for the land-locked countries.

*Draft code of conduct for liner conferences* (resolution 66 (III))

With respect to the resolution on the draft code of conduct for liner conferences, the United States subscribes to the views expressed by the representative of France in his statement on behalf of a number of developed countries.<sup>48</sup>

*Development of ports* (resolution 67 (III))

The United States supported the unanimous adoption of the resolution on development of ports, on the understanding that favourable consideration could be given to financial and technical assistance proposals referred to in paragraph 1 only within the over-all context of the national development plans and programmes of the countries concerned.

*Development of merchant marines* (resolution 70 (III))

The United States supported the unanimous adoption of the resolution on the development of merchant marines. The United States interprets paragraph 1 as not necessarily implying any over-all increases in total resources committed to financial and technical assistance by the donor country. While the United States will carefully examine the proposals for ship export credit terms contained in paragraph 3, the United States does not presently agree with all of the terms proposed. Finally, while sympathizing with the goal of the developing countries set forth in paragraph 6, the United States does not interpret this paragraph as involving a commitment on its part.

*Restrictive business practices* (resolution 73 (III))

The United States voted in favour of the resolution on restrictive business practices. However, the United States reserved its position with respect to the budgetary implications.

*Export promotion* (resolution 75 (III))

The United States supported the resolution on export promotion without reservation. With respect to paragraph 12, the United States indicated its understanding that the paragraph does not involve direct support for export financing by international financial institutions or developed countries, but rather consideration of assistance to developing countries in establishing and improving their own export financing institutions.

*Preferences* (resolution 77 (III))

The United States joined in the unanimous support for the resolution on generalized preferences. With respect to paragraph 1, urging prospective preference giving countries that have not yet implemented preference systems to take prompt action so that they will be able to do so in 1972 or early 1973, the United States indicated that the timing of the submission of generalized preference legislation to Congress would depend on the chances for successful passage. It could

<sup>48</sup> See annex VIII, J below.

not, of course, prejudge future conditions, although it sincerely hoped that the climate for preferences would become favourable soon.

*Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (resolution 79 (III))*

In voting for the resolution on review and appraisal, the United States made certain observations on paragraph 2. As the United States explained in the Second Committee of the twenty-sixth session of the General Assembly when the resolution on the third session of the Conference was adopted, the language should be consistent with the Strategy and with the role of UNCTAD in the implementation of the Strategy in the context of the responsibilities given to the Economic and Social Council for over-all review and appraisal. (See also the statement made by the representative of the United Kingdom on behalf of a number of developed countries to which the United States subscribes.)<sup>49</sup>

*Further evolution in the institutional machinery of UNCTAD (resolution 81 (III))*

With respect to the resolution on the study of the reform of UNCTAD institutions, the United States subscribes to the views expressed in the statement made by the representative of the United Kingdom on behalf of a number of developed countries.

*Multilateral trade negotiations (resolution 82 (III))*

In supporting the resolution on multilateral trade negotiations, the United States drew attention to its statement in plenary on this subject. In this statement, the United States indicated that the developing countries that are not presently members of GATT should be encouraged to participate fully and actively in the negotiations with a view to accession to GATT upon the conclusion of the negotiations if they subscribe to

the results of the negotiations. It also stated its belief that participating developing countries should be willing to offer reductions in their own tariff and non-tariff barriers in the course of the negotiations, although it would not expect full reciprocity or concessions inconsistent with the development needs of the participating developing countries. The details of arrangements for participation in the negotiations must be worked out by the competent bodies of GATT.

*Intergovernmental consultations on commodities in connexion with access to markets and pricing policy (resolution 83 (III))*

The United States dissociated itself from the consensus on paragraphs 2 and 3 of the resolution. In the view of the United States these paragraphs give to the UNCTAD secretariat an excessively broad mandate to call commodity consultations.

*The international monetary situation (resolution 84 (III))*

With respect to the resolution on international monetary matters the United States subscribes to the views expressed by the representative of the United Kingdom in his statement on behalf of a number of developed countries.<sup>50</sup>

*Financial implications*

With reference to the document on the financial implications of new and expanded activities in UNCTAD (TD/176/Rev.1)<sup>51</sup> the United States indicated that it shared the concern of the Secretary-General of the United Nations, cited in TD/176/Rev.1, about the continuing financial difficulties of the United Nations. The United States stated its belief that such new activities should not give rise to net new expenditures by UNCTAD, but rather should be financed from existing resources found from the completion of prior tasks, or assignment of lower priority to continuing activities in accordance with the guidance of the Secretary-General of the United Nations.

<sup>49</sup> See the summary record of the 119th plenary meeting (TD/SR.119).

<sup>50</sup> *Ibid.*

<sup>51</sup> See annex IX below.

## 2. Observations and reservations by groups of delegations

### GROUP OF 77

*Transfer of technology (resolution 39 (III))*

*Paragraph 2.* The Group of 77 feels that the work of UNCTAD on the transfer of technology would be much expanded after the approval of the work programme of the Intergovernmental Group and the elaborate discussions that took place at the Conference. It is quite clear that if UNCTAD stays within its present institutional structure it would not be able to carry out its responsibilities as required and hoped for by the developing countries. The existing Intergovernmental Group, however efficient it may be, could not discharge its responsibilities in the same manner as a permanent body

exclusively entrusted with this task. The Group of 77 feels that the transformation of the Intergovernmental Group into a standing committee is a logical evolution imposed by the new conditions and tasks with which UNCTAD is entrusted in accordance with its work programme and the present resolution. The Group of 77, therefore, interprets operative paragraph 2 in the sense that the continuing nature of UNCTAD's functions in the field of the transfer of technology would require the transformation of the Intergovernmental Group into a standing committee of the Board.

*Paragraph 7 (b).* This sub-paragraph concerns the provision by UNCTAD, through its own services, of

advice to developing countries on the transfer of technology. The Group of 77 believes that such a service constitutes the concrete aspect of delivering assistance by UNCTAD to developing countries. Without the establishment of such a permanent unit within the secretariat it would be difficult both for UNCTAD and for the developing countries, especially the least developed among them to render and to receive any services in this respect. The Group of 77 thinks that it is within the field of competence of UNCTAD to assist developing countries on the trade, development, and legal aspects of the transfer of technology. The concerted effort of UNCTAD with other competent United Nations organizations could do much for the developing countries through this advisory service.

*Paragraph 9.* The Group of 77 gives its approval to paragraph 9 of the resolution on the understanding that the phrase "related commercial and legal aspects" of the transfer of technology refers mainly to restrictive business practices contained in licensing and other agreements related to the transfer of technology to developing countries, as stated in the Lima Declaration and Programme of Action.<sup>52</sup>

*Trade and economic aspects of disarmament (resolution 44 (III))*

The Group of 77 supported the resolution on Trade and economic aspects of disarmament with the understanding that it represents on the part of developed countries which voted for it, a commitment to channel resources freed through disarmament measures to assistance to the economic and social development of developing countries. This concept is clearly embodied in the fifth preambular paragraph as well as in operative paragraph 3. The resolution represents to this effect a step forward inasmuch as the countries which have a major responsibility in the arms race have engaged themselves to promote effective disarmament measures and to use the economies resulting from such measures for the economic and social welfare of developing countries.

This principle of a link between disarmament measures and development assistance is a cherished aspiration of developing nations. The Group of 77 cannot but rejoice to see it recognized by the countries which are in a position to halt the arms race and to divert a significant portion of resources liberated therefrom for the more noble and human task of fostering better standards of living for the whole international community.

GROUP B

*Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (resolution 79 (III))*

Members of Group B attach great importance to the

over-all process of review and appraisal of the implementation of the International Development Strategy being carried out in the most effective manner, and in this connexion to the responsibility given to the Economic and Social Council for the global review and appraisal of the International Development Strategy. The effectiveness of the review and appraisal depends on other agencies and organs involved—including UNCTAD for its significant sectoral contribution—carrying out their part in co-operation with the Economic and Social Council in the spirit of General Assembly resolution 2801 (XXVI).

*Further evolution in the institutional machinery of UNCTAD (resolution 81 (III))*

Group B countries welcomed agreement on resolution 79 (III) because they were convinced that it was in this practical way, working within the existing framework set by General Assembly resolution 1995 (XIX), that the institutional arrangements of UNCTAD should be improved. Conversely, they would oppose the draft resolution in annex I (a) of document TD/174<sup>53</sup> or the amendments in TD/L.96, which would have offered an alternative, and in their view unacceptable, way to proceed.

AUSTRALIA, BELGIUM, CANADA, DENMARK, FEDERAL REPUBLIC OF GERMANY, FINLAND, FRANCE, GREECE, JAPAN, NETHERLANDS, NEW ZEALAND, NORWAY, SPAIN, SWEDEN, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, UNITED STATES OF AMERICA

*Draft code of conduct for liner conferences (resolution 66 (III))*

The delegations of the above-mentioned countries deeply regret that agreement could not be reached on the procedure to be followed in drawing up and implementing the code of conduct for liner conferences. The delegations of these countries remain ready to resume the dialogue and have drafted some proposals, the latest version of which provides for the establishment of a special *ad hoc* intergovernmental group within the framework of UNCTAD whose task would be to draft such a code and to recommend to the Trade and Development Board:

1. The appropriate form of instrument in which to embody the code;
2. That it take the necessary measures to have the code adopted in the appropriate form;
3. That it establish procedures for review of implementation of the code.

The special group should commence its work before the end of the year 1972 with the aim of completing its task by 1973-1974.<sup>54</sup>

<sup>53</sup> See annex VI,G below, appendix I (a).

<sup>54</sup> For the full text of the statement, see annex VII,J below.

<sup>52</sup> Declaration and Principles of the Action Programme of Lima (TD/143) (see annex VIII,F below).

AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FEDERAL REPUBLIC OF GERMANY, FINLAND, FRANCE, IRELAND, ITALY, JAPAN, NETHERLANDS, NEW ZEALAND, NORWAY, SPAIN, SWEDEN, SWITZERLAND, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

*International combined transport of goods* (resolution 68 (III))

In supporting this resolution, the above countries consider that, since the implications for all modes of transport have to be considered, it is for the Economic and Social Council, at its fifty-third session, to decide on the provisional agenda for the projected Conference and on preparations to be made for examination of the TCM Convention at that Conference. In particular, they emphasize that it falls to the Economic and Social Council to reach a decision on whether a convention should be included on the agenda for possible adoption by the Conference and interpret sub-paragraph (b) of operative paragraph 4 of the resolution in this sense.

AUSTRIA, BELGIUM, CANADA, DENMARK, FEDERAL REPUBLIC OF GERMANY, FINLAND, FRANCE, IRELAND, JAPAN, NEW ZEALAND, SWEDEN, SWITZERLAND, UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, UNITED STATES OF AMERICA

*The international monetary situation* (resolution 84 (III))

The United Kingdom explained on behalf of the delegations named above, which supported the resolution, that operative paragraph 7 should not be interpreted in any way which affects the independence of GATT or the International Monetary Fund, or implies the setting up of new intergovernmental machinery. The proposals for a link must be studied in the context of the reform of the international monetary system and have due regard for the essential role of special drawing rights as a reserve asset. In endorsing the call made in operative paragraph 10 of the resolution for studies, these delegations do not consider that this prejudices the outcome of the studies.

### 3. Index to observations and reservations

*General observations*

Australia, China, Cuba

*Transfer of technology* (resolution 39 (III))

Belgium, Canada, Chile, Denmark, France, Italy, Netherlands, New Zealand, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, Group of 77.

*Economic effects of the closure of the Suez Canal* (resolution 40 (III))

Belgium, Canada, Israel, Italy, Malta, Netherlands, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Insurance and reinsurance* (resolution 42 (III))

### NORDIC COUNTRIES

*Charter of the economic rights and duties of States* (resolution 45 (III))

The Nordic countries—Denmark, Finland, Norway and Sweden—abstained in the vote on this resolution, although they all have sympathy for the ideas which inspired this initiative.

The subject matter of the resolution is not only economic in nature. It also has significant political aspects and may furthermore raise issues pertaining to international law. The Nordic countries consider, therefore, that the question, instead of being discussed in UNCTAD at this stage, ought to have been referred to the General Assembly of the United Nations which has the competence to deal with this important matter in all its aspects.

*Trade expansion, economic co-operation and regional integration among developing countries* (resolution 48 (III))

Finland and Sweden made the following comment with regard to paragraph 8 of this resolution:

If the balance-of-payments problems referred to in this paragraph are of a short-term nature, they see no need for a new facility since in their view those problems can be efficiently dealt with within existing modalities. If the balance-of-payments problems are of a long-term nature, then this is not a task for the International Monetary Fund.

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*Note by the Rapporteur*

So far as reservations to the report are concerned, the Rapporteur considers that they do not affect the validity of the text as prepared under his responsibility and approved by the Conference.

Italy, United Kingdom of Great Britain and Northern Ireland.

*Dissemination of information and mobilization of public opinion relative to problems of trade and development* (resolution 43 (III))

Bulgaria,\* Netherlands.

*Trade and economic aspects of disarmament* (resolution 44 (III))

Belgium, Bulgaria,\* Canada, China, Holy See,

\* Also on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics.

Netherlands, United Kingdom of Great Britain and Northern Ireland, Group of 77.

*Charter of the economic rights and duties of States* (resolution 45 (III))

Belgium, Canada, Denmark,\*\* Finland,\*\* Netherlands, Norway,\*\* Sweden,\*\* Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development* (resolution 46 (III))

Belgium, Bolivia, Bulgaria,\* China, Malta, Switzerland, Turkey, United States of America.

*Impact of environment policies on trade and development, in particular of the developing countries*, (resolution 47 (III))

China, Japan, United States of America.

*Trade expansion, economic co-operation and regional integration among developing countries* (resolution 48 (III))

Australia, Canada, Denmark, Finland,\*\* Japan, Sweden,\*\* Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.

*International Cocoa Agreement* (resolution 49 (III))

United States of America.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction* (resolution 51 (III))

Canada, New Zealand, United States of America.

*The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction* (resolution 52 (III))

Canada, New Zealand, United States of America.

*Trade relations among countries having different economic and social systems* (resolution 53 (III))

United States of America.

*The stabilization of commodity prices, and, in particular, the role of the International Bank for Reconstruction and Development* (resolution 54 (III))

Canada, Netherlands, United States of America.

*Special aspects of development finance: supplementary financing* (resolution 55 (III))

Belgium, Canada, United States of America.

*Foreign private investment in its relationship to development* (resolution 56 (III))

Chile, China, Denmark, Switzerland, United Kingdom

of Great Britain and Northern Ireland, United States of America.

*Problems of mobilization of internal resources of developing countries* (resolution 57 (III))

United States of America.

*Compensation for losses occasioned by the realignments of major currencies* (resolution 58 (III))

France, Netherlands, United States of America.

*The increasing burden of debt-servicing in developing countries* (resolution 59 (III))

Chile, Denmark, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Terms and conditions of official development assistance* (resolution 60 (III))

Austria, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, New Zealand, United States of America.

*Financial resources for development: total inflow of public and private resources* (resolution 61 (III))

Austria, Belgium, Canada, Denmark, Federal Republic of Germany, France, Ireland, Italy, Japan, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Special measures in favour of the least developed among the developing countries* (resolution 62 (III))

Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, France, Italy, Japan, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Special measures related to the particular needs of the land-locked developing countries* (resolution 63 (III))

Australia, Austria, Belgium, Canada, China, France, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Developing island countries* (resolution 65 (III))

New Zealand.

*Draft code of conduct for liner conferences* (resolution 66 (III))

Australia, Belgium, Canada, China, Denmark, Federal Republic of Germany, Finland, France, Greece, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.\*\*

*Development of ports* (resolution 67 (III))

United States of America.

*International combined transport of goods* (resolution 68 (III))

Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.\*\*

*Development of merchant marines* (resolution 70 (III))

Sweden, United States of America.

\*\* See section 2 above, "Observations and reservations by groups of delegations".

- Economic co-operation in merchant shipping* (resolution 71 (III))  
China.
- Adjustment assistance measures* (resolution 72 (III))  
Canada, Japan.
- Restrictive business practices* (resolution 73 (III))  
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- Export promotion* (resolution 75 (III))  
United States of America.
- Liberalization of non-tariff barriers* (resolution 76 (III))  
Switzerland.
- Preferences* (resolution 77 (III))  
Bulgaria,\* United States of America.
- Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD* (resolution 79 (III))  
Belgium, Mexico, United Kingdom of Great Britain and Northern Ireland, United States of America; Group B.
- Review of the institutional arrangements of UNCTAD* (resolution 80 (III))  
Chile.
- Further evolution in the institutional machinery of UNCTAD* (resolution 81 (III))  
Belgium, Chile, United States of America; Group B.
- Multilateral trade negotiations* (resolution 82 (III))  
United States of America.
- Intergovernmental consultations on commodities in connexion with access to markets and pricing policy* (resolution 83 (III))  
Canada, Japan, Mexico, United States of America.
- The international monetary situation* (resolution 84 (III))  
Austria, Belgium, Bulgaria,\* Canada, Chile, China, Denmark, Federal Republic of Germany,\*\* Finland, France, Ireland, Japan, New Zealand, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America.\*\*
- Motion by the United States of America, under rule 46 of the rules of procedure, for declaring as outside the competence of the Conference the draft resolution submitted by Cuba (TD/L.70) concerning the situation in Viet-Nam*  
Denmark, Switzerland.
- Financial implications*  
United States of America.
- Report of the Conference on its third session*  
*Paragraph 142*  
Israel.

\* Also on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics.

\*\* See section 2 above, "Observations and reservations by groups of delegations".

## ANNEX II

### Action with respect to reports of main committees and other sessional bodies concerning items referred to them

#### Credentials Committee

1. The report of the Credentials Committee was considered by the Conference at its 113th plenary meeting on 17 May 1972.<sup>1</sup>

2. After hearing statements by the representatives of Somalia, China, Cuba, Algeria, Congo, Chile, Guinea, Bulgaria (on behalf of the socialist countries of Eastern Europe and Mongolia), Senegal, Republic of Korea, Republic of Viet-Nam, Khmer Republic and the United Republic of Tanzania<sup>2</sup> the Conference, subject to the reservations expressed by some delegations, adopted a resolution approving the report of the Credentials Committee (TD/167). (See annex I, A above, resolution 41 (III).)

#### First Committee

3. After hearing statements made by the representatives of Cuba, Australia and Argentina, the Conference took note of the report of the First Committee (TD/165 and Add.1)<sup>3</sup> at its 116th plenary meeting, on 19 May 1972.

4. At the same meeting the Conference dealt with the draft resolutions contained in appendix I to the Committee's report and entitled, respectively, "International Cocoa Agreement" and "Competitiveness of natural products—synthetics and substitutes", and with two draft resolutions, both entitled "The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction"<sup>4</sup> contained in appendix II to the Committee's report.

5. At the 117th plenary meeting, on 19 May 1972 the Conference dealt with the draft resolution entitled

"The stabilization of commodity prices and, in particular, the role of the International Bank for Reconstruction and Development" contained in appendix II to the Committee's report; the text was amended in certain respects by the sponsors of the draft resolution.

6. At the 119th plenary meeting, on 20 May 1972 the Conference dealt with the draft resolution entitled "Marketing and distribution systems" contained in appendix III to the Committee's report, with amendments thereto set out in the same appendix and also with certain amendments proposed orally during the meeting. It also dealt with a draft resolution entitled "Intergovernmental consultations on commodities in connexion with access to markets and pricing policy" (TD/L.100).<sup>5</sup>

7. At the same meeting it also dealt with the draft resolution entitled "Diversification" contained in appendix III to the Committee's report.

8. The Conference, having taken note of the statement of financial implications,<sup>6</sup> took the following action with respect to the draft resolutions and proposals referred to above:

(a) *Draft resolution entitled "International Cocoa Agreement"*

Adopted without dissent (see annex I, A above, resolution 49 (III)).

(b) *Draft resolution entitled "Competitiveness of natural products-synthetics and substitutes"*

Adopted without dissent (see annex I, A above, resolution 50 (III)).

(c) *Draft resolution entitled "The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction"*, proposed by Algeria, Kuwait and Peru

<sup>1</sup> For the report of the Credentials Committee, see annex VI, J below. A supplementary oral report by the Chairman of the Credentials Committee concerning the credentials of the representative of the People's Republic of Bangladesh was made at the 119th plenary meeting on 20 May 1972, when the representatives of Pakistan and China expressed reservations concerning the supplementary report, and the representatives of Turkey, Iran and Kuwait made statements (see the summary record of the 119th meeting (TD/SR.119)).

<sup>2</sup> See the summary record of the 113th meeting (TD/SR.113).

<sup>3</sup> See annex VI, A below.

<sup>4</sup> One submitted by Algeria, Kuwait and Peru, and the other by Chile, Kuwait and Somalia.

<sup>5</sup> Draft resolution prepared in the light of consultations with the President of the Conference and the Secretary-General of UNCTAD. The First Committee had considered, but had been unable to agree on, two draft resolutions entitled respectively "Access to markets, pricing policy, machinery, and international price stabilization measures and mechanisms" and "Access to markets and pricing policy" (TD/III/C.1/L.11 and L.13, reproduced in appendix II to the Committee's report) and had referred the two drafts to the President of the Conference for further consideration (see annex VI, A below, par. 49).

<sup>6</sup> For the statement of financial implications of actions of the Conference at its third session, see annex IX below.

Adopted by a roll-call vote of 64 votes to 1, with 25 abstentions (see annex I, A above, resolution 51 (III)).<sup>7</sup>

Statements were made before the vote by the representatives of Bulgaria, Peru, Chile, Kuwait, Australia, Algeria, Austria, Japan and India. Statements in explanation of vote were made by the representatives of the United States of America, France, Spain, Canada, Norway and New Zealand.<sup>8</sup>

(d) *Draft resolution entitled "The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond national jurisdiction"* proposed by Chile, Kuwait and Somalia

Adopted by a roll-call vote of 57 votes to 14, with 17 abstentions (see annex I, A above, resolution 52 (III)).<sup>9</sup>

Statements in explanation of vote were made by the representatives of Burma, the Netherlands, the Federal Republic of Germany, the United States of America, Canada, Malta and New Zealand.<sup>10</sup>

(e) *Draft resolution entitled "The stabilization of commodity prices and, in particular, the role of the*

*International Bank for Reconstruction and Development"*

Adopted, as amended, by 74 votes to 2, with 13 abstentions (see annex I, A above, resolution 54 (III)).

Statements were made before the vote by the representatives of France, the United States of America, Senegal, Ivory Coast, Venezuela, Cuba and the Netherlands. A statement in explanation of vote was made by the representative of Canada.<sup>11</sup>

(f) *Draft resolution entitled "Marketing and distribution systems"*

Adopted, as amended,<sup>12</sup> by 76 votes to 16, with 4 abstentions (see annex I, A above, resolution 78 (III)).

A statement was made before the vote by the representative of Australia. Statements in explanation of vote were made by the representatives of France, Chile, Australia, Norway, India, Turkey and the United Kingdom of Great Britain and Northern Ireland.<sup>13</sup>

(g) *Draft resolution entitled "Intergovernmental consultations on commodities in connexion with access to markets and pricing policy"*

Adopted by consensus<sup>14</sup> (see annex I, A above, resolution 83 (III)).

Statements were made by the representatives of Senegal, Mexico, United States of America, Canada, Federal Republic of Germany, United Kingdom of Great Britain and Northern Ireland, Venezuela, Australia, Chile, Malaysia, Japan, Sweden, Hungary (on behalf of socialist countries of Eastern Europe), Brazil, Argentina, India and Denmark.<sup>15</sup>

(h) *Draft resolution entitled "Diversification"*

Decided to refer draft resolution to the Trade and Development Board for consideration.<sup>16</sup>

<sup>7</sup> The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Austria, Bolivia, Brazil, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo, Cuba, Dahomey, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Guyana, Holy See, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Libyan Arab Republic, Madagascar, Malaysia, Malta, Morocco, Mauritania, Mexico, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Romania, Rwanda, Senegal, Sudan, Thailand, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* United States of America.

*Abstaining:* Australia, Belgium, Burma, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Republic of Viet-Nam, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland.

<sup>8</sup> See the summary record of the 116th meeting (TD/SR.116). For reservations or observations by delegations, see annex I, B above.

<sup>9</sup> The result of the vote was as follows:

*In favour:* Afghanistan, Algeria, Argentina, Bolivia, Brazil, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Dahomey, Ecuador, Egypt, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guyana, Honduras, India, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Libyan Arab Republic, Madagascar, Mauritania, Mexico, Morocco, Nicaragua, Nigeria, Oman, Pakistan, Paraguay, Peru, Romania, Rwanda, Senegal, Sudan, Togo, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Belgium, Canada, Denmark, Federal Republic of Germany, France, Ireland, Japan, Luxembourg, New Zealand, Norway, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Austria, Burma, Finland, Greece, Israel, Italy, Malaysia, Malta, Netherlands, Portugal, Republic of Korea, Republic of Viet-Nam, Spain, Sweden, Switzerland, Thailand, Turkey.

<sup>10</sup> See the summary record of the 116th meeting (TD/SR.116). For reservations or observations expressed by delegations, see annex I, B above.

## Second Committee

9. The Conference took note of the report of the Second Committee (TD/168 and Add.1 and TD/L.83)<sup>17</sup> at its 118th plenary meeting on 19 May 1972.

10. At the same meeting the Conference dealt with four draft resolutions that had been submitted to the Conference by the Committee (see appendix I to the

<sup>11</sup> See the summary record of the 117th meeting (TD/SR.117). For reservations or observations by delegations, see annex I, B above.

<sup>12</sup> After the rejection of the amendments set out in appendix III to the Committee's report and after acceptance by the sponsors of certain amendments proposed orally during the 119th meeting.

<sup>13</sup> See the summary record of the 119th meeting (TD/SR.119). For reservations or observations by delegations, see annex I, B above.

<sup>14</sup> Subject to one delegation's dissent so far as paragraphs 2 and 3 are concerned.

<sup>15</sup> See the summary record of the 119th meeting (TD/SR.119). For reservations or observations by delegations, see annex I, B above.

<sup>16</sup> For the text referred to the Board, together with suggestions by Group B for discussion in connexion with the draft resolution, see annex VII below.

<sup>17</sup> See annex VI, B below.

Committee's report) and with two draft resolutions—on the liberalization of non-tariff barriers and on preferences, respectively—submitted by the President of the Conference after consultations with the Chairman of the Second Committee (TD/L.93 and TD/L.94). These two draft resolutions were intended to replace those referred by the Second Committee to the President of the Conference for further consideration.<sup>18</sup>

11. The Conference took the following action on the draft resolutions before it:

(a) *Draft resolution entitled "Adjustment assistance measures"*

Adopted without dissent (see annex I, A above, resolution 72 (III)). In connexion with the resolution a statement was made by the representative of Japan.<sup>19</sup>

(b) *Draft resolution entitled "Restrictive business practices"*

After taking note of the statement of financial implications contained in appendix III to the Committee's report,<sup>20</sup> the Conference adopted the draft resolution without dissent (see annex I, A above, resolution 73 (III)).

(c) *Draft resolution entitled "International subcontracting"*

Adopted without dissent (see annex I, A above, resolution 74 (III)).

(d) *Draft resolution entitled "Export promotion"*

Adopted without dissent (see annex I, A above, resolution 75 (III)). In connexion with this resolution, a statement was made by the representative of Israel.<sup>21</sup>

(e) *Draft resolution entitled "Liberalization of non-tariff barriers"*

Adopted without dissent (see annex I, A above, resolution 76 (III)). In connexion with this resolution, statements were made by the representatives of Bulgaria (also on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, the Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics) and of Switzerland.<sup>22</sup>

(f) *Draft resolution entitled "Preferences"*

Adopted without dissent (see annex I, A above, resolution 77 (III)). In connexion with this resolution, statements were made by the representatives of Gabon, Ivory Coast, Mongolia, Nigeria and the United States of America.<sup>23</sup>

### Third Committee

12. At its 117th plenary meeting, on 19 May 1972 the Conference took note of the report of the Third Committee (TD/169).<sup>24</sup>

<sup>18</sup> *Ibid.*, chap. III, paras. 241 and 242.

<sup>19</sup> See the summary record of the 118th meeting (TD/SR.118). For the reservation expressed, see annex I, B above.

<sup>20</sup> See annex IX below.

<sup>21</sup> See the summary record of the 118th meeting (TD/SR.118).

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*

<sup>24</sup> See annex VI, C below.

13. At the same meeting the Conference dealt with a draft resolution entitled "Special aspects of development finance: supplementary financing" recommended by the Committee to the Conference for adoption (see annex VI, C below, appendix I).

14. At its 118th plenary meeting, on 19 May 1972 the Conference dealt with the draft resolutions contained in appendix II to the Committee's report and referred to it by the Committee and entitled respectively, "Foreign private investment in its relationship to development"; "Problems of the mobilization of internal resources of developing countries"; "Outflow of financial resources from developing countries including debt servicing: the increasing burden of debt servicing"; and "Compensation for losses occasioned by the realignment of major currencies".

15. At the same meeting the Conference had before it two draft resolutions submitted by the President of the Conference as a result of the consultations of the Chairman of the Third Committee, and entitled respectively "Volume, terms and conditions of the flow of public capital to developing countries: role of multi-lateral financing institutions: terms and conditions of official development assistance" (TD/L.80 and Corr.1) and "Financial resources for development: total inflow of public and private resources" (TD/L.91).<sup>25</sup>

16. At its 119th plenary meeting, on 20 May 1971 the Conference dealt with a draft resolution submitted by the President of the Conference after consultations with the Chairman of the Third Committee and entitled "The international monetary situation" (TD/L.101). The draft resolution was intended to replace that submitted on behalf of the Group of 77 on the same subject, on which agreement had not been reached.<sup>26</sup>

17. The Conference, having taken note of the financial implications,<sup>27</sup> took the following action with respect to the draft resolutions referred to above:

(a) *Draft resolution entitled "Special aspects of development finance: supplementary financing"*

Adopted without dissent (see annex I, A above, resolution 55 (III)). In connexion with the resolution, statements were made by the representatives of Cuba, France, Australia, Egypt, Chile, the United States of America, Canada, the Union of Soviet Socialist Republics and Belgium.<sup>28</sup>

(b) *Draft resolution entitled "Foreign private investment in its relationship to development"*

Adopted with the amendments indicated at the 118th meeting, by 73 votes to 3, with 23 abstentions (see annex I, above, resolution 56 (III)).

In connexion with this resolution, statements in explanation of vote were made by the representatives of the United Kingdom of Great Britain and Northern

<sup>25</sup> The Committee had been unable to agree on drafts relating to these two matters (*ibid.*, para. 65).

<sup>26</sup> *Ibid.*, para. 32.

<sup>27</sup> See annex IX below.

<sup>28</sup> See the summary record of the 117th meeting (TD/SR.117). For reservations of observations by delegations, see annex I, B above.

Ireland, Switzerland, Denmark, Turkey and the Federal Republic of Germany.<sup>29</sup>

(c) *Draft resolution entitled "Problems of mobilization of internal resources of developing countries"*

Adopted by 83 votes to none, with 16 abstentions (see in annex I, A above, resolution 57 (III)).

In connexion with this resolution a statement in explanation of vote was made by the representative of the United States of America.<sup>30</sup>

(d) *Draft resolution entitled "Compensation for losses occasioned by the realignments of major currencies"*

Adopted by 71 votes to 10, with 14 abstentions (see annex I, A above resolution 58 (III)).

In connexion with this resolution, statements in explanation of vote were made by the representatives of France, the Netherlands and the Federal Republic of Germany.<sup>31</sup>

(e) *Draft resolution entitled "Outflow of financial resources from developing countries including debt servicing: the increasing burden of debt servicing"*

Adopted by 74 votes to 14, with 17 abstentions (see annex I, A above, resolution 59 (III)).

In connexion with this resolution statements in explanation of vote were made by the representatives of the United Kingdom of Great Britain and Northern Ireland, Denmark, the United States of America and the Federal Republic of Germany.<sup>32</sup>

(f) *Draft resolution entitled "Volume, terms and conditions of the flow of public capital to developing countries: role of multilateral financing institutions—terms and conditions of official development assistance"*

After hearing statements made by the representatives of the Union of Soviet Socialist Republics, Italy and Switzerland,<sup>33</sup> the Conference adopted the resolution by 89 votes to none, with 11 abstentions (see annex I, A above resolution 60 (III)).

Statements in explanation of vote were made by the representatives of Australia, Ireland, France, Japan, Austria, United States of America, New Zealand and the Federal Republic of Germany.<sup>34</sup>

(g) *Draft resolution entitled "Financial resources for development: total inflow of public and private resources"*

Adopted by 80 votes to none, with 12 abstentions (see annex I, A above, resolution 61 (III)).

Statements in explanation of vote were made by the representatives of the Federal Republic of Germany, the United Kingdom of Great Britain and Northern Ireland, France, Denmark, Ireland, Canada, Australia,

Sweden, Switzerland, Finland, Italy, United States of America, Japan, Austria and Belgium.<sup>35</sup>

(h) *Draft resolution entitled "The international monetary situation"*

Operative paragraph 10 of the draft resolution was adopted by a roll-call vote of 65 votes in favour, none against and 6 abstentions.<sup>36</sup>

The draft resolution as a whole, as orally amended, was adopted by 67 votes to none, with 1 abstention (see annex I, A above, resolution 84 (III)).

Statements were made before or after the votes by the representatives of Bulgaria (on behalf of the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics), China, Cuba, Ethiopia (on behalf of the Group of 77),<sup>37</sup> the United Kingdom of Great Britain and Northern Ireland (on behalf of some countries of Group B), Cameroon, Turkey, Australia, Greece, Peru and Romania.<sup>38</sup>

#### Fourth Committee

18. The Conference took action on the report of the Fourth Committee (TD/161 and Add.1-3)<sup>39</sup> at its 109th plenary meeting with regard to agenda item 15 (g), at its 113th meeting with regard to agenda item 8 (f), and at its 118th meeting with regard to agenda item 16.

(a) *Agenda item 15 (g)*

19. At its 109th plenary meeting, on 13 May 1972, the Conference took note of chapter I of the report of the Fourth Committee and unanimously adopted the draft resolution on the development of tourism contained in appendix I to the Committee's report (see annex I, A above, resolution 37 (III)).

(b) *Agenda item 8 (f)*<sup>40</sup>

20. At its 113th plenary meeting, on 17 May 1972, the Conference took note of chapter II of the report of the Fourth Committee, and adopted without dissent

<sup>35</sup> *Ibid.*

<sup>36</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Austria, Bangladesh, Belgium, Bolivia, Brazil, Canada, Ceylon, Colombia, Chile, Denmark, Dominican Republic, Egypt, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, Kuwait, Madagascar, Malaysia, Mali, Malta, Mexico, Nicaragua, Nigeria, Netherlands, Norway, Panama, Pakistan, Paraguay, Peru, Philippines, Portugal, Republic of Korea, Romania, Senegal, Spain, Sudan, Sweden, Switzerland, Togo, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* None.

*Abstaining:* Australia, Cameroon, Dahomey, New Zealand, South Africa, United States of America.

<sup>37</sup> See annex VIII, L below.

<sup>38</sup> See the summary record of the 119th meeting (TD/SR.119). For reservations or observations by delegations, see annex I, B above.

<sup>39</sup> See annex VI, D below.

<sup>40</sup> See also part four of foregoing report, paras. 282-285.

<sup>29</sup> See the summary record of the 118th meeting (TD/SR.118). For reservations or observations by delegations, see annex I, B above.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

the draft resolution on insurance contained in appendix I to the Committee's report (see annex I, A above, resolution 42 (III)). In connexion with this resolution, statements were made by the representatives of Italy and the United Kingdom of Great Britain and Northern Ireland.<sup>41</sup>

(c) *Agenda item 16*

21. The Conference took note of chapter III of the report of the Fourth Committee at its 118th plenary meeting, on 19 May 1972.

22. At the same meeting, the Conference also dealt with four draft resolutions that had been recommended by the Committee for adoption by the Conference (see appendix I to the Committee's report), with a draft resolution on co-operation in merchant shipping (TD/L.88) submitted by the President of the Conference as a result of the consultations of the Chairman of the Fourth Committee, and with a draft resolution submitted by Indonesia on behalf of the Group of 77 on a draft code of conduct for liner conferences (see appendix III to the Committee's report), as amended by the sponsors in document TD/L.74. The draft resolution on a code of conduct had been referred by the Committee to the President of the Conference.<sup>42</sup> The draft resolution contained in document TD/L.88 was intended to replace that submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, Mongolia, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics, which the Fourth Committee had transmitted to the plenary of the Conference.<sup>43</sup>

23. The Conference took the following action on the draft resolutions before it:

(a) *Draft resolution entitled "Development of ports"*

Adopted without dissent (see annex I, A above, resolution 67 (III)).

(b) *Draft resolution entitled "International combined transport of goods"*

Adopted without dissent (see annex I, A above, resolution 68 (III)).

In connexion with this resolution, statements were made by the representatives of Canada (also on behalf of Australia, Austria, Belgium, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland) and of Brazil (on behalf of the Group of 77).<sup>44</sup>

(c) *Draft resolution entitled "Freight rates"*

Adopted without dissent (see annex I, A above, resolution 69 (III)).

(d) *Draft resolution entitled "Development of merchant marines"*

Adopted without dissent (see annex I, A above, resolution 70 (III)).

(e) *Draft resolution entitled "Economic co-operation in merchant shipping"*

Adopted without dissent (see annex I, A above, resolution 71 (III)).

(f) *Draft resolution entitled "Draft code of conduct for liner conferences"*

The Conference took note of the statement of financial implications contained in document TD/L.74/Add. 1.<sup>45</sup> The draft resolution appended to the report of the Fourth Committee, as revised by its sponsors in document TD/L.74, was adopted by a roll-call vote of 74 votes to 19, with 2 abstentions (see annex I, A above, resolution 66 (III)).<sup>46</sup>

Before the vote, a statement was made by the representative of France (also on behalf of certain countries members of Group B).<sup>47</sup> In addition, statements were made by the representatives of Italy, Ivory Coast (on behalf of the Group of 77) and Turkey.<sup>48</sup>

### Fifth Committee

24. At its 115th plenary meeting, on 18 May 1972, the Conference took note of the report of the Fifth Committee (TD/166 and Corr.1).<sup>49</sup> At its 117th plenary meeting, on 19 May 1972, the Conference dealt with a draft resolution entitled "Trade relations among countries having different economic and social systems" (TD/L.81) submitted by the President of the Conference as a result of the consultations of the Chairman of the Fifth Committee.

25. The Conference took the following action with respect to the draft resolution referred to above:

*Draft resolution entitled "Trade relations among countries having different economic and social systems"*

<sup>45</sup> See annex IX below.

<sup>46</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Bolivia, Brazil, Bulgaria, Burma, Byelorussian SSR, Cameroon, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Gabon, Ghana, Guatemala, Guinea, Guyana, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Khmer Republic, Kuwait, Lebanon, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Republic of Korea, Romania, Senegal, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian SSR, USSR, United Arab Emirates, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Austria, Israel.

<sup>47</sup> See annex VIII, J below.

<sup>48</sup> See the summary record of the 118th meeting (TD/SR. 118).

<sup>49</sup> See annex VI, E below.

<sup>41</sup> See the summary record of the 113th meeting (TD/SR. 113). For reservations or observations by delegations, see annex I, B above and also part four of the foregoing report, para. 284.

<sup>42</sup> See annex VI, D below, chap. III, paras. 130-133.

<sup>43</sup> *Ibid.*, paras. 208-212.

<sup>44</sup> See the summary record of the 118th meeting (TD/SR. 118).

Adopted without dissent (see annex I, A above, resolution 53 (III)).

Statements were made by the representatives of Ivory Coast, Brazil, Cuba, the United States of America, Spain and Switzerland.<sup>50</sup>

### Sixth Committee

26. At its 118th plenary meeting, on 19 May 1972, the Conference took note of the report of the Sixth Committee (TD/170).<sup>51</sup>

27. At the same meeting, the Conference dealt with three draft resolutions that had been submitted to the Conference by the Committee (see appendix I to the Committee's report) and with two draft resolutions relating respectively to special measures in favour of the least developed among the developing countries (TD/L.87) and to the particular needs of the land-locked developing countries (TD/L.86) which had been submitted by the President of the Conference as a result of the consultations of the Chairman of the Sixth Committee. The draft resolutions contained in documents TD/L.86 and TD/L.87 were intended to replace those submitted by Indonesia on behalf of the Group of 77, which the Committee had referred to the President of the Conference.<sup>52</sup>

28. The Conference took the following action on the draft resolutions before it:

(a) *Draft resolution entitled "Developing island countries"*

After taking note of the statement of financial implications contained in appendix IV to the Committee's report,<sup>53</sup> the Conference adopted the draft resolution without dissent (see annex I, A above, resolution 65 (III)). In connexion with this resolution a statement was made by the representative of New Zealand.<sup>54</sup>

(b) *Draft resolution entitled "Identification and general considerations about the special measures in favour of the least developed among the developing countries"*

Adopted without dissent (see annex I, A above, resolution 64 (III)).

(c) *Draft resolution entitled "Special measures in favour of the least developed among the developing countries"*

After taking note of the statement of the financial implications (TD/L.92) of the draft resolution, the Conference adopted the draft resolution unanimously (see annex I, A above, resolution 62 (III)). In connexion with this resolution, statements were made by the representatives of Italy, Denmark, Brazil, Belgium, United States of America, Australia, Austria, Finland, Federal Republic of Germany, France, Sweden, Swit-

zerland, United Kingdom of Great Britain and Northern Ireland, Canada, Colombia, Japan, Luxembourg (on behalf of the EEC countries), Ethiopia and Mexico.<sup>55</sup>

(d) *Draft resolution on special measures related to the particular needs of the land-locked developing countries*

Taking note of the statement of financial implications (TD/L.92) of the draft resolution, the Conference, adopted the draft resolution, as orally amended by the President of the Conference, without dissent (see annex I, A above, resolution 63 (III)). In connexion with the resolution statements were made by the representatives of Nigeria, Mongolia, Australia, Norway (on behalf of the Nordic countries), United Kingdom of Great Britain and Northern Ireland, Canada, United States of America, Bolivia, Netherlands, Austria, France, Belgium, Bulgaria (on behalf of the socialist countries of Eastern Europe), Federal Republic of Germany, Japan, Uganda and Switzerland.<sup>56</sup>

### Working Group I

29. At its 119th plenary meeting, on 20 May 1972, the Conference took note of the report of Working Group I (TD/174).<sup>57</sup> At the same meeting, the Conference dealt with three draft resolutions relating to agenda items which had been referred to the Working Group, and entitled respectively "Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of recommendations, resolutions and other decisions of UNCTAD" (TD/L.99); "Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964)" (TD/L.98) and "Further evolution in the institutional machinery of UNCTAD" (TD/174, appendix I (a), with the amendments contained in document TD/L.96).<sup>58</sup> Draft resolution TD/L.99 was submitted by the President of the Conference to supersede the text recommended for adoption by the Working Group in appendix I (b), to its report. Similarly, draft resolution TD/L.98 was submitted by the President as the result of his consultations concerning the draft resolutions in appendix II to the report of the Working Group.

30. At its 119th plenary meeting, on 20 May 1972, the Conference, after taking note of the financial implications (TD/174/Add.1)<sup>59</sup> took the following action with respect to the three draft resolutions referred to above:

(a) *Draft resolution entitled "Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, and of*

<sup>50</sup> See the summary record of the 117th meeting (TD/SR.117).

<sup>51</sup> See annex VI, F below.

<sup>52</sup> *Ibid.*, paras. 35 and 72.

<sup>53</sup> See annex IX below.

<sup>54</sup> See the summary record of the 118th meeting (TD/SR.118).

<sup>55</sup> *Ibid.* For reservations or observations by delegations, see annex I, B above.

<sup>56</sup> *Ibid.*

<sup>57</sup> See annex VI, G below.

<sup>58</sup> See also part four of the foregoing report.

<sup>59</sup> See annex IX below.

*recommendations, resolutions and other decisions of UNCTAD*"

Adopted without dissent (see annex I, A above, resolution 79 (III)).<sup>60</sup>

(b) *Draft resolution entitled "Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964)"*

Adopted without dissent (see annex I, A above, resolution 80 (III)).<sup>61</sup>

(c) *Draft resolution entitled "Further evolution in the institutional machinery of UNCTAD"*

Adopted, as amended, by a roll-call vote of 60 votes to 25, with 6 abstentions (see annex I, A above, resolution 81 (III)).<sup>62, 63</sup>

### Working Group II

31. At its 115th plenary meeting on 18 May 1972 the Conference took note of the report of Working Group II (TD/171).<sup>64</sup>

32. At the same meeting, the Conference dealt with a draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of Working Group II and entitled "Trade expansion, economic co-operation and regional integration among developing countries" (TD/L.76) and with certain amendments proposed orally during the meeting, and took the following action with respect to it:

*Draft resolution entitled "Trade expansion, economic co-operation and regional integration among developing countries"*

Adopted, as orally amended, without dissent (see annex I, A above, resolution 48 (III)).

<sup>60</sup> For references to statements made in connexion with the adoption of these resolutions, see part four of the foregoing report. For observations and reservations by delegations, see annex I, B above.

<sup>61</sup> *Ibid.*

<sup>62</sup> *Ibid.*

<sup>63</sup> For particulars of the roll-call vote, see part four of the foregoing report, paragraph 200.

<sup>64</sup> See annex VI, H below.

In connexion with this resolution, statements were made by the representatives of France, Turkey, Bulgaria, Australia, Denmark, Sweden, the United Kingdom of Great Britain and Northern Ireland, Canada, Cuba, the United States of America, Greece, Japan and Switzerland.<sup>65</sup>

### Working Group III

33. At its 112th plenary meeting, on 16 May 1972, the Conference took note of the report of Working Group III (TD/164).<sup>66</sup>

34. At the same meeting the Conference had before it a draft resolution entitled "The transfer of technology in the light, *inter alia*, of Board resolution 74 (X) of 18 September 1970" submitted by the President (TD/L.69) and a note by the secretariat (TD/L.69/Add.1) containing a statement of the financial implications of the proposals made in that draft resolution.

35. The Conference having taken note of the statement of financial implications,<sup>67</sup> took the following action with respect to the draft resolution:

*Draft resolution entitled "The transfer of technology in the light, inter alia, of Board resolution 74 (X) of 18 September 1970"*

Adopted without dissent (see annex I, A above, resolution 39 (III)).

In connexion with this resolution statements were made by the representatives of Bulgaria (on behalf of several socialist countries of Eastern Europe), Switzerland, Iraq (on behalf of the Group of 77), France, United Kingdom of Great Britain and Northern Ireland, Chile, Japan, Belgium, Cuba, Canada, Australia, United States of America, the Netherlands, Italy, Federal Republic of Germany, New Zealand, Bolivia and Denmark.<sup>68</sup>

<sup>65</sup> See the summary record of the 115th meeting (TD/SR.115). For reservations or observations by delegations, see annex I, B above.

<sup>66</sup> See annex VI, I below.

<sup>67</sup> See annex IX below.

<sup>68</sup> See the summary record of the 112th meeting (TD/SR.112). For reservations or observations by delegations see annex I, B above.

## ANNEX III

### Action in respect of items dealt with by the Conference without reference to sessional bodies

#### Report of the Trade and Development Board

1. At its 103rd plenary meeting, on 26 April 1972, the Conference took note of a note by the UNCTAD secretariat (TD/100) drawing attention to the reports of the Trade and Development Board on its sessions held since the second session of the Conference.

#### Election of members of the Trade and Development Board

(Agenda item 20)

2. Paragraph 7 of General Assembly resolution 1995 (XIX) of 30 December 1964 provides that "the members of the [Trade and Development] Board shall be elected at each regular session of the Conference. They shall hold office until the election of their successors", and paragraph 8 that "Retiring members shall be eligible for re-election".

Paragraph 5 of the resolution provides that

In electing the members of the Board, the Conference shall have full regard for both equitable geographical distribution and the desirability of continuing representation for the principal trading States, and shall accordingly observe the following distribution of seats:

- (a) Twenty-two from the States listed in part A of the annex to the . . . resolution;
- (b) Eighteen from the States listed in part B of the annex;
- (c) Nine from the States listed in part C of the annex;
- (d) Six from the States listed in part D of the annex.

3. At its 119th plenary meeting on 20 May 1972 the Conference adopted resolution 80 (III) (see annex I, A above) in which it recommended, *inter alia*, that the provisions of General Assembly resolution 1995 (XIX) cited above relating to the composition of the Trade and Development Board be amended in certain respects. The effect of the amendments, upon approval by the General Assembly, would be to increase the membership of the Board from 55 to 68, with the following distribution of seats:

29 for the States listed in part A of the annex to General Assembly resolution 1995 (XIX);<sup>1</sup>

21 for the States listed in part B of the annex to that resolution;

11 for the States listed in part C of the annex to that resolution;

<sup>1</sup> It was understood that of these 29 seats, 15 were to be occupied by African countries and 14 by Asian countries.

7 for the States listed in part D of the annex to that resolution.

4. The number of candidates proposed for the seats to be allocated, in conformity with these recommended amendments, to countries in lists B, C and D and for the Asian countries in list A was equal to the number of these seats, respectively, and accordingly these candidates were declared provisionally elected.<sup>2</sup> The number of candidates proposed for the seats to be allocated to African countries exceeded the number of such seats, and hence an election by secret ballot was held to fill these seats. As a result of these nominations and of this ballot the following countries were elected provisional members of the Trade and Development Board: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Ceylon, Chile, China, Colombia, Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Greece, Guatemala, Guinea, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mauritius, Mexico, Nepal, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Romania, Rwanda, Senegal, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

#### Other business

(Agenda item 21)

#### *Expression of gratitude to the Government and people of Chile*

5. At its 103rd plenary meeting on 26 April 1972, on the conclusion of the general debate, the Conference adopted by acclamation resolution 36 (III) expressing

<sup>2</sup> Provisionally, subject to the decision of the General Assembly on the Conference's recommendations in resolution 80 (III) for the amendment of the provisions of Assembly resolution 1995 (XIX) relating to the composition of the Trade and Development Board. The Conference decided that pending completion of these elections by action to be taken by the Assembly on the Conference's recommendations in resolution in office and that their successors would assume office immediately upon the Assembly's action.

gratitude to the Government and people of Chile, the host country of the Conference at its third session.<sup>3</sup>

*Action by the Conference to ensure the normal functioning of the continuing machinery of UNCTAD*

6. At its 114th plenary meeting, on 17 May 1972, the Conference decided, on the recommendation of its President, the President of the Trade and Development Board and the co-ordinators of the regional groups, that the Board's twelfth session (previously scheduled to be held at Santiago towards the close of the Conference's session) should not be held at Santiago and that the Conference itself would take whatever essential action was required to allow the normal functioning of UNCTAD's continuing machinery until the Board's next session.<sup>4</sup>

7. As a consequence of this decision the session of the Board scheduled to be held at Geneva in October 1972 will be the twelfth session. The Conference authorized the President of the Board and the Secretary-General of UNCTAD, in consultation with the Governments of member States, to prepare the provisional agenda for that twelfth session and make suggestions for an appropriate organization of the work of that session. It further authorized the Committee on Shipping to hold its second special session at Geneva in July 1972 with its existing membership.

<sup>3</sup> See also part three, paragraph 185 of the foregoing report.

<sup>4</sup> For the revised calendar of UNCTAD meetings for the remainder of 1972, which reflects the Conference's action, and for the Conference's decision and recommendations concerning the membership of the Board, see annex I, A above, "Other decisions".

*Review of the calendar of UNCTAD meetings for the remainder of 1972*

8. At its 119th plenary meeting, on 20 May 1972, the Conference considered a revised calendar of UNCTAD meetings for the remainder of 1972 (TD/L.85) submitted by the UNCTAD secretariat.

9. The Conference approved the revised calendar as submitted.

*Financial implications of actions of the Conference*

10. A summary statement of the financial implications of its actions was submitted to the Conference at its 119th plenary meeting on 21 May 1972 in document TD/176/Rev.1.<sup>5</sup> The representative of the United States of America and the representative of the Union of Soviet Socialist Republics indicated that they shared the concern of the Secretary-General of the United Nations that the creation of new work should not give rise to additional financial implications for the budget of 1973.

11. The Conference decided that its report, including the financial implications for 1973, would be submitted to the General Assembly through the Secretary-General of the United Nations for appropriate action by him and the competent legislative bodies of the Organization.

<sup>5</sup> For the statement of the financial implications of the actions of the Conference at its third session, see annex IX below.

## ANNEX IV

### List of Heads of delegation who made statements during the general debate \*

#### STATES MEMBERS OF UNCTAD

		<i>Date</i>	<i>Number of plenary meeting</i>
Afghanistan	Mr. A. G. Ravan Farhadi	15.4.72	86
Albania	Mr. Hasan Banja	20.4.72	95
Algeria	Mr. Layachi Yaker	19.4.72	92
Argentina	Mr. Raúl Desmaras Luzuriaga	14.4.72	84
Australia	Mr. J. D. Anthony	19.4.72	91
Austria	Mr. E. M. Schmid	24.4.72	98
Barbados	Mr. M. B. Taitt	21.4.72	96
Belgium	Mr. L. Harmegnies	18.4.72	90
Bhutan	Mr. Lyonpo Sangye Penjor	24.4.72	99
Bolivia	Mr. Hector Ormachea Peñaranda	20.4.72	94
Brazil	Mr. George Alvares Maciel	17.4.72	88
Bulgaria	Mr. Iván Nedev	14.4.72	84
Burma	U Lwin	20.4.72	93
Burundi	Mr. Joseph Hicuburundi	21.4.72	96
Byelorussian Soviet Socialist Republic	Mr. M. F. Zavorotny	24.4.72	98
Cameroon	Mr. Léonard Claude Mpouma	25.4.72	101
Canada	Mr. Paul Martin	17.4.72	88
Central African Republic	Mr. François Gon	20.4.72	94
Ceylon	Mr. T. B. Ilangaratne	17.4.72	88
Chad	Mr. Abderahim Abdelmouti	20.4.72	95
Chile	Mr. Hernán Santa Cruz	20.4.72	93
China	Mr. Chou Hua-min	20.4.72	93
Colombia	Mr. Jorge Valencia Jaramillo	21.4.72	97
Congo	Mr. Manu Mahoungou	21.4.72	97
Costa Rica	Mr. Jorge Sánchez Méndez **	21.4.72	97
Cuba	Mr. Raúl Roa García	18.4.72	90
Cyprus	Mr. A. Loizides	15.4.72	86
Czechoslovakia	Mr. Andrej Barcak	19.4.72	92
Dahomey	Mr. Laurent C. Faboumy	24.4.72	99
Denmark	Mr. Ivar Nørgaard	17.4.72	87
Ecuador	Mr. Francisco Rosales Ramos	21.4.72	97
Egypt	Mr. Mohamed Abdullah Merzban	19.4.72	92
Ethiopia	Mr. Ketema Yifru	17.4.72	88
Federal Republic of Germany	Mr. Karl Schiller	14.4.72	85
Fiji	Mr. J. Mavoá	20.4.72	94
Finland	Mr. Jussi Linnamo	17.4.72	88
France	Mr. Valéry Giscard d'Estaing	14.4.72	85
Gabon	Mr. Edouard-Alexis M'Bouy-Boutzit	14.4.72	84
Ghana	Brigadier N. Y.R. Ashley-Lassen	17.4.72	87
Greece	Mr. S. Agapitides	20.4.72	94
Guinea	Mr. Aboubacar Dioubate	25.4.72	100
Guyana	Mr. David A. Singh	20.4.72	94
Haiti	Mr. Gérard S. Bouchette	25.4.72	101
Holy See	Mgr. Ramon Torella-Cascante	25.4.72	100

\* For summaries of the statements, see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one.

\*\* Spoke on behalf of the Central American countries.

Hungary	Mr. Jozsef Biro	18.4.72	89
India	Mr. L. N. Mishra	15.4.72	86
Indonesia	Mr. Sumitro Djojohadikusumo	17.4.72	87
Iran	Mr. Fereydoun Hoveyda	17.4.72	88
Iraq	Mr. Jihad Karam	26.4.72	103
Ireland	Mr. Cornelius C. Cremin	26.4.72	102
Israel	Mr. Gideon Rafael	19.4.72	91
Italy	Mr. Raffaele Marras	26.4.72	103
Ivory Coast	Mr. Henri Konan Bedie	14.4.72	85
Jamaica	Mr. P. J. Patterson	20.4.72	95
Japan	Mr. Kiichi Aichi	14.4.72	84
Jordan	Mr. Anton Naber	26.4.72	102
Kenya	Mr. James Charles Nakhwanga Osogo	18.4.72	89
Khmer Republic	Mr. Sonn Voounsai	21.4.72	97
Kuwait	Mr. Michel Subhi Khanachet	25.4.72	101
Laos	Mr. Houmphanh Saignasith	25.4.72	101
Lebanon	Mr. Nagib Sadaka	25.4.72	100
Liberia	Mr. William Edward Dennis Jr.	24.4.72	99
Libyan Arab Republic	Mr. Ahmed El-Atrash	15.4.72	86
Luxembourg	Mr. Gaston Thorn	14.4.72	85
Malaysia	Mr. Khir Johari	19.4.72	91
Mali	Mr. Tiéoulé Konate	17.4.72	88
Malta	Mr. Evarist Saliba	24.4.72	99
Mauritania	Mr. Ahmedou Ould Abdalla	20.4.72	94
Mauritius	Sir Leckraz Teelock	26.4.72	103
Mexico	Mr. Luis Echeverria Alvarez, President of the United Mexican States	19.4.72	92
Mongolia	Mr. Yondongyn Ochir	20.4.72	94
Morocco	Mr. Abdelaziz Benjelloun	19.4.72	92
Nepal	Mr. Pushkar Nath Pant	24.4.72	98
Netherlands	Mr. H. Langman	19.4.72	92
New Zealand	M. B. E. Talboys	18.4.72	89
Niger	Mr. Jean Poisson	21.4.72	96
Nigeria	Mr. W. O. Briggs	17.4.72	88
Norway	Mr. Per Kleppe	14.4.72	85
Pakistan	Mr. S. Osman Ali	18.4.72	89
People's Democratic Republic of Yemen	Mr. Mahmood Saeed Madhi	25.4.72	101
Peru	General Miguel Angel de La Flor Valle	18.4.72	90
Philippines	Mr. Cesar Virata	14.4.72	84
Poland	Mr. Ryszard Strzelecki	18.4.72	90
Republic of Korea	Mr. Yong Shik Kim	19.4.72	92
Republic of Viet-Nam	Mr. Le Van-Loi	26.4.72	102
Romania	Mr. Nicolae Nicolae	19.4.72	91
Rwanda	Mr. Deogratias Gashonga	25.4.72	101
Senegal	Mr. Babacar Ba	17.4.72	88
Sierra Leone	Mr. J. A. C. Davies	26.4.72	103
Singapore	Mr. E. S. Monteiro	15.4.72	86
Spain	Mr. Enrique Fontana Codina	19.4.72	91
Sudan	Mr. Fakhreddine Mohamed	25.4.72	100
Sweden	Mr. K. O. Feldt	18.4.72	89
Switzerland	Mr. F. Rothenbuhler	20.4.72	94
Syrian Arab Republic	Mr. Nassouh Dakak	26.4.72	102
Thailand	Mr. Prayoon Kanchanadul	18.4.72	90
Togo	Mr. Ignace P. Seddoh	26.4.72	102
Trinidad and Tobago	Mr. Overand Padmore	21.4.72	96
Tunisia	Mr. Tahar Belkhodja	26.4.72	103
Turkey	Mr. Naim Talu	21.4.72	97
Uganda	Mr. Wilson Okumu Lutara	20.4.72	94
Ukrainian Soviet Socialist Republic	Mr. V. G. Starunsky	20.4.72	93

Union of Soviet Socialist Republics	Mr. N. S. Patolichev	18.4.72	90
United Arab Emirates	Mr. Khalaf Bin Ahmed Al Otaiba	20.4.72	95
United Kingdom of Great Britain and Northern Ireland	Mr. M. Noble	14.4.72	85
United Republic of Tanzania	Mr. A. H. Jamal	18.4.72	90
United States of America	Mr. John N. Irwin II	14.4.72	84
Upper Volta	Mr. Tiémoko Marc Garango	15.4.72	86
Uruguay	Mr. Ricardo Zerbino Cavajani	25.4.72	101
Venezuela	Mr. Aristides Calyani	18.4.72	90
Yugoslavia	Mr. Anton Vratusa	17.4.72	87
Zaire	Mr. Eketebi Moyidiba Mondjolomba	17.4.72	88
Zambia	Mr. Axson Jasper Soko	19.4.72	92

## REGIONAL ECONOMIC COMMISSIONS OF THE UNITED NATIONS

Economic Commission for Asia and the Far East	Mr. Prok Amranand	24.4.72	98
Economic Commission for Latin America	Mr. E. V. Iglesias	25.4.72	100
Economic Commission for Africa	Mr. Robert K. A. Gardiner	25.4.72	100

## SPECIALIZED AGENCIES

Food and Agriculture Organization of the United Nations	Mr. A. H. Boerma	18.4.72	90
International Bank for Reconstruction and Development	Mr. Robert S. McNamara	14.4.72	85
International Monetary Fund	Mr. Pierre-Paul Schweitzer	25.4.72	100

## INTERGOVERNMENTAL BODIES

African Development Bank	Mr. Ola Vincent	25.4.72	101
Commonwealth Secretariat	Mr. R. H. Wade	20.4.72	94
Council for Mutual Economic Assistance	Mr. K. Enkelmann	21.4.72	96
Commission of the European Communities	Mr. Sicco Mansholt	17.4.72	87
East African Community	Mr. R. J. Ouko	26.4.72	102
Inter-American Development Bank	Mr. Antonio Ortiz Mena	21.4.72	97
Latin American Free Trade Association	Mr. J. Zamora Batiz	20.4.72	94
League of Arab States	Mr. Yusif Al Bandak	24.4.72	98
Permanent Consultative Committee of the Maghreb	Mr. M. Larbbi	25.4.72	101
World Intellectual Property Organization	Mr. M. Porzio	24.4.72	99

## NON-GOVERNMENTAL ORGANIZATIONS

International Chamber of Commerce	Mr. Jean Royer	21.4.72	96
International Confederation of Free Trade Unions	Mr. Heribert Maier	24.4.72	98
International Co-operative Alliance	Mr. Walter Sommerhoff	26.4.72	103
World Confederation of Labour	Mr. Guillermo Martínez	25.4.72	101
World Federation of Trade Unions	Mr. B. Cerqueira	26.4.72	102

## UNITED NATIONS SECRETARIAT

Under-Secretary-General for Economic and Social Affairs	Mr. P. de Seynes	18.4.72	89
Secretary-General of the United Nations Conference on the Human Environ- ment	Mr. Maurice F. Strong	19.4.72	91
Assistant Administrator and Director of the Regional Bureau for Latin America, United Nations Develop- ment Programme	Mr. Gabriel Valdés	21.4.72	97
Under-Secretary-General, Executive Director, United Nations Industrial Devel- opment Organization	Mr. I. H. Abdel-Rahman	26.4.72	102
Under-Secretary-General Director-General of the Latin American Institute for Development and Social Planning	Mr. Raúl Prebisch	26.4.72	103

## ANNEX V\*

### Organizational matters

#### Opening of the Conference

(Agenda item 1)

1. The third session of the United Nations Conference on Trade and Development was held at the Conference Centre, Avenida Bernardo O'Higgins, Santiago, Chile. The session was opened on 13 April 1972 by the Temporary President, Mr. L. N. Mishra (India).<sup>1</sup>

#### Election of the President

(Agenda item 2)

2. At the 82nd (opening) plenary meeting the Conference elected as its President Mr. Clodomiro Almeyda, Minister for Foreign Affairs of Chile, who made a statement.<sup>2</sup>

#### Report of the pre-Conference meeting

(Agenda item 3)

3. The Conference took note of the report (TD/147 and Corr.1-2) submitted by Mr. H. Brillantes (Philippines), President of the Trade and Development Board, in his capacity as Chairman of the Pre-Conference Meeting held at Santiago on 11 and 12 April 1972.

#### Election of the Vice-Presidents and the Rapporteur

(Agenda item 4)

4. At the 83rd plenary meeting, on 13 April 1972, the Conference elected 26 Vice-Presidents, and Mr. Raouf Boudjakdji (Algeria) as Rapporteur.

5. The Vice-Presidents elected were: Cameroon, Canada, Colombia, Congo, China, Federal Republic of Germany, France, Greece, Hungary, Iran, Italy, Japan, Kenya, Kuwait, Lebanon, Madagascar, Malaysia, Nicaragua, Pakistan, Peru, Poland, Trinidad, Tobago, Uganda, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

6. Subsequently, in pursuance of its decision to amend rule 22 of its rules of procedure<sup>3</sup> the Conference

at its 101st plenary meeting on 25 April 1972 elected Indonesia as the 27th Vice-President.

#### Adoption of the agenda

(Agenda item 6)

7. At its 83rd plenary meeting on 13 April 1972 the Conference adopted the following agenda (TD/148) for its third session:

1. Opening of the Conference
2. Election of the President
3. Constitution of main committees and other sessional bodies and election of their officers
4. Election of the Vice-Presidents and the Rapporteur
5. Credentials of representatives to the Conference:
  - (a) Appointment of the Credentials Committee
  - (b) Report of the Credentials Committee
6. Adoption of the agenda
7. General debate: statements by Heads of delegation
8. Examination of recent developments and long-term trends in world trade and developments in accordance with the aims and functions of UNCTAD:
  - (a) Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme
  - (b) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development
  - (c) Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries
  - (d) Trade and economic aspects of disarmament
  - (e) Impact of environment policies on trade and development, in particular of the developing countries
  - (f) Insurance
  - (g) Economic effects of the closure of the Suez Canal\*
9. Impact of the present international monetary situation on world trade and development, especially of the developing countries
10. Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964)
11. (a) Special measures in favour of the least developed among the developing countries  
(b) Other special measures related to the particular needs of the land-locked developing countries

\* Supplementary item.

\* This annex supplements the information contained in part two of the foregoing report.

<sup>1</sup> The President of the Conference at its second session had been the Minister for Commerce of India.

<sup>2</sup> See the summary record of the 82nd meeting (TD/SR.82).

<sup>3</sup> See paragraph 11 below.

12. Export promotion:
  - (a) Commodities
  - (b) Manufactures and semi-manufactures
13. Commodity problems and policies:
  - (a) Access to markets and pricing policy, including international price stabilization measures and mechanisms; marketing and distribution systems of primary commodities
  - (b) Competitiveness of natural products
  - (c) Diversification
14. Manufactures and semi-manufactures:
  - (a) Preferences
  - (b) Liberalization or non-tariff barriers
  - (c) Adjustment assistance measures
  - (d) Restrictive business practices
15. Financial resources for development:
  - (a) Total inflow of public and private resources
  - (b) Volume, terms and conditions of the flow of public capital to developing countries
  - (c) Foreign private investment in its relationship to development
  - (d) Special aspects of development: proposals regarding the question of a link between the allocation of special drawing rights and the provision of additional development finance to developing countries; supplementary financing
  - (e) Problems of mobilization of internal resources of developing countries
  - (f) Outflow of financial resources from developing countries including debt servicing
  - (g) Tourism
16. Development of shipping; maritime transport costs, freight rates; a code of conduct for the liner conference system
17. Trade expansion, economic co-operation and regional integration among developing countries
18. Trade relations among countries having different economic and social systems
19. Transfer of technology in the light, *inter alia*, of Board resolution 74 (X) of 18 September 1970
20. Election of members of the Trade and Development Board
21. Other business
22. Adoption of the report of the Conference to the General Assembly.

### Credentials of representatives to the Conference

(Agenda item 5)

#### (a) Appointment of the Credentials Committee

8. The President of the Trade and Development Board at its eleventh session had made the proposal that the Credentials Committee of the Conference should be composed of the same States as the Credentials Committee of the General Assembly at its twenty-sixth session, *viz.* Australia, Colombia, France, Ireland, Liberia, Mongolia, Somalia, Union of Soviet Socialist Republics, United States of America.<sup>4</sup> A recommendation to the same effect was made by the pre-Conference meeting. In conformity with this recommendation, the Conference at its 83rd plenary meeting

on 13 April 1972 established a Credentials Committee composed of the aforesaid States.

#### (b) Report of the Credentials Committee

9. The report of the Credentials Committee (TD/167)<sup>5</sup> was considered by the Conference at its 113th meeting on 17 May 1972. A supplementary oral report was made by the Chairman of the Credentials Committee at the 119th meeting on 20 May 1972.<sup>6</sup>

#### Bureau of the Conference

10. Under rule 22 of the rules of procedure of the Conference, the Bureau of the Conference consisted of the following 34 members:<sup>7</sup> the President and 26 Vice-Presidents of the Conference,<sup>8</sup> the Chairman of the six main Committees and the Rapporteur of the Conference. The Bureau assisted the President in the general conduct of the business of the Conference and, subject to the decisions of the Conference, ensured the co-ordination of its work. The Bureau met throughout the session as required.

11. At its 101st plenary meeting on 25 April 1972 the Conference considered and approved a recommendation by the Bureau (TD/L.51) that rule 22 of its rules of procedure should be amended to read: "There shall be a Bureau of the Conference of thirty-five members, which shall..." Accordingly, upon the election of a 27th Vice-President,<sup>9</sup> the Bureau consisted of 35 members.

### Constitution of main Committees and other sessional bodies and election of their officers

(Agenda item 3)

12. In conformity with the recommendations of the pre-Conference meeting the Conference, at its 82nd and 83rd plenary meetings on 13 April 1972, established the following six main Committees of the Whole for the detailed study of, and report on, specified items of the agenda:

#### FIRST COMMITTEE

*Export promotion: Commodities* (agenda item 12 (a))  
*Commodity problems and policies* (agenda item 13)

(a) Access to markets and pricing policy, including international price stabilization measures and mechanisms; marketing and distribution systems of primary commodities

(b) Competitiveness of natural products

(c) Diversification.

#### SECOND COMMITTEE

*Export promotion: Manufactures and semi-manufactures* (agenda item 12 (b))

<sup>5</sup> See annex VI, J below.

<sup>6</sup> See the summary record of the 119th meeting (TD/SR.119).

<sup>7</sup> Later increased to 35 (see para. 11 below).

<sup>8</sup> A 27th Vice-President was later elected (see para. 6 above).

<sup>9</sup> See paragraph 6 above. For the text of rule 22 as amended, see TD/63/Rev.1/Amend.1.

<sup>4</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 1* (TD/B/386), p. 10.

*Manufactures and semi-manufactures* (agenda item 14)

- (a) Preferences
- (b) Liberalization of non-tariff barriers
- (c) Adjustment assistance measures
- (d) Restrictive business practices.

## THIRD COMMITTEE

*Impact of the present international monetary situation on world trade and development, especially of the developing countries* (agenda item 9)*Financial resources for development* (agenda item 15)

- (a) Total inflow of public and private resources
- (b) Volume, terms and conditions of the flow of public capital to developing countries
- (c) Foreign private investment in its relationship to development
- (d) Special aspects of development finance: proposals regarding the question of a link between the allocation of special drawing rights and the provision of additional development finance to developing countries; supplementary financing
- (e) Problems of mobilization of internal resources of developing countries
- (f) Outflow of financial resources from developing countries including debt servicing.

## FOURTH COMMITTEE

*Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD* (agenda item 8)

- (f) Insurance

*Financial resources for development* (agenda item 15)

- (g) Tourism

*Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system* (agenda item 16)

## FIFTH COMMITTEE

*Trade relations among countries having different economic and social systems* (agenda item 18)

## SIXTH COMMITTEE

- (a) *Special measures in favour of the least developed among the developing countries*
- (b) *Other special measures related to the particular needs of the land-locked developing countries* (agenda item 11)

13. At the same meeting the Conference established, in conformity with the recommendations of the pre-Conference meeting, three working groups to consider the items indicated below and to report to the plenary.<sup>10</sup>

<sup>10</sup> Participation in the work of the Working Groups was open to all interested delegations.

## WORKING GROUP I

*Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD* (agenda item 8)

(a) Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme [*Institutional and administrative aspects*]

*Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964)* (agenda item 10)

## WORKING GROUP II

*Trade expansion, economic co-operation and regional integration among developing countries* (agenda item 17)

## WORKING GROUP III

*Transfer of technology in the light, inter alia, of Board resolution 74 (X) of 18 September 1970* (agenda item 19)

14. The Conference decided that each Working Group should elect a Chairman, Vice-Chairman and Rapporteur.<sup>11</sup>

15. All the remaining items on the agenda, i.e. other than those allocated to the main Committees and

<sup>11</sup> The main Committees and Working Groups elected their officers as shown below:

*First Committee*

*Chairman:* Mr. Siaka Coulibaly (Ivory Coast)  
*Vice-Chairman:* Mr. S. Thepsithar (Thailand)  
*Rapporteur:* Mr. E. S. Shershnev (Union of Soviet Socialist Republics)

*Second Committee*

*Chairman:* Mr. Dominique Laloux (Belgium)  
*Vice-Chairman:* Mr. M. Fall (Senegal)  
*Rapporteur:* Mr. L. V. Nogueira Magalhães (Brazil)

*Third Committee*

*Chairman:* Mr. Magne Reed (Norway)  
*Vice-Chairman:* Mr. Gabriel Rosas (Colombia)  
*Rapporteur:* Mr. Sharif Lotfy (Egypt)

*Fourth Committee*

*Chairman:* Mr. C. P. Srivastava (India)  
*Vice-Chairman:* Mr. Dimitar Popov (Bulgaria)  
*Rapporteur:* Mr. Edmond J. Antoun (United States of America)

*Fifth Committee*

*Chairman:* Mr. Ladislav Šmid (Czechoslovakia)  
*Vice-Chairman:* Mr. T. F. Ogrinz (Austria)  
*Rapporteur:* Mr. F. Al-Obaidi (Iraq)

*Sixth Committee*

*Chairman:* Mr. Eliseo Mendoza (Mexico)  
*Vice-Chairman:* Mr. Pushkar Nath Pant (Nepal)  
*Rapporteur:* Mr. Arba Hama Diallo (Upper Volta)

(Continued on next page)

Working Groups, were dealt with by the Conference itself in plenary.<sup>12</sup>

### Appointment of "Friends of the Rapporteur"

16. At its 83rd plenary meeting on 13 April 1972, the Conference agreed, on the recommendation of the pre-Conference meeting, that the Rapporteur of the Conference would be assisted in the preparation of his draft report by a group of ten "Friends of the Rapporteur" to be drawn from the various geographical groups of countries, with due regard to the observance of linguistic balance.

### Membership and attendance<sup>13</sup>

17. Notifications of the convening of the third session were sent to the 141 States members of UNCTAD,<sup>14</sup> that is, the States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency. Representatives of the following States attended the third session: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Barbados, Belgium, Bhutan, Bolivia, Botswana, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Ceylon, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Dahomey, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Federal Republic of Germany, Fiji, Finland, France, Gabon, Gambia, Ghana, Greece, Guatemala, Guinea, Guyana, Haiti, Holy See, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libyan Arab Republic, Liechtenstein, Luxembourg, Madagascar, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Sierra Leone, Singapore,

Somalia, South Africa, Spain, Sudan, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia.

18. The regional economic commissions of the United Nations and the following specialized agencies were represented at the Conference: Economic Commission for Europe, Economic Commission for Asia and the Far East, Economic Commission for Latin America, Economic Commission for Africa, International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, Inter-Governmental Maritime Consultative Organization. The United Nations Economic and Social Office in Beirut was represented.

19. The Contracting Parties to the General Agreement on Tariffs and Trade were also represented.

20. The following United Nations bodies were represented: United Nations Children's Fund, United Nations Conference on the Human Environment, United Nations Development Programme, United Nations Industrial Development Organization.

21. The following intergovernmental bodies were represented: African Development Bank, Caribbean Free Trade Association, Central African Customs and Economic Union, Commonwealth Secretariat, Council of Arab Economic Unity, Council for Mutual Economic Assistance, East African Community, European Economic Community, Inter-American Development Bank, Intergovernmental Council of Copper Exporting Countries, International Coffee Council, International Conference of African, French and Malagasy States on Insurance Supervision, International Cotton Advisory Committee International Rubber Study Group, International Sugar Council, International Tin Council, Italo-Latin American Institute, World Intellectual Property Organization, Latin-American Free Trade Association, League of Arab States, Organization of African Unity, Organization of American States, Organisation for Economic Co-operation and Development, Permanent Consultative Committee of the Maghreb, Permanent Secretariat of the General Treaty on Central American Economic Integration.

22. At its 88th plenary meeting on 17 April 1972, the Conference agreed that certain intergovernmental bodies should be invited to participate in the discussions on agenda item 17. The following intergovernmental bodies participated: Andean Development Corporation, Asian Development Bank, Central American Bank for Economic Integration, Central Bank of Equatorial African States and Cameroon, Institute for Latin American Integration, Council of the Cartagena Agreement, Union of Central African States.

23. The following non-governmental organizations were represented at the third session: *General Category:*

(Continued)

#### Working Group I

Chairman: Mr. Hortencio Brillantes (Philippines)

Vice-Chairman: Mr. Barna Talas (Hungary), subsequently replaced by Mr. Janos Nyerges (Hungary)

Rapporteur: Mr. José Luis Pérez Ruiz (Spain)

#### Working Group II

Chairman: Mr. J. B. Kelegama (Ceylon)

Vice-Chairman: Mr. Abdel Wahab Tamin (Sudan)

Rapporteur: Mr. Cyril Seeram (Trinidad and Tobago)

#### Working Group III

Chairman: Mr. L. D. Thompson (Australia)

Vice-Chairman: Mr. Julio Eguino Ledo (Bolivia)

Rapporteur: Mr. Vicente Sanchez (Chile)

<sup>12</sup> See annex III above.

<sup>13</sup> Bangladesh was invited later, upon qualifying for membership of the Conference.

<sup>14</sup> For the full list of participants in the Conference, see TD/INF.9.

International Chamber of Commerce, International Christian Union of Business Executives, International Confederation of Free Trade Unions, International Co-operative Alliance, International Law Association, International Organization of Employers, Union of Industries of the European Community, World Confederation of Labour, World Federation of Trade Unions; *Special Category*: Baltic and International Maritime Conference, European Insurance Committee, International Chamber of Shipping, International Organization for Standardization, International Shipowners' Association, International Union of Marine Insurance, International Union of Official Travel Organizations and Latin American Shipowners Association.

### Other business

(Agenda item 21)

(a) *Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)*

24. In conformity with paragraph 6 of General Assembly resolution 1995 (XIX), the Conference at its 82nd plenary meeting on 13 April 1972 considered the lists of States contained in the annex to the said resolution. Having been informed that Bahrain, Bangladesh, Bhutan, Equatorial Guinea, Fiji, Oman, Qatar, Swaziland and the United Arab Emirates had become members, the Conference approved the inclusion of these countries in list A of the annex to General Assembly resolution 1995 (XIX).<sup>15</sup>

<sup>15</sup> The annex to resolution 1995 (XIX) as revised is reproduced in annex I, A above, "Other decisions". The action with respect to Bangladesh was taken at the 119th plenary meeting on 20 May 1972.

(b) *Designation of intergovernmental bodies under rule 80 of the rules of procedure*

25. The Conference was informed that an application received by the Secretary-General of UNCTAD, dated 3 November 1971, from the Director of the Economic Co-operation Centre for the Asian and Pacific Region for the designation of this body under the terms of rule 80 of the rules of procedure of the Conference had subsequently been withdrawn (see TD/L.42 and TD/L.46).

26. At its 88th plenary meeting on 17 April 1972 the Conference considered and approved the recommendation by its Bureau that the Italo-Latin American Institute, which had applied by letter of its Secretary-General dated 22 March 1972 addressed to the Secretary-General of UNCTAD (TD/L.43) for designation under rule 80 of the rules of procedure be so designated.

27. At its 96th plenary meeting on 21 April 1972 the Conference considered and approved the recommendation by its Bureau that the African Development Bank, which had applied by letter of its Vice-President dated 24 March 1972 addressed to the Secretary-General of UNCTAD (TD/L.47) for designation under rule 80 of the rules of procedure be so designated.

28. At its 101st plenary meeting on 25 April 1972, the Conference considered and approved the recommendation by its Bureau that the East African Community, which had applied by letter of its Secretary-General dated 29 March 1972 addressed to the Secretary-General of UNCTAD (TD/L.50) for designation under rule 80 of the rules of procedure, be so designated.

29. At its 106th plenary meeting on 8 May 1972 the Conference considered and approved the recommendation by its Bureau that the Caribbean Development Bank, which had applied by letter of its Legal Adviser dated 18 April 1972 addressed to the Secretary-General of UNCTAD (TD/L.58) for designation under rule 80 of the rules of procedure, be so designated.

## ANNEX VI

### Reports of the Main Committees and other sessional bodies

#### A. REPORT OF THE FIRST COMMITTEE

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NOTE: The check list of documents prepared for and during the deliberations of the First Committee appears in annex X, Section I, I below.

##### Introduction

1. At its 82nd (opening) plenary meeting, on 13 April 1972, the third session of the United Nations Conference on Trade and Development established the First Committee. At its 83rd plenary meeting, on the same date, it decided to refer to the Committee for consideration and report agenda items 12 (a) and 13. These two items of the agenda as adopted read as follows:

12. Export promotion:
  - (a) Commodities
13. Commodity problems and policies:
  - (a) Access to markets and pricing policy, including international price stabilization measures and mechanisms; marketing and distribution systems of primary commodities
  - (b) Competitiveness of natural products
  - (c) Diversification.

2. At its first meeting, held on 13 April 1972, the Committee elected as its Chairman Mr. Siaka Coulibaly

(Ivory Coast). At its fourth meeting, on 18 April 1972, it elected Mr. E. S. Shershnev (Union of Soviet Socialist Republics) as its Rapporteur, and at its sixth meeting, on 20 April, it elected Mr. Somphorn Thepsithar (Thailand) as its Vice-Chairman.

3. The Committee held 22 meetings, in the course of which it considered item 12 (a) and item 13 and its sub-items.<sup>1</sup> In the context of its deliberations on item 13 (a) the Committee also considered a report prepared by the UNCTAD secretariat, in pursuance of resolution 86 (XI) of the Trade and Development Board, concerning the effectiveness of existing international commodity agreements.

4. The Committee considered the draft of its report at its 19th to 22nd meetings and adopted this report at its 22nd meeting, on 16 May 1972.

<sup>1</sup> For an account of the Committee's deliberations, see the summary records of the first to the twenty-second meetings (TD/III/C.1/SR.1-22).

5. The Committee being a committee of the whole, participation in its proceedings was open to representatives of all States members of the Conference. Representatives of a number of intergovernmental bodies participated in the debates under rule 80 of the rules of procedure.

6. The Committee decided to consider the items referred to it in the following order: (i) Competitiveness

of natural products (item 13 (b)); (ii) Diversification (item 13 (c)); (iii) Marketing and distribution systems of primary commodities (part of item 13 (a)); (iv) Export promotion: commodities (item 12 (a)); (v) Access to markets and pricing policy, including price stabilization measures and mechanisms (part of item 13 (a)).

7. The present report contains a succinct account of the Committee's deliberations.

## CHAPTER I

### Export promotion: commodities

(Agenda item 12 (a))

8. The Committee considered this sub-item at its 18th meeting, on 6 May 1972.

9. The Director of the UNCTAD/GATT International Trade Centre made a statement in which he expressed the opinion that export promotion measures could be as effective for primary products as for manufactures in influencing the level of demand. To illustrate his point he referred to the increased emphasis being given to promotional work in various specialized commodity bodies. Promotional activity was especially important for primary products meeting serious competition from synthetics and substitutes, and in his view this activity should take into account research into new end-uses and product development. He referred to the need to secure greater co-operation between exporters and importers, as their interests often coincided, and suggested that such co-operation should be fostered by the Centre and other bodies, such as UNCTAD and FAO, which had responsibilities in the commodity field.

10. The Committee recognized the importance of export promotion for primary commodities of export interest to developing countries. It commended the work of the International Trade Centre, particularly in respect of market research, training of specialists and its publications. It also noted the assistance being provided by developed market-economy countries and socialist

countries of Eastern Europe in the field of export promotion, and the intention expressed by many of these countries to continue and intensify their co-operation with developing countries in export promotion activities and in the training of experts in marketing and foreign trade.

11. Representatives of developing countries who spoke on this sub-item drew attention to the recommendations adopted by the Group of 77 at Lima relating to export promotion, particularly the request for a substantial increase in financial and other support to the Centre by the developed countries, and that concerning the establishment of import promotion centres in developed countries (TD/143, part three, section A, chapter VI),<sup>2</sup> and expressed the hope that developed countries would accept these recommendations without dissent. One of these representatives stated that developed countries could give valuable help to developing countries in the form of trade information, such as lists of importers and indications of import trends, and of technical assistance in implementing their plans, in building up export promotion services, in national export planning and in promotion campaigns.

<sup>2</sup> See annex VIII, F below.

## CHAPTER II

### Commodity problems and policies

(Agenda item 13)

#### A. Access to markets and pricing policy, including international price stabilization measures and mechanisms

12. The main questions discussed under this heading comprised access to markets; pricing policy, including international price stabilization measures and mechanisms; effectiveness of existing international commodity agreements; mineral production from the area of the sea-bed beyond the limits of national jurisdiction; and

international action on commodities in the light of Conference resolution 16 (II).

13. It was generally recognized that access to markets and pricing policy were closely interrelated issues, and this recognition was reflected in the statements of many representatives. The representatives of some developing countries considered that greater access to markets would, through an increase of the import requirements of the liberalizing countries, contribute to an increase in

the international prices of the commodities concerned. The representatives of certain developed market-economy countries considered that both prices and volumes should be covered under any international organization of commodity markets. Some representatives were of the view that access to markets and pricing policy were separable aspects of over-all international commodity policy and, while recognizing their interrelationship, made distinct comments on each aspect.

14. The Committee did not engage in a commodity-by-commodity discussion as such, but many representatives made reference to individual commodities in support of their observations on the principal questions under consideration, particularly in the discussion of problems and international action concerning commodities covered by Conference resolution 16 (II).

15. The Secretary-General of UNCTAD, in an introductory statement (TD/III/C.1/L.10) stated his view that the situation in primary commodity markets had continued to deteriorate; that restrictions on market access had grown more serious; and that a world-wide action programme, covering all commodities of interest to developing countries in all markets of developed countries, was required to implement the international consensus in principle on the need for concrete action. He referred to the related need to secure stable, remunerative and equitable prices for primary commodities, for the benefit mainly of the developing countries; and the need to ensure that the exploitation of minerals from the sea-bed did not disrupt markets. He also referred to actions taken in pursuance of Conference resolution 16 (II), particularly in respect of certain minerals and cocoa, and to difficulties which had stood in the way of progress on a wide front. Illustrating with an account of the protracted negotiations on cocoa, he stated his view that the necessary political determination to act had been lacking in most cases. He considered that, following the March 1972 session of the Negotiating Committee of the Cocoa Conference, a basis existed for reaching a cocoa agreement before the end of 1972. While the second session of the Conference was remembered as that which had laid down the basis for the generalized system of preferences, he expressed the hope that the third session would be remembered for the agreement reached on practical measures in the commodities field, particularly on prices and access to markets.

16. The representatives of many developing countries stressed that satisfactory trading opportunities were a pre-condition for the success of their development efforts; those efforts were being frustrated by inadequate receipts of foreign exchange from their commodity exports, depressed by both trade barriers and unstable and unremunerative prices for a wide range of commodities. Many of them expressed the view that, in the absence of remedial measures, developing countries would not be able to achieve the export incomes necessary to reach the development targets in the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)).

17. The representatives of many developed countries

shared the view of the developing countries that measures to improve the conditions of commodity trade merited high priority by the international community, and stated that they regarded the twin subjects of access to markets and pricing policy as the most important of those before the Conference in the field of commodities.

18. The representatives of many developing countries stated that no over-all progress had been made since the first session of UNCTAD in improving access to markets in developed countries for primary commodities of export interest to the developing countries, and considered that the problem had become more serious in the meantime. They were of the view that the comparative advantage which the developing countries possessed in certain commodities had been negated by policies of support of relatively inefficient producers in developed market-economy countries; such policies—typically involving non-tariff barriers—had led, in some cases, to diminishing shares for imports and, in some instances, to increased competition for developing countries in third markets through the subsidization of exports of resultant surpluses. The representatives of some developing countries expressed their perplexity with the situation in which about \$21 billion to \$24 billion was spent annually in support of domestic agriculture in the major developed market-economy countries—a sum about three times the recent rate of net official flow of financial resources from the latter countries to developing countries. Moreover, revenue duties charged upon consumption or imports of certain non-competing commodities, notably beverage crops, constituted a special problem for those commodities, some of which were in continuing over-supply. Furthermore, the representatives of many developing countries drew attention to the progressive increase of tariffs on primary commodities with the degree of processing, which hindered the efforts of those countries to diversify their economies vertically on the basis of their export products and had adverse effects on their future development, and in addition limited access to markets and hampered the increase of their export earnings. The representatives of some developing countries stated that the operations of transnational corporations and of foreign-owned mines, in addition to having adverse effects on the process of vertical diversification and determining the forms and methods of access to certain markets, were partly responsible for both the levels and the fluctuations of prices, thereby restricting export proceeds and fiscal revenue and the export opportunities of the countries concerned. The representative of one developing country considered that barriers to primary commodity trade would increase as a result of the prospective enlargement of the European Economic Community. The representative of another developing country denounced the aggressive actions, barriers and pressures upon third parties practised by an important developed market-economy country to prevent the access of his country's export products, in particular nickel, to the markets of the countries of Western Europe, and also the exclusion of his country from the scheme of generalized preferences introduced by a group of developed market-economy countries of that region.

19. The representatives of many developed market-economy countries considered that, despite complex social, cultural and political problems in the agricultural sector, and the wide-ranging responsibilities of governments in that sector, a good deal of progress had been achieved in individual countries towards the liberalization of trade restrictions affecting primary commodities of interest to developing countries. Some of these representatives quoted particular examples of liberalization, such as the removal of quantitative import restrictions, the reduction of import duties or fiscal charges, or moves in aid of agricultural adjustment. One of them stated that his country was one of the leading importers of foodstuffs in terms of quantities per inhabitant and that the objectives of its agricultural policy were not to increase the country's self-sufficiency ratio in this respect. Many representatives also referred to the generalized system of preferences—already implemented by most of the principal industrial countries—in the application of which nearly all countries had included selected processed and semi-processed agricultural products. Some of them cited specific examples to illustrate the limitations of the concept of access to markets as such, pointing out that in the case of certain products the partial or total removal of barriers to trade had not led to an increase in the consumption of the products in question in the importing countries.

20. The representative of the USSR made a statement at the Committee's 20th meeting on 13 May 1972 concerning the prospects for the development of his country's trade and economic co-operation with developing countries (see also TD/163). The representatives of many socialist countries of Eastern Europe referred to their countries' expanding imports of primary commodities from developing countries in recent years, and quoted illustrative statistics showing, *inter alia*, frequent increases in the shares of developing countries in the socialist countries' imports. Long-term trade agreements, under which these increases had been achieved, contributed to the solution of commodity problems. They also mentioned that with the same purpose their countries actively participated in international commodity agreements. Long-term contracts were concluded with developing countries in respect of the purchase of primary commodities, which enabled producers in these countries to stabilize and make more efficient their investment, production and delivery programmes. The representatives of several socialist countries of Eastern Europe also referred to these countries' schemes of generalized preferences in favour of developing countries. Referring to the above-mentioned measures, they stated that the provisions of Conference resolution 15 (II) had therefore been implemented in their countries, and in this connexion they made a critical appraisal of the secretariat's document TD/115.<sup>8</sup> Some of them expressed concern at the effects of discriminatory provisions affecting their countries' exports to the markets of groupings formed by certain developed market-economy

countries as well as to the markets of some individual developed market-economy countries.

21. The representative of a socialist developing country of Asia expressed his Government's concern at the impediments to the primary commodity exports of the developing countries. Certain countries continued to raise tariff and non-tariff barriers to force down prices of primary products and at the same time continued to increase the prices of their exports of manufactures, thus causing great losses to the developing countries. It was only natural that the developing countries should ask for a change in the present state of affairs. Many reasonable demands put forward by them in that connexion should be given support.

22. The representatives of several developing countries, having a particular interest in international trade in primary commodities, outlined the trade barriers still facing their countries' exports to developed countries, despite protracted efforts to improve market outlets. They expressed their Governments' strong interest in the improvement of access to the markets of the industrialized countries. The representative of one of these countries stated that many of the import restrictions maintained by developed countries were not justified by balance-of-payments considerations.

23. Representatives of countries members of the Group of 77 who made statements urged that all feasible action be taken by Governments to improve market access. Many urged that future moves to that end should be undertaken to the maximum possible extent as an international co-operative endeavour, to be supplemented by unilateral actions.

24. There were differences of opinion in the Committee on questions of approach and of emphasis regarding the specific objectives to be sought, and the means of achieving concrete and significant results in the immediate future. The representatives of the developing countries members of the Group of 77 considered that it was necessary that the international community should make an early determined effort to translate the principles incorporated in the International Development Strategy and Board resolution 73 (X) into concrete action. The views of these representatives were reflected in proposals embodied in a draft resolution (TD/III/C.1/L.11) submitted on behalf of the Group of 77 at the Committee's 14th meeting. Many of them reiterated the call for intergovernmental consultations within UNCTAD by the end of 1972 with a view to securing tangible and early trade benefits through improvement of access. They emphasized a standstill in the erection of trade barriers; the liberalization of existing tariff and non-tariff barriers; the extension of schemes of generalized preferences to include all products in BTN chapters 1-24; the elimination of differential treatment between primary products in their natural, processed and semi-processed forms; the removal of revenue duties, or the refunding of the proceeds to the developing countries; market-sharing, under which developed countries would reserve for developing supplying countries as a group specific proportions of their consumption requirements of protected commodities; and market-sharing commitments for competing commodities, and increased

<sup>8</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade* (United Nations publication, Sales No. E.73.II.D.5).

quantitative import targets for non-competing commodities, on the part of the socialist countries of Eastern Europe. In explaining their proposal that the trade initiative be pursued within UNCTAD, the representatives of developing countries pointed out that, in their view, unless adequate conditions were established in order that their participation in the GATT negotiations should be of benefit to them, developing countries would be only residual beneficiaries of the proposed negotiations in GATT, the principal purpose of which would be the exchange of concessions among interested developed countries, so that the emphasis would be on commodities of special interest to developed exporting countries and on techniques of liberalization suitable to their interests. Moreover, the coverage of any negotiations in GATT would not be world-wide, as it would be in UNCTAD. The representative of one developing country stated that the Long-Term Arrangement on International Trade in Cotton Textiles provided a model for schemes designed to ensure the growing participation of developing countries in meeting the consumption requirements of developed countries. The representatives of some developing countries outlined certain principles which should be observed in any negotiations concerning access to primary commodity markets—including the need to concentrate on commodities of special interest to developing countries, preferential treatment for developing countries, and non-reciprocity—so that the developing countries might derive substantial benefits. The representative of a developing country pointed out that some aspects of the issue under discussion likewise concerned other committees of the Conference; hence there was some risk of duplication. Accordingly, he expressed some reservations concerning the extension of the generalized system of preferences to primary commodities, for in his opinion the generalized system had been designed exclusively for manufactured and semi-manufactured products.

25. The representatives of Group B countries were of the view that Board resolution 73 (X), adopted in September 1970, was an important achievement. The implementation of that resolution, which was regarded as the basis for progress in the commodity field, was getting under way. They drew attention to the multilateral trade negotiations scheduled to commence in 1973 within the framework of GATT. They considered that those negotiations, which were intended to cover agricultural as well as industrial trade, would offer real prospects for improving the export opportunities of many developing countries, particularly since special attention would be given to the problems of developing countries. Most of them were of the opinion that all developing countries members of UNCTAD, including those not contracting parties to GATT, would participate actively in those negotiations according to agreed modalities to be determined by the Contracting Parties. The representatives of several developing countries emphasized the scope of the universal principles adopted in UNCTAD by its member countries, including those which were Contracting Parties to GATT. The representative of one developed market-economy country stated that his Government would in principle allow benefits resulting from the negotiations to be shared by

non-participating developing countries on a most-favourable-nation and non-reciprocal basis. The representative of the view that the Secretary-General of UNCTAD should be involved in the preparations for the GATT negotiations. The representatives of some developed market-economy countries stated that the suggested arrangements for market-sharing would not be practicable in market-economy countries. Some of them added that, in their practical application, such arrangements would in effect lead to the reintroduction of measures which would be wholly at variance with the efforts that had been made for many years to liberalize world trade. One of them stated that the concept could no doubt find an application in the countries in which, and for the products for which, Governments exercised control of production. He suggested that a study should be made of the trends in the self-sufficiency ratios of the five main importing areas. Another of these representatives stressed the importance which his country attached to the stabilization of commodity prices at remunerative levels for the producers and to ensuring that necessary outlets be given for those commodities. As regards commodity arrangements, he stressed the usefulness of a series of moves such as consultations, study groups, informal arrangements and, for certain commodities, the conclusion of formal international agreements. The representatives of several developed market-economy countries stated that internal taxes on tropical beverages at their current levels had no adverse effects on consumption; some representatives stated that efforts at restructuring the agricultural sectors of their economies, now in progress, would bring benefits to developing countries in coming years. The representative of the European Economic Community gave an account of the efforts of the Community to bring about economic adjustments, particularly through the programme for adapting the agricultural structure, which would create greater import possibilities for products of developing countries.

26. The representatives of several socialist countries of Eastern Europe emphasized their countries' intention of further enlarging the access to their markets for primary commodities from developing countries, in accordance with Conference resolution 15 (II), subject to the constraint that their countries' capacity to import was limited by their export earnings. They were of the view that long-term bilateral trade agreements between socialist countries and developing countries were to the mutual benefit of the partner countries. Some of those representatives stated that their countries did not protect for lucrative purposes domestic production of importable primary commodities, and that the concept of market-sharing was thus not applicable to their own countries. The level of *per capita* consumption of some tropical products must be viewed with a historical approach; with the increasing living standard the consumption was quickly rising. Furthermore, the representatives of several socialist countries of Eastern Europe indicated that primary commodity imports from developing countries covered entirely, or to an overwhelming extent, their internal demand for such commodities.

27. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, which was affected by the protectionist policies of the developed market-economy countries, supported the measures called for in the Declaration and Principles of the Action Programme of Lima (TD/143)<sup>4</sup> concerning access of primary commodities to the markets. He expressed his hope that the present Conference would be able to adopt an appropriate programme of action with a view to improving the access of primary commodities to the markets.

28. The representative of the Secretary-General of UNCTAD gave a further explanation of the concept of market-sharing and the manner of its application, in the light of the comments of some representatives in the course of the Committee's discussions. The purpose was not to thwart the free play of market forces, which was already severely hindered by protectionist measures, but to promote measures—appropriate to the circumstances of each commodity—with a view to permitting external suppliers, particularly in developing countries, to satisfy a larger proportion of the consumption requirements of the countries concerned than would otherwise be the case.

29. Many developing countries and a number of developed countries noted that the deterioration and instability of prices of many primary commodities constituted one of the major problems for developing countries' exports. They expressed the view that remedial international action to deal with those pricing problems had so far had very limited success. These representatives, noting that the objective of securing stable, remunerative and equitable prices for primary commodities had been agreed on many occasions, and was incorporated in resolution 73 (X) of the Trade and Development Board, stressed the need to intensify efforts to find solutions to pricing problems facing the commodity exports of developing countries. They considered that there was substantial support for the establishment of additional commodity agreements, where feasible and practicable, to ensure remunerative and equitable prices and regular supplies to the market.

30. Representatives of developing countries, while agreeing that the traditional commodity-by-commodity approach should be strengthened, suggested that further study and consideration be given to broad multi-commodity measures, such as a multi-commodity buffer stock and compensatory financing arrangements and schemes to provide guaranteed prices for specific quantities, designed to minimize excessive short-term fluctuations or to raise prices to remunerative levels. Such measures would supplement and support the traditional commodity-by-commodity approach. The studies might also consider the question of linking the prices of commodity exports from developing countries with an index of prices of their essential imports, to offset the adverse effects on the economies of developing countries of adverse movements in their terms of trade. Several representatives also referred to the need to study the market practices of transnational enterprises

as, in their view, these enterprises tended to reduce prices of developing countries' exports and their export earnings.

31. Certain representatives of developing countries indicated that the absence of joint action by producing countries was a factor which seriously weakened their bargaining power in commodity markets. They stressed the importance of acting together to obtain remunerative prices.

32. The representatives of developed market-economy countries reaffirmed their commitment to the provisions of Board resolution 73 (X). They recognized that the resolution was only the first step in what might well be a lengthy but necessary process of devising an action programme to be carried out, and that in this respect the permanent machinery of UNCTAD had an important part to play. The highly complex nature of international commodity trade, and the significant difference between one product and another, strengthened their view that a commodity-by-commodity approach was a practical way of finding solutions. One of these representatives expressed the view that the idea of a multi-commodity buffer stock was of interest and worthy of study. Several representatives stated that the efforts undertaken to achieve the objectives of resolution 73 (X) in respect of pricing policy should be based on the concept of international stabilization. Representatives of other developed market-economy countries stressed that while they were not, in principle, opposed to commodity agreements, in cases where they were appropriate, such agreements should avoid structural over-production. These representatives pointed out that commodity agreements should not become a substitute for efforts to reach permanent solutions to commodity problems.

33. The representative of EEC, speaking also in the name of the four countries which were candidates for admission to the Community, stated that the institutions of the enlarged Community would give special priority to the elaboration of ways and means for a policy of development co-operation adequate to the new dimensions of the Community. He further indicated that the Community had applied resolution 73 (X) by taking a series of measures in the field of access to markets and in that of price policy. Generally speaking, the developing countries had maintained their share in the markets of the Community and these had experienced considerable annual growth rates since 1958. The Community believed that, as far as market access and price policy were concerned, appropriate measures should be found in the framework of a concerted and progressive adjustment of all economic conditions affecting the products in question.

34. Representatives of socialist countries of Eastern Europe expressed their support for the establishment of workable and effective commodity agreements to stabilize markets and improve prices for primary products. They emphasized that the commodity agreements ought to be open for all countries wishing to accede to such arrangements. They felt that long-term contracts should also be considered as a means of providing greater stability to markets.

<sup>4</sup> See annex VIII, F below.

35. The representative of the Secretary-General of UNCTAD, in clarification of the proposal for a multi-commodity approach, pointed out that this was not in contradiction with the need to examine the problems of individual commodities. Whereas the traditional commodity-by-commodity approach involved the consideration of all the problems faced by each commodity, the multi-commodity approach would focus on only one problem, such as improvement of access or pricing policy, and could thus cover a number of commodities simultaneously.

36. At the Committee's 20th meeting, on 13 May 1972, the representative of India introduced a draft resolution (TD/III/C.1/L.14/Rev.1) on behalf of the Group of 77.

37. In view of the limited time available the Committee decided at its 22nd meeting on 16 May 1972, to refer the draft resolution—reproduced in appendix II, C below—to the plenary of the Conference for consideration.

38. The representative of the Secretary-General of UNCTAD, introducing the secretariat's report on "Effectiveness of commodity agreements" (TD/129 and Corr.1), recalled that the Board, in resolution 86 (XI), had requested the Secretary-General to prepare for submission to the third session of the Conference a study on the effectiveness of commodity agreements. The objective of the study was to determine measures designed to maximize benefits to participating countries, especially developing countries, and to facilitate the negotiation of entirely new agreements. The study discussed in some detail the more important problems that had been encountered in the operation of the agreements. One general conclusion was that flexibility and adaptability in pursuit of given objectives were essential elements in such agreements.

39. The representatives of the International Sugar Organization, the International Tin Council and the International Coffee Organization, speaking under rule 80 of the rules of procedure, expressed the view that the objectives of the agreements relating to these three commodities were being achieved. They noted that the prices of the commodities in question were remunerative and relatively stable, and pointed out that export earnings of developing countries producing these commodities had increased during the period of their operation.

40. The representative of the International Sugar Organization, referring to the fact that the Organization had enabled importing countries to obtain a considerable part of their requirements at a price some 20 per cent lower than they would have had to pay on the open market during the recent escalation in world sugar prices, regretted that more developing importing countries had not become members of the Agreement. He added that there were indications that the International Sugar Council would decide to invite the Secretary-General of UNCTAD to convene a conference for the renegotiation of the Agreement in 1973.

41. The representative of the International Tin Council referred to the greater flexibility of the buffer stock operation that had been introduced in the recent

agreement, which had undoubtedly increased the effectiveness of its operation. Referring to quota arrangements, he added that the operation of the buffer stock in support of a floor price was backed not only by the Tin Council's financial resources, but also by the authority which the Tin Council had to introduce controls on the export of tin from its producer members. Such controls had, however, been imposed only once in the past ten years.

42. The representative of the International Coffee Organization said that the effective quota and control system which had been established for coffee had been responsive to changes in market demand, and during the 1962 and 1968 Agreements had enabled world coffee production to be brought in line with demand, thus avoiding collapses in price, and maintaining coffee stocks at an acceptable level. He added that, despite a number of difficulties, the problems faced in the redistribution of unused quotas could be resolved.

43. The representatives of the commodity councils participating in the debate also referred to the promotional activities being undertaken in respect of these commodities, and expressed the view that exchange of information and co-operation between producers and consumers provided a basis for a better understanding and evaluation of market forces, which enhanced the effectiveness of international commodity agreements.

44. In the course of the debate, many representatives expressed the view that commodity agreements were an important means of stabilizing prices at remunerative levels for certain commodities. It was felt by the representatives of some developed market-economy countries, however, that to be effective such agreements should not disturb the long-term equilibrium between demand for and supply of the commodities concerned, or make them even more vulnerable to synthetics or substitutes. Many representatives also pointed out that the effectiveness of commodity agreements depended on the degree of participation of the various trading countries. They expressed the hope that major consuming and producing countries would participate in the re-negotiation of existing agreements and, in particular, would participate in the negotiation of a new Sugar Agreement, since the latter would need to take account of the structural changes that were likely to follow from the enlargement of the European Economic Community. The representatives of some developing countries were of the view that, in regard to a cocoa agreement, many technical problems had already been dealt with, and that a greater political effort than had been evident in the past was urgently required to conclude the agreement.

45. The representative of EEC indicated that the Community of Ten and its member countries were prepared to participate actively in future negotiations with a view to the conclusion of a new International Sugar Agreement, in the firm hope of being able to accede to such an agreement. The representative of one developed market-economy country made a statement to the same effect, adding that the enlarged Community and its member States would wish to be invited to participate in the preparatory phase of these negotiations.

46. Many representatives were in favour of additional international commodity agreements where feasible, which they thought would resolve some of the major problems concerned with primary commodities. They emphasized the need for flexibility and adaptability of commodity agreements, especially to take account of the redistribution of quotas and adjustment of price objectives in the light of changing market conditions. Several representatives emphasized that periodic reviews of the provisions of these agreements would increase their effectiveness. However, the representatives of two developed market-economy countries doubted whether commodity agreements would provide a permanent solution, especially in the case of commodities requiring structural adjustments. One of these representatives felt that ineffective agreements, or agreements which would disrupt market forces, would be worse than the absence of such agreements.

47. The representatives of several developing and developed market-economy countries urged that consumers as well as producers should contribute to the financing of buffer stocks. In this connexion, the representative of a developing country expressed the view that the finance granted by IMF in respect of buffer stocks was minute compared with the financial needs of the stabilization of commodity prices. He added that the criteria governing the use of IMF financing for buffer stocks were extremely restrictive and should be liberalized and made more flexible. The representative of a developed market-economy country stated that his Government had decided to participate in the financing of buffer stocks in particular in the case of tin and, if necessary, in the case of cocoa. Representatives of socialist countries of Eastern Europe stated that they considered buffer stock schemes as an auxiliary element of market stabilization. They noted that in the case of their countries the system of export quotas was supplemented by long-term bilateral trade agreements.

48. A draft resolution (TD/III/C.1/L.13 and Corr.1) was submitted by Australia, on behalf of a group of developed market-economy countries, concerning access to markets and pricing policy.

49. At its 20th meeting, on 13 May 1972, the Committee decided that, since it had not been possible to reach agreement on that draft resolution or on the draft submitted by the Group of 77 (TD/III/C.1/L.11), both these drafts should be referred to the President of the Conference for further consideration (see appendix II, A below).

50. The representatives of all developing countries participating in the discussion noted that the mineral resources of the area of the sea-bed beyond the limits of national jurisdiction had already been recognized by the General Assembly in its resolution 2749 (XXV) to be the common heritage of mankind. They expressed their concern that, in the absence of appropriate arrangements, the exploitation of these resources would have adverse effects upon the markets for the minerals concerned—which were already facing problems—and upon the export earnings of the developing countries, which accounted for the bulk of world exports of most

of the minerals likely to be raised from the sea-bed in the foreseeable future.

51. These representatives urged therefore that in the international régime to be established for the peaceful utilization of the resources of the sea-bed, firm arrangements should be made for preventive actions, such as the control of the rate of production, or of the whole process of production and marketing, of sea-bed minerals, or the reservation of all exploitation activity to the sea-bed authority itself. These representatives stressed the importance of General Assembly resolution 2574 (XXIV) calling for a moratorium on the commercial exploitation of the sea-bed pending the establishment of an international régime, which they stated was not being observed by some countries. They considered that UNCTAD should endorse the moratorium, and that the question of mineral production from the sea-bed should be kept under review by the continuing machinery of UNCTAD, and that the UNCTAD secretariat should continue its studies with a view to making recommendations on the relevant aspects of international commodity policy.

52. The representatives of some developed market-economy countries, although agreeing with the proposal that the item should be the subject of continuing discussion in the permanent machinery of UNCTAD, were of the view that it would be premature for the Committee to make any other recommendations on the matter at the present stage in view of the uncertainties surrounding the question, such as which minerals would be produced, the costs of production, and the limits of national jurisdiction, which remained to be settled. One of those representatives expressed the view that the interests of the consuming countries would need to be taken into account, and that it was not necessary to envisage the direct exploitation of the resources of the sea-bed by an international authority. Another of those representatives recalled the role of the Committee on the Peaceful Uses of the Sea-Bed and the Ocean Floor beyond the Limits of National Jurisdiction, which was making preparations for a United Nations Conference on the Law of the Sea, at which all aspects, including the economic implications, of the exploitation of the resources of the sea-bed would be taken into account in determining the appropriate type of international régime; nothing should be done elsewhere which might prejudice the work in that forum.

53. Commenting upon the foregoing remarks, the representative of a developing country reiterated his view that the Conference and the other relevant bodies of UNCTAD had the competence and the duty to conduct an examination of the economic implications of mineral production from the sea-bed, bearing in mind the relevance of this matter to international trade and development and the specific request in General Assembly resolution 2750 A (XXV) that the Secretary-General of the United Nations co-operate with the United Nations Conference on Trade and Development in examining the impact of such production and in proposing solutions for dealing with related problems. Other representatives of developing countries supported this view and stated that any exploitation beyond the

limits of 200 miles or of the continental shelf should be suspended until the establishment of the international régime, as it would affect that part of the common heritage of mankind which lay beyond the limits of national jurisdiction and therefore, in any case, beyond the maximum limits ever claimed.

54. At the 22nd meeting of the Committee, on 16 May 1972, the representative of Kuwait introduced a draft resolution (TD/III/C.1/L.16) on behalf of the sponsors (Chile, Kuwait and Somalia).

55. In view of the limited time available, the Committee decided to refer the draft resolution without discussion to the plenary of the Conference for consideration (see appendix II, D below).

56. At the Committee's 22nd meeting on 16 May 1972, the representative of Peru introduced a draft resolution (TD/III/C.1/L.17) on behalf of the sponsors (Algeria, Kuwait and Peru).

57. In view of the limited time available the Committee decided to refer the draft resolution without discussion to the plenary of the Conference for consideration (see appendix II, D below).

58. The representative of the Secretary-General of UNCTAD, in a statement relating to Conference resolution 16 (II), indicated his view that many difficulties had contributed to the lack of success in implementing that resolution. These included the fact that the political will, necessary for commitment and practical results, seemed generally non-existent when government representatives met to discuss possible measures regarding individual commodities; the inherent economic and technical complexities of many primary commodity markets; and weaknesses as regards consultative machinery, which in practice proved extremely slow and time-consuming. He added that another reason for the lack of action was that, in certain cases, the request in the resolution that certain autonomous bodies should study and transmit their conclusions to the Committee on Commodities in order to assist the Secretary-General of UNCTAD in deciding whether to convene inter-governmental consultations had not been acted upon.

59. A number of representatives of developing countries drew attention to the statement by the Secretary-General of UNCTAD (TD/III/C.1/L.10) that progress made in achieving the objectives of resolution 16 (II) had been very disappointing on the whole, and that obstacles to progress had been encountered in relation to practically every commodity except sugar. They deplored this and expressed the view that the reason for the general lack of progress was primarily the absence of the necessary political determination on the part of Governments of developed countries to implement the resolution. The developed market-economy countries had, in their view, used the last four years to reinforce their protectionist policies and to encourage non-economic production—through large increases in expenditures on agricultural support—to the detriment of developing countries' exports of primary products.

60. Representatives of developing countries generally called for more determined efforts to achieve the objectives of resolution 16 (II) within newly agreed time targets. For that purpose, they urged that the Secretary-

General of UNCTAD should be given the necessary authority to convene consultations on individual commodities. Several of these representatives referred to the protracted consultations on cocoa, and urged the conclusion of an international cocoa agreement at the resumed negotiating conference in 1972. Other representatives referred to the long drawn out, and ultimately fruitless, discussions to achieve a more action-oriented programme regarding oilseeds, oils and fats, as envisaged in resolution 16 (II). The representative of one developing country expressed concern about the policies pursued by developed market-economy countries to provide high support prices for rice, as these had been detrimental to the exports of rice from developing countries.

61. Representatives of developing countries producers of mineral ores, particularly iron ore and manganese ore, deplored the lack of progress in the implementation of Conference resolution 16 (II) and recalled the statement of the Secretary-General of UNCTAD that there had not been the necessary political determination to act in the case of most commodities and that the industrial countries were responsible for that lack of progress. In view of their overwhelming dependence on mineral ores for their foreign exchange earnings, the developing exporting countries were seeking safeguards in the forms of price stabilization mechanisms, a large share of the market, the financial benefit derived from improvements in ocean transportation, and financial assistance. Ore prices had declined almost continuously since the late 1950s, while production costs had increased rapidly. The producing countries had appealed in vain for the establishment of a mechanism that would automatically raise iron ore prices to keep pace with rises in steel prices. While a study on the correlation between iron ore and steel prices was being made, the international community and the international institutions concerned should immediately seek the adoption of a reference price approach to save the developing countries from serious economic harm. The present export price for mineral ores was ridiculously low. The ambitious plans of several developed countries to expand their own ore production were viewed with grave concern by developing ore exporting countries whose exports were already beginning to suffer from that expansion. The representatives of the developing iron ore and manganese ore exporting countries appealed to the Secretary-General of UNCTAD to use his good offices to ensure that the export problems facing their countries would be solved before the end of 1972, and to that end to provide for as many meetings as necessary, particularly intergovernmental consultations. The Secretary-General of UNCTAD had an undisputed responsibility in that field.

62. Representatives of countries in Group B reaffirmed their willingness to co-operate in finding practical solutions to the problems of primary products of export interest to developing countries. The spokesman for those countries drew attention to the enormous amount of detailed, but nonetheless important, work which had been carried on in UNCTAD and the various commodity bodies since the second session of the

Conference. The detailed study of the economic situation of individual commodities, under the impetus partly of resolution 16 (II), had gone a long way towards filling gaps in the range of information available, and towards improving the depth of the analysis of the market situation facing those commodities and therefore towards permitting the better identification of the underlying problems involved, leading in a number of cases to detailed discussion of possible lines of remedial action. The countries for which he spoke hoped that the resumed cocoa negotiations would be successful in establishing a cocoa agreement, in regard to which long and elaborate negotiations had now reached an advanced stage, with much work accomplished on a number of basic points.

63. The representatives of the socialist countries of Eastern Europe expressed their willingness to participate in the establishment of a cocoa agreement.

64. The representative of EEC indicated that the Community and all its members were prepared to support any draft resolution proposing the conclusion of an international cocoa agreement before the end of 1972 and expressing the political determination of all participating countries to conclude those negotiations successfully.

65. At the Committee's 17th meeting, on 5 May 1972, a draft resolution on "International cocoa agreement" (TD/III/C.1/L.6), reproduced in appendix III, A, below, was submitted on behalf of the Group of 77.

66. After consultations in the Committee's Contact Group a revised draft (TD/III/C.1/Misc.1) was introduced by the Chairman at the Committee's 20th meeting, on 13 May 1972. The revised draft was approved and recommended to the Conference for adoption (see appendix I below).

67. The representative of one developed market-economy country stated that his delegation would agree to the text of the draft resolution, including the request to make the second and concluding part of the Cocoa Conference a conference of plenipotentiaries, on the understanding that it did not imply that representatives of Governments participating in that Conference would be required to sign any agreement; or that representatives of Governments would not need to consult their Governments from time to time during the Conference. It was established practice for the texts of agreements to remain open for signature for a period. His Government's representative at the Cocoa Conference would be empowered to speak for his country and to negotiate the text of an agreement. Decisions as regards signature would be made later, after the text of the agreement had been studied by his Government. The representative of another developed market-economy country associated himself with this statement. He added, however, that his country had shown political will to help in the conclusion of an international cocoa agreement and his delegation at the Cocoa Conference would be empowered to participate fully in negotiations to that end.

68. The representative of a socialist country of Eastern Europe, speaking on behalf of Group D, stated

that, while accepting the draft resolution, Group D countries were concerned that its wording did not permit the participation of an important consuming country, the German Democratic Republic, in the negotiation of an international cocoa agreement. He added that the absence of that country from the negotiating Conference was against the interests of the developing countries in general and the cocoa-producing countries in particular.

### **B. Marketing and distribution systems of primary commodities**

69. Representatives of developing countries generally underlined the great importance their Governments attached to studies of marketing and distribution systems for primary commodities. They emphasized that one of the main objects of the studies should be to determine the share of the final price paid by consumers for each primary commodity concerned which actually accrued to the producing countries.

70. The representative of one developing country suggested that in each such study the two-way flow of trade between developing and developed countries, consisting of primary commodities in one direction and manufactured goods in the other, should be analysed so that a comparison could be made of the pricing systems and distribution of gains which applied to each flow. The representative of another developing country appealed to developed market-economy countries to avoid making disposals of surplus stocks of primary commodities in ways which adversely affected world markets, and requested socialist countries to refrain from re-selling at lower prices in third markets commodities purchased from developing countries.

71. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, considered that the chief objectives of the studies on marketing and distribution systems should be, first, to find ways of eliminating unnecessary middlemen from marketing operations, so that exporting countries retained a larger proportion of the selling price, and, secondly, to provide more ample information on existing marketing practices. In this connexion, he emphasized the value of long-term contracts negotiated directly between exporters and importers. The representative of another socialist country of Eastern Europe recommended developing countries to establish State-controlled centralized marketing agencies as a means of improving marketing efficiency and preventing a major share of export earnings from being appropriated by international companies. On behalf of his Government he offered to provide technical assistance to developing countries for the improvement of their marketing systems.

72. Several representatives of both developing and socialist countries stressed the need for an examination, in the framework of such studies, of the role played by multinational corporations in world primary commodity markets and of the influence of commodity exchanges, including auction markets, on commodity prices. The representative of one developing country

maintained that large profits were made on terminal markets which did not accrue to the countries exporting the commodities concerned, while the representatives of two other developing countries claimed that the auction system under which the bulk of the world's supply of tea was sold operated against the interests of the tea-producing countries.

73. Some representatives welcomed the progress reported by the secretariat in its study on cocoa; however, they expressed disappointment that progress had been slow.

74. Concerning this study, representatives of two developing countries asked the secretariat to investigate the reasons for the high degree of concentration in the marketing of cocoa and urged that the cocoa study should cover the storage and processing of cocoa in the producing countries. They also urged the secretariat to seek the collaboration of other international bodies concerned with cocoa in carrying out its study. Several representatives of developing countries urged that this study should cover the marketing and distribution systems of the socialist countries as well as those of developed market-economy countries. One of them suggested as one possibility that an estimate should be made, comparing the price, expressed in terms of hours worked, paid by the consumer in the socialist countries of Eastern Europe for a unit of cocoa or chocolate, with the price paid for other goods consumed in those markets. He suggested that the results might be compared with corresponding figures for some developed market-economy countries. In reply, the representatives of several socialist countries of Eastern Europe stated that no meaningful study of price formation for any single commodity in the domestic market of a socialist country could be undertaken in isolation from all other components of individual and collective consumption, including goods and services distributed to consumers free of charge or at greatly reduced prices.

75. The representative of one socialist country of Eastern Europe said that a study of the internal systems of marketing and price formation in the socialist countries would serve no useful purpose, since the link between international and internal prices in planned economy countries had a different character from that in market-economy countries and therefore the above approach would not be a scientific one. He pointed out that for the next five-year plan (1971-1975) his Government was undertaking to stabilize internal prices, and even to reduce them, and within its possibilities at the same time to increase wages, additional payments and social expenditures, independently of price fluctuations in the world capitalist market. The representative of another socialist country of Eastern Europe pointed out that the State importing agencies of the socialist countries were encouraged to purchase goods from developing countries, but that the growth of such purchases, which had been rising rapidly, depended chiefly on the rate at which the socialist countries were able to expand their foreign exchange earnings.

76. The representatives of a number of developing countries urged that the studies by the secretariat of marketing and distribution systems should be extended

to other primary commodities, including, among others, cotton, rubber, tobacco, dried fruit, bananas, tea and manganese, antimony and other ores. One of them proposed that studies of different types of marketing systems should be included in the secretariat's programme of work. Another of these representatives proposed that such studies should concentrate on that part of the distribution chain which lay outside the fiscal and commercial jurisdiction of the exporting countries. The representative of a socialist country of Eastern Europe suggested that the secretariat should carry out a study in depth on the marketing of various primary products, since the relevant information was readily available, as was demonstrated in a publication issued by the Government of an important copper-producing country, which contained an extensive analysis of the activities of multinational companies.

77. The representative of one of the countries in Group B, speaking on behalf of that group of countries, emphasized that his Group could not consider giving any mandate to the secretariat to extend its studies to other commodities until the current study on cocoa had been completed and examined carefully by Governments. While the countries members of his Group were not opposed in principle to possible studies of other commodities, if the results of the pilot study showed that they were warranted, they were at present by no means convinced of their desirability, bearing in mind the resources involved and the likely utility of the results. He stressed that the approval which his Group had already given to the in-depth study on cocoa was conditional on the study's covering the entire chain of distribution from producer to consumer, whether in market-economy or in centrally planned countries, and without subdivision into particular stages. He noted that the secretariat's progress report indicated that a good deal of work remained to be done to complete the pilot study.

78. The representative of one developed market-economy country stated that he had been authorized by the three principal trade associations concerned with cocoa importing and processing in his country to inform the Conference that these three bodies were willing to co-operate fully with the secretariat in completing its study on cocoa.

79. At the Committee's 14th meeting, on 3 May 1972, a draft resolution on marketing and distribution systems (TD/III/C.1/L.5) was submitted on behalf of the Group of 77.

80. At its 22nd meeting, on 16 May 1972, the Committee decided that, since it had not been possible to reach agreement on the draft resolution, it should be referred, together with the suggestions of Group B relating thereto and a suggested redraft by the Group of 77, to the President of the Conference for further consideration (see appendix II,B below).

### C. Competitiveness of natural products

81. The Committee recognized that the development and production of synthetic and substitute materials posed serious problems for many natural products

exported by developing countries, and stressed the urgent need for concerted measures, relating to new uses, cost, price, quality and associated promotional action, to improve the competitiveness of these products. Of major importance would be greatly expanded research and development programmes for each of the natural products concerned—to improve their quality and technical characteristics, to improve efficiency and to find new end-uses—combined with appropriate measures for disseminating the results of research and development to producers, processors and consumers. The Committee noted that the surveys of current research and development efforts and requirements in respect of cotton, jute, hard fibres and hides, skins and leather (TD/117 and Suppl.1)<sup>5</sup> carried out at the request of the Permanent Group on Synthetics and Substitutes, showed that current annual world expenditures on research and development for these materials were extremely small in relation to the corresponding expenditures on competing synthetics, and appeared inadequate to meet the growing competition from synthetics.

82. It was generally agreed that efforts to intensify current research and development work would have to be made principally by the countries producing each natural material concerned and would be facilitated by co-operation among them. In this regard the Committee felt that the existing intergovernmental bodies such as those dealing with jute and hard fibres might consider how expanded research and development and related promotional activities for these commodities could best be organized. In the case of other commodities, for which intergovernmental bodies did not at present exist, it noted that UNCTAD, in co-operation with FAO and UNIDO, might have a role to play, within the framework of its existing machinery, when appropriate and after consultation with interested Governments, in stimulating additional research, development and related promotional activities with respect to these commodities.

83. The Committee also agreed that a strong case existed for the interested specialized agencies of the United Nations to assist in stimulating and encouraging research and development efforts for natural materials. It expressed the hope that it would be possible for UNDP to interpret its statutes more flexibly in considering requests for assistance for research and development programmes and to find ways and means of giving the maximum possible support to such programmes. It also hoped that the Consultative Group on Agricultural Research sponsored jointly by IBRD, UNDP and FAO would give urgent consideration to the need for organizing and assisting research designed to improve the competitiveness of natural raw materials, including processing and end-use research as well as production research. It requested the UNCTAD secretariat to pursue its consultations with the various agencies concerned, as envisaged in the conclusions approved by the Permanent Group on Synthetics and Substitutes at its fifth session,<sup>6</sup> in order to seek clarification of their

policies and views regarding possible improvement of existing arrangements.

84. Representatives of developing countries strongly emphasized the need for improved access to the markets of developed countries for natural materials in their raw, semi-processed, processed and manufactured forms as a means of improving the competitive position of these materials vis-à-vis synthetics. It was pointed out, as an example, that cotton, jute and coir products manufactured in developing countries were subjected by many developed countries to quantitative restrictions and/or tariffs which escalated according to the degree of processing, thus placing these products at a serious disadvantage vis-à-vis locally produced goods made of synthetic materials.

85. Several of these representatives also urged developed countries not to encourage the production of synthetics, pointing out that in some of these countries firms producing synthetics benefited from tax concessions or other fiscal incentives. In general, the representatives of developing countries welcomed the suggestion made by the representative of a developed country in the course of the debate that industries should be made to bear the social costs of the environmental pollution they caused and that such measures might improve the competitive position of natural products vis-à-vis synthetic ones. Representatives of a number of developing countries supported the proposal made by the representative of one developed country that the work programme of the Permanent Group on Synthetics and Substitutes be broadened to include the environmental aspects of competition between natural products and synthetic materials.

86. The representative of a developing country stressed that, while ample information was available about the production of natural materials, there was a lack of corresponding information about synthetics. He emphasized the need for information about the costs of production of synthetics and about plans for increasing synthetic production capacity. In particular, he urged the secretariat to study, together with UNDP, UNIDO and FAO, why developed countries were increasing their new synthetic rubber production capacity in the current situation of over-supply. The representative of a developed market-economy country pointed out that it would not be possible to forecast production of synthetics, since in such countries industries were free to invest as they saw fit. The representative of a developing country stressed that the so-called technological progress which led to the production of synthetic materials and which displaced natural products in the markets did not offer any mediate or immediate compensation for the developing countries exporting natural products. The representatives of a developing country and of a developed market-economy country urged that there should be more co-operation between producers of natural and synthetic fibres, since the two types of product were complementary and not mutually exclusive.

<sup>5</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade ...*

<sup>6</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 4A (TD/B/366)*, para. 34.

87. In general, the representatives of both developed market-economy and socialist countries considered that, as far as possible, action aimed at expanding research and development efforts for natural materials should be taken by existing intergovernmental bodies. They stated that they could not accept the suggestion that the production of synthetics should be discouraged, or that taxes be levied on synthetics to finance research and development for natural products. Some of them agreed, however, that no special encouragement should be given by developed countries to the production of new synthetics which threatened to supplant natural products in cases where existing and prospective world supplies of the natural product were sufficient to meet requirements. Representatives of some developed market-economy countries emphasized the undesirability and impracticability of slowing down technological progress.

88. The representative of one developed market-economy country said that there was a clear need for concrete proposals for expanded research and development programmes for natural materials facing competition from synthetics and substitutes. He suggested that such proposals should be elaborated by existing intergovernmental commodity bodies and that UNDP might be asked to develop further concrete recommendations on the basis of investigations and consultations with interested parties, particularly as regards commodities not covered by existing intergovernmental groups. He felt that the principal assistance required from IBRD and UNDP was help in the formulation of proposals.

89. The representatives of some developed market-economy and socialist countries stated that their Governments were prepared to make available, under bilateral arrangements, their research facilities to developing countries seeking to improve the competitiveness of their natural products. The representative of one developed market-economy country added that his Government was also considering methods by which industries could be made to bear the social costs of the environmental pollution which they caused, a policy that would improve the competitive position of natural materials.

90. The spokesman for a group of developed market-economy countries said that the growing perception of the need to increase consumption of bio-degradable materials that did not cause ecological problems, at the expense of the consumption of synthetics that did cause growing problems for the human environment, should be taken into account by the Permanent Group on Synthetics and Substitutes.

91. The representatives of two developed market-economy countries urged that attention should be given, in expanded research and development programmes for natural materials, to the possibilities for the joint use of natural and synthetic materials. The representative of another of these countries suggested that the competitiveness of natural products could be improved through trade promotion assistance. The representative of yet another developed market-economy country noted the recommendation of the Expert Group convened by

UNCTAD on hides, skins and leather that expanded research and development and promotion for these products should be carried out by an appropriate international body. He suggested that UNDP might be asked to finance a feasibility study on this matter.

92. At the Committee's 14th meeting, on 3 May 1972, a draft resolution on "Competitiveness of natural products, synthetics and substitutes" (TD/III/C.1/L.8), reproduced in appendix III, B below, was submitted on behalf of the Group of 77.

93. After consultations in the Contact Group the Chairman of the Committee submitted at its 20th meeting, on 13 May 1972, a revised draft (TD/III/C.1/L.15).

94. After certain amendments had been accepted, the Committee, at the same meeting, approved the Chairman's draft and recommended it to the Conference for adoption (see appendix I below).

#### D. Diversification

95. For the consideration of this subject the Committee had before it reports by the secretariat on "International action relating to commodity diversification" (TD/109)<sup>7</sup> and "Problems of commodity diversification in developing countries" (TD/119 and Corr.1)<sup>7</sup> and a review prepared by FAO of "Main issues in agricultural commodity trade" (TD/CONTR/2).

96. The Committee generally agreed that diversification had an important part to play in accelerating economic development in developing countries and that its planning and implementation were the primary responsibility of the developing countries; however, international assistance and co-operation were required to support the efforts of the developing countries in this respect. It was also recognized that diversification covered a field far exceeding the competence of the Committee on Commodities, but that the Committee should focus on the practical steps which it could take on those aspects that fell within its competence.

97. Representatives of some developing countries stressed that diversification was not a sufficient condition for development, which required also a reform of the social structure, including land reform, public ownership of national resources and effective control over the activities of multinational corporations.

98. The representatives of the socialist countries of Eastern Europe emphasized that diversification was an integral part of development and could succeed only if it was linked with social change, liquidation of colonial economic structures, over-all development planning and State control of the economy. They stressed the need for a long-term strategy of diversification and economic development of individual developing countries. One of these representatives stated that his country, as a socialist developing country, appreciated that diversification constituted an objective necessary way for all countries willing to do away with economic backwardness in the shortest period of time. Starting

<sup>7</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade ...*

from the fact that his country's aspirations were identical with those of the developing ones, he supported the measures provided for in the Lima Declaration regarding the problem of diversification.

99. The representative of a socialist developing country of Asia pointed out that the "single commodity" production and export of many Asian, African and Latin-American countries were the results of plunder by imperialism and colonialism. The reshaping of the "single-product" economy and the development of diversified production were conducive to the development of an independent national economy of these countries and to the improvement of their foreign trade. His Government supported the developing countries in their efforts to this end and supported many reasonable demands put forward by them concerning this question.

100. The representatives of the developing countries emphasized strongly that the most effective assistance which could be provided for their diversification efforts was improved access to the markets of developed countries for primary, semi-processed, processed and manufactured products. One of them added that these efforts should not be hampered by trade barriers imposed by developed market-economy countries. Several of these representatives urged particularly the need for the extension of the generalized system of preferences to include the products in chapters 1-24 of the BTN. Some of them called upon the developed countries to undertake the structural adjustments to their economies which would enable them to lower barriers to imports from developing countries, particularly imports of labour-intensive manufactured goods in the production of which the developing countries enjoyed a comparative advantage.

101. The representatives of a number of developed market-economy countries stated that an improvement to a certain extent of access to markets in developed countries might be required in order to make diversification and trade promotion activities effective. Diversification, including trade promotion and improved access to markets, had to be looked upon as an integrating element in a set of measures in specific fields of the commodity sector. One of them emphasized, however, that measures to widen access to markets needed to be complemented by measures of export promotion designed to diversify outlets for the exports of developing countries. This representative also pointed out that his country had already suggested to the secretariat that it should try to identify the trends with respect to self-sufficiency in the main importing areas, and those primary products for which a reduction of protection in developed countries seemed likely to result in the greatest export gains for developing countries. He also stated that horizontal diversification in some cases was the only alternative. The representatives of some developed market-economy countries also maintained that industrial restructuring by the developed countries was not a prerequisite to diversification in developing countries.

102. The representative of one developed market-economy country cast doubt on the value of the sug-

gestion (TD/119, para. 40) that the developed countries should encourage the shift of resources from labour-intensive industries to technologically advanced industries, in order to provide greater export opportunities for labour-intensive industries in developing countries. He pointed out that such a policy could lead to greater unemployment in developed countries, which would not be in the interests of developing countries.

103. The representative of EEC described the Community's ideas and experience in the matter of diversification, and offered its suggestions. The Community suggested that ways be found at the world and regional levels to collect, make available, and disseminate relevant information concerning commodities, possibilities of creating new economic activities, and decisions relating to diversification.

104. The representatives of the socialist countries of Eastern Europe supported the demand of the developing countries for freer access to markets and for a more rational international division of labour. In this connexion several of these representatives drew attention to the arrangements which their Governments had concluded with developing countries providing for industrial complementarity. Under these arrangements the socialist countries provided aid to developing countries for the establishment of new industries and at the same time undertook to accept part of the output of these industries in exchange.

105. A number of representatives considered that efforts should be made, through more systematic international consultations to promote harmonization of national diversification programmes involving the principal agricultural and mineral primary commodities. Many representatives of developed market-economy countries urged the need for UNCTAD, FAO and the specialized international commodity bodies to provide all Governments and agencies concerned with an adequate flow of information on the market situation of primary commodities, as a means of promoting harmonization of diversification programmes, and some of them considered that it was important to find an appropriate and better procedure for co-ordination of these activities between the organizations mentioned and the international financial institutions. They also suggested that the annual review made by the UNCTAD secretariat of current trends in the commodity field should henceforth contain proposals concerning commodity diversification. In these reviews account should be taken of observations and findings made by the commodity bodies concerned. On the basis of these reviews, as well as of any further relevant data, the UNCTAD secretariat should study the need for diversification in various commodity sectors and present ideas or proposals on trade policy and commodity policy measures. The representative of one developed market-economy country felt that decisions on aid for "horizontal" diversification projects should be taken centrally by a single international authority. The representatives of some developing countries and of a developed market-economy country nevertheless expressed scepticism about the possibilities of achieving harmonization of diversification programmes in view of the probability that the decisions

of Governments on such programmes would be taken in the light of national needs.

106. The representatives of a number of developing countries felt that greater efforts should be made to harmonize horizontal diversification programmes in order to avoid the creation of new surplus situations on the world market. One of them proposed that the Committee on Commodities should set up a sessional committee with the participation of representatives of FAO, IBRD, UNIDO and the UNCTAD/GATT International Trade Centre to co-ordinate the diversification programmes at present in progress. In addition, he supported the idea of appointing a group of experts to study the problems facing developing countries that were very heavily dependent on a commodity of which there was a surplus on the world market. In this connexion, he suggested that developed countries should not diversify into the production of "problem commodities". The representative of another developing country emphasized that developed countries should refrain from disrupting commodity markets by a disorderly disposal of surplus stocks, while another favoured the conclusion of international agreements between producers of natural materials and competing synthetics as a means of promoting harmonization of production plans for each type of material.

107. The value of an improved flow of market information as a basis for rational decision-making on diversification was also stressed by the representatives of a number of socialist countries.

108. The need for an increased flow of financial and technical assistance for diversification was underlined by the representatives of the developing countries. Some of them pointed out that their countries could hope to promote vertical diversification only if very substantial financial assistance was available to them. They suggested that the appropriate international agencies should work out concrete diversification programmes country by country, taking account of possibilities for industrial complementarity at the subregional, regional and inter-regional levels.

109. The representative of one developing country suggested that the international agencies should give priority attention to the problems of the "hard-core" developing countries, identified in the documentation submitted by the secretariat (TD/119, table 2), which faced particularly severe problems of export stagnation or decline. Another of these representatives proposed the establishment of a diversification fund for developing countries, supported by developed countries and by international financial institutions.

110. Some developed market-economy countries suggested that the inter-agency consultations on diversification which had been convened by the Secretary-General of UNCTAD should be continued, as a means of making the financial and technical assistance efforts of the agencies more effective. The representative of

one developed market-economy country suggested that the international community should try to draw up guidelines for successful diversification. The representative of another developed market-economy country, after stressing some advantages of horizontal diversification and after having emphasized the usefulness of intermediate technology, expressed his Government's readiness to support diversification funds of the type operated by the International Coffee Organization, after due examination of each case.

111. The representatives of several developed countries, both market-economy and socialist, agreed with the suggestion that inter-agency teams, co-ordinated by a body with broad competence in the commodity field and upon the request of developing countries, should study the diversification needs of developing countries facing acute problems of decline or stagnation in their export sectors. Some of them, however, doubted whether it was possible to distinguish sharply between problems of export diversification and problems of economic development in general. The representative of one developed market-economy country further noted the appeals of the Chairman and the secretariat for concrete reactions to the secretariat's proposals for action by the Committee and addressed himself to them further. He supported in principle the suggestions on collection and dissemination of information and exchanges of views among the different secretariats. He also supported regular and systematic review, by FAO and other commodity bodies, of the outlook for the commodities with which they were concerned, but cautioned against too mechanical an approach to projections, and expressed serious reservations regarding the suggestions for a new programme of econometric models or intensified work on formal projections by the commodity groups. The suggestion that countries considering bilateral assistance for commodity diversification should keep in close touch with market information available in the appropriate international agencies was welcome. He was opposed to involving commodity bodies in matters beyond their competence and to creating additional bodies, and felt that the focal points for assisting in all aspects of development planning should remain UNDP and IBRD, although if UNCTAD staff acquired pertinent expertise in the problems of export diversification, they might participate in UNDP/IBRD country missions.

112. At the Committee's 14th meeting, on 3 May 1972, a draft resolution (TD/III/C.1/L.4) was submitted on behalf of the Group of 77.

113. At its 22nd meeting, on 16 May 1972, the Committee decided that, since it had not been possible to reach agreement on the draft resolution, it should be referred, together with the suggestions of Group B relating thereto, to the President of the Conference for further consideration (see appendix II, E below).

**CHAPTER III****Action taken by the Committee**

114. At its 14th meeting, the Committee established a Contact Group, consisting of representatives of Argentina, Australia, Brazil, Bulgaria, Canada, Chile, Colombia, Congo, Czechoslovakia, Egypt, Federal Republic of Germany, France, Hungary, India, Japan, Malaysia, Nigeria, Pakistan, Philippines, Poland, Republic of Viet-Nam, Senegal, Spain, Sweden, Switzerland, Togo, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America and Venezuela, to consider and report to the Committee on all draft resolutions and proposals submitted.

115. After consultations in the Contact Group the draft resolutions referred to in appendix I below were approved by the Committee and recommended to the Conference for adoption.

116. The Contact Group was unable to reach agreement on the texts of the other documents. The Committee therefore authorized the Chairman to submit them, along with the suggested amendments, to the plenary of the Conference (see appendix II, below).

## APPENDICES

### *Appendix I*

#### DRAFT RESOLUTIONS RECOMMENDED BY THE FIRST COMMITTEE FOR ADOPTION BY THE CONFERENCE

##### Commodity problems and policies

(Agenda item 13)

##### A. INTERNATIONAL COCOA AGREEMENT

[Text adopted by the Conference without change. See annex I, A above, resolution 49 (III)]

##### B. COMPETITIVENESS OF NATURAL PRODUCTS, SYNTHETICS AND SUBSTITUTES

(Agenda item 13 (b))

[*Idem*, resolution 50 (III)]

### *Appendix II*

#### DRAFT RESOLUTIONS SUBMITTED TO THE FIRST COMMITTEE AND REFERRED TO THE CONFERENCE FOR CONSIDERATION

##### A. Access to markets and pricing policy, including international price stabilization measures and mechanisms; marketing and distribution systems of primary commodities

(Agenda item 13 (a))

##### 1. ACCESS TO MARKETS, PRICING POLICY, MACHINERY, AND INTERNATIONAL PRICE STABILIZATION MEASURES AND MECHANISMS

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.1/L.11)*  
[For the text of this draft resolution, see annex VII below.]

##### 2. ACCESS TO MARKETS AND PRICING POLICY

*Draft resolution submitted by Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (TD/III/C.1/L.13)*  
[For the text of this draft resolution, see annex VII below.]

##### B. Marketing and distribution systems

(Agenda item 13 (a))

##### 1. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.1/L.5)*

*The United Nations Conference on Trade and Development, Considering the need to increase and stabilize the export earnings of the developing countries,*

*Considering the need to ensure that these countries can retain a substantial and stable share of the profits derived from inter-*

*national trade in relation to the primary commodities which they export,*

*Considering further the key importance of marketing and distribution systems for the international distribution of the income generated by this trade,*

*Affirming that high priority should be given to the study of this aspect of the trade in primary commodities,*

1. *Requests the Secretary-General of UNCTAD, in order to undertake a comprehensive review of the marketing and distribution systems of primary commodities of export interest to developing countries, to make a study, as a matter of urgency, and submit it to the Committee on Commodities at its seventh session, using all sources of information, including international and intergovernmental organizations and governments and non-governmental institutions concerned with trade in primary commodities. The study should aim to provide:*

(a) *An assessment of the proportion of earnings of developing countries from exports of selected commodities which is retained within their territories as compared with the total earnings generated by this flow of trade;*

(b) *An analysis of the functioning of commodity exchanges and the extent to which short-term price fluctuations are attributable to their activities;*

(c) *An analysis of the organization of markets, in particular to identify elements of a monopolistic or oligopolistic nature and the extent to which levels of prices may be attributable to such market forms, and the consequences to developing countries therefrom;*

(d) *Recommendations for corrective measures in order to increase the flow of trade from developing countries to the developed countries.*

*2. Draft resolution submitted by members of Group B amending document TD/III/C.1/L.5*

*The United Nations Conference on Trade and Development, Considering the need to increase and stabilize the export earnings of the developing countries,*

*Considering the desirability of retaining in the countries an equitable share of the proceeds derived from their export sales of primary commodities,*

*Recognizing that marketing and distribution systems for individual commodities can play an important role in this process,*

*Recalling the mandate given to the Secretary-General at the fifth session of the Committee on Commodities to submit detailed proposals for studies in depth of the marketing and distribution systems for selected commodities,*

*Recalling also that in pursuance of that mandate, the sixth session of the Committee on Commodities had authorized the preparation, in collaboration with other international organizations, of a pilot study on cocoa,*

*Recognizing the varied and complex nature of the structures of the marketing and distribution systems involved,*

*Regretting that as a result of that complexity, it had not proved possible to complete the pilot study in time for due consideration by member countries and subsequently by the Conference,*

*Noting the progress report on the pilot study submitted to the Conference,*

*1. Urges the Secretary-General of UNCTAD, in full collaboration with other international organization, to complete the pilot study on cocoa, covering the entire chain of distribution from producer to end-user, whether in developed market-economy or centrally planned economy countries, and to submit it to the Committee on Commodities as soon as it is complete ;*

*2. Requests states members of UNCTAD to take such action as they can in order to ensure that available information relevant to the study is provided to the secretariat;*

*3. Instructs the Committee on Commodities to examine the study and, in the light of the conclusions reached from that examination, to formulate proposals for further work on other selected commodities.*

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (revision of TD/III/C.1 L.5)*

[The text of this draft resolution is identical with that adopted by the Conference (see annex I, A above, resolution 78 (III)), except that in the draft resolution operative paragraph 2 (c) reads as follows: "The monopolistic or oligopolistic factors, including transnational corporations, which affect price levels, and their impact on the developing countries".]

**C. The stabilization of commodity prices and, in particular, the role of the International Bank for Reconstruction and Development**

(Agenda item 13 (a))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.1/L.14/Rev.1)\**

*The United Nations Conference on Trade and Development,*

*Noting resolutions of the first and second sessions of UNCTAD on compensatory financing and financing of stocks, A.II.1, 16 (II), 19 (II) and 31 (II),*

*Recognizing that increases in the export earnings of the developing countries are governed mainly by the prices of the commodities on which these countries still largely depend, and partly by a gradual rise in the volume of their exports of these commodities,*

*Recognizing further that the conclusion of agreements on individual commodities may contribute to an increase in these two sources of earnings, particularly as a result of the stabilization of prices of raw materials at equitable and remunerative levels (refer to the UNCTAD resolution on financing of buffer stocks by IMF),*

*Convinced that the institutions of the World Bank should play an effective role in directly and indirectly stimulating the conclusion of and compliance with such agreements, and that this should be given a place of increasing importance in the loan policy of these institutions, which should assign priority to the solution of problems deriving from price fluctuations and to the financing of diversification and price stabilization programmes,*

*Recommends:*

*1. That the International Bank for Reconstruction and Development should provide its assistance, as it has already done in the fields of agricultural research and technical assistance, facilitate the conclusion of arrangements and agreements for stabilizing the prices of certain commodities, and actively assist the intergovernmental and regional groups set up for that purpose;*

*2. That, in general, the World Bank Group should make price stabilization an objective of its loan policies and encourage the conclusion of such arrangements or agreements;*

*3. That the World Bank Group should apply systematically the principle already adopted in 1969 of assistance in the diversification of production, give priority to loans in respect of agro-industrial projects and promote industrial investment for the local processing of developing countries' agricultural products and raw materials, and that it should assess the value of projects submitted to it in the light of their effects on export earnings and of their implications for the terms of trade of the country concerned;*

*4. That the International Bank for Reconstruction and Development and its branches should act in close co-operation with the International Monetary Fund in financing the establishment of stocks of commodities and diversification programmes;*

*5. That [the International Development Association, in accordance with paragraph V, section 2 of its Articles of Agreement,] [the World Bank Group] should provide direct financing to international agencies whose objective is to stabilize the prices of raw materials in accordance with agreements on individual commodities, when such intervention may appear necessary, and particularly where:*

*Pre-financing is envisaged ;*

*Stabilization of prices over the long-term is required; direct assistance to funds for the diversification, adjustment or improvement of production appears necessary.*

**D. The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction**

(Agenda item 13 (a))

*1. Draft resolution submitted by Algeria, Kuwait and Peru (TD/III/C.1/L.17)*

[Text adopted by the Conference without change. See annex I, A above, resolution 51 (III).]

\* Adopted by the Conference, with amendments, at the 117th plenary meeting. For final text, see annex I, A above, resolution 54 (III).

2. *Draft resolution submitted by Chile, Kuwait and Somalia*  
(TD/III/C.1/L.16)

[*Idem*, resolution 52 (III)]

**E. Diversification**

(Agenda item 13 (c))

1. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group* (TD/III/C.1/L.4)

*The United Nations Conference on Trade and Development,*

*Bearing in mind* paragraphs 28, 75 and 76 of the International Development Strategy (General Assembly resolution 2626 (XXV)), in which diversification is recognized as one of the principal means of accelerating the economic and social development of the developing countries,

Reaffirming decisions 2 (III) and 5 (VI) of the Committee on Commodities,

Reaffirming also that horizontal diversification of the production and exportation of commodities, and vertical diversification of the production and exportation of manufactures and semi-manufactures, constitute an integral and dynamic process,

Recognizing the importance of diversification of the economies of the developing countries and the extent to which adjustment and restructuring of the economies of developed countries can contribute to this purpose, and recognizing also that while the responsibility for diversification lies primarily with the developing countries, the developed countries should assist developing countries in their diversification efforts by a comprehensive commitment to enable the developing countries to undertake appropriate policies,

1. *Urges* the developed countries:

(a) To adopt an adequate policy of access to their markets and an adequate price policy which will facilitate the complete execution of diversification programmes;

(b) To undertake to introduce structural adjustments of their

economies in order to facilitate the expansion of imports from developing countries, and particularly in respect of countries heavily dependent on the export of commodities facing structural marketing problems;

(c) To enlarge their system of generalized preferences to cover, in particular, processed and semi-processed primary commodities;

(d) To facilitate the transfer of technology;

(e) To support diversification funds established or to be established in developing countries and, jointly with developing countries, to invite international financial institutions to support diversification funds;

2. *Requests* the Secretary-General of UNCTAD to prepare, in consultation with international financial organizations, a study on the creation of a fund for the support of national programmes for the diversification of exports to be constituted with additional financial resources for development;

3. *Further requests* the Secretary-General of UNCTAD to carry out from funds available to the United Nations Development Programme for regional projects, a preliminary survey of the existing infrastructure of developing countries, in order to identify the minimum that is necessary to enable developing countries to benefit from any programme of diversification;

4. *Invites* the International Bank for Reconstruction and Development and other international and regional financial institutions, through the appropriate channels, to consider giving due priority in their lending policies to assistance:

(a) To improve the competitive position of natural products facing competition from synthetics;

(b) To improve the quality and yields of basic food crops in the developing countries;

(c) To utilize the results of modern science and technology to assist the specific vertical and horizontal diversification of developing countries.

2. *Text containing suggestions by Group B for discussion in connexion with document TD/III/C.1/L.4*

[For the text of this document, see annex VII below.]

*Appendix III*

**OTHER DRAFT RESOLUTIONS CONSIDERED BY THE FIRST COMMITTEE OR THE CONTACT GROUP**

**A. Commodity problems and policies**

(Agenda item 13)

**INTERNATIONAL COCOA AGREEMENT**

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group* (TD/III/C.1/L.6)

*The United Nations Conference on Trade and Development, Recalling* its resolution 16 (II),

*Recalling further* General Assembly resolution 2820 (XXVI) and resolution 85 (XI) of the Trade and Development Board,

*Conscious* of the importance of price stabilization for cocoa to a great number of developing countries,

*Noting* the positive and encouraging statements made by some consumer countries during this third session,

1. *Deeply regrets* that it has to date not been possible to conclude an international cocoa agreement;

2. *Takes notes* of the report of the Secretary-General of

UNCTAD on the first part of the Cocoa Conference which took place in Geneva from 6 to 28 March 1972;

3. *Requests* the Secretary-General of UNCTAD to take any other measures he may consider necessary in order to facilitate the resolution of outstanding issues, and to this end give every possible assistance to the Cocoa Conference with a view to concluding an international cocoa agreement with the full participation of all producers and consumers;

4. *Further* requests the Secretary-General of UNCTAD to convene the second part of the Cocoa Conference with a view to concluding an international cocoa agreement before the end of 1972;

5. *Requests* Governments of all producer and consumer countries to make the second and concluding part of the Cocoa Conference a Conference of plenipotentiaries with full powers, to give maximum possibility for the successful formulation of an international cocoa agreement acceptable to all producers and consumers;

6. *Calls upon* all cocoa consumers and producers to make every possible effort to ensure the successful conclusion of an

agreement, bearing in mind the dominant part cocoa plays in the export earnings of a great number of developing countries.

## B. Competitiveness of natural products

(Agenda item 13 (a))

### COMPETITIVENESS OF NATURAL PRODUCTS, SYNTHETICS AND SUBSTITUTES

#### 1. Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.1/L.8)

*The United Nations Conference on Trade and Development,*

Recalling the recommendation of the first session of the Conference in Annex A.II.7 on the competition of synthetics and substitutes,

Bearing in mind that the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) indicates, especially in its paragraph 29, that appropriate measures will be taken, including the provision of finance and intensive research efforts designed to improve market conditions and to diversify the final uses of natural products facing competition from synthetics and substitutes,

Expressing its grave concern for the loss of traditionally exclusive markets for natural products as a consequence of competition of synthetics and substitutes, causing a subsequent fall in prices and income in the developing countries,

1. Urges the developed countries not to take measures in the context of their national policies which will encourage production of synthetics and substitutes which will compete with natural products of developing countries;

2. Urges also the developed countries to eliminate tariffs and non-tariffs barriers on natural products facing competition from synthetics and substitutes and to implement the provisions of Special Principle Nine, concerning dumping, of the Final Act of the first Conference, with special reference to the marketing of synthetics and substitutes;

3. Asks the developed countries to encourage research and development in respect of natural products facing competition from synthetics and substitutes, aimed at improving production techniques and increasing trade in those products through, *inter alia*, alternative or new uses and markets for such products;

4. Recommends the developed countries which produce such synthetics and substitutes to levy some measure of taxation on these in order to raise funds for research and development programmes for improving the competitive position of natural products of developing countries;

5. Requests the developed countries and international financial institutions to provide financial and technical assistance to support national, subregional and regional research and development projects in developing countries for natural products facing competition from synthetics and substitutes, and to provide the necessary assistance to enable developing countries to effectively implement their diversification programmes and for the trade promotion and marketing of their natural products;

6. Recommends the developing countries to make efforts to increase trade among themselves in natural products threatened by synthetics and substitutes and to co-operate on research and the dissemination of results;

7. Urges countries producing synthetics to co-operate with UNCTAD, the Food and Agriculture Organization of the United Nations and other international organizations to make available all relevant information on synthetics in order to study the problems facing natural products.

#### 2. Suggestions by Group B for discussion in connexion with draft resolution TD/III/C.1/L.8

*The United Nations Conference on Trade and Development,*

Bearing in mind that the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) indicates, especially in its paragraph 29, that appropriate measures will be taken as far as practicable, including the provision of finance and intensive research and development efforts designed to improve market conditions and to diversify the end uses of natural products facing competition from synthetics and substitutes,

Expressing its grave concern over the unfavourable economic consequences for developing countries due to the erosion of traditional markets for natural products as a consequence of competition from synthetics and substitutes,

1. Urges member States of UNCTAD, particularly the developed countries in cases where natural products are able to satisfy present and anticipated world market requirements, not to take measures in the context of their national policies which will especially encourage new production of synthetics and substitutes which will compete with natural products of developing countries;

2. Urges them also to undertake, to the fullest extent possible, the reduction and elimination of tariff and non-tariff barriers on natural primary products facing competition from synthetics and substitutes;

#### 3. Requests

(a) Countries to encourage increased research and development in respect of natural products facing competition from synthetics and substitutes, including improving production techniques and increasing consumption and trade in those products through, *inter alia*, development of alternative or new uses and markets for such products and trade promotion;

(b) International financial institutions to consider ways to provide financial and technical assistance in support of such increased research and development;

(c) The responsible specialized agencies of the United Nations to assist in improving the competitiveness of such products through technical assistance and other means authorized under their programmes of work, including technical assistance in export development;

4. Recommends that the developing countries co-operate among themselves, as well as with other interested countries, as appropriate, both in research and development activities related to natural products facing competition from synthetics and substitutes and in programmes to expand consumption of such products in the developing countries as a means of increasing trade in such products among developing countries;

5. Urges countries producing synthetics and countries whose products face competition from synthetics to co-operate with UNCTAD, FAO and other international organizations to make available as much information as possible that is relevant to the study of the problems facing natural products.

#### 3. Draft resolution—compromise text by the Group of 77

*The United Nations Conference on Trade and Development,*

Recalling the recommendation of the first session of the Conference in Annex A.II.7 on the competition of synthetics and substitutes,

Expressing its grave concern for the loss of traditionally exclusive markets for natural products as a consequence of competition of synthetics and substitutes, originating a subsequent fall in prices and income in the developing countries,

Reaffirming the agreement reached at the fourth session of the Committee on Commodities,

1. *Urges* the developed countries to eliminate tariffs and non-tariff barriers on natural products facing competition from synthetics and substitutes and to implement the provision of Special Principle Nine, concerning dumping, of the Final Act of the first Conference, with special reference to the marketing of synthetics and substitutes;

2. *Asks* the developed countries to encourage research and development in respect of natural products facing competition from synthetics and substitutes, aimed at improving production techniques and increasing trade in those products through, *inter alia*, alternative or new uses and markets for such products;

### 3. Requests

(a) Countries to encourage increased research and development in respect of natural products facing competition from synthetics and substitutes, including improving production techniques and increasing consumption and trade in those products through, *inter alia*, development of alternative or new uses and markets for such products and trade promotion;

(b) The developed countries and regional and international institutions to provide financial and technical assistance to support national, subregional and regional research and development projects in developing countries for natural products facing competition from synthetics and substitutes and to provide the necessary assistance to enable developing countries to effectively implement their diversification programmes and for the trade promotion and marketing of their natural products, and to provide the necessary flexibility to the institutions concerned to implement this resolution;

(c) The responsible specialized agencies of the United Nations to assist in improving the competitiveness of such products through technical assistance and other means, including technical assistance in export development;

4. (i) *Urges* developed countries to take measures to ensure that industries producing synthetic materials bear the costs of the environmental pollution which they cause and requests the Permanent Group on Synthetics and Substitutes to review the action taken on this matter;

(ii) *Urges* countries producing natural materials threatened by competition from synthetics to co-operate for the purpose of preparing and implementing long-term strategies and related comprehensive programmes of research, development and promotion for these materials, either through existing international bodies or, as in the case of hides, skins, and leather, through new bodies which might be established for this purpose with the assistance, as necessary, of UNCTAD, the Food and Agriculture Organization of the United Nations and the United Nations Industrial Development Organization;

(iii) *Requests* the Consultative Group on Agricultural Research sponsored jointly by the International Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations and the United Nations Development Programme to give urgent consideration to the need for assistance to research designed to improve the competitiveness of natural raw materials, including processing and end-use research as well as production research, and to consider establishing an additional technical advisory committee of specialists on agricultural raw materials and their processing;

(iv) *Urges* countries producing synthetics to co-operate with UNCTAD, the Food and Agriculture Organization of the United Nations and other international organizations to make available all relevant information on synthetics in order to study the problems facing natural products.

4. *Draft resolution—Revised text submitted by the Group of 77 for consideration by the Contact Group*

*The United Nations Conference on Trade and Development, Recalling* the recommendation of the first session of the Conference in Annex A.II.7 on the competition of synthetics and substitutes,

*Expressing* its grave concern for the erosion of traditional markets for natural products as a consequence of competition of synthetics and substitutes, leading to unfavourable economic consequences for the developing countries,

*Noting* the decision reached at the fourth session of the Committee on Commodities,

### 1. Requests

(a) Countries to encourage increased research and development in respect of natural products facing competition from synthetics and substitutes, including improving production techniques and increasing consumption and trade in those products through, *inter alia*, development of alternative or new uses and markets for such products and trade promotion;

(b) The developed countries within their programmes and the appropriate regional and international institutions to provide financial and/or technical assistance to support: (i) national, multinational, subregional and regional research and development projects of interest to developing countries for natural products facing competition from synthetics and substitutes and (ii) trade promotion and marketing of natural products by developing countries;

(c) The responsible agencies of the United Nations to assist in improving the competitiveness of such through technical assistance, including technical assistance in export development and to show the necessary flexibility in this regard;

2. [(i) *Urges* developed countries to take measures to ensure that industries producing synthetic materials bear the costs of the environmental pollution which they cause and requests the Permanent Group on Synthetics and Substitutes to review the action taken on this matter.]

[(ii) *Urges* countries producing natural materials threatened by competition from synthetics to co-operate for the purpose of: (a) preparing and implementing long-term strategies and related comprehensive programmes of research, development and promotion for these materials, [either through existing international bodies or, as in the case of hides, skins and leather, through new bodies which might be established for this purpose with the assistance, as necessary, of UNCTAD, the Food and Agriculture Organization of the United Nations and the United Nations Industrial Development Organization] and (b) expanding consumption of natural products in the developing countries as a means of increasing trade in such products among developing countries;

[(iii) *Requests* the Consultative Group on Agricultural Research sponsored jointly by the International Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations and the United Nations Development Programme to give urgent consideration to the need for assistance to research designed to improve the competitiveness of natural raw materials, including processing and end-use research as well as production research, and to consider establishing an additional technical advisory committee of specialists on agricultural raw materials and their processing.]

(iv) *Urges* all countries concerned to co-operate with UNCTAD, the Food and Agriculture Organization of the United Nations and other international organizations to provide relevant information available to them on synthetics in order to facilitate study of the problems facing natural products.

## B. REPORT OF THE SECOND COMMITTEE

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NOTE: The check list of documents prepared for the Second Committee before and during its deliberations appears in annex X, Section I, II below.

### Introduction

1. At the 82nd (opening) plenary meeting, on 13 April 1972, the United Nations Conference on Trade and Development at its third session, established the Second Committee and referred to it for consideration and report the following items of the agenda:

12. Export promotion:
  - (b) Manufactures and semi-manufactures
14. Manufactures and semi-manufactures:
  - (a) Preferences;
  - (b) Liberalization of non-tariff barriers;
  - (c) Adjustment assistance measures;
  - (d) Restrictive business practices.

2. At its meeting, held on 13 April 1972, the Committee elected Mr. Dominic Laloux (Belgium) as its Chairman.

3. At its 4th meeting, on 21 April 1972, it elected Mr. Medoune Fall (Senegal) as Vice-Chairman and Mr. Luiz Victor Nogueira Magalhaes (Brazil) as Rapporteur.

4. The Committee held 19 meetings, in the course of which it considered the items allocated to it.<sup>1</sup>

<sup>1</sup> For an account of the Committee's deliberations see the summary records of the first to the nineteenth meetings (TD/III/C.2/SR.1-19).

5. At its 2nd meeting, on 18 April 1972, the Committee adopted the proposals for the organization of its work set out in the note by the Chairman of 17 April 1972 (TD/III/C.2/L.1).

## CHAPTER I

### Manufactures and semi-manufactures

#### A. Preferences

##### (Agenda item 14 (a))<sup>2</sup>

6. Introducing agenda item 14 (Manufactures and semi-manufactures), the representative of the Secretary-General of UNCTAD stated that implementation of the generalized system of preferences (GSP) had begun when EEC had put its scheme into effect in July 1971, followed by Japan in August 1971 and Norway in October 1971. Implementation had gathered momentum when Austria, Bulgaria, Czechoslovakia, Denmark, Finland, Hungary, Ireland, New Zealand, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland had implemented their respective schemes early in 1972.

7. The secretariat's report (TD/124 and Corr.1 and TD/124/Add.1 and Corr.1)<sup>3</sup> described the principal characteristics of the preferential arrangements of individual countries and provided general information on trade between the preference-giving and the beneficiary countries or territories. It also provided information on action taken by the UNCTAD secretariat in order to help developing countries obtain the maximum advantage from the system.

8. The representative of the Secretary-General of UNCTAD drew attention to some important problems connected with the implementation of the GSP, the most crucial being that Canada and the United States of America had not yet put their schemes into effect. Many speakers in the plenary had expressed concern at that situation. Further delay could create economic problems for both preference-receiving and preference-giving countries and raise difficult political issues.

9. He appreciated that there had naturally been initial difficulties in putting into effect such a wide-ranging and complex system. These difficulties concerned late notification and dissemination of the schemes, which prevented beneficiaries deriving full advantage from them at the outset. There were also difficulties encountered by many developing countries in complying with the rules of origin, as a result of which exports from these countries failed to qualify for preferential treatment.

10. He recalled that the appropriate machinery within UNCTAD which was to deal with questions related to the implementation of Conference resolution 21 (II) would examine, *inter alia*, during the periodic reviews concrete measures for the improvement of the system. The Conference might therefore wish to give some attention to the improvement of the various schemes. He also recalled that the terms of reference of the appropriate machinery were set out in section VIII of the agreed conclusions of the Special Committee on Preferences.<sup>4</sup> The Manufactures Division was preparing documentation for such reviews and it appreciated the assistance provided by preference-giving countries by way of supplying computer tapes containing tariff and trade data. It would, however, need additional information from those countries concerning, in particular, details of imports by individual preference-giving countries from developing countries, the use of escape clauses and the administration of quotas and ceilings, the application of rules of origin and progress in their harmonization, and changes in the schemes themselves. Information would also be needed from those socialist countries of Eastern Europe concerned on tariff preferences granted and other specific measures of a preferential nature designed to expand their imports from the developing countries in accordance with their joint declaration.<sup>5</sup> From the developing countries the secretariat would need information on measures taken by them to benefit from the GSP and on any difficulties encountered in preference-giving countries or at home.

11. Since the effects of the GSP would not be felt for some years, the initial reviews would concentrate on the effects on export earnings, the effects on industrialization and economic growth being considered at a later stage. Consequently, the Second Committee might wish to consider the scope and nature of the first review, the appropriate body to carry out the review and the date of its first meeting to discuss the matter. In that connexion he pointed out that Board resolution 80 (XI) had extended the existence of the Special Committee on Preferences pending a decision on the appropriate machinery, which was to be taken by the Trade and Development Board.

<sup>2</sup> The Committee considered this item at its 2nd to 6th and 15th meetings.

<sup>3</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade* (United Nations publication, Sales No. E.73.II.D.5).

<sup>4</sup> See Trade and Development Board decision 75 (S-IV), annex.

<sup>5</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

12. With respect to the least developed of the developing countries, the representative of the Secretary-General of UNCTAD stated that section V of the agreed conclusions recognized the urgent need to improve the economic situation of these countries and called for special measures to enable them to benefit to the fullest possible extent from the GSP. He referred to the recommendation in the Declaration and Principles of the Action Programme of Lima (TD/143)<sup>6</sup> that a special industrialization and technical co-operation fund should be created from contributions by developed countries, which would equitably balance the benefits accruing to various developing countries from the GSP. Further suggestions were contained in the action programme submitted by the Secretary-General of UNCTAD (see TD/135, paras. 40-46).

13. The steps taken by the secretariat to help the developing countries to benefit to the greatest possible extent from the GSP included a three-year technical assistance project initiated in March 1972 and financed by UNDP, which provided for training and advisory services to promote awareness of the advantages and implications of the GSP among government and other officials. The secretariat was also participating in joint UNCTAD/UNIDO/International Trade Centre missions with a view to helping countries to assess the new export possibilities engendered by the GSP. In those efforts special attention would be given to the requirements of the least developed countries.

14. The Committee expressed satisfaction that the GSP had been launched at the beginning of the Second United Nations Development Decade and commended the UNCTAD secretariat for its decisive contribution in this field. It reviewed the status of implementation of the various preferential arrangements and took note of additional details or changes made in relation to these arrangements. The Committee also reviewed the operation and effects of the GSP, and specific proposals were made for its improvement. Other aspects affecting the GSP which were discussed also related to quantitative restrictions and other non-tariff barriers, restrictive business practices, and the proposed multilateral trade negotiations in 1973 under GATT auspices. The Committee considered the question of institutional arrangements for the implementation of the GSP and reviewed the technical assistance required in this connexion.

#### *Status of implementation*

15. The representatives of developing countries expressed their appreciation to those preference-giving countries that had already implemented their respective schemes of preferences, they also pressed for the inclusion in the GSP of all items falling within BTN chapters 1-24 together with those items of export interest to developing countries falling within BTN chapters 25-99 that were at present excluded from it. Representatives of all the developing countries and of several developed countries drew attention to the International Development Strategy for the Second United Nations Develop-

ment Decade (see General Assembly resolution 2626 (XXV)) expressing concern that two major preference-giving countries had not yet taken steps to implement the GSP and urging them to do so without delay so as to achieve a better balance of efforts on the part of preference-giving countries on the one hand and, more especially, to widen the range of possibilities offered to beneficiaries on the other.

16. The representative of Canada stated that his country remained fully committed to the GSP and that his Government had taken steps to seek Parliamentary authorization for the implementation of the Canadian scheme.

17. The representative of the United States of America explained the difficulties which had prevented his Government from implementing its scheme. He stated that during 1971 his country had experienced a sharp deterioration in its trade account and had faced serious monetary and balance-of-payments problems. In the circumstances the United States Administration had had to postpone its plan to ask Congress for legislative authority to implement a scheme of generalized preferences. Since August 1971 his country had made progress in dealing with the underlying problems he had mentioned but there was continuing concern in some quarters about the country's balance of payments and its economy in general; there was also very strong protectionist sentiment which was opposed to opening up new opportunities in the United States market and in favour of import restrictions. Consultations with Congress had convinced the United States Administration that submission of a legislative proposal in the prevailing economic circumstances would have intensified protectionist pressures and might have given rise to amendments restricting trade in general. He emphasized that this delay did not imply any lessening of interest in the matter on the part of the United States Administration and that his country was still committed to the concept of generalized preferences for developing countries. Indeed, his delegation applauded the fact that most of the other developed countries of Group B had already introduced their preference schemes; his Government would submit legislation to Congress as soon as prospects for its passage had improved. To put matters in their proper perspective, he pointed out that even without a scheme of preferences the United States provided substantial markets for products of developing countries, and he cited figures of imports to illustrate this point. He regretted, however, that his country had not been able to provide the greater market opportunities that would have resulted from implementation of its scheme of preferences. His Government believed that the decision to delay the implementation temporarily was in the best interests of all concerned and hoped that the delay would be short.

18. The representatives of developing countries stated that the reasons invoked by the United States for not implementing its scheme could not in any way release that country from its undertaking, and they urged the United States to put its scheme into force without further delay, especially since their countries were in

<sup>6</sup> See annex VIII, F below.

no way responsible for the difficult trading and monetary situation of the United States in recent months. Furthermore, they stated that any trade policy measures introduced by the United States would have a great effect on their exports to that country. They agreed that the United States market was a growing one for the products of interest to the developing countries and pointed out that implementation of the United States scheme would greatly facilitate the entry of products from developing countries into the United States market.

19. They also urged those countries which had not yet implemented their schemes to indicate the date when they would be able to fulfil their commitments, so that the developing countries could plan their policies on a firm basis and benefit fully from the concessions granted.

*Preferential arrangements by the developed market-economy countries*

20. The representatives of a number of preference-giving countries supplied information about newly applied schemes or changes made in their existing schemes; others clarified certain aspects of their schemes and tariff-cut arrangements in favour of developing countries.

21. The representative of Austria stated that his country had put its scheme of generalized preferences into effect on 1 April 1972 for a period of 10 years. Important improvements had been made compared with his country's revised offer (TD/B/AC.5/34/Add.3). As for the product coverage, it was to be noted that Austria provided preferential treatment also for primary products falling within BTN chapters 25-99.

22. In respect of products falling within BTN chapters 1-24 certain improvements had been made: duty-free entry was now provided for bananas (08.01 B) and deeper tariff cuts had been applied for tea in small packages (09.02 A) and for cocoa butter (18.04). Apart from that, the depth of cut remained the same as that indicated in the offer.

23. The scheme did not provide for *a priori* limitation of preferential imports. However, it was possible to suspend the application of the preferential tariff rate on a specific product if the annual rate of growth of imports of the product exceeded 25 per cent from all beneficiaries or 10 per cent from any one beneficiary if it was the first or second supplier of the product concerned among beneficiary countries or territories. The suspension was not automatic but could take place only if serious injury was caused, or threatened, to domestic producers of like or directly competitive products. That constituted significant improvement in the safeguard provisions of the previous Austrian offer.

24. The rules of origin applied under the scheme were practically identical with those applied by EEC under its scheme for 1972. The main aim of this alignment was to achieve the highest possible degree of harmonization of the rules of origin and thereby to facilitate their application. Beneficiaries included every developing country or territory which had asked for such preferences.

25. Furthermore, the Austrian Parliament had enacted a law, the text of which was being communicated to the UNCTAD secretariat, providing, as of 1 April 1972, for duty-free treatment or entry at a reduced rate for handicraft or other hand-made products originating from developing countries.

26. The spokesman for EEC stated that, in accordance with its offer, the Community had increased the ceilings and quotas for almost all categories of products for 1972 by taking imports in 1969, instead of in 1968, as the basis for the calculation of the "supplementary amount". As a result, the increase of quotas or ceilings was between 6 per cent and 12 per cent for those categories of products where this method of calculation was applied.

27. With respect to the inclusion of other countries claiming beneficiary status the EEC Council of Ministers was determined to take a decision not later than 1 July 1972, after completion of the necessary studies and after consultation with other preference-giving countries.

28. The representative of Finland pointed out that his country granted duty-free entry for certain hand-made cotton fabrics and that it was prepared to examine the possibility of implementing new tariff cuts in favour of developing countries.

29. The representative of Japan stated that his Government had been intensifying its liberalization of imports. Tariffs had been lowered on 124 items in 1971 and on 238 items in 1972, including items of particular interest to developing countries, in the fields of agriculture, forestry and marine products. The measures taken for improvement of the scheme for the new fiscal year included the raising of the ceilings, the addition of a large number of countries and territories to the list of beneficiaries, a decrease in the number of product groups subject to daily control and the revision of the procedures on matters relating to the body issuing the certificate of origin and to the transitional period.

30. The representative of Switzerland gave details of his country's newly-applied scheme, which had come into force on 1 March 1972 and the main features of which were described in document TD/124/Add.1 and Corr.1.

31. The representative of Ireland stated that his Government had implemented its scheme of preferences on 1 January 1972. Details of the scheme had been communicated to the secretariat for circulation (TD/B/373/Add.6). If, as expected, Ireland entered the enlarged EEC, it would be adopting the Community's scheme, with a small number of exceptions of a temporary nature, from 1 January 1974.

32. The representative of the United Kingdom of Great Britain and Northern Ireland stated that his country's scheme, which had been introduced on 1 January 1972, differed only in minor respects from the offer made in 1970 (TD/B/AC.5/34/Add.8) and was subject to the condition that it would have to be amended in the event of the country's becoming a member of EEC. In the Treaty of Accession signed at Brussels in January 1972, the United Kingdom had

undertaken to adopt the common commercial policy of EEC. The Community's scheme of generalized preferences was part of its common commercial policy and was a derogation from the Common Tariff. A Protocol to the Treaty of Accession allowed the United Kingdom to defer the application of the EEC scheme of generalized preferences until 1 January 1974, when the United Kingdom rates of duty would begin to be aligned with the Common Tariff of the Community.

*Preferential arrangements by socialist countries of Eastern Europe*

33. The representatives of the developing countries requested the representatives of the socialist countries of Eastern Europe concerned, to specify the nature of the preferential treatment which they had introduced or envisaged as their contribution to the attainment of the objectives of the GSP.

34. The representatives of the socialist countries of Eastern Europe described how they were fulfilling their obligations concerning the preferential treatment of their imports from the developing countries and, at the same time, answered questions put to them by the representatives of some developing countries.

35. The representative of Bulgaria stated that his country had implemented its scheme of generalized preferences on 1 April 1972 in conformity with principles agreed in UNCTAD and the joint declaration by five socialist countries of Eastern Europe,<sup>7</sup> with a view to contributing to the attainment of the objectives of Conference resolutions 15 (II) and 21 (II). A summary of his country's scheme was contained in document TD/B/378/Add.1.

36. He explained that tariff preferences in Bulgaria applied to all manufactures and semi-manufactures, including processed agricultural products, with the exception of 10 items. In addition, primary commodities from developing countries were admitted free of duty in accordance with the recommendations of the Conference at its first session. Thus, preferences to developing countries extended to practically all products. The initial preferential tariff reduction was 30 per cent of the MFN rate and no limitations were applied to preferential imports. His country would resort to safeguard measures only in exceptional circumstances and in applying these measures would take special account of the interests of the least developed among the developing countries. Preferences were applied to those goods that were wholly produced in beneficiary developing countries or that had undergone substantial transformation in those countries. In principle, preferences were granted to all interested developing countries irrespective of their economic and social systems on the condition that *per capita* income in the country concerned did not exceed that of Bulgaria. His Government reserved the right to deny preferences to those developing countries which in their commercial policies discriminated against Bulgaria. However, developing countries which accorded preferential treatment to certain developed countries would benefit from his

country's scheme from the outset, on the understanding that these reverse preferences would be phased out within a reasonable period.

37. He pointed out that tariff preferences were not the only measures applied by his country in fulfilment of the general objectives set out in Conference resolution 21 (II). These preferences, together with other measures undertaken in accordance with Conference resolution 15 (II) and the joint declaration, were aimed at increasing imports from developing countries on a stable and long-term basis.

38. Although his country granted preferences to developing countries, it also wished to benefit from the generalized preferences granted by the developed market-economy countries since its exports of industrial and processed agricultural products to these countries faced difficulties similar to those faced by developing countries. He pointed out that Austria and Japan had extended their schemes of preferences to his country and regretted that so far other developed market-economy countries had not yet done so. Certain of these countries had indicated that they were examining in a spirit of understanding his country's claim to preferences and he hoped that other developed market-economy countries would also review their position and take a decision which would reflect recent favourable trends in relations between countries having different economic and social systems.

39. In reply to a request for clarification by certain developing countries, he stated that his country had introduced a three-column customs tariff on 1 January 1971. Based on the BTN, it contained some 3,500 lines. Even in this brief period of application, the tariffs had proved to be an effective determinant of domestic prices so that the preferences granted to developing countries provided them with real advantages.

40. The representatives of Czechoslovakia stated that his country had implemented its scheme of generalized preferences on 28 February 1972 for an initial 10-year period. Preferential treatment was applied to all agricultural and industrial products, including primary commodities, contained in the Czechoslovak customs tariff, with a minimum of exceptions as listed in paragraph 103 of document TD/124 and Corr.1. Goods originating from developing countries enjoyed at the outset a 50 per cent linear reduction of customs duties on the post-Kennedy Round MFN rates, with duty-free treatment as a final aim. The rules of origin were based on the process criterion. Beneficiary status was granted to all developing countries which did not discriminate against Czechoslovakia. He pointed out that other preferential measures had been in force in favour of developing countries, in particular the one designed to eliminate the import, through intermediaries, of primary commodities and semi-processed products from these countries, and that additional measures were under consideration.

41. The representative of Hungary stated that his country had done its utmost to enlarge and diversify its trade and economic relations with developing countries. As a result, its trade with those countries had increased considerably. Documents TD/124 (para.

<sup>7</sup> See footnote 5 above.

106) and TD/124/Add.1 (paras. 35 and 36) gave a summary of his own country's scheme of generalized preferences, the details of which were given in document TD/B/378/Add.3 and annexes I and II. The scheme took into account the requests of developing countries, in particular the least developed among them, and was in line with the agreed conclusions of the Special Committee on Preferences and the joint declaration of five socialist countries of Eastern Europe. Thus the scheme included primary, agricultural, industrial and handicraft products falling within BTN chapters 1-99. Tariff preferences applied to 584 tariff lines and the preferential duty reductions ranged from 50 per cent to 90 per cent of the MFN rate. In addition, duty-free entry was provided for approximately 100 items. Trade had expanded with those countries which had contributed to the development of trade with Hungary and which had been able to supply manufactures of suitable quality on acceptable terms. The implementation of the scheme placed a fairly heavy burden on the Hungarian budget: the amount of preferential tariff reductions represented two-thirds of the customs revenue for the range of products benefiting from preferential treatment. His country concurred with the conclusions of the Working Group on Rules of Origin (see TD/B/AC.5/38, chap. III, sect. A), and would apply the rules with flexibility during the initial period. He also urged developing countries to comply with the origin requirements agreed in the Working Group.

42. The representative of Poland pointed out that since his country did not have a customs tariff, preferential measures not in the tariff field had been introduced to serve the same objectives. These measures had been spelt out in the joint declaration made by five socialist countries of Eastern Europe in the Special Committee on Preferences. Moreover, the measures introduced were not immutable, and if his country's foreign trade system was modified, they would be changed accordingly. Poland planned to continue increasing its imports from the developing world, particularly in the light industry sector. Naturally, each decision of that nature called for certain guarantees, such as regular deliveries and firm arrangements for financing those deliveries by means of Polish exports, as well as for long-term contracts. A further factor conducive to increased imports from the developed countries was the growing possibility of satisfying the demands of consumers. In addition, his country planned to pursue further the policy of industrial co-operation agreements with developing countries. He stressed that the desired results could be achieved only if developing countries themselves also took an active interest in promoting trade with his country.

43. The representative of the Union of Soviet Socialist Republics shared the concern of those who felt that the preferences accorded by the developed market-economy countries were inadequate and caused difficulties. He considered that preferences should be granted to all developing countries regardless of their economic and social systems and should cover all imports of manufactures from these countries. Moreover, the effects of the preferences should be subject to periodic review.

44. His own country had introduced a series of measures designed to promote trade in manufactures and semi-manufactures with developing countries (for detailed information on this subject see document TD/B/378/Add.5). In pursuance of the recommendations of the Conference at its first session, his country had abolished all customs duties on imports from all developing countries. Other preferential measures had been introduced that were designed not only to create favourable conditions for imports of manufactured goods from developing countries but also to encourage purchases of a wide range of products. In that connexion his country had concluded bilateral long-term trade agreements with many developing countries, most of which made specific provision for progressive increases in imports of manufactures and semi-manufactures, thereby assuring developing countries of a stable market for their products, with provision for extension of the range of manufactured products purchased from them as their domestic industries developed. Other agreements of a preferential character had been concluded in the field of economic and technical co-operation. They provided for the repayment of loans through traditional exports of developing countries as well as through products originating in factories built in those countries with Soviet assistance. His country also helped with the establishment of new export industries and the manufacture of new types of products. Soviet imports of manufactures and semi-manufactures from developing countries had more than doubled between 1964 and 1970 and the proportion of such products in total imports had almost doubled, increasing from 15 to 27 per cent.

45. Pointing out that the expansion of trade in manufactured goods pre-supposed a certain measure of reciprocity, he expressed the hope that developing countries would adopt a constructive attitude in their trade relations with the Soviet Union and would grant it conditions not inferior to those they accorded to developed market-economy countries.

#### *Review of effects and operation of the generalized system of preferences*

##### *(a) Effects of the generalized system of preferences*

46. The representatives of preference-giving countries concerned stated that it was too early to judge the effects of the GSP since the schemes had been in operation for only a very short time. The spokesman for EEC stated that it was clear, however, that a large number of beneficiary countries or territories were deriving substantial benefits from the Community's scheme. The representatives of preference-giving countries stated that their Governments were ready to fulfil the agreement reached in 1970 on the periodic reviews as soon as sufficient time had elapsed for the first review to be held. In their view, it was clear that those beneficiary countries or territories that already had well developed and competitive manufacturing industries were those that obtained the most immediate benefit and that some time might be required before other developing countries saw significant benefits to their export earnings from manufactures. They emphasized,

however, that the measures taken by developed countries would not in themselves lead to export growth and were intended only as a stimulus to such growth. In their view export growth would result from improved access only if exporters in the developing countries were able, with the support and encouragement of their Governments, to take advantage of the new access and to improve their competitiveness under the umbrella of tariff preferences.

47. The representatives of many developing countries stated that the effects of the GSP were likely to be limited primarily because of the nature of the preferences given so far. They pointed out that many exports of significance to developing countries, especially those falling within BTN chapters 1-24, had been excluded from the system and many items of current or potential export interest falling within BTN chapters 25-99 had also been excluded. They urged that the preference-giving countries should provide increased technical and financial assistance to developing countries for export promotion in order to enable them to take fuller advantage of the GSP.

48. The representative of the Republic of Korea pointed out that preferential treatment had been suspended by EEC and Japan in respect of 13 items of export interest to his country because imports of these items had exceeded the maximum amounts set for them. The suspension affected such important export items as silk and silk yarn, synthetic fabrics, garments and their accessories, artificial hair products, etc. Moreover, according to available information, suspension of preferential tariffs affected altogether 82 items of export interest to developing countries. He expressed the fear that an increasing number of industrial products exported by developing countries as a result of their industrialization efforts would meet with a similar fate and would prevent those countries from benefiting from the GSP to the extent expected.

49. The representative of Trinidad and Tobago stated that his country's Commonwealth preferential access in the United Kingdom market was being gradually eroded as a result of the United Kingdom preferences under the GSP and that compensatory benefits had not yet materialized.

50. The representatives of some other developing countries stated that as a result of the non-implementation of certain schemes their countries were sharing the special preferences in certain markets without receiving any compensatory access in other markets. That situation could only lead to a widening of disparities among developing countries.

51. The representative of Senegal stated that it was evident that certain countries, especially those at an intermediate stage of development, would not be in a position to derive full benefit from the GSP in its present form. Those countries had nevertheless supported the system because they believed that they could derive advantage in the long term. Compensatory measures would, however, allow them to derive more immediate benefits and it was therefore important to consider such measures at the present session of the Conference.

52. The representative of the United Kingdom of Great Britain and Northern Ireland stated that it was already apparent that certain industries in a few beneficiary countries or territories had the necessary competitiveness and marketing skills to take advantage of duty-free entry in the United Kingdom market. Some domestic industries in the United Kingdom were already coming under pressure, not so much from increased volumes of imports as from competitive pricing. Any safeguard arrangement invoked in that connexion would be designed to strike a balance between the need to protect industry and employment from undue damage and the general desire to promote the export earnings of the beneficiaries.

53. He expressed concern for the interests of those developing countries called upon to share with other developing countries some of their existing preferences in the markets of certain developed countries, including the United Kingdom. The agreed conclusions of the Special Committee on Preferences on this matter could be respected only when all the developed countries had implemented their schemes, with a maximum depth of tariff cut and a minimum of exceptions. It was important that the trade effects of generalized preferences, both for those countries already enjoying special preferences and for the other beneficiaries, should be reviewed periodically within UNCTAD.

#### (b) *Improvements in the schemes*

54. The representatives of the developed market-economy countries reiterated their view that since some of the schemes had been in operation for only a few months it was premature to arrive at specific agreements relating to improvements to be made to the various schemes. Some of these representatives pointed out, however, that the schemes in operation were never considered final and one of them stated that his Government looked forward to holding consultations with the beneficiaries about his country's scheme, with a view to its improvement.

55. The representative of Japan stated that his Government had decided to consider further improvements to its scheme, which would consist in particular of improving the ceiling system, reducing the number of products to which the 50 per cent reduction of duty rather than complete exemption from duty was applied, and attenuating the limitation currently applied to the imports of a particular group of products from a particular beneficiary.

56. The representatives of developing countries, welcoming the UNCTAD secretariat's report (TD/124/Add.1 and Corr.1), stated that only a small fraction of dutiable imports of preference-giving countries was covered by preferences and therefore there was scope for improvement. Such improvement was feasible since preference-giving countries could, through adjustment assistance measures, forestall any injury to their industries which might result.

57. The changes envisaged by the preference-giving countries and the justification made by the preference-receiving countries for further improvement are described below under appropriate headings.

(i) *Product coverage*

58. The spokesman for EEC recalled that the Community envisaged granting tariff preferences also for jute and coir products in the context of special measures to be agreed on with exporting countries. In July 1971 the Community's offer had been rejected by the major exporting countries, which considered it too restrictive, and the Community was drawing up new proposals.

59. The representative of Sweden recognized that there was room for improvement, even if only on a modest scale, and stated that his country was prepared to add to its scheme of preferences a number of products falling within BTN chapters 1-24, including wine, grapes and tobacco.

60. While appreciating the efforts of preference-giving countries to improve their schemes, the representatives of developing countries stated that the product coverage in many schemes was still incomplete and inadequate. Textiles, leather and footwear, petroleum and petroleum products, aluminium, and several other items of substantial export interest to the developing countries were still on the list of exceptions or subject to quantitative restrictions. Such exceptions and limitations should be reconsidered with a view to their elimination.

61. They expressed appreciation of the action of those countries which had extended preferential treatment to hand-made/handicraft products and urged other countries to do likewise, since a large number of workers depended for their meagre subsistence on those products, which by their very nature could in no way constitute a threat to the industries of the developed countries. They urged that the studies on the criteria for identifying hand-made/handicraft products should be continued in co-operation with the Customs Co-operation Council, with the object of ensuring, apart from concessions under the GSP, duty-free entry for all hand-made/handicraft products from developing countries.

62. They stated that many processed and semi-processed agricultural products also of vital importance to the developing countries, including the least developed among them, had been excluded from preferential treatment. It was necessary that a bold initiative should be taken in this sector and that full coverage be ensured.

63. Regarding the inclusion of coir and jute products in the EEC scheme, the representative of India expressed the hope that any further Community offer would be realistic and would bear a reasonable relation to the volume and pattern of trade in those products.

64. The representative of Madagascar stressed that under Conference resolution 21 (II) the GSP applied to manufactures and semi-manufactures and that in the prevailing circumstances there was no reason to extend its scope to other products.

65. The representative of Nigeria stated that, although the GSP was intended to include manufactures and semi-manufactured products of developing countries, several schemes had in fact included a varying number of primary commodities in their product coverage. That had been done to benefit those developing countries

which did not have any exportable manufactured products. Therefore, in the prevailing circumstances, extension of its scope to other products could be justified.

(ii) *Depth of tariff cut*

66. The representatives of developing countries stressed that the margin of preferences could be meaningful only if the principle of duty-free entry under the GSP was generally applied, and urged preference-giving countries which had not yet done so to provide for preferential duty-free entry under their schemes.

(iii) *Safeguard mechanisms*

67. The representatives of developing countries stated that some of the major preference-giving countries had placed too much reliance on internal pre-allocation of preferential imports through ceilings, quotas and fixed shares, which not only involved elaborate calculations but also introduced unnecessary complications and a high degree of uncertainty into the system. Such severe limitations had almost cancelled out the benefits granted and should be eliminated, especially since the initial fears regarding the possible effects of the system had proved unjustified. The preference-giving countries should instead rely only on a suitably defined escape clause to meet unexpected serious situations arising from preferential imports. They should also resort to adjustment assistance measures instead of excluding products or limiting preferential treatment through the inclusion, *inter alia*, of specific products in the categories termed "sensitive" or "critical".

(iv) *Rules of origin*

68. The representatives of several preference-giving countries pointed out that the rules of origin agreed to in the Working Group on Rules of Origin and reproduced in the report of the Working Group on its third session (sec TD/B/AC.5/38), called on developing countries to comply with certain origin requirements including, in particular, notification of the names of their governmental bodies authorized to issue certificates of origin and the names of their appropriate government departments responsible for requests for verification. They expressed disappointment that only a few beneficiaries had so far provided this information and urged the developing countries concerned to take the necessary steps for notification as soon as possible in order to be able to benefit from the GSP. They recognized that the rules of origin were technical in nature and that their observance was bound to be difficult. Nevertheless, the determination of origin was essential to the application of the GSP. Some representatives stated that the rules of origin were necessarily complex in order to protect the interests of developing countries and to prevent abuses. Although some leniency had been applied during the transitional period, the rules would henceforth be strictly applied.

69. The representative of Spain stated that his country was carrying out a study on customs formalities and rules of origin with respect to their application in Spain and would make available the results of that study in due course to the UNCTAD secretariat.

70. The representatives of several developing countries described the difficulties they had experienced in complying with the rules of origin under the GSP. They referred in particular to the requirement to supply specimens of signatures in view of the many customs and other officials involved in verifying goods for export and certifying their origin. They considered that the rules were too complex and cumbersome and urged that they should be harmonized, particularly with respect to lists of qualifying processes, and made as simple as possible to administer. Other improvements also were called for; in particular, developing countries should be treated as one area for origin purposes, in order to permit processing carried out in or the use of materials or parts originating in more than one developing country or territory, to be taken into account in determining eligibility of the products for preference.

71. The representative of the Ivory Coast observed that the obligation to supply certificates of origin had certainly posed problems for some countries. Even if the customs authorities were recognized as the competent body for issuing certificates, other official bodies, such as the Ministry of Agriculture, were also involved. The developing countries would do everything possible to meet the wishes of the preference-giving countries, but he pleaded with the latter to simplify the procedures involved as much as possible.

72. The representative of one developing country stated that upon the United Kingdom's accession to EEC, his country would be faced with more stringent origin requirements, in particular with regard to the sophisticated multi-stage processes required under the EEC rules. The representative of another developing country pointed to the inconsistency of the direct consignment rule in the case of land-locked countries, since they had to provide customs control certificates delivered by other beneficiary countries or territories during transit.

73. The representatives of some preference-giving countries stated that the conclusion to be drawn from the difficulties experienced in the application of the rules of origin was not that those rules should be changed, but that they should be harmonized as far as possible and, furthermore, that technical assistance should be given to help beneficiaries to comply with the requirements for preferential treatment. Their Governments were ready to provide customs experts to assist in dealing with the practical problems encountered in connexion with the rules of origin.

(v) *Beneficiary countries and territories*

74. The representatives of developing countries members of the Group of 77 stressed that preferences should be applied to all countries members of the Group without discrimination. In that connexion, the representative of Cuba noted with satisfaction that most of the countries applying the system had included his country among the beneficiaries. The exception to the general rule was EEC, together with the countries which had applied to join the Community, but he hoped to see that situation remedied in the course of the year. The representative of the Republic of Korea regretted

that his country had been excluded from certain schemes.

75. The representative of Romania stated that his country, like other developing countries, was striving to industrialize and increase its exports of manufactures. Acting on the principle of self-election and non-discrimination, Romania had applied in UNCTAD, and to all preference-giving countries, for inclusion in their lists of beneficiaries. It had so far been granted preferences by Australia, Austria and Japan. His delegation hoped that other preference-giving countries would also give Romania's application a positive response.

76. The same representative added that his country, as a socialist developing country, was following a policy of extending trade in manufactured products with other developing countries, particularly products resulting from joint co-operative ventures.

77. The representative of Greece expressed appreciation of the preferential treatment accorded to his country by Australia, Austria, Japan, New Zealand and Switzerland, and hoped that this example would be followed by other preference-giving countries. His country was at an intermediate stage of development, similar to that of a number of other developing countries. He emphasized that the application of the GSP in a discriminatory way would improve the trading positions of certain developing countries to the detriment of other, thereby adding to the prevailing inequalities rather than promoting harmonious development.

78. The representative of Turkey stated that the principle of non-discrimination had not been observed in the application of the GSP. Economic considerations described in the UNCTAD secretariat report<sup>8</sup> attested to the fact that Turkey was a developing country. He regretted that certain preference-giving countries determined eligibility not on the basis of a country's level of economic development but of geographical or institutional criteria. As a result, at least 20 developing countries that were economically more advanced than Turkey benefited under the system, while Turkey itself was excluded from most of the schemes. He expressed appreciation to the Governments of Austria, Japan, New Zealand and Switzerland for including Turkey in their lists of beneficiaries, as well as to the Government of Australia for preferences granted outside the context of the GSP. He hoped that this positive and constructive example would be followed by other preference-giving countries. He thanked EEC for the spirit of comprehension it had shown to his country in the context of preferences and hoped that the same spirit would prevail in the decision the Community was to take on 1 July 1972.

79. The representative of Israel thanked those countries which had accorded beneficiary status to his country and hoped that other preference-giving countries would follow suit.

80. The representative of Spain thanked those countries, such as Australia, Austria, Japan, New

<sup>8</sup> See *Official Records of the Trade and Development Board, Ninth Session, Annexes*, agenda item 15, document TD/B/269.

Zealand and Switzerland, which had granted his country preferences and expressed the hope that their example would be followed by others, particularly by the enlarged EEC and the United States of America. Spain occupied a special place within the GSP: for geographical reasons it did not belong to the Group of 77, but its position as a developing country was different from that of the majority of other members of Group B and therefore it hoped to benefit from the GSP.

81. The representative of Malta pointed out that the exclusion of developing countries such as his from the list of beneficiaries, imposed an unfair burden on them, since their exclusion was arbitrary and put them at a disadvantage *vis-à-vis* other countries, more developed than they were. While he thanked those countries which had extended benefits to Malta, he urged those which had not yet done so to do so without delay. He also urged countries which had not yet introduced their schemes to do so, as that would facilitate improvements in the GSP.

(vi) *Special measures in favour of the least developed among the developing countries*

82. The representatives of some developing countries pointed out that their countries, which had been identified in the list approved by the Trade and Development Board (resolution 82 (XI)) and by the General Assembly (resolution 2768 (XXVI)) as being the least developed among the developing countries, were not likely to benefit equitably from preferences and therefore urged that special measures in the context of the GSP should be undertaken to enable them to derive greater advantage from it. To that end the coverage of the system should include products of export interest to their countries, in particular primary and processed agricultural products and mineral and handicraft products, and deeper tariff cuts should be provided for these products. In the application of all criteria of rules of origin for implementation of the GSP, the special situation of the least developed among the developing countries should also be taken fully into account.

83. The representative of another developing country stated that it was encouraging to see that certain preference-giving countries had agreed to increase the number of products in their schemes. Products of export interest to developing countries, in particular the least developed among them, should also be added. Those countries should also be accorded greater tariff cuts. The rules of origin might cause administrative difficulties and should therefore be simplified so far as possible.

84. The representative of Spain stated that his Government would co-operate fully in devising special measures to enable the least developed countries to derive appropriate benefits from the GSP.

(c) *Other aspects*

(i) *Non-tariff barriers*

85. The representatives of developing countries considered it most important to ensure that the advantages which had been extended under the GSP should not be limited, eroded or offset by quantitative import restrictions and other non-tariff measures. They referred

in particular to the restrictive business practices arising from the activities of multinational or transnational corporations, which had their own trade policies and ignored or hampered the efforts and policies of the developing countries aimed at taking maximum advantage of the GSP. The developed countries should honour and strictly observe the principle of a standstill in regard to tariff and non-tariff barriers which had been enunciated by the Conference at its first session in recommendation A.III.4, in article XXXVII of the General Agreement on Tariffs and Trade<sup>9</sup> and in paragraphs 25, 33 and 34 of the International Development Strategy for the Second United Nations Development Decade. If any barriers had been increased or introduced contrary to the standstill principle, they should be dismantled as soon as possible. It was also essential that appropriate international machinery within UNCTAD should be established for keeping under constant review the standstill provisions.

86. With regard to the concern expressed over the application of non-tariff barriers on products covered by the GSP, the representative of one developed market-economy country stated that the problem was not a general one and applied only to isolated cases. While every effort would be made to improve the global trade situation of manufactures and semi-manufactures from developing countries, it would be asking too much, given the problems faced by his country's domestic industry, for non-tariff barriers to be removed simultaneously with the granting of preferences. He suggested that a pragmatic approach should be pursued, calling for the gradual liberalization of imports from developing countries.

(ii) *Trade negotiations under GATT auspices*

87. With regard to the proposed trade negotiations under the auspices of GATT scheduled to start in 1973, the representatives of developing countries stressed that the positions and problems of the developing countries should be given special attention and not be virtually ignored as had happened during the Kennedy Round of negotiations. They urged the developed countries to indicate how and to what extent the interests of the developing countries would be taken into account during the new negotiations, stressing that UNCTAD should be associated with both the preparatory and the negotiating stages. They also stressed that the results of these negotiations should in no way erode the advantages which accrued to the developing countries under the GSP. They emphasized the need for developing countries to be consulted regarding the negotiations and to be fully associated with them.

88. The representatives of developed market-economy countries stated that the fear that the benefit derived from generalized preferences would be reduced or eliminated by the future tariff and trade negotiations stemmed from the claim that the results of the Kennedy Round of tariff negotiations had been disappointing for the developing countries. The record showed, however, that exports of manufactures from the developing

<sup>9</sup> See GATT, *Basic Instruments and Selected Documents*, vol. IV.

countries had increased at a rate of over 14 per cent per annum during the 1960s, and had thus tripled from between the beginning and the end of the period. The increase had been largely due to the increase in demand in developed countries and without any doubt owed something to the general liberalization of world trade achieved through GATT. One of these representatives stated that it was unlikely that the 1973 negotiations would lead to the complete abolition of all tariffs on manufactures, so that developing countries could expect to retain valuable tariff preferences in the developed world for a long time to come. The spokesman for Group B pointed out that section IX of the agreed conclusions of the Special Committee on Preferences had made it clear that the introduction of preferences in no way prevented the subsequent reduction of tariffs on a MFN basis, whether unilaterally or as a result of international tariff negotiations. Experience showed that developing countries had much to gain from any future world liberalization of trade. The representative of one developed market-economy country, however, stated that, concurrently with the negotiations on tariffs, ways should be sought of overcoming the possible adverse effect of the reduction of the margin of preferences under the GSP that might result from the lowering of existing MFN rates.

#### *Institutional arrangements*

89. The representatives of a number of developed market-economy countries stated that there was no disagreement on the terms of reference of the UNCTAD body much would deal with the review of the operation of the GSP. Those terms of reference were set out in section VIII of the agreed conclusions of the Special Committee on Preferences. There was, however, a difference of opinion about which body should discharge the agreed responsibilities. The Declaration and Principles of the Action Programme of Lima requested that the Special Committee on Preferences should be established as the permanent machinery within UNCTAD for the review of the GSP. The recommendation by the preference-giving countries in Group B was set out in the form of a draft resolution submitted to the Trade and Development Board at its eleventh session.<sup>10</sup> That recommendation stated that the terms of reference of the Committee on Manufactures should be amended to include section VIII of the agreed conclusions and that further amendments should be made relating to the title of the Committee; it also dealt with the arrangement of meetings for holding reviews of the system and the rights of all member States of UNCTAD to take an equal part in such meetings. Since the subject of preferences had close links with other aspects of trade in manufactures and semi-manufactures, it would be both practical and desirable for that proposal to be adopted by the Conference at its current session. The representative of one developed market-economy

country stated that his Government was prepared to accept the establishment of new machinery.

90. The representatives of developing countries pointed out that since the GSP involved multilateral action on a continuing basis it was essential to take stock of the situation from time to time and to make modifications in the light of experience. It was therefore necessary to have a built-in provision for continuous review and improvement of the system. An appropriate organ for this purpose already existed—the Special Committee on Preferences. That Committee should be established as a permanent organ and should be convened as early as possible in 1972 to conduct consultations and negotiations aimed at recommending necessary improvements in the system. The Special Committee's deliberations should cover all aspects specified in section VIII of the agreed conclusions. Since the GSP covered both commodities and manufactures, the Committee on Manufactures would not be the appropriate body for purposes of review.

#### *Technical assistance*

91. The representatives of developing countries expressed satisfaction with the efforts of the UNCTAD secretariat, in collaboration with other international organizations, to assist developing countries through the organization of seminars, missions and advisory services in making full use of the opportunities opened up by the implementation of the GSP. They stressed that special attention in this regard should be given to the least developed among the developing countries. In addition, they hoped to see greater international co-operation in this field through the provision of experts and services by various national institutions.

92. The representatives of developed market-economy countries stated that the UNCTAD programme of technical assistance in connexion with the GSP was an important activity which would receive their fullest co-operation. Several of these representatives indicated their Governments' readiness to help any beneficiary upon request in solving the difficulties arising from the implementation of their countries' schemes.

### **B. Liberalization of non-tariff barriers**

#### (Agenda item 14 (b))<sup>11</sup>

93. Introducing this agenda item, the representative of the Secretary-General of UNCTAD reviewed the activities of UNCTAD since the second session of the Conference in the field of quantitative restrictions and other non-tariff barriers.<sup>12</sup> He drew attention in particular to decisions 2 (III), 1 (IV), and 1 (V) of the Committee on Manufactures<sup>13</sup> in which the particular

<sup>11</sup> The Committee considered this item at its 8th to 12th meetings.

<sup>12</sup> For the text of this statement see document TD/III/C.2/L.10.

<sup>13</sup> See *Official Records of the Trade and Development Board, Eighth Session, Supplement No. 2 (TD/B/199/Rev.1)*, annex I; *ibid.*, *Tenth Session, Supplement No. 2 (TD/B/295)*, annex I, and *ibid.*, *Eleventh Session, Supplement No. 2 (TD/B/352)*, annex I.

<sup>10</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Annexes*, agenda item 7, document TD/B/L.270; see also *Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1)*, part three, para. 240.

responsibilities of UNCTAD in respect of non-tariff barriers affecting the trade of developing countries were recognized and reaffirmed. Those decisions also spelt out the secretariat work programme on non-tariff barriers and requested the UNCTAD secretariat to assist developing countries in identifying non-tariff barriers of serious concern to them. A sessional committee of the Committee on Manufactures had been established at its fourth and fifth sessions to identify non-tariff barriers of concern to the developing countries and to provide a forum for recommendations aimed at the removal of such barriers.

94. He also referred to the International Development Strategy for the Second United Nations Development Decade (see General Assembly resolution 2626 (XXV)), and in particular to paragraphs 33-35 thereof, which dealt with tariff and non-tariff barriers, adjustment assistance to facilitate the removal of non-tariff barriers, the standstill principle, and intergovernmental consultations with a view to obtaining early results in this field.

95. In accordance with its work programme, the UNCTAD secretariat had undertaken the preparation of an inventory and analysis of non-tariff barriers, an analysis of the operation of the Long-Term Arrangement regarding International Trade in Cotton Textiles (LTA) and of existing adjustment assistance legislation in developed market-economy countries and possible approaches to a programme of liberalization, especially of quantitative restrictions. A brief summary of the facts and analysis contained in those studies was to be found in the secretariat report TD/120/Supp.1 and Corr.1 and 2).<sup>14</sup> The full studies referred to in paragraph 4 of document TD/120 and Corr.1 would be made available to the Committee on Manufactures or to any subsidiary organ that might be established by the Conference to deal with the question of non-tariff barriers.

96. The UNCTAD secretariat had attempted to take into account information available in other international organizations, including in particular GATT. However, as a large number of GATT documents on this subject were restricted, the UNCTAD secretariat had not been able to use the information available in GATT to the extent necessary and desirable in preparing its analysis for the Committee on Manufactures and for the Conference. Positive action in this regard would make the work of the UNCTAD secretariat more effective and would avoid unnecessary duplication in the collection of data.

97. He drew attention to the suggestions contained in the secretariat report for a programme of action designed to liberalize quantitative restrictions and other non-tariff barriers on products of export interest to developing countries, which included application of the standstill principle, specific measures for the reduction and removal of quantitative restrictions and related non-tariff barriers, and advance liberalization of quant-

itative restrictions affecting exports of developing countries.

98. He also made reference to specific measures for the reduction or removal of quantitatives and licensing restrictions discussed in paragraphs 23-37 of document TD/120, in particular the removal of the discriminatory elements of existing import restrictions, the reduction or removal of quantitative restrictions on products covered by or exempted from the GSP, replacement of discretionary licensing by global quotas, gradual enlargement of existing quotas on products in relation to their consumption in developed countries, and the standardization and simplification of procedures for products subject to import restrictions. An analysis of the LTA was also included in the report. An important aspect in that connexion was the possibility of advance implementation of measures for the liberalization of quantitative restrictions on exports of special concern to developing countries, i.e. liberalization in advance of their implementation on a global basis. The report also contained suggestions concerning the least developed among the developing countries and the contribution of the socialist countries of Eastern Europe.

99. On the question of the establishment of appropriate machinery in UNCTAD for dealing with non-tariff barriers, two draft resolutions had been presented at the fifth session of the Committee on Manufactures, one by developing countries and the other by developed market-economy countries.<sup>15</sup> As no agreement had been reached on either of these draft resolutions, they had been referred to the Trade and Development Board at its eleventh session for appropriate action. The Board had referred the draft resolutions to the Conference at its third session and had expressed the hope that efforts would be made by all to reach an acceptable decision on these matters.<sup>16</sup>

100. In conclusion, the representative of the Secretary-General of UNCTAD noted that a number of delegations had referred to the trade negotiations expected to begin in GATT in 1973, which would have an important relevance to the question of non-tariff barriers under discussion at the Conference.

101. There was general appreciation of the report prepared by the secretariat on this agenda item (TD/120 and Corr.1 and TD/120/Supp.1 and Corr.1 and 2), which provided useful background material for consideration of the subject.

102. It was generally recognized that the reduction or removal of non-tariff barriers was of great importance and that UNCTAD had a major role to play in that connexion.

103. The representatives of developing countries expressed great concern over the slow progress in the liberalization of quantitative restrictions and other non-tariff barriers affecting products of export interest to developing countries. In some instances there had even been definite steps backward. They stated that the

<sup>14</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade...*

<sup>15</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 2 (TD/B/352), annex II.*

<sup>16</sup> See *Official Records of the General Assembly, Twentieth Session, Supplement No. 15 (A/8415/Rev.1), part three, para. 232.*

continued existence of quantitative restrictions and other non-tariff barriers posed serious problems for the developing countries in their efforts to attain the level of export earnings consistent with the average annual growth of their gross national product envisaged in the International Development Strategy. They drew attention to paragraphs 33-35 of the Strategy and to the relevant sections of the Pearson Commission's report<sup>17</sup> calling for the early removal of tariff and non-tariff barriers, including strict observance of the standstill.

104. The representatives of many developing countries referred to specific products of export interest to their respective countries that were subject to quantitative restrictions and other non-tariff barriers such as quotas, health and sanitary regulations, licensing, standards, etc. Mention was made of such products as cotton textiles and garments, petroleum products, coconuts and coconut products, jute, tapioca, sugar, meat, tea, coir products, spices, soda ash, hides and skins, leather and leather products, oils and oil cakes, plywood and cordage.

105. Some of these representatives further pointed out that exports of the hard-core least developed among the developing countries were limited to processed and semi-processed agricultural products. The heavy incidence of non-tariff barriers on these products greatly hampered the development efforts of these countries. They drew attention to paragraphs 49 and 50 of the action programme submitted by the Secretary-General of UNCTAD (TD/135)<sup>18</sup> and in particular to paragraph 49, which called for "Special consideration [to be] given to the immediate removal of quantitative restrictions and other non-tariff barriers on products of export interest to the least developed countries, both primary and manufactured if necessary, in advance of the removal of barriers on such products from all developing countries".

106. The representatives of many developing countries drew particular attention to the restrictions on cotton textile exports from developing countries. Those restrictions did not permit them to realize their full potential in a sector in which, by virtue of their resource endowment, they had a comparative advantage. The LTA was very restrictive, since it limited the expansion of exports from those developing countries which were placed under restraint. The restrictions on cotton textiles should not be made a precedent and should not be applied to other products in which the developing countries were able to achieve export success. They stated that while some importing countries applied less restrictive policies than others their administration of quotas had become more complex. They also stated that the LTA froze the pattern of trade in cotton textiles since it did not take into account the growing export capabilities of the developing countries members of the Arrangement, as well as of newcomers from the

developing countries. One of these representatives stated that the Arrangement, originally intended to be transitional, had been in existence for a decade and there seemed to be no indication that it would not be extended again when it expired in September 1973.

107. The representatives of developing countries pointed out that non-tariff barriers had been imposed on a wide range of manufactures and semi-manufactures the production and export of which formed the basis of the developing countries' diversification policies and which in fact the GSP had been launched to promote.

108. The representatives of the developing countries urged the adoption of a programme for the progressive reduction or removal of quantitative restrictions and variable levies on products of export interest to the developing countries to enable these countries to increase their export earnings and to promote their economic development. While there had been much discussion on non-tariff barriers in UNCTAD and other international organizations, and a considerable amount of work had been undertaken by the UNCTAD secretariat on the subject since the first session of the Conference, such a programme of action had yet to be adopted within UNCTAD.

109. The representatives of the developing countries endorsed the suggestions for a liberalization programme contained in chapter III of document TD/120 and Corr.1 and especially the criteria referred to in paragraph 19 thereof, and proposed their adoption.

110. They stressed the urgency and importance of strict and full observance of the principle of a standstill, which had not always been respected. They stated that criteria should be established for any deviations from the standstill and that such deviations should be permitted only in exceptional circumstances and for a very short time and be accompanied by adjustment measures in uncompetitive industrial sectors of developed countries. On the other hand, attention should be given to the factors leading to recourse to non-tariff barriers by developed countries. As a matter of fact in most cases situations determining the introduction of non-tariff barriers, particularly quantitative restrictions, were not a direct result of increased imports from developing countries but were rather the result of general balance-of-payments problems in the developed countries. For that reason they pointed out that if there was any deviation from the principle of standstill these measures should not be applied to the developing countries. Also, there should be prior consultations within UNCTAD concerning such deviations. Strict adherence to that principle had become even more urgent in view of the introduction of the GSP.

111. As regards measures for the reduction or elimination of quantitative restrictions and other non-tariff barriers, the representatives of the developing countries referred in particular to the following:

(a) The abolition of the discriminatory aspects of existing import restrictions, such as discriminatory country classifications;

(b) The rapid abolition of quantitative restrictions and related restrictions on products included in the GSP;

<sup>17</sup> *Partners in Development; Report of the Commission on International Development* (London, The Pall Mall Press, 1969).

<sup>18</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues* (United Nations publication, Sales No. E.73.II.D.7).

(c) The abolition or liberalization of discretionary licensing;

(d) The enlargement of quotas on the basis of the growth of the markets in developed countries with provision for newcomers;

(e) The reduction or elimination of variable levies;

(f) The abolition of existing export restraints and the exemption of developing countries from their application.

112. Some representatives of developing countries drew attention to the liberalization of sanitary regulations, standards, etc., and in the first instance to those used as a means of protecting domestic producers.

113. Urging the implementation of the above liberalization measures, the representatives of the developing countries referred to the relevant sections of the Declaration and Principles of the Action Programme of Lima which called on the developed countries to take immediate action to eliminate all quantitative restrictions and other non-tariff barriers imposed on products of export interest to developing countries, on a preferential and non-reciprocal basis in favour of all developing countries, without awaiting the results of any general multilateral negotiations.

114. The representatives of developing countries, referring to the prospective trade negotiations in 1973, doubted that their interests could be fully taken into account in those negotiations, especially when the ground rules, modalities and other details were not known. They also pointed out that not all the developing countries would be able to participate fully in, or benefit from, the proposed talks, as many of them were not members of GATT. They sought assurances from the developed market-economy countries that non-tariff barriers, including quantitative restrictions, would be covered, and that their interests and special problems would be fully taken into account. They considered that the principles of preferential treatment and non-reciprocity in favour of developing countries should be strictly observed. Unless such assurances were given them by the developed countries, the developing countries could not expect to secure meaningful benefits from the trade negotiations. UNCTAD had an important role to play in these negotiations and should participate actively in them, particularly in the light of its responsibilities in respect of non-tariff barriers affecting exports of developing countries. UNCTAD had provided the catalyst and the necessary framework for positive international action on non-tariff barriers.

115. As regards the question of the establishment within UNCTAD of an intergovernmental group on non-tariff barriers, the representatives of developing countries referred to the relevant provision in the Declaration of Lima, which proposed the establishment of such a body to promote consultation and negotiation and to propose measures for the reduction, relaxation and elimination of non-tariff barriers affecting the exports of developing countries. They recalled that this question had been outstanding since the second session of the Conference and should therefore be resolved by the Conference at its third session. The setting up of such a body was entirely in accordance with the

particular responsibilities vested in UNCTAD in the field of non-tariff barriers.

116. The representative of a developing socialist country of Asia observed that many products of export interest to developing countries were subject to various types of non-tariff barriers in the developed countries. Consequently, these restrictions seriously affected the export trade and economic development of the developing countries. He also pointed out that while tariff and non-tariff barriers had been removed gradually among some developed countries, these countries continued to maintain various types of non-tariff barriers on exports from developing countries, thus discriminating against them. He urged certain developed countries to relax or eliminate these restrictions so that the developed countries could expand their export trade and develop their economies. He added that his country was opposed to any attempts by certain developed countries to intensify existing barriers or apply new ones designed to nullify the benefits the developing countries expected to obtain from the GSP. Finally, he expressed support for the proposal concerning the establishment of an intergovernmental group within UNCTAD to deal with the question of non-tariff barriers.

117. The representatives of the developed market-economy countries stated that trade liberalization, including that of quantitative restrictions, had not been as slow as had been suggested. Liberalization had proceeded at a substantial pace during the past years, and if there had been a slowing down it indicated that the restrictions were already reduced to a minimum and were explained by the complexity of the problems related to the relaxation or elimination of the remaining barriers. Many of the existing restrictions were of a kind difficult to eliminate. Furthermore, non-tariff barriers consisted of many heterogeneous and complicated elements which could only be dealt with in different ways. They drew attention to the specific liberalization measures which their countries had taken or intended to take in the near future.

118. The spokesman for EEC, speaking on the liberalization of variable levies and quantitative restrictions on products included in the EEC preference scheme, pointed out that variable levies could not be considered as non-tariff barriers. Variable levies were an import charge of a special character ("*perception à l'importation de caractère particulier*") and above all they should not be regarded as quantitative restrictions, which did not exist under EEC's agricultural policy. Concerning the suggestion by the UNCTAD secretariat that the Community should eliminate, in favour of developing countries, the fixed, and if possible also the variable element of protection applied to processed agricultural products falling within BTN chapters 1-24 (see TD/120, para. 29), he recalled that the Community had used this method to some extent in its scheme of generalized preferences, where, for a certain number of such products it had partially eliminated the fixed element of protection. The Community was prepared to examine, at an appropriate moment and with an open mind, the question of improving its scheme of preferences regarding processed agricultural products

as well as the more general aspects of its scheme. As for quantitative restrictions, he stressed that those still applied by member States of the Community did not affect the full utilization of global ceilings provided under the EEC preference scheme.

119. The representatives of the developed market-economy countries stated that the liberalization of non-tariff barriers, including quantitative restrictions, should be undertaken on a multilateral basis. The problem needed to be examined in a much broader context than simply that of trade relations between developing and developed countries. Preferential liberalization in favour of developing countries raised complex policy and operational problems. Moreover, many non-tariff measures such as health and sanitary regulations and safety standards, which were imposed on a non-discriminatory basis for reasons of health and safety, could not be eliminated; nor did they lend themselves to this type of liberalization. What could be done was to harmonize these regulations as far as possible in the various countries.

120. The representatives of some developed market-economy countries referred to the statements by the representatives of many developing countries concerning the LTA. They pointed out that the Arrangement was due to expire in 1973 and that its future would be decided at that time. One of these representatives stated that his country was prepared to enlarge its import quotas for cotton textiles pending the expiry and renegotiation of the Arrangement.

121. The representatives of the developed market-economy countries said that GATT was the international body competent to deal with the negotiations on the liberalization of non-tariff barriers. Their countries had been participating in the work of GATT concerning non-tariff barriers, which had been going on for more than four years and was proceeding at a satisfactory pace. However, they recognized that UNCTAD had an important role to play in this field and could make a useful contribution through the identification and analysis of non-tariff barriers of serious concern to the developing countries. It could assist the developing countries in their participation in the work in GATT. UNCTAD should continue its work programme on non-tariff barriers. These representatives also stressed the importance of close co-operation between the two organizations to avoid duplication of work and urged the continuation and strengthening of such co-operation. One of these representatives stated that UNCTAD could define the broad outlines of a liberalization policy in favour of developing countries with a view to the adoption of specific measures in GATT.

122. The representatives of the developed market-economy countries drew attention to the prospective trade negotiations in GATT to begin in 1973. These negotiations would provide a stimulus to the further reduction of trade barriers, including non-tariff barriers, and would be beneficial both to developed and to developing countries. As was declared in the joint Japan-United States statement and the joint EEC-United States statement<sup>19</sup> transmitted to GATT, special

attention would be given to the problems of developing countries in these negotiations. They drew attention to the statement made by the representative of GATT (10th meeting) concerning the participation of developing countries in the negotiations. They welcomed the co-operative arrangements that had been made between the UNCTAD and GATT secretariats, and urged the developing countries to prepare themselves for and to participate actively in the trade negotiations. The representative of a developed market-economy country stated that his country would, in principle, allow benefits obtained through the negotiations to be shared by non-participating developed countries on a MFN basis and without reciprocity. The representative of another developed market-economy country stated that his country did not expect full reciprocity or reciprocity inconsistent with the relevant provisions of part IV of the General Agreement on Tariffs and Trade. He added that the reduction of the developing countries' own trade barriers could, by producing increased competitiveness, help to expand their trade and promote their economic development.

123. The representative of Spain stated that his country, as a developing country, was interested in the sections of the secretariat reports pertaining to a standstill and to institutional machinery. He stressed the need for a constructive approach to the prospective trade negotiations in 1973 and considered that the work of the *ad hoc* intergovernmental group, referred to in the secretariat reports, might be compatible with these negotiations. He supported the view that the *ad hoc* group should be established as a subsidiary body of the Committee on Manufactures and proposed that it should devote its attention first and foremost to the questions of standstill and the promotion of intergovernmental consultations concerning non-tariff barriers. That would be in accordance with the International Development Strategy, to which all members of the United Nations system should commit themselves.

124. The representatives of the developed market-economy countries stated that they had not been convinced of the need for establishing an intergovernmental group on non-tariff barriers within UNCTAD. The Committee on Manufactures had been able to deal with the problem of non-tariff barriers and it should continue to do so on the basis of the documentation prepared by the UNCTAD secretariat. The establishment of the proposed intergovernmental group could only lead to a proliferation of bodies and the duplication of work. They observed that in previous years a sessional committee of the Committee on Manufactures had been established to examine non-tariff barriers, and they considered this an effective approach to the problem.

125. The representatives of some developed market-economy countries stated that their countries had done their best to observe the standstill. They drew attention to the suggestion in the secretariat report regarding standstill arrangements, including notification and consultation arrangements within UNCTAD and the development of agreed criteria for exceptions (TD/120, para. 18). They considered these proposals neither useful nor realistic. Their Governments had already

<sup>19</sup> See GATT documents L/3669 and L/3670.

agreed to a number of recommendations and decisions regarding the objectives of the standstill, always with the reservation that exceptional circumstances might require deviations from the standstill. Their countries would continue to make every effort to live up to their commitments, but final decisions on these issues could only be made by Governments. The representative of one developed market-economy country referred to his country's experience in supplying Latin American countries with information and technical assistance in relation to quarantine, health and sanitary regulations, suggesting that additional export opportunities might be revealed by more detailed study and examination of the regulations of other developed countries.

126. Representatives, both of developing and of developed countries, referring to the co-operation between UNCTAD and GATT, considered that GATT should take all possible steps to enable UNCTAD to make full use of the documentation available in GATT. One of these representatives stated that he saw no insurmountable problem in allowing the release to the UNCTAD secretariat of the restricted GATT material in connexion with its work on non-tariff barriers.

127. The representatives of several socialist countries of Eastern Europe stated that with the lowering of customs tariffs, non-tariff barriers had become the principal instrument for restricting imports. The harmful effects of these restrictions on international trade, and particularly on exports from the developing countries, were much greater than those of tariff barriers. Similarly, the exports of socialist countries to the developed market-economy countries experienced the same harmful effects of non-tariff barriers, which were often based not on economic grounds but on political discrimination. The liberalization of non-tariff barriers within regional economic groupings of developed market-economy countries also discriminated against developing countries, as well as against the socialist countries. The liberalization of international trade was of general interest both to socialist and to developing countries, and should take place in such a way that all factors impeding the expansion of international trade were eliminated. The removal of non-tariff barriers should benefit the developing countries as well as the socialist countries, and it should take place on a universal and non-discriminatory basis. These socialist countries were especially affected in the integrated market of the developed market-economy countries by a number of practices ranging from quantitative restrictions to the system of variable levies.

128. The representatives of several socialist countries of Eastern Europe were in favour of the intensification of UNCTAD's role in the field of non-tariff barriers. They supported the call made by the developing countries for the early elimination of quantitative restrictions and other non-tariff barriers, which they stated should be effected on a universal basis. One of them supported the establishment within UNCTAD of an intergovernmental group, on the understanding that such a body would deal with the removal of non-tariff barriers of concern to developing countries and of barriers affecting East-West trade. In view of the world-wide respons-

ibilities of UNCTAD concerning world trade, its activities should not be subordinated to trade negotiations under the auspices of other international organizations. The representative of another socialist country of Eastern Europe described the ways and means by which his country promoted the exports of developing countries.

129. The representative of a socialist country of Eastern Europe stated that the exports of his country, a socialist developing country, were severely affected by non-tariff barriers and especially by the quantitative discriminatory restrictions applied in international trade. He hoped that countries which still maintained such restrictions on their imports from his country would eliminate them before the end of 1974, in accordance with their commitment assumed on the occasion of his country's accession to GATT. His delegation supported the proposals presented by the Group of 77 including the establishment of an intergovernmental group.

130. The representative of GATT, describing the work of his organization concerning non-tariff barriers, referred to document TD/B/C.2/108, which dealt in some detail with the activities of GATT in this field during the last four years.

131. He stated that up to the present, an *ad referendum* text on the principles for customs valuation had been finalized and the work on standards and their application had resulted in a text which, from a technical point of view, was nearly complete although some important policy issues remained unresolved. The text, including relevant provisions on packaging and labelling, would be presented to Governments soon. An *ad referendum* text on import licensing was being completed; preparatory work on export subsidies and import documentation was well under way and it was likely that *ad referendum* texts would be submitted to Governments by the end of July 1972. The present texts incorporated a number of suggestions for dealing with the particular problems of developing countries in relation to these barriers.

132. The declarations of intent made by several trading nations with respect to the initiation of global trade negotiations in 1973 would have an important bearing on these matters and on further progress. The preparatory work and the search for solutions would tend to be greatly intensified and Governments would be taking up pre-negotiating positions. The uncertainties arising from the possible interest of some Governments in negotiating only on the basis of package solutions, or in making acceptance of agreements on non-tariff barriers in industry contingent on progress in the field of tariffs or agriculture, would disappear now that a comprehensive negotiating framework would be available.

133. He added that the more active developing countries were in the discussions and negotiations on non-tariff barriers, the better were their possibilities of ensuring that their interests were fully taken into account. At the last GATT Council meeting it had been agreed that the Committee on Trade in Industrial Products and the Committee on Agriculture should

examine and analyse techniques and modalities for negotiations, including the special modalities required for the participation of the developing countries.

134. The GATT Committee on Trade and Development had also set up a Group consisting of the three main office-bearers of the Contracting Parties (Group of Three), to examine possibilities for the elimination, on a priority basis, of tariff and non-tariff barriers affecting the trade of developing countries. The Group had made a number of recommendations to the Contracting Parties in November 1971. The mandate of the Group of Three had been enlarged at the last session of the Contracting Parties to include follow-up action on these recommendations and to seek solutions for problems which affected their implementation. However, the Group would also focus on what might be done to seek solutions to some of these problems in the context of the forthcoming multilateral negotiations.

135. The Committee noted the progress made in GATT's work concerning the principles for customs valuation, techniques and modalities for negotiations, documentation on quantitative restrictions, and the work of the Group of Three.

136. The representative of GATT stated that there would be nothing to prevent the developing countries that were not members of GATT from participating in the discussions in the various groups and committees of GATT.

137. The observer for the International Organization for Standardization (ISO) described the activities of his organization and made some suggestions on how the developing countries could avail themselves of its services. He stated that ISO was prepared to give developing countries advice on standardization. He also urged developing countries to apply for the status of correspondent member and to define their priorities in regard to international standards. They should indicate these priorities to ISO, so that they could be considered in the organization's work programmes.

### C. Adjustment assistance measures

(Agenda item 14 (c))<sup>20</sup>

138. In considering this agenda item, the Committee had before it the reports by the UNCTAD secretariat on adjustment assistance measures (TD/121 and TD/121/Supp.1 and Corr.1).<sup>21</sup>

139. Introducing the item, the representative of the Secretary-General of UNCTAD drew attention to paragraph 35 of the International Development Strategy which stressed the need for developed countries to consider adopting measures to assist in the adaptation and adjustment of industries where they were adversely affected or might be threatened to be adversely affected by increased imports of manufactures and semi-manufactures from developing countries.

<sup>20</sup> The Committee considered this item at its 12th to 15th meetings.

<sup>21</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade...*

140. He stated that in document TD/121/Supp.1 and Corr.1 the secretariat reviewed the implementation of existing adjustment assistance legislation in developed market-economy countries and suggested some guidelines on the manner and extent to which adjustment assistance policies and programmes might be adapted to facilitate the expansion of imports into the developed countries from the developing countries. The report also attempted to quantify, on a preliminary basis, the employment effects on selected developed market-economy countries of increased imports from developing countries in certain sectors or industries.

141. He drew attention to the statement by the President of IBRD at the 85th plenary meeting of the Conference in which he had appealed to the developed countries to adopt realistic adjustment policies to cushion the impact of import competition from the developing countries by retraining, relocation, and refinancing, in order to mitigate the opposition to trade liberalization by domestic labour and management interests in these countries. The representatives of many developing and developed countries also had, in their statements in plenary, stressed the role of adjustment assistance measures in facilitating trade liberalization and bringing about a more equitable international division of labour. He invited the attention of the Committee to the policy guidelines for adjustment assistance which were set out in paragraphs 31 and 32 of the secretariat report TD/121.

142. There was general recognition of the role of structural adjustments in increasing the participation of the developing countries in world trade in manufactures, in liberalizing trade and in bringing about a rational international division of labour. The Committee noted that the secretariat reports contained a review of the existing adjustment assistance measures with suggested guidelines for future action, as well as an assessment of the possible effects on labour displacement in certain countries and certain industries of increases in imports of manufactures from the developing countries. It was suggested that the secretariat should continue its work in this field, taking into account the latest developments, as well as the comments made in the Committee concerning adjustment assistance programmes in developed countries.

143. The representatives of developing countries referred to the international commitments by the developed countries to bring about such structural changes in their economies and urged those countries to implement them as soon as possible. They emphasized that early implementation would facilitate the trade of the imports from developing countries. They recalled recommendation A.III.6, adopted by the Conference at its first session, which called upon the developed countries to consider taking measures for assisting the adaptation and adjustment of industries and workers in situations where particular industries and workers in those industries were adversely affected by increased imports of manufactures and semi-manufactures.

144. These representatives drew particular attention to paragraph 35 of the International Development Strategy. They urged the developed market-economy

countries to consider adopting appropriate measures and, where possible, evolving early in the Decade the programme of anticipatory adjustment assistance for the adaptation and adjustment of industries and workers in situations where they might be adversely affected or might be threatened to be adversely affected by increased imports of manufactures and semi-manufactures from developing countries.

145. They regretted that, despite recognition and acceptance of the principle by the developed countries, actual progress in implementing measures for adjustment assistance in the developed countries had been meagre.

146. They pointed out that the adjustment assistance measures in force in developed market-economy countries had been solely designed to promote national objectives such as regional development, modernization or conversion, rather than to facilitate increased imports from developing countries. Any beneficial effect of these adjustment assistance measures on imports from developing countries was incidental.

147. The representatives of developing countries also pointed out that adjustment assistance measures prevailing in the developed countries might have adversely affected imports from the developing countries. That was particularly likely where such assistance was directed towards making industries in the developed countries more competitive with those of the developing countries through modernization and the more intensive use of capital rather than through a shift to more specialized lines of production or a transfer of factors of production to other and more efficient activities.

148. They urged the developed countries to give urgent consideration to the question of anticipatory adjustment assistance measures. Timely action in that field would result in the developing countries' obtaining full advantage from trade liberalization and in particular from the GSP. They considered that the opposition of certain pressure groups in the developed market-economy countries to increasing imports from developing countries could be considerably reduced if anticipatory measures were taken for the adaptation of firms, workers and industries likely to be adversely affected by such increased imports from developing countries.

149. They pointed out that the UNCTAD secretariat study clearly showed that the labour displacement resulting from increased imports from developing countries was much smaller than that resulting from increases in productivity and in imports from other developed countries, which had been absorbed without any serious difficulty by the developed market-economy countries. In the context of a likely increase in consumption of many products imported from developing countries on account of income growth in developed countries, the impact on labour displacement was likely to be even less significant.

150. The representatives of developing countries, referring to the view expressed by the representatives of certain developed market-economy countries (see para. 159 below) that they would rather let the forces of competition work out the process of adjustment and

that in their countries the intervention of the Government in the decisions of private firms was severely limited, pointed out that several types of indirect and direct incentives were already being provided by developed market-economy countries to the private sector in order to achieve certain economic and social objectives. All that was required was to add a new dimension, that of the increased imports from the developing countries, to the incentives already prevailing. As far as the forces of competition were concerned, the adjustment assistance measures, especially anticipatory adjustment measures, would simply hasten the process of adjustment which, through competition, could be completed only in the long term.

151. The representatives of developing countries also pointed out that a process of adjustment in the production structure had taken place in their countries. Some developing countries had undergone a shift in their pattern of primary commodity production because of competition from synthetics and substitutes. The cost of this structural adjustment had been borne by the developing countries themselves—although they hardly had sufficient resources to bear such a cost. It was therefore logical to expect that developed countries, with their vast resources, should initiate adjustment assistance measures to facilitate imports from developing countries.

152. The representative of one developing country pointed out that textiles, light industries and agro-based industries, being inefficient sectors in most developed countries, made a strong bid for government subsidies and protectionist measures. Schemes of aid to lagging sectors and depressed regions in various developed market-economy countries in Europe showed how these countries could, and did, act jointly to assist those sectors or regions to adjust to major shifts in economic trends caused by new technology, new markets, changes in demand and other such factors. These adjustments were often the subject of specific public policies. He suggested that an international readjustment fund was needed to help lagging industries and inefficient sectors in industrial countries to shift to other more competitive and efficient industries.

153. The representatives of developing countries further pointed out that international sub-contracting also provided a means of bringing about structural adjustments and suggested that developed countries should make increasing use of this device.

154. The representative of one developing country observed that adjustment assistance was a complex subject, involving questions of factor endowment, efficiency, and tariff and non-tariff barriers. He suggested that the UNCTAD secretariat should undertake a study of these various aspects in the textile sector and indicate the extent and type of adjustment assistance that would be required to liberalize imports of textiles from the developing countries.

155. As the secretariat studies contained information on and an analysis of the adjustment assistance measures of only a few developed market-economy countries, the representatives of many of these countries described the main features of the adjustment assist-

ance measures in their respective countries. The representatives of those countries which were covered by the secretariat studies also provided some additional information on certain features of their adjustment assistance programmes. The spokesman for EEC explained the main features of the adjustment assistance measures of the Community. The representative of one developed market-economy country observed that the information contained in the studies on the adjustment measures in his country was incomplete and on certain points incorrect. Also, he did not agree with certain interpretations of his country's policies in the secretariat documents.

156. He requested the secretariat to circulate a document containing the comments of his delegation on documents TD/121 and TD/121/Supp.1 and Corr.1.

157. The representative of another developed market-economy country observed that it was complicated and difficult to estimate the order of magnitude of the disruption in developed countries which would follow a more rapid increase in imports from developing countries. The calculation of these effects, which had been made by the UNCTAD secretariat and was described in document TD/121/Supp.1, was based on assumptions which made the exercise somewhat unrealistic. For that reason he expressed his country's reservations on the methodology used in the document and hence on the conclusions drawn from it.

158. The representatives of many developed market-economy countries expressed the view that, although structural adjustments were the very essence of the development process, they could best be left to the forces of competition and the market mechanism. They also felt that government policy had some role to play in such adjustments, though only a modest one, in view of the fact that decisions on investments were taken at the level of the firm. Given the predominant role of the private sector in such decision-making, they felt that intervention by Governments would be in most cases ineffective and in some cases even politically unacceptable.

159. The representatives of the developed market-economy countries felt that the key to structural adjustment lay in trade liberalization which, through increased competition, would cause the disappearance of inefficient industries and lead, through a process of gradual adjustment, to an optimal international division of labour.

160. A number of these representatives further stated that the adjustment assistance measures had by their very nature to be multi-purpose and were largely determined by the domestic needs of the countries concerned. It was too much to expect that such measures could be directed exclusively, or even predominantly, towards increasing the export opportunities of the developing countries in the field of manufactures, although the representative of one developed market-economy country stated that such measures were vital in facilitating structural changes if the developed countries were to be able to absorb more imports.

161. The representatives of developed market-economy countries did not favour the concept of anticipatory adjustment measures. In their view, such measures could

not be undertaken in the context of their free market-economies, which were based on competition and private enterprise. Such measures might also be politically unacceptable to their countries.

162. The representative of one developed market-economy country observed that although his country's adjustment programme was tied to import competition and aimed at easing the burden of natural elimination by market forces of the least efficient firms, his Government could not engage in a programme of anticipatory adjustment assistance in the sense of selecting certain firms or industries for phasing out for the purpose of providing market opportunities for products of developing countries. The practical problem in identifying firms or industries for elimination were insoluble and politically insuperable. Such action was likely to distort the pressure of market forces both in exporting and importing countries and could tend to freeze the industrial pattern of the exporting country in low productivity, labour-intensive, production.

163. The representative of another developed market-economy country stated that his country continued to maintain that there could be no question of phasing out industries for the sake of phasing them out, but it was prepared to facilitate the shift of production lines to more competitive sectors. He also noted that the question of adjustment assistance was one which had been and was still under consideration in GATT. He suggested that negotiations on this matter could be pursued within that organization's legal framework. At the same time, he considered that the examination of this question in UNCTAD was useful.

164. The representatives of some developed market-economy countries pointed out that their countries had expressed reservations on paragraph 35 of the International Development Strategy and that their commitments in the field of adjustment assistance measures were subject to those reservations.

165. The representative of one developed market-economy country stated that it was the declared policy of his Government not to support or protect an industry when such an industry could not survive under sound conditions of competition. He stated that a public corporation had recently been established in his country to study the need for the restructuring of the economy and to guide the smooth process of adaptation. The establishment of this public corporation should be regarded as a first step towards his country's implementation of paragraph 35 of the International Development Strategy.

166. The representative of another developed market-economy country observed that paragraph 35 of the International Development Strategy dealt with a complex set of problems which went far beyond the relations between developed and developing countries. That concept, namely that of a more rational international division of labour, was also reflected in the Charter of Algiers.<sup>22</sup> If developed countries subscribed to that

<sup>22</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and Add. 1 and 2; *Report and Annexes* (United Nations publication, Sales No. E.68.II.D14), p. 431.

concept—as his country did—it was only logical to advocate free trade to the fullest extent possible, so that the comparative advantages of different countries would in principle become the dominant factor in the international exchange of goods and thus in the international division of labour.

167. The representative of another developed market-economy country observed that in pursuing an active adjustment policy it was always important to make serious attempts to identify the growth areas in world trade. From various sources quite a lot was already known about the products in which trade was likely to expand at a rapid rate in conformity with the growth of demand. On the other hand, it was also known which sectors were likely to stagnate because income elasticity for the products concerned was low and because too many countries were trying to expand their trade in the same field. It was indeed very important not only for developed but also for developing countries to adapt and plan future developments on the basis of well-founded expectations of the growth areas in world trade. His Government's adjustment policy in this sense was really "anticipatory" and his delegation was willing to accept the use of the word "anticipatory" with this connotation; but his Government had difficulty in accepting the idea of anticipatory adjustment in the sense commonly used in the documents before the Conference.

168. The representative of another developed market-economy country stated that his country did not subscribe to the theory of natural evolution in the field of adjustment assistance. Although in many cases programmes were likely to be multi-purpose, it was imperative that more studies be undertaken by the UNCTAD secretariat before proposals could be formulated for the use of adjustment assistance to expand and diversify exports of manufactures from the developing countries. However, the measures taken by developed countries that were designed primarily to increase imports from developing countries, and in particular the anticipatory measures, needed further investigation. In the short term at least, the benefits developing countries derived from adjustment assistance measures would flow mainly from measures which had multiple aims. In that connexion, immediate progress would stem from an examination of existing schemes with a view to identifying the best prospects for facilitating increased imports from developing countries. He supported the proposal concerning the exchange of information in UNCTAD on adjustment assistance measures (sec TD/121, para. 32).

169. The representative of one socialist country of Eastern Europe stated that the secretariat studies had provided a good basis for understanding the complex problem of adjustment assistance. A number of developed market-economy countries had tried to justify their significant tariff and non-tariff barriers and the exclusion of certain products from their offers in connexion with the GSP on the basis of considerations relating to their domestic markets. However, as their imports of manufactures from the developing countries were a small proportion of the consumption of the products concerned, there was in fact no serious risk

of market disruption. The solution of the problem, therefore, lay completely in the hands of the developed market-economy countries. However, such adjustment measures as might be adopted by those countries should be progressive, i.e. they should not adversely affect the working class. The cost of such measures should be borne by the firms rather than by the workers.

170. The representative of another socialist country of Eastern Europe described the adjustment made in his country in order to adapt the economy to the need for increased imports of products of the developing countries automotive, textile, shoe-making, metal goods and appliance industries. He stated that his country was also seeking long-term agreements with the Governments of those countries and was encouraging industrial and foreign trade enterprises to participate in that effort and to conclude large-scale contracts. His country's experience in implementing adjustment assistance measures was not limited exclusively to industrial development decisions. Substantial efforts should also be made to study the import prospects for products from developing countries and to introduce them to industry and consumers. To that end, his country had sent many official and business delegations to developing countries to lay the foundations for such co-operation.

171. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, considered that adjustment assistance measures were necessary in order to derive the maximum benefit from the GSP and his country was in complete agreement with the draft resolution submitted by the Group of 77 on this subject (TD/III/C.2/L.4).

172. The representative of the Secretary-General of UNCTAD welcomed the additional information provided by the representatives of the developed market-economy countries and the socialist countries of Eastern Europe and stated that, together with comments made during the discussion, it would be duly taken into account in future secretariat studies on adjustment assistance measures. He also stated that, as requested by the representative of one of the developed market-economy countries (see para. 156 above), the comments of his delegation with respect to documents TD/121 and TD/121/Supp.1 would be circulated as soon as they were received by the secretariat.<sup>23</sup>

#### D. Restrictive business practices

(Agenda item 14 (d))<sup>24</sup>

173. In considering this item the Committee had before it a report by the UNCTAD secretariat, "Restrictive Business Practices" (TD/122 and Corr.1 and TD/122/Supp.1 and Corr.1);<sup>25</sup> an interim report by the UNCTAD secretariat, *Restrictive business practices*

<sup>23</sup> Subsequently circulated as documents TD/175 and TD/121/Corr.1.

<sup>24</sup> The Committee considered this item at its 5th to 9th meetings.

<sup>25</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade...*

(TD/B/C.2/104/Rev.1)<sup>26</sup> and a study by the Junta del Acuerdo de Cartagena (Council of the Cartagena Agreement), "Transfer of technology, policies relating to technology of the countries of the Andean Pact: their foundations" (TD/107 and Corr.1).

174. These documents dealt with certain aspects of restrictive business practices adopted by private enterprises of developed countries having effects on the trade and development interests of the developing countries, namely:

(a) Cartel practices (the activities of import cartels, rebate cartels, agreements on standards, and export cartels in developed countries);

(b) Commercial restrictions on the activities of firms in the developing countries resulting from contractual arrangements between firms in developed and developing countries;

(c) The activities of multinational or transnational corporations in the developing countries, their contribution to the export efforts of these countries and the existence of commercial restrictions resulting from equity participation in subsidiaries and affiliates in developing countries and managerial control of their activities;

(d) Inherent restrictions on exports by firms in developing countries as a result of the patent and trade-mark system, and technical know-how arrangements with companies in developed countries;

(e) Control of restrictive business practices in developing countries, collateral protection through the application of laws and regulations in developed countries, the question of extra-territoriality and action at bilateral and multilateral levels.

175. Introducing the debate on this item, the representative of the Secretary-General of UNCTAD stated that the mandate on restrictive business practices given to UNCTAD by Conference resolution 25 (II), had meant the commencement of work on another important barrier to trade in manufactures and semi-manufactures. As such, the work on restrictive business practices formed an integral part of the programme for the liberalization of trade in manufactures. Just as action had been found necessary in several developed countries to ensure that private barriers were not established to nullify their trade liberalization programmes, so in the same way action and remedial measures, as called for in paragraph 37 of the International Development Strategy for the Second United Nations Development Decade, were required in respect of restrictive business practices—especially in order to ensure that private barriers did not nullify the benefits developing countries might derive from the GSP and from measures which might be taken to liberalize non-tariff barriers. In that connexion he referred to paragraphs 203 and 204 of the report by the Secretary-General of UNCTAD to the Conference entitled "The International Development Strategy in Action: the role of UNCTAD" (TD/99 and Corr.2).

176. He indicated that restrictive business practices undoubtedly affected the trade and development inter-

ests of the developing countries and were increasingly attracting the attention of Governments in both developed and developing countries. He stressed that what was now required was a willingness by developed countries to re-examine their existing policies in this field and a realization by the developing countries of the need for appropriate domestic measures and actions. As was pointed out by the Secretary-General of UNCTAD in his report to the Conference (*ibid.*, para. 203) action was obviously required both at the governmental and at the international level; and the collaboration and assistance of enterprises in both developed and developing countries would be called for to an even greater extent.

177. He stated that restrictive business practices had, broadly speaking, not been studied before from the point of view of the developing countries' trade and development interests. The problems in this area were complex and sensitive, but above all they required as frank and as full a discussion as possible. Owing to the fact that information in this field in both developed and developing countries was largely confidential, an exchange of essential information and experience at an expert level was necessary. He drew attention to the large volume of information which had been collected and analysed by the secretariat and which was available for experts to examine in depth. For these reasons the secretariat had proposed the establishment of an expert group (TD/122, para. 38). Essentially, the group could examine which types of restrictive business practices could be regarded as reasonable and which as unreasonable, and it could consider the possibility of drawing up guidelines for the behaviour of foreign enterprises in relations to the trade and development interests of the developing countries.<sup>27</sup>

178. The Committee commended the secretariat on its reports on restrictive business practices. It expressed the view that they represented an important starting point for further substantive work on this subject. The representatives who spoke in the debate indicated their countries' willingness to co-operate fully in further work.

179. The Committee also recognized the importance of the subject of restrictive business practices in the context of the trade in manufactures and semi-manufactures of the developing countries. The representatives of the developing countries drew attention to the close connexion between the work on restrictive business practices and that on the GSP and on non-tariff barriers. In particular they felt that, if developing countries were to obtain the maximum advantage from the system and not to be denied the advantages granted, urgent action for the removal of restrictive business practices was essential.

180. Many representatives referred to paragraph 37 of the International Development Strategy, which called for the identification of restrictive business practices, particularly those affecting the trade and development

<sup>26</sup> United Nations publication, Sales No. E.72.II.D.10.

<sup>27</sup> The complete text of the statement by the representative of the Secretary-General of UNCTAD was circulated as document TD/III/C.2/L.8.

of developing countries, and called for concrete and significant results early in the Decade, if possible before 31 December 1972. They stressed the need for appropriate action at both the national and the international level.

181. Many representatives referred to the complex and sensitive nature of the question of restrictive business practices. The representatives of some developed market-economy countries stressed that restrictive business practices constituted a special problem requiring detailed and continued examination of the legal, economic and technical aspects, and in consequence early conclusions could not be expected. One of these representatives stated that within OECD the issues involved had been examined for a long time and were still under study. The representatives of developing countries agreed on the need for further detailed study and examination of the issues involved but felt that this work should be expedited.

182. The representatives of developing countries stressed that commercial restrictions on their countries' export efforts were manifest in many areas. Many of them referred to studies which had been carried out in their countries and drew attention to the fact that a large number and in some cases all of the agreements between domestic and foreign firms contained restrictions. In a significant number of these agreements, the nature of the restriction was a total prohibition on exports of the products concerned, in others prior approval for export was required, and in yet others permission was given for exports only to certain markets. In this connexion, some of the representatives referred to the relevant information contained in the secretariat documents TD/B/C.2/104/Rev.1 and TD/122/Supp. 1 and Corr.1 and to particular studies carried out in their countries.

183. The representatives of many developing countries referred to the control on exports by firms in their countries resulting from the restrictions on exports inherent in the patent and trade-mark system. They indicated that further consideration of this aspect was urgently required with a view to finding a solution as early as possible. They stated that such restriction, together with the commercial restrictions in licensing agreements, placed severe limitations on the value of the technical know-how received in their countries. They pointed out that if suitable remedial measures were not found it would be impossible to realize the full manufacturing potential of their countries. Some of these representatives referred to the high cost of obtaining patents and trade-marks and especially to the adverse effects of such costs on the least developed among the developing countries. The representatives of some developing countries stressed the need for co-ordination of the work in this field with that on private foreign investment and the transfer of technology in UNCTAD.

184. The representatives of developing countries pointed out that a large proportion of world trade and industrial production was concentrated in multinational or transnational corporations and that a significant proportion of this trade consisted of intra-company trans-

actions. A number of these representatives also referred to the immense political and economic power of such corporations vis-à-vis most of the developing countries of Africa, Asia and Latin America and of certain countries of Europe. They also drew attention to the frequent references made in the course of the general debate in plenary to these aspects and to the problems that could arise. One of them drew attention to the suggestion by the President of Mexico for the elaboration of a "charter of the economic rights and duties of States" to supplement the Universal Declaration of Human Rights.<sup>28</sup> This suggestion was supported by the representative of another developing country.

185. The representatives of many developing countries recognized that multinational or transnational corporations could make a significant contribution to the economic development of the developing countries. Nevertheless, they felt that this contribution was severely impaired when parent companies controlled exports and in particular prevented exports being made by subsidiaries and affiliates in these countries. Some of them referred to actual cases, known to their Governments, where exports had been prevented. The representatives of developing countries also referred to the frequent practice of the tying of the supply of raw materials and intermediate goods and to the problems of transfer pricing, which had adverse effects on their countries.

186. The representatives of some developing countries indicated that in developing countries where there was only a small domestic market special problems existed in relation to the activities of multinational or transnational corporations. They considered, furthermore, that since manufacturing industries established in developing countries by such corporations were primarily domestically-oriented and not export-oriented, they tended to slow down and even discourage exports, for fear of creating competition among the different subsidiaries of the parent corporation. Such action led to under-utilization of capacity and to high production costs. The situation was further aggravated by the fact that intermediate goods obtained by the subsidiary companies from the parent companies tended to be supplied at non-competitive prices—the objective being to achieve high profits for the parent companies. In addition, such corporations often discouraged the processing of raw materials produced in the least developed countries, and tended rather to use their subsidiaries as marketing outlets for their processed products.

187. The representatives of some developing countries referred to action which had been taken in their countries and to the criteria devised for the screening of licensing and other agreements to detect restrictive business practices. In this connexion, attention was drawn to the harmonization of action at a subregional level and the need for such action if restrictive practices were not to thwart trade liberalization and economic development plans on a subregional basis. A number of these representatives requested that the proposed group of experts pay particular attention to this question.

<sup>28</sup> See above, part three of the report of the Conference, para 184, and the summary record of the 92nd plenary meeting (TD/SR.92).

188. The representatives of some developing countries stated that in the majority of developing countries, and especially in the least developed among them, laws and administrative arrangements designed to control restrictive business practices often failed to achieve their aim because of these countries' weak bargaining power in negotiations with large foreign enterprises. They requested that special and careful attention be given to this question in the future work of the secretariat.

189. The representatives of many developing countries referred to the adverse effects of cartel activities in the developed countries on their countries' trade and development interests. Some of these representatives indicated that by their nature the activities of rebate cartels discouraged, if they did not preclude, exports from developing countries in competition with domestic producers. With regard to the activities of export cartels in developed countries, the representatives of several developing countries referred to the differing standards applied in developed countries vis-à-vis the activities of domestic and export cartels. Many of the latter cartels were exempted from controls on cartels generally. In this context the representative of one developing country referred to the paper and pulp cartel mentioned in paragraph 34 of document TD/122/Supp.1. He stated, with regard to such activities, that it was impossible for developing countries to take effective action, and therefore the full co-operation of developed countries was required. As regards the operation of cartels in developed countries, the representative of another developing country indicated that such cartels also operated to the detriment of the economic interests of developed countries, as was shown by a recently reported case of the activities of a group of industrial corporate conglomerates in the man-made fibre industry in a developed country. He strongly urged that all types of cartel activities adversely affecting the trade and development interests of developing countries should be eliminated.

190. The representatives of several developing countries noted that the transnational corporations' widespread practice of reserving the right to select consultants and engineering firms, generally without allowing participation by national firms, to work on the technical pre-investment phases of industrial development projects was highly detrimental to the development of the developing countries. They requested that a study be made of that type of restrictive business practice, taking into account all its adverse implications for the development of the developing countries.

191. The representatives of developed market-economy countries generally referred to the legislation in their countries governing restrictive business practices and to their experience in this field. In giving details of the control provided under their legislation concerning cartel activity and the abuse of their dominant position by enterprises in their countries, they indicated that to a large extent there was little likelihood of harmful effects flowing from practices in these fields on the trade and development of the developing countries. Some of these representatives considered that responsibility for action with respect to restrictive business practices affecting the trade and development interests

of the developing countries essentially rested with the latter countries, since action could only be taken where the adverse effects of the restrictive business practices occurred. In that connexion they suggested that consideration could be given by developing countries to the enactment of appropriate legislation relating to restrictive business practices. One of these representatives indicated that, since restrictive business practices were principally in the private sector, the powers of Governments to find practical means of controlling such practices were extremely limited.

192. The representatives of a number of developed market-economy countries stressed that, by reason of the rigorous interpretation of the legislation regarding cartel activities, such activities were strictly controlled, and consequently any harmful effects on the trade interests of developing countries would be reduced and in some cases eliminated. The representative of one developed market-economy country stated that export cartels were only authorized as provisional measures for the sound development of trade, and their existence was kept constantly under review. The representatives of some of these countries referred to the restrictions on the disclosure of further information with regard to the activities of export cartels, because of its confidential nature.

193. With reference to restrictions in licensing agreements, the representatives of many developed market-economy countries indicated that control in this field must rest with the developing countries. Several of these representatives referred to their own countries' experience and the establishment of screening procedures to reduce or eliminate the undesirable effects of certain restrictive business practices.

194. The representative of one developed market-economy country stated that his Government recognized that harmful restrictive business practices could in certain cases have a more negative impact on the exports of developing countries than on those of other countries.

195. The representatives of a number of developed market-economy countries stressed that it was important to examine restrictive business practices case by case. The impact of particular restrictions would vary from case to case and, in certain circumstances, might well be beneficial to an individual developing country, if not to developing countries as a whole. With regard to remedial action, one of them suggested that UNCTAD should closely examine the procedure proposed by the International Chamber of Commerce (ICC).<sup>29</sup>

196. The representatives of developed market-economy countries suggested that developing countries should take full advantage of the contribution which multinational corporations could make to the furtherance of their trade and development interests. Some of these representatives indicated that, while certain economic and political problems could arise in this area, their own countries' experience showed that it was possible to maximize the benefits to be derived from the activities

<sup>29</sup> See International Chamber of Commerce, document ICC/225/192/Rev. of 6 December 1971.

of these corporations, in particular from their technology. Several of these representatives recognized that the global policies of such corporations were not necessarily the same as national objectives and policies and that therefore in their countries action had been taken to eliminate the undesirable effects of the operations of such corporations. In this context, the spokesman for EEC mentioned that the Community was on the point of taking measures to reinforce the structures of small and medium-sized enterprises in the Common Market, and it was hoped that this would lead to an increase in the investments of these enterprises in developing countries and thus avoid any drawbacks associated with the activities of the giant corporations. The representatives of some developed market-economy countries also pointed out that if multinational corporations were too tightly controlled, they might well be deterred from making new investments, and the developing countries might thereby be deprived of the benefits and advantages they might have obtained from their activities.

197. The representatives of developed market-economy countries generally drew attention to the positive effects of the present patent and trade-mark system. They considered that the system encouraged the bringing of inventions into the open market and facilitated the transfer of know-how, which also benefited the developing countries. They referred to the work of the World Intellectual Property Organization (WIPO) and to certain improvements which had been effected and others which were under consideration aimed at facilitating the developing countries' access to advanced technology and to alternative technologies which were open to them. In particular, reference was made to article 50 of the 1970 Patent Co-operation Treaty and to the recent Swedish proposal for a patent licensing convention. It was pointed out that some developing countries had already used WIPO model laws as a model for their own national laws and others might possibly follow such an example. With regard to the control of abuses under the patent and trade-mark system, they pointed out that action must be taken in the country concerned. The representatives of some of the developed market-economy countries noted the action taken in certain developing countries in this respect at the national and regional levels. Some other representatives referred to the probable need for further action in developing countries under their patent and trade-mark legislation to overcome problems in this area.

198. The representatives of several socialist countries of Eastern Europe shared the concern of the developing countries as to the unfavourable effects of restrictive business practices on the development of their exports. They referred especially to the adverse effects which the economic and political power of the multinational or transnational corporations could have on the trade and development interests of the developing countries. They viewed with concern the increasing proportion of world trade concentrated in the hands of such corporations and fully supported the developing countries in their call for remedial measures to control the harmful activities of multinational or transnational corporations and thereby to afford protection to these countries' export interests. One of these representatives

stressed that such monopolies operated with the object of maximizing their own profits and took little or no account of the interests of the countries in which they operated.

199. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, had to conclude contracts with companies of developed market-economy countries containing a number of limitations, particularly with regard to the export of products resulting from those contracts. He therefore supported the proposals of the other developing countries concerning the reduction and elimination of commercial restrictive practices.

200. The representative of the Holy See indicated that, in examining the activities of multinational corporations, a distinction should be made between international, multinational, transnational and supranational enterprises: their objectives and strategies were different. Pricing within such corporations should be studied with particular care, since it affected costs of production and hence the exportability of products manufactured by their subsidiaries in the developing countries.

201. With regard to future work on restrictive business practices, the representatives of the developing countries indicated their Governments' strong support for the secretariat's proposal regarding the establishment of an expert group (TD/122, para. 38).<sup>30</sup> The expert group should consider the possibility of drafting codes or guidelines for the behaviour of foreign enterprises in relation to the trade and development interests of the developing countries. They stated that the aim of such work should be to reach agreement on a programme for the elimination of restrictive business practices affecting their countries' trade and development interests. Many of them requested that the group be convened as early as possible and preferably before 31 December 1972, the target date set in paragraph 37 of the International Development Strategy. Some of these representatives also requested that the group pay particular attention to the problems of the least developed among the developing countries.

202. In connexion with the work of the expert group, it was suggested that the provisions of chapter V of the Havana Charter,<sup>31</sup> relating to restrictive business practices, should be taken into account, but that these provisions would need reconsideration in the light of changes in the world situation and in particular of the new role of multinational or transnational corporations.

203. The representative of one developing socialist country of Asia stated that his Government resolutely supported the just demand of the developing countries to seek solutions to the question of restrictive business practices, and supported the proposal for the establishment of an expert group to study further and deal with that question.

<sup>30</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. II, *Merchandise trade*...

<sup>31</sup> See *United Nations Conference on Trade and Employment, Final Act and Related Documents* (Lake Success, New York, April 1948).

204. The representatives of developed market-economy countries reaffirmed their support for the work being done in UNCTAD on restrictive business practices and indicated their willingness to co-operate fully in the future work. Some of these representatives offered to provide, as far as its confidential nature allowed, additional information on measures and action taken in their countries to control restrictive business practices.

205. On the nature of the future work the representatives of many developed market-economy countries considered that priority should be accorded to the examination of appropriate action and measures in developing countries and that further studies in depth should be made of these questions. One of these representatives suggested that specific attention be paid to the question of appropriate laws on the disclosure of information regarding the activities of foreign enterprises in developing countries and to the question of restrictive business practices in relation to the WIPO Model Laws on inventions and trade-marks. In view of the need for further detailed studies, the representatives of several of these countries felt that the time was not appropriate for the establishment of an expert group and doubted, in particular, whether an expert group would lead at this stage to substantial progress in this area. Some others suggested that the decision on the establishment of an expert group and its mandate might be left to the Committee on Manufactures or the Trade and Development Board.

206. On the other hand, the representatives of a number of developed market-economy countries supported the proposal for the establishment of an expert group. Generally, they considered that the group should be composed of governmental experts. One of them felt, however, that experts with a commercial background might be invited to join in the work of the group. Some of these representatives were not convinced that further detailed studies would lead to substantial progress or that the experts in the proposed group could give guidance to the secretariat on how to tackle the various problems and assist in establishing priorities for future work and in identifying practices of special concern to developing countries. In general, the representatives indicating support for the establishment of the expert group stressed the need for agreement on the group's terms of reference. One of them suggested that the life of the group be limited to the time required for the performance of a specific task.

207. The representatives of two socialist countries of Eastern Europe spoke in support of the proposal for the establishment of an expert group. One of them stated that the time had come for concrete recommendations to protect developing countries from the restrictive business practices of capitalist monopolies and called upon developed market-economy countries to intensify their co-operation with the UNCTAD secretariat in the provision of information and the preparation of guidelines. The representatives of some socialist countries of Eastern Europe stated that they shared the concern of the developing countries about the question of restrictive business practices, since their countries' export interests were similarly affected by

such practices. They also called for the drawing up of guidelines for the behaviour of foreign enterprises. They stressed that the elimination of those practices was of very broad interest and had a universal character. They also stressed that solutions to the problems in the area of restrictive business practices should be sought within the framework of UNCTAD, given its universal character. It was suggested that the United Nations Office of Public Information should give more information to the public about the restrictive business practices of private enterprises.

208. The representatives of Spain and Malta stated that their countries, as developing countries, also supported the establishment of an expert group and agreed that consideration should be given to the drawing up of guidelines for the behaviour of foreign enterprises. They stressed that, since their countries were developing countries, they recognized the need for appropriate remedial measures, as called for in paragraph 37 of the International Development Strategy.

209. The representative of the Holy See supported the establishment of an expert group and suggested that representatives of the trade union movements should be associated with the work of that group, given the importance to them of the activities of multinational or transnational corporations.

210. The Committee welcomed the close co-operation maintained by the UNCTAD secretariat with the secretariat of WIPO on the question of restrictive business practices in relation to patents and trade-marks. The representative of WIPO emphasized that industrial property legislation constituted only one of the instruments available to Governments for controlling restrictive business practices resulting from licensing agreements. He indicated that WIPO's Model Laws would shortly be revised and would take into account the relevant work being done in UNCTAD, especially the suggestions contained in document TD/122/Supp.1 and Corr.1.

211. The Committee welcomed ICC's support for the work being done in UNCTAD on restrictive business practices and its offer of assistance in future work. The Committee took note of the statement by the observer for ICC and of the documentation it had submitted to the Conference, namely, a statement of 6 December 1971 and a further statement of 30 March 1972<sup>32</sup> which contained ICC's comments on the UNCTAD secretariat's reports to the Conference. That observer stressed the importance of an examination of particular harmful restrictive business practices on a case by case basis. He stated that ICC considered that such restrictive business practices, when found to exist, should be eliminated. In that connexion, he conveyed the Chamber's strong support for the establishment of an expert group.

212. The Committee took note of the statement transmitted to it by the Secretary-General of the UNCTAD to the effect that he would ensure the co-ordination of the work of the secretariat on restrictive business practices with its work on private foreign investment

<sup>32</sup> See International Chamber of Commerce, documents ICC/225/192 Rev. and ICC/225/194.

and the transfer of technology. The representative of the Secretary-General of UNCTAD expressed his gratitude for the co-operation and assistance which the secretariat had received from States members in its

work on restrictive business practices. He also thanked those States members who had reaffirmed their willingness to provide additional information and continued assistance to the secretariat.

## CHAPTER II

### Export promotion: manufactures and semi-manufactures

(Agenda item 12 (b))<sup>33</sup>

213. In considering this item the Committee had before it two reports by the UNCTAD secretariat, "Export Promotion" (TD/123),<sup>34</sup> and "Review of the export policies for expansion and diversification of exports of manufactures and semi-manufactures from developing countries" (TD/111/Supp.1) and two reports by the UNIDO secretariat, "The role of export-oriented industries in the industrialization of developing countries" (TD/CONTR/8) and "UNIDO activities in the export development field" (TD/CONTR/4).

214. The representative of the Secretary-General of UNCTAD drew attention to the major elements in the programmes and policies that were required to achieve the objectives of paragraphs 31 and 36 of the International Development Strategy.

215. He stated that the first element consisted of export promotion, defined as a technical activity specifically concerned with assessing the potential market in foreign countries and devising marketing and promotional measures to explore and increase the opportunities in the market. The secretariat report TD/123 dealt with various aspects of that element.

216. The second element consisted of export policies, which embraced a broader field than export promotion. Given adequate access to the market and the prevailing economic situation, a country's future as an exporter of manufactures depended on its industrial structure, on the size of its domestic market, and on its protection, exchange, commercial and price policies. Export policies of the developing countries had also to take into account such matters as incomes policy, research and development expenditure, and promotional freight rates. Incentives to exporters of manufactures could take a variety of forms; however, their use required a careful comparison of their costs and benefits. In the report TD/111/Supp.1 some of these aspects had been discussed and suggestions made concerning general principles and criteria which might be useful in determining appropriate export policies. The study analysed the nature and extent of the structural changes which had taken place in the manufacturing sector of the developing countries and their implications for world trade in manufactures.

217. The third element consisted of establishing export-oriented industries in order to expand and diversify exports of manufactures and semi-manufactures. That element was important for countries which had already achieved a high level of industrialization on the basis of import substitution and were more dependent on foreign markets for the future growth of their manufacturing. It was equally important for countries with a small domestic market since in order to achieve economies of scale they should, from the outset, manufacture for a market wider than the domestic one.

218. Introducing the secretariat report TD/123, the Director of the UNCTAD/GATT International Trade Centre described the actions that were being taken by the developing countries and the assistance that was being given by the Centre to these countries to improve their national institutional infrastructure for export promotion, to establish specialized export promotion and marketing services, to identify export-market opportunities and to adapt export products to the needs of foreign markets.

219. One aspect which he emphasized was the catalytic effect of the activities of the International Trade Centre. First, the programmes of the Centre had contributed to the increased awareness of the importance of export promotion in developing countries. In the majority of the developing countries serious efforts were being made at the governmental level to introduce new export promotion techniques. A second aspect was the effect of the activities of the International Trade Centre in drawing other international organizations into the field of export promotion assistance to developing countries. In this respect he made special mention of UNIDO, FAO and the regional economic commissions, as well as national institutions in the developed market-economy countries and the socialist countries.

#### *Export promotion*

220. The representatives of the developing countries, while recognizing their own responsibilities in the field of export promotion, described the progress made to date by their respective Governments. They noted with appreciation the technical and financial assistance which the developed countries had given bilaterally or multilaterally through the International Trade Centre. They were of the opinion, however, that further progress in the field of export promotion in the developing countries would depend primarily on increased technical and

<sup>33</sup> The Committee considered this item at its 14 th to 16th meetings.

<sup>34</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade...*

financial assistance from the developed countries for export promotion, as currently available resources were far from meeting the needs of developing countries.

221. They urged the developed countries to come forward with substantial increases in their technical and financial support to the International Trade Centre and to national, subregional and regional export promotion centres. They further urged them to expand their bilateral and multilateral programmes of assistance to the developing countries in the field of export promotion.

222. The representatives of developing countries attached great importance to the need for developed countries to adopt adequate measures for the expansion of exports of developing countries and in particular to the question of establishing import centres in the developing countries for promoting imports from the developing countries. They stated that such centres were already functioning with considerable success in some developed market-economy countries and considered the establishment of such centres an important means of enabling the developing countries to take fuller advantage of trade liberalization measures.

223. They expressed their concern at the absence of appropriate facilities for export-credit financing and re-financing and for export-credit insurance and re-insurance in the developing countries which was adversely affecting their export promotion efforts. They requested the UNCTAD secretariat to undertake a study of this problem and emphasized the need for assistance by developed countries through the international financial organizations, including regional development banks, in schemes for that purpose.

224. They felt a particular need for strengthening the national subregional and regional centres of export promotion and for augmenting the present meagre resources of these centres.

225. Some representatives of the developing countries laid emphasis on training at all levels for both the public and private sectors in the field of export promotion. They also felt that the available personnel of an advanced category should be utilized in their respective regions for future technical assistance in the field of export promotion, since their familiarity with the situation prevailing in the countries assisted would result in a more effective provision of technical assistance. In the same vein, they referred to the studies and work already undertaken in the developing countries.

226. The representatives of developing countries emphasized that their countries had insufficient information on export possibilities in foreign markets and that assistance was needed for studies and research, including the continuous exchange of commercial information on export products from developing countries. They suggested that the International Trade Centre should publish periodically, in the working languages of the United Nations, abstracts of articles dealing with such topics, to which each member country would contribute relevant texts.

227. The representatives of the developed market-economy countries expressed their support of the export promotion efforts of the developing countries and of the International Trade Centre and described the various

measures adopted in their respective countries. Reference was also made to the recent creation of the South-East Asian Promotion Centre for Trade, Investment and Tourism.

228. While generally recognizing the role of increased technical and financial support to the export promotion efforts of the developing countries, the representatives of some developed market-economy countries considered that the question of the volume or type of assistance should be dealt with in a flexible manner to enable those countries to take decisions in the context of their own particular situations.

229. The representative of Finland, speaking on behalf of the Nordic countries, deemed it essential to increase the International Trade Centre's regular budget appropriation so as to enable the Centre to fulfil its functions and obligations. The Nordic countries promised to give continuous and substantial financial support to the Centre. They hoped that other developed market-economy countries would consider appropriate practical measures to assist the developing countries in their export promotion efforts by supporting the establishment of national trade promotion centres in the developed countries or by other appropriate means and by rendering financial and technical assistance to trade promotion centres in the developing countries.

230. On the question of the establishment of national import centres by the developed market-economy countries there was a wide divergence of opinion among those countries. The representative of one developed market-economy country which had already established such a centre stated that import promotion measures by the developed countries were an essential counterpart of the export promotion measures by the developing countries. In the context of such measures the establishment of national or regional centres in the developed countries had much importance. Most representatives of the developed market-economy countries considered that it should be left to the countries concerned whether to establish such centres or use other means for promoting imports from the developing countries. The representative of one developed market-economy country stated that his Government would not be in a position to respond to a request to set up a new official institution for the express purpose of promoting imports, although private organizations were active in this respect and many government programmes could be expected to stimulate increased imports.

231. The representatives of several socialist countries of Eastern Europe strongly supported the activities of the developing countries and of the International Trade Centre. They stated that long-term planning in their countries provided a convenient means of taking into account the export needs of the developing countries. The instruments used for this purpose were long-term trade agreements, technical assistance agreements, payments agreements and new types of agreement on economic co-operation. These agreements on economic co-operation and trade covered a broad range of economic relations. The period covered by such agreements was fairly extensive, thus assuring the developing countries stability of orders, production and exports.

In many cases the operation of these agreements was supervised by joint commissions and committees in which the export promotion interests of the developing countries were fully taken into account. The representatives of some socialist countries of Eastern Europe spoke also of the promotion of the developing countries' exports by way of traditional measures such as the expansion of chamber of commerce activities, the dissemination of information, and professional training. One of these representatives drew attention in particular to paragraph 9 of document TD/123, and especially to the fact that "in developing countries the Government must play a key role in the development and promotion of exports". He stressed, furthermore, that the creation of appropriate institutions was another condition which ensured that trade policy really served the growth of the national economy. He also described the different instruments used by his country to help the developing countries in their export promotion efforts.

232. The representative of a socialist country of Eastern Europe declared that his country, as a socialist developing country, had adopted a number of measures aimed at export promotion and at the expansion of his country's trade relations with other developing countries. In that connexion he stressed the role of exports of capital goods in so far as the importing country paid for these imports with the very goods produced in the plant built with the help of such equipment. That kind of arrangement contained an element of market assurance not available in the traditional financing of exports of capital goods. He also expressed his support of the draft resolution (TD/III/C.2/L.9) submitted by the Group of 77 (see paragraph 257 below).

#### *Export policies*

233. Several representatives, both of developed and of developing countries, emphasized the role of export policies and of export-oriented industries in the expansion and diversification of exports of manufactures and semi-manufactures. They looked forward to a fuller discussion of document TD/111/Supp.1, which would take place at the sixth session of the Committee on Manufactures.

234. The representative of one developed market-economy country emphasized that a country's export potential was determined basically by its productive capacity and efficiency. Clearly, a country's internal policies were the fundamental determinants of its ability to improve export performance. A country seeking to develop exports must create and maintain an economic environment conducive to trade. Effective penetration of foreign markets required not only specific export promotion measures, but also, and more important still, national economic policies, commercial practices and institutions which did not put domestic producers at a disadvantage. Obviously, economically rational exchange rates and tariff policies were fundamental in this context. Caution was warranted with respect to financial and other forms of subsidy. These had important implications for resource allocation, international legal commitments, and possible countervailing action,

which could not be ignored. There were, however, positive measures that could be taken to encourage exports which did not have the same adverse effects; for example the removal of impediments to exports, including the reduction of tariffs on materials used in production for export, removal of tax barriers to exports, and the removal of unnecessary procedural obstacles, especially with respect to customs, financial, and licensing formalities.

235. The representatives of developing countries emphasized that their Governments were adopting, to the extent appropriate and possible, financial and commercial policies and measures to facilitate and promote their exports of manufactures and semi-manufactures. However, they pointed out that those policies and measures could not be effective unless they were accompanied by positive trade liberalization measures by the developed countries.

236. The representatives of the developing countries emphasized the close link between trade liberalization measures, particularly the removal of non-tariff barriers, and their own export promotion efforts. A similar link existed with the restrictive business practices, in so far as such practices hampered the export of manufactures of the developing countries.

237. The representatives of some developing countries, particularly of those identified as the hard-core least developed countries, drew attention to their special problems in exporting manufactures. For such countries export promotion efforts were not promising, as they had very little manufacturing capacity. Thus, in their case attention should be paid rather to the establishment of export-oriented industries. They stated that these questions had been clearly treated in paragraphs 3.33 to 3.37 of the secretariat report TD/111/Supp.1.

238. The representatives of several developing countries emphasized the advantages of and the need for the utilization by the developed countries of the potential existing in the developing countries for international sub-contracting, pointing out that even in the case of highly capital-intensive industries there were certain components the production of which was labour-intensive. Therefore these components could be manufactured more economically through international sub-contracting. Manufacturing in the developing countries on the basis of international sub-contracting was a valuable means of assisting them to expand and diversify their exports and to acquire technology and of generating employment, developing entrepreneurship and creating skills in these countries. These representatives also emphasized the need for developed countries to disseminate commercial information to enable developing countries to take full advantage of opportunities existing in their markets.

239. The representatives of some developing countries stated that for various reasons a considerable surplus of industrial capacity existed in the developing countries. This surplus capacity could, with appropriate technical and financial assistance from the developed countries, be utilized for expanding and diversifying

exports of manufactures and semi-manufactures of the developing countries. The representatives of some developing countries stated that manufacturing for exports under free port and free zone arrangements also deserved consideration as an important instrument for expanding and diversifying exports of manufactures of the developing countries.

240. The representative of a developing country which had been identified as one of the hard-core least developed countries commended the country studies prepared by the UNCTAD secretariat on the short- and medium-term prospects for exports of manufactures. He recalled the recommendation made by the Com-

mittee on Manufactures at its third session,<sup>35</sup> and reaffirmed at its fifth session,<sup>36</sup> that future country studies should concentrate on the least developed among the developing countries. He regretted to note that none of the 19 studies prepared so far dealt with a least developed country. He hoped that the next study to be prepared by the secretariat would deal with one of those countries.

<sup>35</sup> See *Official Records of the Trade and Development Board, Eighth Session, Supplement No. 2 (TD/B/199/Rev.1)*, para. 61.

<sup>36</sup> *Ibid.*, *Eleventh Session, Supplement No. 2 (TD/B/352)*, para. 193.

### CHAPTER III

#### Action taken by the Second Committee on draft resolutions submitted to it

##### *Preferences*

241. Draft resolution TD/III/C.2/L.6<sup>37</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. Draft resolution TD/III/C.2/L.12,<sup>37</sup> sponsored by Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America was also submitted. After informal consultations, a revised text (TD/III/C.2/L.18),<sup>38</sup> prepared by a drafting group established by the Chairman and containing alternative wording for certain provisions, was submitted to the Committee. Unable to reach agreement on the text of the draft resolution, the Committee decided at its 19th meeting, in view of the limited time available, to transmit the draft to the President of the Conference for further consideration.

##### *Liberalization of non-tariff barriers*

242. Draft resolution TD/III/C.2/L.5<sup>39</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. Draft resolution TD/III/C.2/L.13,<sup>39</sup> sponsored by Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, was also submitted. After informal consultations, a revised text (TD/III/C.2/L.19),<sup>40</sup> prepared by a drafting group established by the Chairman and containing alternative wording for certain provisions, was submitted to the

<sup>37</sup> For the text of the draft resolution, see appendix IV below.

<sup>38</sup> For the text of the draft resolution, see appendix II below.

<sup>39</sup> See footnote 37 above.

<sup>40</sup> See footnote 38 above.

Committee. Unable to reach agreement on the text of the draft resolution, the Committee decided at its 19th meeting, in view of the limited time available, to transmit the draft to the President of the Conference for further consideration.

##### *Adjustment assistance measures*

243. Draft resolution TD/III/C.2/L.4<sup>41</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. After informal consultations, agreement was reached on a revised text of the draft resolution (TD/III/C.2/L.15),<sup>42</sup> which the Committee, at its 19th meeting, approved unanimously for adoption by the Conference.

244. The representative of Canada stated that his support of the revised draft resolution was qualified by the reservations expressed by his Government and forwarded to the secretariat (see paras. 156 and 172 above), with respect to the study referred to in the sixth preambular paragraph of the draft resolution.

245. The representative of Japan drew the attention of the Committee to his Government's reservations regarding paragraph 35 of the International Strategy for Development which dealt with the same subject. His Government did not consider it possible to draw up a programme of such measures, given the nature of adjustment assistance.

246. The representative of Switzerland, while stating that his Government supported the draft resolution, drew attention to views his delegation had expressed in the Committee at its 14th meeting, when the representative of Switzerland had stressed the predominant role of enterprises themselves in problems relating to adjustment assistance measures. His Government's support of the draft resolution was given in the light of those comments.

<sup>41</sup> See footnote 37 above.

<sup>42</sup> See appendix I below.

*Restrictive business practices*

247. Draft resolution TD/III/C.2/L.3/Rev.1<sup>43</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. After informal consultations the Committee reached agreement on a revised text of the draft resolution (TD/III/C.2/L.16).<sup>44</sup>

248. The representative of the Secretary-General of UNCTAD drew attention to the financial implications of the revised draft resolution (TD/III/C.2/L.16/Add.1),<sup>45</sup> which were based on the assumption that the group of experts would hold one session for a period of two weeks. The Committee on Manufactures in considering the Group's report would then decide on necessary future action, including possible future meetings of the expert group.

249. The representative of the Federal Republic of Germany, speaking on behalf of the developed market-economy countries, stated that those countries agreed to the deletion of the second alternative suggested for operative paragraph 4 of the revised draft resolution and consequently to the removal of the brackets round the first alternative.<sup>46</sup> The representative of Morocco, speaking on behalf of the Group of 77, welcomed this agreement.

250. At its 19th meeting, the Committee took note of the financial implications of the draft resolution (TD/III/C.2/L.6/Add.1) and unanimously decided to recommend the draft resolution (TD/III/C.2/L.16), as amended, for adoption by the Conference.

251. The representative of Switzerland explained the reasons for his Government's support of the draft resolution; with regard to operative paragraph 5, he emphasized the need to take into account, in the proposed studies, all aspects, favourable or otherwise, of the restrictive business practices in question.

252. The representative of the United States of America reserved his Government's position on the financial implications of the draft resolution.

253. The representative of the United Kingdom of Great Britain and Northern Ireland, expressing his support for the draft resolution stated that his Government could agree to the expert group's holding one session as assumed in the statement of financial implications. It considered however, that the report on that meeting should be submitted to the Committee on Manufactures for consideration and that the Committee should then decide what further meetings of the expert group might be necessary. In consequence, he reserved his Government's position regarding the financial implications of

any meetings of the group after its first meeting. His Government also reserved its position on the question of the staff increases set out in the statement of financial implications relating to the work programme specified in the draft resolution. With regard to operative paragraph 7 of the draft resolution, he stated that his Government supported co-ordination between the Committee on Manufactures and the Intergovernmental Group on Transfer of Technology in connexion with work on restrictive business practices. However, its view was that the prime responsibility for work in this field within the UNCTAD secretariat rested with the Manufactures Division, which reported to the Committee on Manufactures.

254. The representative of the Union of Soviet Socialist Republics indicated that his Government reserved its position on the financial implications of the draft resolution.

*International sub-contracting*

255. Draft resolution TD/III/C.2/L.7<sup>47</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. After informal consultations, agreement was reached on a revised text of the draft resolution (TD/III/C.2/L.17),<sup>48</sup> which the Committee, at its 19th meeting, decided unanimously to recommend for adoption by the Conference.

256. The representative of Australia stated that his understanding was that the provision of technical and financial assistance referred to in operative paragraph 2 of the draft resolution would be within the existing financial procedures of the United Nations.

*Export promotion*

257. Draft resolution TD/III/C.2/L.9<sup>49</sup> was submitted by the representative of Indonesia on behalf of the Group of 77. After informal consultations, agreement was reached on a revised text of the draft resolution (TD/III/C.2/L.14)<sup>50</sup> which the Committee, at its 19th meeting, decided unanimously to recommend for adoption by the Conference.

258. The representative of Australia stated that his understanding was that the technical and financial assistance or support to be provided in accordance with paragraphs 2 and 6 of the draft resolution would be within the existing programmes and procedures of the United Nations.

259. The representative of the United States of America, expressing his support for the draft resolution, stated that his understanding of paragraph 12 was that it did not involve direct support for export financing by international financial institutions or developed countries, but rather consideration of assistance to developing countries in establishing and improving their own export financing institutions.

<sup>43</sup> See footnote 37 above.

<sup>44</sup> See footnote 42 above.

<sup>45</sup> For the text see appendix III below.

<sup>46</sup> The second alternative text for operative paragraph 4 read as follows:

"[Decides to request the Committee on Manufactures to continue its work on restrictive business practices and to proceed with the examination of measures to alleviate or where possible to eliminate restrictive business practices adversely affecting the trade and development of developing countries;]".

<sup>47</sup> See footnote 37 above.

<sup>48</sup> See footnote 42 above.

<sup>49</sup> See footnote 37 above.

<sup>50</sup> See footnote 42 above.

## APPENDICES

### *Appendix I*

#### DRAFT RESOLUTIONS RECOMMENDED BY THE SECOND COMMITTEE FOR ADOPTION BY THE CONFERENCE

##### A. Manufactures and semi-manufactures (Agenda item 14)

###### ADJUSTMENT ASSISTANCE MEASURES (Agenda item 14 (c))

###### 1. Draft resolution TD/III/C.2/L.15

[Text adopted by the Conference without change. See annex I,A above, resolution 72 (III).]

###### RESTRICTIVE BUSINESS PRACTICES (Agenda item 14 (d))

###### 2. Draft resolution TD/III/C.2/L.16

[Text adopted by the Conference without change.<sup>a</sup> See annex I,A above, resolution 73 (III).]

<sup>a</sup> See para. 249 above.

###### INTERNATIONAL SUBCONTRACTING (Agenda item 14)

###### 3. Draft Resolution TD/III/C.2/L.17

[Text adopted by the Conference without change. See annex I,A above, resolution 74 (III).]

##### B. Export promotion: manufactures and semi-manufactures (Agenda item 12 (b))

###### Draft resolution TD/III/C.2/L.14

[Text adopted by the Conference without change. See annex I,A above, resolution 75 (III).]

### *Appendix II*

#### DRAFT RESOLUTIONS REFERRED BY THE SECOND COMMITTEE TO THE CONFERENCE FOR FURTHER CONSIDERATION

##### A. Preferences (Agenda item 14 (a))

*Text prepared by the Drafting Group (TD/III/C.2/L.18)<sup>a</sup>*

*The United Nations Conference on Trade and Development, Recalling resolution 21 (II) of 26 March 1968 wherein it recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries,*

<sup>a</sup> This text was prepared on the hypothesis that the Special Committee on Preferences would be established as a permanent UNCTAD body.

*Noting decision 75 (S-IV) of the Trade and Development Board of 13 October 1970 on the agreed conclusions of the Special Committee on Preferences, which noted the determination of the prospective preference-giving countries to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971,*

*Noting the joint declaration made by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics at the second part of the fourth session of the Special Committee on Preferences,<sup>b</sup>*

<sup>b</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1)*, part two, para. 192.

Noting the International Development Strategy for the Second United Nations Development Decade, in particular paragraph 32 thereof,

Noting with appreciation that Austria, Bulgaria, Czechoslovakia, Denmark, the European Economic Community, Finland, Hungary, Ireland, Japan, New Zealand, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland have already implemented their respective schemes of generalized preferences, and noting further that Canada has initiated legislative action for the implementation of its scheme,

Noting with appreciation that since 1965, the Union of Soviet Socialist Republics has allowed duty-free entry for all products from developing countries,

Noting with appreciation that Australia has been applying independently its system of preferences since 1966,

Noting the serious concern expressed in the Conference over the fact that certain developed countries have not yet put their schemes into effect, notwithstanding their determination to introduce the preferential arrangements "as early as possible in 1971" provided they had obtained the necessary legislation,

[Noting that some preference-giving countries which have already implemented their schemes have subsequently revised them, affecting several products included in the schemes, thereby diminishing the export possibilities of the preference-receiving countries,]

Recalling the objectives of the generalized system of preferences set out in Conference resolution 21 (II) and expressing the firm conviction that full consultations should be undertaken on the system as initially applied and on its operation and effects having regard to continuing efforts for further improvement so as to ensure, *inter alia*, the broadest possible product coverage and benefit for all developing countries,

Noting that efforts should be continued for further harmonization of the rules of origin put into effect by preference-giving countries,

Recognizing that the benefits which developing countries can derive from the generalized system of preferences may be adversely affected by non-tariff barriers, and limited by the use of safeguard mechanisms,

[Noting that some schemes of generalized preferences already implemented have not included as beneficiaries certain developing countries, members of the Group of 77,]

[Noting that some schemes of generalized preferences already implemented have not included as beneficiaries certain developing countries,]

Noting with appreciation that the large-scale project financed by the United Nations Development Programme for training and advisory services to preference-receiving countries in the implementation of the generalized system of preferences has already become operational,

## I

A. Urges those prospective preference-giving countries which have not as yet sought the necessary legislation to do so as soon as possible with a view to implementing their schemes of generalized preferences in 1972 or early 1973;

[B. Recommends that preferential treatment under the generalized system of preferences should be accorded in general to all developing countries, members of the Group of 77;]

[B. Recommends that preferential treatment under the generalized system of preferences should, in general, be accorded to all developing countries;]

C. Reiterates that the problem of reverse preferences should be resolved in the manner agreed to in decision 75 (S-IV) of the

Trade and Development Board. [Those preference-giving countries which now enjoy reverse preferences and those which demand their abolition should between them work out solutions.] [All parties directly concerned with the reverse preferences including those preference-giving countries which now enjoy reverse preferences and those which demand their abolition should among themselves work out solutions.]<sup>c</sup> At the same time, developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them. In the meantime the implementation of the generalized system of preferences should continue;

D. Urges that those socialist countries of Eastern Europe which have not yet indicated the nature of the preferential treatment and have not yet specified the operational measures they intend to take for implementing the joint declaration should do so as early as possible. These countries should transmit the above information to the member States of UNCTAD through the Secretary-General of UNCTAD;

## II

### Decides:

A. [That the name, the terms of reference and the procedures of the Committee on Manufactures should be amended as proposed in document TD/B/L.270;]

A. [To establish the Special Committee on Preferences as a permanent machinery within UNCTAD with terms of reference as described in section VIII of the agreed conclusions;]

B. To have the Special Committee on Preferences convened as soon as possible in 1972 or 1973 to conduct consultations which may lead, *inter alia*, to improving the system in accordance with the agreed conclusions and in particular with section VIII thereof. In the consultations efforts should be pursued in a dynamic context for further improvements of these preferential arrangements, bearing in mind the agreed conclusions contained in the annex to decision 75 (S-IV) of the Trade and Development Board, *inter alia*, that developing countries sharing their existing tariff advantages with the rest of the developing countries as a result of the implementation of the generalized system of preferences will not be adversely affected.<sup>d</sup> In this connexion, the preference giving countries [should give serious and urgent consideration to the following requests of the developing countries] [take note of the following requests of the developing countries and will bear them in mind];

(1) Include all processed and semi-processed agricultural and primary products in the Brussel Tariff Nomenclature chapters 1-24 in their schemes of generalized preferences. All products in the Brussels Tariff Nomenclature chapters 25-99 excluded from the present arrangements should be included in their schemes;

(2) Provide duty-free and quota-free entry to imports from all developing countries under the generalized system of preferences;

(3) Accord unrestricted and duty-free entry to hand-made handicraft products from developing countries by including them in their schemes of preferences or by adopting suitable commercial policy measures. The Customs Co-operation Council secretariat is requested to expedite its technical study of products not included in the generalized system of preferences

<sup>c</sup> The alternative texts in brackets are proposed by the developing countries members of the Group of 77.

<sup>d</sup> This sentence is taken from General Assembly resolution 2820 (XXVI), section I, paragraph 7 (b).

on the basis of proposals made by the Committee on Manufactures at its fifth session;

(4) In formulating and applying rules of origin under the generalized system of preferences achieve maximum harmonization in accordance with the agreed conclusions reached in the UNCTAD Working Group on Rules of Origin at its third session. Preference-giving countries should immediately modify, with a view to simplifying, those provisions in their existing rules of origin which would for lack of simplicity inhibit or hamper the growth of exports by developing countries under the generalized system of preferences. Preference-giving countries should allow materials or components originating from any developing country to be included in the application of their origin requirements for the final product;

(5) Not resort to escape clause or safeguard actions except in exceptional circumstances and these should be subject to prior international consultation, approval and review;

(6) Eliminate on a preferential and non-reciprocal basis in favour of all developing countries all non-tariff barriers on products included under the generalized system of preferences;

(7) Not adopt any domestic policy measures which would minimize the benefits of the generalized system of preferences but should adopt further measures that would enable developing countries to derive maximum benefits from the system;

### III

*Urges* Governments of developed countries to assist developing countries in their application of rules of origin by providing experts for this purpose;

### IV

A. *Urges* that all preference-giving countries should take fully into account chapter V of the agreed conclusions of the Special Committee on Preferences relating to the least developed among the developing countries, [and should consider the creation of a special industrialization and technical co-operation fund derived from the preference-giving countries' contributions. Such a transfer of resources from these countries would balance in a more equitable way the benefits accruing to various developing countries from the generalized system of preferences;]

B. *Invites* the Secretary-General of UNCTAD together with the Administrator of the United Nations Development Programme in their Special Fund training and advisory project on the generalized system of preferences, to direct their attention to the special needs of the least developed among the developing countries.

#### B. Liberalization of non-tariff barriers

(Agenda item 14 (b))

*Text prepared by the Drafting Group (TD/III/C.2/L.19)*

*The United Nations Conference on Trade and Development,*

*Considering* that the present non-tariff barriers constitute an important obstacle to the expansion of international trade,

*Considering* further that the present non-tariff barriers in the developed countries constitute an important obstacle to the expansion of exports of manufactures and semi-manufactures, including processed and semi-processed products, from developing countries,

*Recalling* the International Development Strategy for the Second United Nations Development Decade adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, particularly paragraphs 33 and 34 thereof, recommendation A.III.4 adopted by the Conference at its first session,

decision 45 (VII) of the Trade and Development Board of 21 September 1968, and decisions 2 (III), 1 (IV) and 1 (V) of the Committee on Manufactures,

[*Recognizing* the need for a continuing UNCTAD examination of non-tariff barriers,]

[*Recognizing* the need for a specialized machinery within UNCTAD to deal with non-tariff barriers and the standstill principle,]

*Recognizing* further that the benefits which the developing countries can derive from the generalized system of preferences may be adversely affected by the non-tariff barriers relating to their exports, and that close co-ordination between UNCTAD work on non-tariff barriers and preferences would be desirable,

*Bearing in mind* the documentary material so far prepared by the UNCTAD secretariat on the identification and analysis of non-tariff barriers affecting exports of manufactures and semi-manufactures of interest to developing countries and the useful work carried out by other international organizations on the identification of non-tariff barriers,

1. *Urges* the developed countries to take immediate action to eliminate all quantitative restrictions and other non-tariff barriers imposed on products of export interest to the developing countries, on a preferential and non-reciprocal basis in favour of all developing countries, without awaiting the results of any general multilateral negotiations;]

1. *Urges* the developed countries to make their best efforts to reduce and if possible eliminate quantitative restrictions and other non-tariff barriers imposed on products of export interest to the developing countries;]

1. *Urges* the developed countries to take immediate action to eliminate all quantitative restrictions and other non-tariff barriers imposed on products in all international trade flows and particularly on products of export interest to the developing countries;]

2. *Decides* to establish, as a subsidiary organ of the Trade and Development Board, an *ad hoc* intergovernmental group open to all countries concerned, to perform the following functions:]

2. *Decides* to invite the Committee on Manufactures to accelerate its consideration of non-tariff barriers and to review progress made in the reduction and elimination of non-tariff barriers which may adversely affect developing countries' exports and in pursuing these efforts:

[(a) To promote consultations on non-tariff barriers affecting tariff barriers affecting present and potential exports of products of interest to developing countries [and the implementation of the standstill principle in developed countries;]

[(a) To promote consultations on non-tariff barriers affecting present and potential exports of products in all international trade flows, and particularly products of export interest to developing countries;]

(b) To propose measures, on the basis of individual products or groups of products, and having regard to both the countries applying non-tariff barriers and the countries affected thereby, for the reduction, relaxation and elimination of non-tariff barriers affecting the exports of developing countries;

3. *Requests* the Secretary-General of UNCTAD in the context of and pursuant to decisions 2 (III), 1 (IV), and 1 (V) of the Committee on Manufactures, including the explanatory statements thereon, taking into account the discussion in the Second Committee of the Conference at its third session, to continue the following work for the purpose of submitting it as basic documentary material [to the *ad hoc* group] [to the Committee on Manufactures]:

(a) The identification and analysis of products or groups of products in accordance with the selection criteria and guide-

lines laid down in the report by the UNCTAD secretariat, "An analysis of the effects of non-tariff barriers in developed market-economy countries on selected products, or product-groups of export interest to developing countries"<sup>a</sup> and the discussion in the Sessional Committee of the Committee on Manufactures;

(b) The preparation of a document containing an up-to-date and more precise and detailed inventory of non-tariff barriers affecting the trade of developing countries with individual developed countries, making full use of appropriate documentation and information available in GATT relating to its work on non-tariff barriers, in consultation with the developed and developing countries concerned;

<sup>a</sup> TD/B/C.2/R.2

(c) The identification, in the light of decisions 1 (IV) and 1 (V) of the Committee on Manufactures, of those products of export interest to developing countries with a view to proposing measures for expansion of trade of manufactures and semi-manufactures of the developing countries to the socialist countries of Eastern Europe, making suggestions in this respect and, wherever necessary, seeking additional information from Governments of member States;

(d) The identification of products covered by the generalized system of preferences which are affected by non-tariff barriers;

4. *Requests* all member Governments to co-operate fully with the UNCTAD secretariat in providing it with the appropriate information necessary for the advancement of its work on non-tariff barriers [and the standstill principle].

### Appendix III

#### STATEMENT OF THE FINANCIAL IMPLICATIONS OF A DRAFT RESOLUTION CONSIDERED BY THE SECOND COMMITTEE

##### Restrictive business practices (TD/III/C.2/L.16)

(Agenda item 14 (d))

[For the statement of financial implications, see annex IX below, appendix II, J.]

### Appendix IV

#### OTHER DRAFT RESOLUTIONS SUBMITTED TO THE SECOND COMMITTEE

##### A. Manufactures and semi-manufactures

(Agenda item 14)

##### PREFERENCES

(Agenda item 14 (a))

1. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group* (TD/III/C.2/L.6)

*The United Nations Conference on Trade and Development,*

*Recalling* resolution 21 (II) of 26 March 1968 wherein it recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries,

*Noting* decision 75 (S-IV) of the Trade and Development Board of 13 October 1970 on the agreed conclusions of the Special Committee on Preferences, which enjoins all preference-giving countries to implement their schemes of generalized preferences "as early as possible in 1971",

*Noting* the joint declaration<sup>a</sup> made by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics at the second part of the fourth session of the Special Committee on Preferences,

*Noting* the International Development Strategy for the Second United Nations Development Decade, particularly paragraph 32 thereof,

*Noting* with appreciation that Austria, Bulgaria, Czechoslovakia, Denmark, The European Economic Community, Finland, Hungary, Ireland, Japan, New Zealand, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland have already implemented their respective schemes of generalized preferences,

*Noting* with appreciation that Australia has been applying independently its system of preferences since 1966,

*Seriously concerned* by the fact that certain developed countries have not yet put into effect their schemes, notwithstanding their agreement to implement them "as soon as possible in 1971",

*Noting* that some preference-giving countries which have already implemented their schemes have subsequently revised them by introducing rigidities affecting several products included in the schemes, thereby diminishing the export possibilities of the preference-receiving countries,

*Recalling* the objectives of the generalized system of preferences in Conference resolution 21 (II) and expressing the firm conviction that fuller consultations should be undertaken to improve the generalized system of preferences so as to ensure, *inter alia*, the broadest product coverage and that it benefits all developing countries,

*Noting* the need to simplify the rules of origin put into effect by preference-giving countries,

*Noting* that the benefits from the generalized system of preferences will be limited and may be nullified by non-tariff barriers, unjustified utilization of safeguard clauses, and the application of internal policy measures,

<sup>a</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

Noting with concern that some schemes of generalized preferences already implemented have excluded as beneficiaries certain developing countries members of the Group of 77,

## I

A. *Urges* those preference-giving countries which have not as yet implemented their schemes of generalized preferences and which have undertaken to implement them "as early as possible in 1971" to do so without further delay;

B. *Decides* that preferential treatment under the generalized system of preferences should be accorded to all developing countries members of the Group of 77 from the outset;

C. *Reiterates* that the problem of reverse preferences should be resolved in the manner agreed to in decision 75 (S-IV) of the Trade and Development Board. Those preference-giving countries which now enjoy reverse preferences and those which demand their abolition should between them work out solutions. At the same time, developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developing countries to provide export opportunities at least to compensate them. In the meantime the implementation of the generalized system of preferences should continue;

D. *Urges* that the socialist countries of Eastern Europe which have not yet indicated the nature of the preferential treatment and have not yet specified the operational measures they intend to take for implementing the joint declaration should do so as early as possible. The socialist countries of Eastern Europe should transmit the above information to the member States of UNCTAD through the Secretary-General of UNCTAD;

## II

*Decides:*

A. To establish the Special Committee on Preferences as a permanent machinery within UNCTAD with terms of reference as described in section VIII of the agreed conclusions;

B. To have the Special Committee on preferences convened as soon as possible in 1972 to conduct consultations and negotiations aimed at improving the system. These efforts should be pursued in a dynamic context for further improvements of these preferential arrangements, bearing in mind the agreed conclusions contained in the annex to decision 75 (S-IV) adopted by the Trade and Development Board, *inter alia*, that developing countries sharing their existing tariff advantages with the rest of the developing countries as a result of the implementation of the generalized system of preferences will not be adversely affected.<sup>b</sup> In this connexion the preference-giving countries should:

(1) Include all processed and semi-processed agricultural and primary products in the Brussels Tariff Nomenclature chapters 1-24 in their schemes of generalized preferences. All products in the Brussels Tariff Nomenclature chapters 25-99 excluded from the present arrangements should be similarly included in their schemes;

(2) Provide duty-free quota-free entry to imports from all developing countries under the generalized system of preferences;

(3) Accord unrestricted and duty-free entry to hand-made handicraft products from developing countries by including them in their schemes of preferences or by adopting suitable commercial policy measures. The Customs Co-operation Council secretariat is requested to expedite its technical study of

products not included in the generalized system of preferences on the basis of proposals made by the Committee on Manufactures at its fifth session;

(4) In formulating and applying rules of origin under the generalized system of preferences achieve maximum harmonization in accordance with the agreement reached in the UNCTAD Working Group on Rules of Origin. Preference-giving countries should immediately modify, with a view to simplifying, those provisions in their existing rules of origin which would for lack of simplicity, inhibit or hamper the growth of exports by developing countries under the generalized system of preferences. Preference-giving countries should allow materials or components originating from any developing country to be included in the application of their origin requirements for the final product;

(5) Not resort to escape clause or safeguard actions save in exceptional circumstances and these should be subject to prior international consultation, approval and review;

(6) Eliminate on a preferential and non-reciprocal basis in favour of all developing countries all non-tariff barriers on products covered by the generalized system of preferences;

(7) Not adopt any domestic policy measures which would minimize the benefits of the generalized system of preferences but should adopt further measures that would enable developing countries to derive maximum benefits from the system;

## III

A. *Urges* that all preference-giving countries should take fully into account chapter V of the agreed conclusions of the Special Committee on Preferences, relating to the least developed among the developing countries, and should consider the creation of a special industrialization and technical co-operation fund derived from the preference-giving countries' contributions. Such a transfer of resources from these countries would balance in a more equitable way the benefits accruing to various developing countries from the generalized system of preferences.

2. *Draft resolution submitted by Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland, and the United States of America (TD/III/C.2/L.12)*

*The United Nations Conference on Trade and Development,*

*Recalling* resolution 21 (II) of 26 March 1968 wherein it recognized the unanimous agreement in favour of the early establishment of a mutually acceptable system of generalized non-reciprocal and non-discriminatory preferences which would be beneficial to the developing countries,

*Noting* decision 75 (S-IV) of the Trade and Development Board, of 13 October 1970, on the agreed conclusions of the Special Committee on Preferences, which noted the determination of the preference-giving countries to seek as rapidly as possible the necessary legislative or other sanction with the aim of implementing the preferential arrangements as early as possible in 1971,

*Noting* the joint declaration made by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics at the second part of the fourth session of the Special Committee on Preferences,

*Noting* the International Development Strategy for the Second United Nations Development Decade, in particular paragraph 32 thereof,

*Noting* with appreciation that Austria, Bulgaria, Czechoslovakia, Denmark, the European Economic Community, Fin-

<sup>b</sup> This sentence is taken from General Assembly resolution 2820 (XXVI), section I, paragraph 7 (b).

land, Hungary, Ireland, Japan, New Zealand, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland have already implemented their respective schemes of generalized preferences,

*Noting* with appreciation that Australia has been applying independently its system of preferences since 1966,

*Noting* the serious concern expressed in the Conference over the fact that certain developed countries have not yet put their schemes into effect, notwithstanding their expressed determination to seek as rapidly as possible the necessary legislative and other sanction with the aim of implementing the preference arrangements as early as possible in 1971,

*Recalling* the objectives of the generalized system of preferences set out in Conference resolution 21 (II) and expressing the firm conviction that full consultations should be undertaken on the system as initially applied, on the modalities of its application and on subsequent changes, having regard to efforts for further improvement so as to ensure, *inter alia*, the broadest possible product coverage and benefit for all developing countries,

*Noting* the wish of the developing countries that the rules of origin put into effect by preference-giving countries be harmonized,

*Noting* that the benefits from the generalized system of preferences may be affected by non-tariff barriers and the use of safeguard mechanisms,

*Noting* that some schemes of generalized preferences already implemented have not included as beneficiaries certain developing countries,

## I

A. *Urges* those prospective preference-giving countries which have not as yet implemented their schemes of generalized preferences to seek authority to do so as soon as possible;

B. *Recommends* that preferential treatment under the generalized system of preferences should, in general, be accorded to all developing countries;

C. *Reiterates* that the problem of reverse preferences should be resolved by further consultations between the parties directly concerned as agreed in decision 75 (S-IV) of the Trade and Development Board. At the same time, developing countries which will be sharing their existing tariff advantages in some developed countries as the result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them. In the meantime the implementation of the generalized system of preferences should continue;

D. *Urges* that the socialist countries of Eastern Europe which have not yet indicated the nature of the preferential treatment and have not yet specified the operational measures they intend to take for implementing the joint declaration should do so as soon as possible. The socialist countries of Eastern Europe should transmit the above information to the member States of UNCTAD through the Secretary-General of UNCTAD;

## II

### *Decides:*

A. [That the name, the terms of reference and the procedures of the Committee on Manufactures should be amended as proposed in document TD/B/L.270;]

A. [To establish the Special Committee on Preferences as a permanent machinery within UNCTAD with terms of reference described in section VIII of the agreed conclusions;]

B. To have the appropriate UNCTAD body convened as soon as possible to conduct consultations in accordance with section VIII of the agreed conclusions. These efforts should

be pursued in a dynamic context for further improvements of these preferential arrangements, bearing in mind the agreed conclusions contained in the annex to decision 75 (S-IV) adopted by the Trade and Development Board, *inter alia*, that developing countries sharing their existing tariff advantages with the rest of the developing countries as a result of the implementation of the generalized system of preferences will not be adversely affected.<sup>c</sup> In this connexion the preference-giving countries took note of the following wishes expressed by the developing countries:

(1) To include all processed and semi-processed agricultural and primary products in the Brussels Tariff Nomenclature chapters 1-24 in their schemes of generalized preferences. All products in the Brussels Tariff Nomenclature chapters 25-99 excluded from the present arrangements should be similarly included in their schemes;

(2) To provide duty-free and quota-free entry to imports from all developing countries under the generalized system of preferences;

(3) To accord unrestricted and duty-free entry to hand-made handicraft products from developing countries by including them in their schemes of preferences or by adopting suitable commercial policy measures. The Customs Co-operation Council secretariat is requested to expedite its technical study of products not included in the generalized system of preferences on the basis of proposals made by the Committee on Manufactures at its fifth session;

(4) In formulating and applying rules of origin under the generalized system of preferences to achieve maximum harmonization in accordance with the guidelines drawn up in the UNCTAD Working Group on Rules of Origin. Preference-giving countries should immediately modify, with a view to simplifying, those provisions in their existing rules of origin which would for lack of simplicity, inhibit or hamper the growth of exports by developing countries under the generalized system of preferences. Preference-giving countries should allow materials or components originating from any developing country to be included in the application of their origin requirements for the final product;

(5) Not to resort to escape clause or safeguard actions save in exceptional circumstances and these should be subject to prior international consultation, approval and review;

(6) To eliminate on a preferential and non-reciprocal basis in favour of all developing countries all non-tariff barriers on products covered by the generalized system of preferences;

(7) Not to adopt any domestic policy measures which would minimize the benefits of the generalized system of preferences but should adopt further measures that would enable developing countries to derive maximum benefits from the system;

## III

*Urges* Governments of developed countries to assist developing countries in their application of rules of origin by providing experts for this purpose;

## IV

A. *Urges* that all preference-giving countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences relating to the least developed among the developing countries;

B. *Invites* UNCTAD and the United Nations Development Programme, in their Special Fund training and advisory project on the generalized system of preferences, to direct their special attention to the needs of the least developed among the developing countries.

<sup>c</sup> This sentence is taken from General Assembly resolution 2820 (XXVI), section I, paragraph 7 (b).

## LIBERALIZATION OF NON-TARIFF BARRIERS

(Agenda item 14 (b))

## 3. Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.2/L.5)

*The United Nations Conference on Trade and Development,*

Considering that the present non-tariff barriers in the developed countries constitute one of the main obstacles to the expansion of exports of manufactures and semi-manufactures, including processed and semi-processed products, from developing countries,

Recalling the International Development Strategy for the Second United Nations Development Decade adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, particularly paragraphs 33 and 34 thereof, recommendation A.III.4 adopted by the Conference at its first session, Trade and Development Board decision 45 (VII) of 21 September 1968 and decisions 2 (III) and 1 (IV) of the Committee on Manufactures,

Recognizing the need for a specialized machinery within UNCTAD to deal with non-tariff barriers, adjustment assistance measures and the standstill principle,

Recognizing further that the benefits which the developing countries can derive from the generalized system of preferences may be limited and even cancelled out by the non-tariff barriers affecting their exports, that close co-operation between an appropriate body dealing with non-tariff barriers and the Special Committee on Preferences would be useful and that the above-mentioned barriers need to be identified,

Bearing in mind the documentary material so far prepared by the UNCTAD secretariat on the identification and analysis of non-tariff barriers affecting exports of manufactures and semi-manufactures of interest to developing countries and the useful work carried out by other international organizations on the identification of non-tariff barriers,

1. Urges the developed countries to take immediate action to eliminate all quantitative restrictions and other non-tariff barriers imposed on products of export interest to the developing countries, on a preferential and non-reciprocal basis in favour of all developing countries, without awaiting the results of any general multilateral negotiations;

2. Decides to establish, as a subsidiary organ of the Trade and Development Board, an *ad hoc* intergovernmental group open to all countries concerned, to perform the following functions:

(a) To promote consultations and negotiations on non-tariff barriers affecting present and potential exports of products of interest to developing countries, as well as on adjustment assistance measures and the implementation of the standstill principle in developed countries;

(b) To propose measures, on the basis of individual products or groups of products and having regard to both the countries applying non-tariff barriers and the countries affected thereby, for the reduction, relaxation and elimination of non-tariff barriers affecting the exports of developing countries;

3. Requests the Secretary-General of UNCTAD to continue the following work for the purpose of submitting it as basic documentary material to the *ad hoc* group:

(a) The identification of additional products or groups of products in accordance with the selection criteria and guidelines laid down in the report by the UNCTAD secretariat, "An analysis of the effects of non-tariff barriers in developed market-economy countries on selected products, or product-groups of

export interest to developing countries"<sup>d</sup> and the discussion in the Sessional Committee of the Committee on Manufactures;

(b) The preparation of a document containing an up-to-date and more precise and detailed inventory of non-tariff barriers affecting the trade of developing countries with individual developed countries, making full use of all documentation and information available in GATT relating to its work on non-tariff barriers in consultation with the developed and developing countries concerned;

(c) The identification, in the light of decision 1 (IV) of the Committee on Manufactures, of those products of export interest to developing countries which are affected by non-tariff barriers in consultation with the developed and developing countries concerned;

(d) The identification of products covered by the generalized system of preferences which are affected by non-tariff barriers;

(e) The identification and analysis of adjustment assistance measures required to be taken in developed countries on a product-by-product basis;

4. Urges the developed countries to provide the *ad hoc* group, directly or through the UNCTAD secretariat, with any information required for the attainment of its objectives, including reports and any other material on non-tariff barriers, adjustment measures and the standstill principle and on products, which they supply to the GATT secretariat and to the secretariats of other international bodies conducting studies on that subject. The UNCTAD secretariat should seek all the information which it requires for the continuation of its work, in the developed countries themselves, from their competent authorities and from private sources, such as chambers of commerce, importers, etc.

## 4. Draft resolution submitted by Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, New Zealand, Norway, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America (TD/III/C.2/L.13)

*The United Nations Conference on Trade and Development,*

Considering that the present non-tariff barriers in the developed countries constitute an important obstacle to the expansion of exports of manufactures and semi-manufactures, including processed and semi-processed products, from developing countries,

Recalling the International Development Strategy for the Second United Nations Development Decade adopted by the General Assembly in resolution 2626 (XXV) of 24 October 1970, particularly paragraphs 33 and 34 thereof, recommendation A.III.4 adopted by the Conference at its first session, Trade and Development Board decision 45 (VII) of 21 September 1968 and decisions 2 (III), 1 (IV) and 1 (V) of the Committee on Manufactures,

Recognizing the need for continued UNCTAD examination of non-tariff barriers,

Recognizing further that the benefits which the developing countries can derive from the generalized system of preferences may be affected by the non-tariff barriers affecting their exports, that close co-ordination between UNCTAD work on non-tariff barriers and preferences would be desirable,

Bearing in mind the documentary material so far prepared by the UNCTAD secretariat on the identification and analysis of non-tariff barriers affecting exports of manufactures and semi-manufactures of interest to developing countries and the useful work carried out by other international organizations on the identification of non-tariff barriers,

<sup>d</sup> TD/B/C.2/R.2.

1. *Urges* the developed countries to make their best efforts to reduce and if possible eliminate quantitative restrictions and other non-tariff barriers imposed on products of export interest to the developing countries;

2. *Decides* to invite the Committee on Manufactures to accelerate its consideration of non-tariff barriers and to review progress made in the reduction and elimination of non-tariff barriers which may adversely affect developing countries' exports and in pursuing these efforts:

(a) To promote consultation on non-tariff barriers affecting present and potential exports of products of interest to developing countries;

(b) To propose measures, on the basis of individual products or groups of products and having regard to both the countries applying non-tariff barriers and the countries affected thereby, for the reduction, relaxation and elimination of non-tariff barriers affecting the exports of developing countries;

3. *Requests* the Secretary-General of UNCTAD to continue the following work for the purpose of submitting it as basic documentary material to the Committee on Manufactures:

(a) The identification of products or groups of products in accordance with the selection criteria and guidelines laid down in the report by the UNCTAD secretariat, "An analysis of the effects of non-tariff barriers in developed market-economy countries on selected products, or product-groups of export interest to developing countries"<sup>6</sup> and the discussion in the Sessional Committee of the Committee on Manufactures;

(b) The preparation of a document containing an up-to-date and more precise and detailed inventory of non-tariff barriers affecting the trade of developing countries with individual developed and developing countries making full use of appropriate documentation and information available in GATT relating to its work on non-tariff barriers, in consultation with the developed and developing countries concerned;

(c) The identification, in the light of decision 1 (IV) and 1 (V) of the Committee on Manufactures, of those products of export interest to developing countries which are affected by non-tariff barriers applied by socialist countries;

(d) The identification of products covered by the generalized system of preferences which are affected by non-tariff barriers;

4. *Requests* all member Governments to co-operate fully with the UNCTAD secretariat in providing it with the appropriate information necessary for the advancement of its work on non-tariff barriers.

#### ADJUSTMENT ASSISTANCE MEASURES

(Agenda item 14 (c))

5. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.2/L.4)*

*The United Nations Conference on Trade and Development,*

*Recalling* that the International Development Strategy for the Second United Nations Development Decade provides in paragraph 35 that "developed countries, having in mind the importance of facilitating the expansion of their imports from developing countries, will consider adopting measures and where possible evolving a programme early in the Decade for assisting the adaptation and adjustment of industries and workers in situations where they are adversely affected or may be threatened to be adversely affected by increased imports of manufactures and semi-manufactures from developing countries",

*Recalling* further that recommendation A.III.6 adopted by the Conference at its first session provides that arrangements

should be made by developed countries for assisting the adaptation and adjustment of industries and workers in situations where particular industries and workers in those industries are adversely affected by increased imports of manufactures and semi-manufactures from developing countries,

*Recognizing* the important role of adjustment assistance programmes in facilitating the transfer of domestic factors of production in developed countries affected by competing imports from developing countries into more efficient sectors or industries, and thereby in diminishing the protectionist pressures as well as the psychological barriers in these countries against trade liberalization in favour of developing countries,

*Noting* that the existing adjustment policies and programmes in developed countries are neither directed towards nor adequate to lead to greater liberalization of imports from developing countries,

*Recognizing* the need for a comprehensive programme of anticipatory adjustment measures in developed countries designed to change their production structures with a view to increasing imports of manufactures and semi-manufactures from developing countries, thereby contributing to the achievement of a more equitable international division of labour between developed countries and developing countries,

*Convinced* that the benefits that will accrue to the developed countries from a more efficient resource allocation are likely to outweigh the aggregate costs of structural reallocation, including the resource displacement in industries that are particularly vulnerable in the developed countries to changing conditions in world production and trade,<sup>1</sup>

1. *Resolves* that the developed countries should provide suitable adjustment measures and evolve programmes for adaptation and adjustments, including anticipatory adjustments, in specific industries in order to encourage the expansion of imports from developing countries and to deal with problems that might arise for their industries and workers;

2. *Decides* that the *ad hoc* intergovernmental group on non-tariff barriers should include in its terms of reference the identification and analysis of adjustment assistance measures required to be taken in developed countries on a product-by-product basis and the promotion of consultations between developed and developing countries on these measures.

#### RESTRICTIVE BUSINESS PRACTICES

(Agenda item 14 (d))

6. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.2/L.3/Rev.1)*

*The United Nations Conference on Trade and Development,*

*Bearing in mind* the International Development Strategy for the Second United Nations Development Decade, and in particular paragraph 37 thereof, which provides that "restrictive business practices particularly affecting the trade and development of the developing countries will be identified with a view to the consideration of appropriate remedial measures", the aim being to reach concrete and significant results before 31 December 1972; and to the extent that is relevant to restrictive business practices bearing in mind also paragraph 64 of the Strategy,

*Recalling* its resolution 25 (II) of 27 March 1968 and Trade and Development Board resolution 51 (VIII) of 5 February 1969 on restrictive business practices,

*Welcoming* the studies carried out by the UNCTAD secretariat, in particular the interim report by the UNCTAD secre-

<sup>1</sup> See TD/121/Supp.1, para. 45 in *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade ...*

<sup>6</sup> *Ibid.*

ariat entitled *Restrictive business practices*,<sup>8</sup> the report prepared for the third session of the Conference<sup>9</sup> and others mentioned in the report,<sup>1</sup>

*Reaffirming* conclusion 2 (V) adopted by the Committee on Manufactures with regard to the future work on restrictive business practices,

*Recognizing* that the work being done on restrictive business practices constitutes an essential component of the programme of work on the liberalization of barriers to the trade of developing countries in manufactures and semi-manufactures and that every effort should be made to eliminate restrictive business practices adversely affecting their trade and development interests,

*Recognizing also* the desirability of action by developing countries at national, subregional, regional or other multilateral levels to take measures to eliminate restrictive business practices to which these countries are subject in the international market,

*Considering* the adverse impact of restrictive business practices including among others those resulting from the increasing activities of transnational corporations on the trade and development interests of developing countries,

*Noting* that the least developed among the developing countries have greater difficulty in taking effective action in this field,

1. *Agrees* that:

(i) Every effort should be made to eliminate restrictive business practices, especially those affecting the trading interests of developing countries;

(ii) Co-operation among developed and developing countries is necessary to eliminate restrictive business practices as such practices adversely affect both groups of countries;

(iii) Consideration should be given to drawing up of codes and guidelines for enterprises which apply restrictive business practices adversely affecting developing countries;

2. *Calls* upon the UNCTAD secretariat to further pursue its studies in this field and to give urgent consideration to formulating the elements of a model law or laws in regard to restrictive business practices;

3. *Further calls* upon all member countries and in particular the developed countries, to extend their fullest co-operation to the UNCTAD secretariat in this regard;

4. *Decides* to establish a group of experts on restrictive business practices, responsible to the Committee on Manufactures, to which it shall submit a report as soon as possible;

5. The Committee on Manufactures shall consider the group's report and shall formulate a programme for the elimination of restrictive business practices as soon as possible thereafter; the terms of reference of the group of experts shall include:

(a) The full identification of all restrictive business practices including, among others, those applied by transnational corporations and enterprises of developed countries with a view to recommending measures to eliminate such practices;

(b) Further study of restrictive business practices, applied by enterprises and corporations of developed countries, which adversely affect the trade and development interests of developing countries and which have already been identified, including among others the following stemming from cartel activities: business restrictions practised by enterprises and transnational corporations; export prohibitions; agreements on

market distribution and allocation; the tying of the supply of inputs including raw materials and components; restrictions specified in contracts for the transfer of technology; arbitrary transfer pricing between the parent company and its affiliates; monopoly practices;

(c) In addition to the practices already referred to in this resolution in carrying out its studies and making its recommendations, more attention than in the past should be given to certain practices, among others which are applied by enterprises and corporations of developed countries and adversely affect the trade and development interests of the developing countries, including practices in the spheres of licensing arrangements and related agreements referring to the use of patents and trade marks, market sharing, pricing policy and participation of firms of developing countries in industrial projects of transnational corporations and international financial institutions;

(d) In carrying out its studies and making recommendations, the group of experts shall give special consideration to the position of the least developed among the developing countries;

(e) It shall suggest norms to be considered for incorporation by Governments in their laws with a view to protecting the developing countries from such practices;

(f) It shall take fully into account those studies which have been and are being carried out by the other international organizations of relevance to work in this area and shall work in close co-operation with them.

#### INTERNATIONAL SUBCONTRACTING

##### 7. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the group (TD/III/C.2/L.7)*

*The United Nations Conference on Trade and Development,*

*Recalling* the report by the UNCTAD secretariat entitled "Manufacturing of components through international subcontracting as a means of expansion and diversification of exports of manufactures from the developing countries",<sup>2</sup>

*Recognizing* that the production of standard or specially designed components on the basis of international subcontracting offers a promising possibility for expanding and diversifying exports of manufactures from the developing countries as well as for generating employment, creating skills, transferring technology and developing entrepreneurship in the developing countries,

*Taking into account* the fact that only a few developing countries have benefited by the considerable expansion in international subcontracting witnessed in recent years,

*Recognizing* further the need for safeguarding the interests of the developing countries in the international subcontracting arrangements, particularly when they involve small firms in the developing countries,

1. *Urges* Governments of developed countries to encourage their firms, especially those which have subsidiaries in developing countries or collaborating arrangements with firms in developing countries, to make the maximum use of subcontracting in order to stimulate the expansion of trade in parts and components from developing countries;

2. *Requests* the Secretary-General of UNCTAD with a view to encouraging international subcontracting in the developing countries, to collect in co-operation with the United Nations Industrial Development Organization and the UNCTAD/GATT International Trade Centre the necessary information on these countries' available capacities and capabilities as well as on the needs for international subcontracting of the developed countries in particular branches of manufacturing;

<sup>8</sup> United Nations publication, Sales No. E.72.II.D.10.

<sup>9</sup> TD/122 and Supp.1 (see *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. II, Merchandise trade ...*).

<sup>1</sup> See TD/122/Supp.1, paras. 5-7.

<sup>2</sup> TD/B/C.2/107.

3. *Requests* international and regional financial institutions concerned as well as developed countries to extend liberal financial assistance for modernization of equipment, training facilities, extension services in technology, management and marketing in developing countries for the purpose of encouraging international subcontracting;

4. *Urges* the Governments of developed countries to encourage their firms to provide a steady demand for internationally subcontracted products of the developing countries through stable contracts on a continuing basis;

5. *Requests* the UNCTAD secretariat and the UNCTAD/GATT International Trade Centre to assist developing countries by undertaking, on a country-by-country basis, surveys for the identification of components and production processes, and of the industries concerned, that are suitable for international subcontracting to developing countries. In undertaking this task due account should be taken of the activities of other international organizations in this field and in particular those of the United Nations Industrial Development Organization. In carrying out the studies mentioned above, the UNCTAD secretariat should identify policies to promote international subcontracting in the developing countries and to safeguard the interests of the developing countries in these arrangements;

6. *Recommends* that Governments of developed countries should encourage their firms to extend technical assistance to firms in developing countries.

## B. Export promotion

(Agenda item 12 (b))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.2/L.7)*

*The United Nations Conference on Trade and Development, Bearing in mind the International Development Strategy for the Second United Nations Development Decade and, in particular, paragraph 36 thereof,*

*Recognizing* that promotion of the exports of developing countries is a necessary complement to removal of the external obstacles to those countries' exports,

*Noting* that the large-scale project financed by the United Nations Development Programme for dissemination of information on the generalized system of preferences has already reached a fairly advanced stage of execution,

*Recognizing* that developing countries particularly need to adopt certain export promotion measures,

1. *Urges* developed countries to take, together with the necessary action for the removal of tariff and non-tariff barriers to the trade of developing countries, other special measures to promote the exports of developing countries through the provision of technical and financial assistance to developing countries for the purpose of:

(a) Carrying out studies and research, including exchange of commercial information on a continuous basis, on the export prospects for products from developing countries;

(b) Formulating appropriate schemes for the standardization, packing, design and quality control of products from developing countries;

(c) Organizing international trade fairs with a view to securing increased export opportunities for products from developing countries;

(d) Formulating and implementing programmes for training executives and experts at all levels in the field of trade promotion;

2. *Urges* developed countries to adopt positive measures to establish national centres for the promotion of imports from developing countries;

3. *Urges* developed countries to increase substantially their financial and other support to the UNCTAD/GATT International Trade Centre;

4. *Requests* developed countries and the international organizations concerned to lend their technical and financial support to the work programmes of regional and subregional trade promotion centres in order to enable those centres, in co-operation with other agencies, to collect and disseminate commercial information on a continuing basis and to supplement the export efforts of developing countries to promote trade with developed countries and among themselves;

5. *Requests* developed countries and the international organizations concerned to assist, where necessary, in creating national trade promotion centres and associations thereof in the developing countries in order to achieve the objectives stated in the previous paragraph;

6. *Recommends* to developing countries to co-operate among themselves in order to intensify the export promotion of their products in the markets of third countries, particularly those of developed countries;

7. *Recommends* regional trade promotion centres to assist developing countries in participating actively in schemes for regional trade and monetary co-operation so as to enable those countries to take advantage of export opportunities resulting from the untying of aid;

8. *Requests* the Secretary-General of UNCTAD, in co-operation with the United Nations Industrial Development Organization and the UNCTAD/GATT International Trade Centre, to set up a full and co-ordinated programme of assistance in the field of export promotion; at the same time invites the United Nations Development Programme in its Special Fund project on the generalized system of preferences, to direct its special attention to the needs of the least developed among the developing countries;

9. *Urges* developed countries to take into account the special market situations prevailing in developing countries and the special need of developing countries to adopt certain export promotion measures, including export incentives, as part of their endeavour to achieve diversification and promotion of their exports;

10. *Requests* regional development banks, in view of the limited financing facilities at the disposal of developing countries, to assist those countries in financing exports and re-financing export credits.

## C. REPORT OF THE THIRD COMMITTEE

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NOTE : The check list of documents prepared for and during the deliberations of the Third Committee appears in annex X, Section I, III below.

### Introduction

1. At its 82nd (opening) plenary meeting, on Thursday, 13 April 1972, the third session of the United Nations Conference on Trade and Development established the Third Committee and at its 83rd plenary meeting on the same date, it referred to the Committee for consideration and report the following items of the agenda:

*Agenda item 9:* Impact of the present international monetary situation on world trade and development, especially of the developing countries;

*Agenda item 15:* Financial resources for development:

- (a) Total inflow of public and private resources
- (b) Volume, terms and conditions of the flow of public capital to developing countries
- (c) Foreign private investment in its relationship to development

(d) Special aspects of development finance: proposals regarding the question of a link between the allocation of special drawing rights and the provision of additional development finance to developing countries; supplementary financing

(e) Problems of mobilization of internal resources of developing countries

(f) Outflow of financial resources from developing countries including debt servicing.

2. The Conference also decided that item 9 be referred to the Third Committee at an early stage without prejudice to its being taken up in plenary in conjunction with the general debate.<sup>1</sup>

<sup>1</sup> See the summary record of the 83rd plenary meeting (TD/SR.83).

3. At its first meeting, held on 13 April 1972, the Committee elected as its Chairman Mr. Magne Reed (Norway).

4. At its fourth meeting, on 21 April 1972, it elected Mr. Gabriel Rosas (Colombia) as Vice-Chairman and Mr. Sherif Lotfy (Egypt) as Rapporteur.

5. The Committee held 24 meetings in the course of which it considered the agenda items allocated to it.<sup>2</sup>

6. At the Committee's second meeting on 17 April 1972, the Chairman drew attention to the communication dated 15 April from the President of the Conference concerning the allocation of agenda items 9 and

15 (a) to (f) inclusive to the Committee (TD/III/C.3/1). At the same meeting the Committee adopted the proposed organization of its work as set out in the note by the Chairman of 15 April 1972 (TD/III/C.3/L.1). It was agreed to consider items 9 and 15 (d) together and to take up the other items in the following order: 15 (a) Total inflow of public and private resources; 15 (b) Volume, terms and conditions of the flow of public capital to developing countries; 15 (f) Outflow of financial resources from developing countries including debt servicing; 15 (c) Foreign private investment in its relationship to development; and 15 (e) Problems of mobilization of internal resources of developing countries.

7. The Committee being a Committee of the Whole, participation in its deliberations was open to representatives of all States members of the Conference.

<sup>2</sup> For an account of the Committee's deliberations see the summary records of the first to the twenty-fourth meetings (TD/III/C.3/SR.1-24).

## CHAPTER I

### Impact of the present international monetary situation on world trade and development, especially of the developing countries

(Agenda item 9)

#### Special aspects of development finance: proposals regarding the question of a link between the allocation of special drawing rights and the provision of additional development finance to developing countries; supplementary financing

(Agenda item 15 (d))

8. The Committee considered these two items together at its 2nd to 8th meetings.

9. The representative of the Secretary-General of UNCTAD made an introductory statement (TD/III/C.3/L.2). The representatives of IMF and of IBRD also made statements,<sup>3</sup> under rule 80 of the rules of procedure.

10. The representatives of developing countries stated that the realignment of currencies had led to a deterioration in the terms of trade of developing countries since prices of imports had risen more than those of exports. They pointed out that the realignment had reduced purchasing power of the reserves of developing countries and redistributed world reserves in favour of the developed countries. They also stated that the realignment had increased the debt burden of developing countries. They felt accordingly that special measures should be taken to offset the losses suffered by developing countries. Representatives of many developing countries advocated a special issue of special drawing rights (SDRs) to compensate for their losses in reserves and expressed the hope that the developed countries would subscribe to this idea, which in their view had found support in the statement by the representative of one developed market-economy country in the Third Committee and by the President of the Commission of the European Communities. Representative of developing countries also asked for a review of the indebted-

ness of developing countries in order to alleviate the extra burdens imposed by the realignment.

11. The representatives of developing countries saw a pressing need for the reform of the international monetary system. They expressed the view that IMF quotas, which were the basis of the system, did not reflect adequately the economic position of the developing countries, and argued that it was unsuitable to determine voting power, the use of fund resources and SDR allocations on the basis of IMF quotas. They believed that in order to be efficient the new monetary system should meet the needs of both developed and developing countries and thereby avoid the defects of the Bretton Woods system, which had been tailored entirely to meet the needs of the developed market-economy countries. In their view the central features of such a reform should include an expansion of the role of SDRs; the creation of a link between SDRs and development finance, an increase in the share of the developing countries in SDR allocations and a change in the system of determining voting power and quotas in IMF. Representatives of developing countries strongly urged that allocation of SDRs should be continued in the next basic period beginning 1 January 1973.

12. The representatives of developing countries expressed, through their group spokesmen and individually, full support for the early establishment of a link between SDRs and additional development finance. Representatives of developing countries took the position that SDR allocations involved a saving of resources for their recipients and argued for the link on the grounds that the developing countries should be the

<sup>3</sup> For a summary of these statements, see the summary records of the 4th and 8th meetings respectively (TD/III/C.3/SR.4 and TD/III/C.3/SR.8).

principal beneficiaries of such savings. They also expected that a link, by increasing the import capacity of the developing countries and hence improving the trade balance of the developed market-economy countries, would help to reduce destabilizing elements in the international monetary system resulting from the conflicting trade objectives of the developed market-economy countries. The representatives of developing countries stated that the desirability and feasibility of the link had by now been amply demonstrated in numerous studies and reports including those of two UNCTAD Expert Groups on international monetary problems appointed in 1965 and 1969 respectively, the report of the Pearson Commission,<sup>4</sup> as well as reports prepared for legislatures in some developed market-economy countries. In their view it had been shown that there were no valid grounds for supposing that a link would compromise the monetary functions of SDRs. They believed that a link would not reduce the asset quality of SDRs in any way and pointed out that the developing countries had unambiguously and unambiguously agreed that the rate of SDR creation should be based on monetary criteria and not on the requirements of development finance. It was also pointed out that representatives of developed market-economy countries who had advanced the argument that they could not agree in principle to the establishment of a link without knowing precisely what form a link would take or exactly what reforms would be made in the international monetary system, had been able to agree on the principle of a generalized system of preferences (GSP) before its details had been worked out. Accordingly, the representatives of developing countries felt that there were enough studies already in existence to enable an agreement in principle on the establishment of a link to be reached. They expressed the view that studies of the link in IMF should be concerned with the practical steps that would be required for the implementation of the scheme.

13. Representatives of developing countries expressed deep concern that decisions on international monetary issues had been made exclusively by a small group of developed market-economy countries unrepresentative of the international community as a whole. In their view developing countries should play their full role in all phases of consultation, negotiation and decision-making. They expressed the view that the role of IMF in the decision-making process should be strengthened and that the voting strength of the developing countries in IMF should be increased. They affirmed their support for the creation of a Committee of 20 Governors of IMF to examine matters pertaining to the reform of the international monetary system and stressed that the representation of developing countries in that Committee should not be less than in the Executive Board.

14. The representatives of many developing countries emphasized that IMF was the appropriate forum for all negotiations on monetary issues. Representatives of other developing countries saw a need for the participation of all countries in decisions relating to the monetary

system and advocated the convening of an international monetary conference. Two countries specified that such a conference should be held outside the aegis of IMF.

15. The representative of one developing country, supported by representatives of other countries, expressed the view that questions of money, trade and finance were closely interconnected and stated that they were in fact considered conjointly by the developed countries in their negotiations with each other. It was essential that developing countries should participate fully in all decisions regarding reforms in the international monetary, trade and financial systems, in order to ensure that parallel progress was made on all fronts, and in line with their interests. To that end he proposed the creation of a consultative committee of GATT, IMF and UNCTAD.

16. A representative speaking on behalf of the developing countries (members of the Group of 77) stressed that the developing countries had always been eminently reasonable on the question of supplementary finance. He further stressed that export shortfalls in developing countries were likely to increase in number as the OECD trade cycle entered a downswing, and expressed the view that existing facilities would prove inadequate to deal with the problems caused by such shortfalls; he pointed out, in this connexion, that the number of drawings under the IMF compensatory financing facility had increased sharply in recent months. He urged that IBRD should be invited to work out detailed arrangements for the implementation of a scheme for supplementary financing; this would break the vicious circle whereby on the one hand resources were not made available owing to the absence of a concrete scheme and an estimate of its cost, while on the other hand no scheme was worked out because no resources had been offered. Recalling that IBRD had undertaken to examine distress cases on their merits and to adjust its lending policies accordingly (see letter dated 4 May 1971 from the President of the International Bank for Reconstruction and Development addressed to the Secretary-General of UNCTAD),<sup>5</sup> he urged further that IBRD should lay down the procedures and criteria to be applied in such cases, pending the establishment of supplementary financing scheme.

17. The representative of a socialist developing country of Asia stated that the present monetary crisis which was, in essence, the US dollar crisis resulted from the imperialist policies of war and aggression, and that it had added to the heavy burdens of the developing countries. He expressed the view that all countries concerned, irrespective of their size and strength, should participate in discussion, mutual consultation, and decision-making in the reform of the international monetary system on the principle of equality and mutual benefit, and expressed his country's support for the unity and concerted efforts of developing countries to play their active role in this respect. He also favoured the proposal for the establishment of a link and emphasized that

<sup>4</sup> *Partners in Development; report of the Commission on International Development* (London, Pall Mall Press, 1969).

<sup>5</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Annexes, agenda item 7, document TD/B/353*.

the state of affairs in which some big countries assumed control and monopoly should be changed.

18. The representatives of some developed market-economy countries questioned the arguments about the effects of the currency realignment on the developing countries. In their view reserve assets whose value had been reduced by the realignment would have earned substantial amounts of interest in the past and they argued that this would have compensated many countries for any immediate losses stemming from the currency realignment. The representative of one developed market-economy country noted that the Basel Agreements did not constitute a valid precedent for such compensation; he added that if a system of compensation were to be devised, it should not necessarily be confined to developing countries. The representative of another developed market-economy country expressed the view that those donor countries whose currencies had appreciated should be prepared to compensate the effects on the debt service payments of developing countries in respect of their official loans outstanding on 31 December 1971. His Government was prepared to give such compensation with regard to its official loans to developing countries. He also stated that the use of SDRs should be considered as a possible means of compensation for losses in monetary reserves. The representative of Turkey stated that his country, as a developing country, supported the idea of a special issue of SDRs to compensate developing countries for their reserve losses.

19. The representatives of several developed market-economy countries indicated their sympathy with the objectives of the proposal for a link, and some said that their countries stood ready to endorse the link in principle. The representative of one developed market-economy country indicated his support for a review of the present basis of allocation of SDRs, in favour of developing countries. The representatives of many developed market-economy countries, however, felt, that it would be premature to endorse the proposal for the link in advance of completion of the studies currently being undertaken in IMF. Some of them also reiterated their reservations on the concept of the link, since they believed that considerations bearing on the creation of additional liquidity were different from those relating to the flow of development assistance to developing countries. These representatives were particularly concerned to protect the possible future role of SDRs in any revised international monetary system and felt that this underlined the need not to take any steps which might compromise the acceptability of SDRs as a major international reserve asset. Representatives of many developed market-economy countries accordingly felt that the proposal for a link needed to be evaluated in relation to the expanded role that SDRs might be required to play in the future and that the precise structure of any revised monetary system thus need to be established before any final judgement on the link could be made. They also wished to know what form a link would take, how it would affect international assistance efforts and objectives and what its implications would be for developed and developing countries. The representative of one developed market-economy country said that

he could not agree that the timing of the agreement in principle on the GSP constituted a valid precedent for the link; in the case of the GSP, and unlike that of the link, a wide measure of consensus had developed among the Governments of implementing countries as to both its desirability and feasibility, well before the decision of principle was made. Representatives of some developed market-economy countries also contested the argument that a link would help to reduce existing imbalances or to promote greater equilibrium in the trade objectives of the major industrialized countries in the future. The representatives of most developed market-economy countries therefore supported a study in depth in IMF of the relevance and desirability of a link within the context of international monetary reform in which primary role of SDRs as a reserve asset would be recognized.

20. The representatives of all developed market-economy countries favoured the effective participation of developing countries in the discussions and decisions on the international monetary system. The representatives of developed market-economy countries viewed IMF as the appropriate forum for such decisions, and the representative of one developed market-economy country pointed out that IMF was open to all countries willing to accept its conditions of membership. A number of representatives expressed their support for the establishment of a Committee of Governors in IMF with a composition reflecting that of the Executive Board, to exchange views and make recommendations to the Board of Governors on matters pertaining to the reform of the international monetary system, as a means of involving the developing countries in the process of decision-making. The representatives of two developed market-economy countries expressed the view that joint meetings of the Executive Directors of IMF and the Deputies of the Group of Ten could also assist to that end. The representatives of a few developed market-economy countries favoured the continuation of informal consultations within groups of countries, including the developing countries. The representative of Malta stated that her country, as a developing country, advocated that a conference should be convened in which all countries, irrespective of their socio-economic systems, could participate, to discuss structural reforms in the international monetary system. The representative of Turkey pointed to the necessity of ensuring the representation of all groups of countries sharing common interests in all phases of consultations, negotiations and decision-making.

21. A representative speaking on behalf of the Nordic group of countries stated that IBRD should be asked to prepare the requisite studies on a scheme for supplementary financing. The representative of another developed market-economy country said he could support this suggestion. The representative of Spain stated that his country, as a developing country supported the proposals submitted by the developing countries in document TD/III/C.3/L.8 concerning supplementary financing (see para. 31 below). On the other hand, representatives of some developed market-economy countries stated that further study of a scheme of supplementary financing was inopportune given the problems

confronting IDA at this time regarding the third replenishment. They argued that in existing circumstances there seemed little prospect that additional resources would be forthcoming for such a scheme. They also pointed out that IMF's compensatory financing facility was available but that the use of this facility to date called into question the need for a new supplementary financing arrangement at the present time.

22. The representatives of most of the socialist countries of Eastern Europe pointed out the main causes of the recent sharpening of the crisis of the capitalist monetary system, which had deep socio-economic roots. The present crisis, the most acute in the post-war history, had a close connexion with the general economic situation and recent economic developments in the developed economy countries. In their view these latter countries bore full responsibility for the recent sharpening of the monetary crisis.

23. The representatives of socialist countries of Eastern Europe stated that the above-mentioned sharpening of the monetary crisis had had an unfavourable impact on economic development and foreign trade, especially of the developing countries—the deterioration in their terms of trade and in many cases a reduction in import capacity; the decline in commodity prices, due to unstable exchange rates, the sharp increase in the external debt burden and diminished currency reserves.

24. Representatives of most socialist countries of Eastern Europe pointed out that the monetary crisis did not affect the economic relations among the CMEA countries which were based on principles of equality and mutual advantage. The Comprehensive Programme of Socialist Economic Integration foresaw a strengthening and heightening of the role of the collective currency (transferable rouble) in economic relations among the CMEA countries and also in settlements with third countries.

25. The representative of one socialist country of Eastern Europe, supported by the representatives of some other socialist countries of Eastern Europe, pointed out that the long term solution to the international monetary problems could be found on the basis of diminishing the role of national currencies in international monetary settlements, enhancing the role of gold in the international monetary mechanism and establishing the price of gold on an economically justified level. At the same time the implementation of proposals aimed at "demonetizing" gold and establishing a new monetary system based on SDRs might have dangerous consequences since this system would be vulnerable and unstable. The changes in the international monetary system must assist in the improvement of the financial position of the developing countries.

26. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, felt that in view of the serious implications of the international monetary crisis there was every justification for the early establishment of a link between SDRs and development financing.

27. The representatives of most socialist countries of Eastern Europe viewed IMF as undemocratic in character. All the most important decisions in that organization concerning the international monetary system were in fact adopted by a small group of developed market-economy countries. In these conditions they considered it justified to strengthen the role of UNCTAD in solving the problems of the reconstruction of the international monetary system. They supported the proposals for the convening of a world conference on international monetary problems not, however, under the aegis of IMF, but within the framework of the United Nations, in which all countries could take part.

28. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, shared the view that in the reconstruction of the international monetary system all interested countries should take part on an equal footing, regardless of their social and economic systems.

29. The representative of Cuba stressed that he had expressed no opinion on the SDRs, the link between SDRs and additional development finance, or supplementary financing, since the position of his country continued to be one of opposition to both IMF and IBRD.

30. The representative of IBRD, invited to address the Committee, recalled, in connexion with the discussion on supplementary financing, the letter from the President of IBRD to the Secretary-General of UNCTAD in which he had indicated that IBRD was prepared to take account in its lending programme of cases where development was being impeded because of unexpected shortfalls in export earnings.

#### Action on draft resolution

31. The Chairman of the Group of 77 submitted a draft resolution on supplementary financing on behalf of the Group (TD/III/C.3/L.8).<sup>6</sup> After informal consultations, the Chairman of the Committee submitted draft resolution TD/III/C.3/L.8/Rev.1 on the same subject. At its 24th meeting the Committee approved this draft resolution by 55 votes to none, with 18 abstentions, and recommended it to the Conference for adoption.<sup>7</sup>

32. The Chairman of the Group of 77 submitted, on behalf of the Group, a draft resolution on the international monetary situation (TD/III/C.3/L.12) and another on compensation for losses occasioned by the realignment of major currencies (TD/III/C.3/L.13). The Committee was unable to reach agreement on the draft resolutions and decided that they should be referred to the President of the Conference.<sup>8</sup>

<sup>6</sup> For the text of the draft resolution, see appendix IV below.

<sup>7</sup> See appendix I below.

<sup>8</sup> See appendix II below.

## CHAPTER II

**Total inflow of public and private resources;  
Volume, terms and conditions of the flow of public capital to developing countries**

(Agenda items 15 (a) and (b))

33. The Committee considered these items at its 6th and 9th to 15th meetings, on 27 and 28 April and 1 to 4 May 1972.

34. The representative of the Secretary-General of UNCTAD made a statement on these items.<sup>9</sup>

35. The representative of the African Development Bank (ADB), speaking under rule 80 of the rules of procedure, made a statement.<sup>10</sup>

**Volume of financial flows**

36. The representatives of developing countries expressed concern that the ratio of total net financial flows to the gross national product (GNP) of developed market-economy countries had declined and noted that several developed countries had failed to make progress towards achieving the 1 per cent target laid down in paragraph 42 of the International Development Strategy for the Second United Nations Development Decade (see General Assembly resolution 2626 (XXV)). It was also stated that price increases in developed countries had affected adversely the real value of assistance flows.

37. The representatives of developing countries took the position that the 1 per cent target was not, properly speaking, an aid target in that it included private flows and suppliers' credits and did not take into account reverse flows on account of interest payments on public debt. Some of them were particularly concerned at the high level these reverse flows had reached. The representatives of developing countries considered that the target should be redefined so as to exclude items which were not assistance, such as direct private investment and suppliers' or purchasers' credits; it should also be net of reverse flows on account of interest and amortization payments.

38. The representatives of developing countries emphasized the importance of official development assistance for their development programmes and called upon developed countries to attain the 0.7 per cent target for official development assistance flows within the time limits specified in paragraph 43 of the International Development Strategy.

39. Representatives of some developing countries noted that Portugal was included in the reports of the UNCTAD secretariat among the donor countries and demanded that flows from that country should be excluded from aid statistics since they did not represent aid.

40. Representatives of a few developing countries expressed the view that the socialist countries of Eastern Europe should also accept and achieve the volume targets of the International Development Strategy for the transfer of financial resources to developing countries.

41. The representative of a socialist developing country of Asia regretted that many resolutions adopted on these issues had not been implemented by all countries and expressed the hope that the Conference would reach decisions through full consultations and that these decisions would be implemented. He also supported the demands of developing countries for a rise in the volume of assistance, a softening of the terms and conditions of assistance, and appropriate measures to ease the debt burden of developing countries.

42. The representatives of several developed market-economy countries described the efforts made by their Governments to achieve the 1 per cent target. In their view, and in the view of representatives of other developed market-economy countries, private capital flows had an important role to play in the economic development of developing countries; they also stressed that as several developed market-economy countries had yet to attain the present targets it was more urgent to endeavour to attain them than to attempt to revise the targets. Representatives of several other developed market-economy countries, on the other hand, expressed the view that the existing 1 per cent target raised a number of conceptual problems and did not constitute an equitable measure for comparing the relative aid efforts of various donor countries, and that it would be better to focus greater attention on official development assistance flows in the future. The representatives of a few of these countries argued that it would nevertheless not be appropriate to revise the 1 per cent target now, given that it had been reaffirmed recently in paragraph 42 of the International Development Strategy. The representative of one developed market-economy country considered that each of the volume targets was useful in itself, but that official aid constituted the most important part of capital inflow by reason of its nature and its terms; he pointed out that the effectiveness of targets was connected with their realism. The representative of another developed market-economy country stated that his Government was willing to consider a new definition of the volume target of the Strategy at the mid-term review and that in the meantime it was most important that developed countries should attain the 0.7 per cent target by 1975 at the latest. The representative of another developed market-economy country stated that his Government would not accept a redefinition of the targets which would imply levels of assistance that could not in practice be attained.

<sup>9</sup> For a summary of the statements, see the summary record of the 6th meeting (TD/III/C.3/SR.6).

<sup>10</sup> For a summary of the statement, see the summary record of the 12th meeting (TD/III/C.3/SR.12).

43. The representative of one developed market-economy country stated that his Government no longer included private transfers in measuring flows of assistance to developing countries and affirmed his Government's commitment to raise official development appropriations to the level of 1 per cent of GNP by 1978. The representative of one developed market-economy country stated that his Government had never included private transfers in its long-term plans for development assistance. The representative of another developed market-economy country stated that, while his Government did not commit itself to a date for the achievement of the 0.7 per cent target, continuation of recent trends would imply achievement by the end of the decade.

44. Representatives of several developed market-economy countries took the view that the data on official development assistance flows should be calculated on a net transfer basis, i.e. net of reverse flows of interest and amortization payments. The representative of one developed market-economy country held the view that in measuring the aid-giving performance of countries it was inappropriate to equate grants with loans in total official development assistance flows since this underestimated the performance of countries which gave proportionately more grants.

45. The representative of another developed market economy country noted that, according to recent estimates, all but 5 per cent of the flow of financial resources to developing countries was provided by countries members of the Development Assistance Committee (DAC) of OECD. He accordingly felt that it would be useful to know more about the actual disbursements of aid by the socialist countries of Eastern Europe, as distinct from commitments by those countries, which latter, according to document TD/118/Suppl.2<sup>11</sup> had shown a significant increase.

46. The representatives of some socialist countries of Eastern Europe pointed out that, so far as the question of financial aid to the developing countries was concerned, there was an important difference between the capitalist countries and the socialist countries. They reaffirmed once again their position of principle regarding the responsibility of the former colonial Powers for the economic backwardness of the developing countries, and stated that it was unacceptable to demand from the socialist countries the granting of a fixed amount of their resources for the purposes of financial and technical aid to the developing countries. They noted that their economic relations with the developing countries were based upon the principles of equal rights and mutual advantage and were reflected in the implementation in these countries of various socio-economic plans and programmes directed towards the promotion of development and the strengthening of the public sector, which helped in the solution of the most urgent problems of economic development of the developing countries. Economic assistance granted by these socialist countries was in accordance with the develop-

ment programmes of developing countries and helped to mobilize and to raise the efficiency of the internal efforts of these countries. They reaffirmed their countries readiness to establish stable economic relations with the developing country, wished to stress the gravity of the term assistance on conditions suitable for promoting their economic development.

47. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, wished to stress the gravity of the problem of underdevelopment and the urgent need for concerted action to increase the flow of effective assistance to developing countries. He expressed the support of his country for the draft resolution submitted by the Group of 77 on the total inflow of public and private resources (TD/III/C.3/L.4).

#### Terms and conditions of financial flows

48. Representatives of developing countries noted that the average terms of assistance had been hardening, owing to a fall in the share of grants in total official development assistance. In their view the development process was being adversely affected by rapidly increasing debt payments and consequently there was a case for softening further the terms of official development assistance loans.

49. The representatives of some developing countries expressed the view that in order to improve the effectiveness of assistance, it was necessary to enlarge non-project or programme assistance. The suggestion was made that programme assistance should comprise 40 per cent of the total by the end of the decade. The representatives of several developing countries also saw a need to provide for increased financing of local costs of projects.

50. The representatives of many developed market-economy countries also took the view that the average terms of official development assistance should be softened further and several of them described the measures undertaken or envisaged by their Governments to achieve that objective. The representatives of several developed market-economy countries indicated that their Governments intended to increase the proportion of their assistance programmes given as grants. A representative speaking on behalf of the Nordic countries stated that the Governments of those countries favoured softening further the terms of assistance and that, therefore, in general terms, they supported the recommendation on terms made in the Declaration and Principles of the Action Programme of Lima (TD/143).<sup>12</sup> The representatives of several developed market-economy countries affirmed that their Governments intended to adopt IDA terms on loans to the least developed among the developing countries. The representative of a few developed market-economy countries held that loans should not be included in the category of official development assistance unless they contained a certain minimum concessional element. The representative of

<sup>11</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. III, *Financing and invisibles* (United Nations publication, Sales No. E.73.II.D.6).

<sup>12</sup> See annex VIII, F below, part three, section D, subsection (b) (XIV).

another such country considered that fixing unrealistic terms for aid might run counter to the basic aim of increasing the volume of aid.

51. The representatives of a few developed market-economy countries indicated that their Governments were flexible on the question of local costs of projects. The representative of one developed market-economy country saw a need for donor countries to harmonize their terms of assistance to individual recipient countries at levels consistent with their financial and economic circumstances and in particular with their present and prospective debt servicing capacity.

52. The representative of a socialist developing country of Asia reiterated the eight Principles that his Government had been following in providing economic and technical assistance. He stated that in fact all the loans provided by his country for external aid had for many years been extended interest-free and his Government had never pressed the recipient countries for debt servicing.

53. Representatives of developing countries expressed regret at the lack of progress in the untying of assistance. The view was expressed that developed countries should lay down a firm time-table for the untying of aid and that in the meantime developing countries should be permitted to participate in the procurement of goods financed through bilateral and multilateral assistance programmes.

54. The representatives of some developing countries considered that a more widespread use of buyers' credits, as distinct from suppliers' credits, would give greater freedom to purchasers to select the most competitive supplier and thereby reduce their costs.

55. The representatives of several developed market-economy countries affirmed their support for a multilateral agreement on untying and expressed disappointment that the negotiation of such an agreement had been broken off as a result of the international monetary crisis. The representative of one developed market-economy country proposed the acceptance of a target date for the conclusion of such an agreement. Another representative stated that pending a general agreement on untying, his Government was prepared to take measures, in co-operation with other developed countries, to mitigate the ill effects of tying and suggested that developing countries should be included among the authorized suppliers under tied aid. The representative of yet another developed market-economy country stated that the untying of bilateral aid might increase the vulnerability of assistance to balance-of-payments difficulties and might therefore lead to a reduction in capital flows be stressed that the desired results could be achieved through other measures which did not include that risk.

56. The representatives of a number of developed market-economy countries expressed support for the strengthening of multilateral assistance programmes and described the support given by their Governments to multilateral financial institutions. The representative of one developed market-economy country called for an

increased flow from multilateral concessional financing institutions such as IDA/UNDP and through concessional channels of regional development banks, noting that such increases would in general contribute to untying and would expand the flow of financial resources on soft terms. Many representatives emphasized the need to ensure that the funds necessary for the third replenishment of IDA were made available. A number of these representatives stated that their Governments had made advance payments to IDA so as to prevent the disruption of its lending operations.

57. The representatives of many developing countries expressed concern at the high cost of multilateral lending. They saw an urgent need for a more adequate financing of IDA in order to permit the average terms of multilateral lending to be softened through a blending of concessional funds with regular IBRD loans. The representative of a developed market-economy country the establishment of a multilateral interest equalization fund to reduce the cost of multilateral lending. The representative of a developed market-economy country stated that a multilateral interest equalization fund would not offer advantages in reducing the cost of development financing and might merely act as an instrument for transferring funds from one type of programme to another. He also felt that it would be preferable to supplement the soft funds of the international and regional financing institutions to enable them to provide blended loans on more favourable terms. The representative of another developed market-economy country did not consider that a multilateral interest equalization fund was the best way of using scarce resources.

58. The representatives of some developed market-economy countries expressed the view that multilateral institutions should adopt a broader concept of development in their lending criteria. It was suggested, on behalf of the developing countries, that IBRD should be a development bank for developing countries. The representative of one developed market-economy country, on the other hand, stated that there was little advantage in insisting on that institution formally being made a development bank for developing countries, since those countries accounted for 98 per cent of IBRD's lending.

59. Representatives of developing countries advocated an increase in the programme lending component of multilateral assistance. The representative of one developed market-economy country considered that non-project assistance fell primarily within the domain of bilateral assistance and that multilateral institutions should concentrate on project lending. The representative of another developed market-economy country drew attention to the fact that the respective articles of agreement of IBRD and IDA permitted programme lending only in "special circumstances". The representative of another developed market-economy country suggested that a joint bilateral-multilateral form of lending might be established whereby bilateral funds would finance projects and multilateral institutions would provide pre-project evaluation and technical support.

60. The representatives of a few developing countries expressed the view that there was an excessive time-lag between the approval of a project by multilateral institutions and the disbursement of funds.

61. Representatives of some socialist countries of Eastern Europe pointed out that the conditions of the aid granted to the developing countries by the developed market-economy countries and by the international financial and credit institutions were steadily deteriorating. They pointed to the increase in the interest rates and the shortening of maturities of loans and credits received by developing countries.

62. Representatives of some socialist countries of Eastern Europe stated that it was therefore absolutely essential to implement recommendations A.IV.3 and A.IV.6 of the first session of the Conference regarding the favourable conditions of loans granted by international financial and credit institutions as well as the utilization of the resources received by the developed market-economy countries in repayment of loans and credits granted to developing countries, for the purchase of goods in the developing countries. They also pointed out that the economic assistance of their countries to the developing countries was based upon the principle of mutual advantage and upon the recommendations of UNCTAD including the two they had cited.

63. Representatives of some socialist countries of Eastern Europe stated that the conditions of economic assistance granted to developing countries by the socialist countries were quite different from those granted by developed market-economy countries and therefore such problems as the need for liberalization of foreign aid did not apply to the economic relations of socialist countries with the developing countries. The prices of goods supplied to the developing countries under the loans granted by those socialist countries were those used in current commercial transactions, the loans being repayable not in foreign currency but in traditional exports and by using the products of enterprises established in the developing countries with the assistance

of the socialist countries. That practice helped to lessen the strain on the balance of payments of the developing countries and to foster new productive forces in those countries.

64. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, wished to stress the high cost of private loans, whose weight in the total flow of resources was increasing, and expressed support for the Declaration and Principles of the Action Programme of Lima adopted by the Group of 77, recommending that urgent measures should be taken to ease the terms and conditions on which funds were made available to developing countries.<sup>18</sup>

#### Action on draft resolutions

65. The Chairman of the Group of 77, on behalf of the Group, submitted draft resolutions on the total inflow of public and private resources (TD/III/C.3/L.4) and on terms and conditions of official development assistance and the role of multilateral financing institutions (TD/III/C.3/L.6/Rev.1). As a result of informal consultations, draft resolutions on these two subjects were submitted by the Chairman of the Committee (TD/III/C.3/L.4/Rev.1 and TD/III/C.3/L.6/Rev.2 respectively). The Committee was unable to reach agreement on these four draft resolutions<sup>14</sup> and decided that they should be referred to the President of the Conference.

66. A draft resolution on the volume, terms and conditions of the flow of public capital to developing countries (TD/III/C.3/L.10/Rev.1) was submitted by Australia, Canada and the Netherlands. The Committee decided to annex this draft resolution to its report.<sup>15</sup>

<sup>13</sup> *Ibid.*

<sup>14</sup> For the text of the draft resolutions, see appendix II below.

<sup>15</sup> For the text of the draft resolution, see appendix III below.

### CHAPTER III

#### Outflow of financial resources from developing countries including debt servicing

##### (Agenda item 15 (f))

67. The Committee considered this item at its 10th to 16th and 20th meetings on 1 to 6 May 1972.

68. The representative of the Secretary-General of UNCTAD made a statement.<sup>16</sup>

69. The representatives of IMF and IBRD made statements under rule 80 of the rules of procedure.<sup>17</sup>

<sup>16</sup> For a summary of this statement, see the summary record of the 10th meeting (TD/III/C.3/SR.10).

<sup>17</sup> For a summary of these statements, see the summary record of the 14th meeting (TD/III/C.3/SR.14).

70. Representatives of developing countries expressed concern that the indebtedness and debt service payments of developing countries were mounting rapidly. They pointed out that debt service payments encroached upon the import capacity of developing countries. They noted that these payments affected adversely the net flow of resources to developing countries and that in recent years the net transfer of resources through public or publicly guaranteed loans had shown a decline. Representatives of many developing countries also noted that the recent realignment of exchange parities had increased their debt service burden in real terms.

71. The representatives of several developing countries stated that more countries were likely to be faced with debt servicing problems in the 1970s than in the 1960s and stressed the need to adopt more flexible policies in dealing with problems arising from indebtedness. The representatives of many developing countries emphasized that debt relief measures should not be confined to exceptional cases but should be considered in the light of the over-all development plans and aid requirements of developing countries. Accordingly, the representatives of several developing countries argued that, although the causes of debt servicing difficulties might vary from case to case, guidelines could be established to avoid discrepancies in the treatment accorded to countries in similar economic circumstances. It was pointed out that in the re-scheduling of debt attention should be directed to economic factors and that in no case should non-economic considerations be allowed to lead to inequitable treatment. The representatives of several developing countries believed that debt relief measures should be undertaken promptly whenever they were called for by established guidelines and that at any rate relief should be accorded without undue delay and with adequate regard to the development needs of the debtor country. Representatives of developing countries supported the creation of a special machinery under the auspices of UNCTAD to find practical solutions to debt servicing problems.

72. The representatives of developing countries supported the recommendations on debt relief proposed by the Pearson Commission.<sup>18</sup> They stressed the need for debt relief to be viewed as a legitimate form of aid and for donor countries to permit the use of new capital flows to refinance debt payments. Moreover, debt relief operations should avoid the need for repeated re-schedulings. They pointed out that the practice of charging moratorium interest rates and the application of the most-favoured-creditor nation clause in debt re-scheduling led to a hardening of the over-all terms, and some developing countries argued that no moratorium interest should be charged.

73. The representatives of some developing countries proposed that a "bisque clause", whereby the debtor is assured a pre-agreed measure of relief, should be included in loan agreements.

74. The representative of one developing country argued that debt relief need not divert resources to countries with debt problems; its purpose was to change the form in which assistance was extended in order to enhance the efficiency and usefulness of that assistance.

75. The representative of a socialist developing country of Asia stated that in dealing with debt problems, creditor countries should make full allowance for debtor countries' difficulties. He was firmly opposed to any attempt by creditor countries to press for debt servicing and to put political pressure upon developing countries by taking advantage of their debt problems. He also stated that the terms of his country's assistance

were soft and designed to lighten the burden of the recipient countries as far as possible, and that his country never pressed recipient countries for debt servicing.

76. The representatives of several developed market-economy countries, drawing attention to the comments in the 1971 Annual Report of IBRD and IDA<sup>19</sup> and to the statements by the IBRD and IMF representatives suggested that excessive indebtedness was a problem confined to a limited number of developing countries and that this would probably continue to be the case in the future. The representatives of some developed market-economy countries stressed that rising levels of indebtedness and of debt service payments were not in themselves reason for concern and would cause problems only if other unfavourable factors were also present. The representative of one developed market-economy country stated that no absolute value could be attached to various debt indicators. The representatives of several other countries stated that rising levels of indebtedness or increasing debt service ratios were matters of concern requiring careful consideration.

77. In considering the causes of debt-servicing problems, the representatives of many developed market-economy countries emphasized the fundamental need for recipient countries to exercise sound policies of debt management. Representatives of several developed market-economy countries stated that the primary responsibility for avoiding debt-servicing difficulties lay with the developing countries themselves. The representatives of some developed market-economy countries expressed the view that debt problems could be prevented or greatly alleviated if, in the selection of projects to be financed from abroad, due attention were given to the rate of return in terms of foreign exchange. On the other hand, the representative of one developed market-economy country took the view that in some cases debt problems arose through circumstances beyond the control of the debtor country. The representative of Malta stated that the increasing debt problems were not the sole responsibility of the debtor countries. There were all too many examples of certain developed countries which were only too eager to pour in financial assistance when there was an interest in supporting a Government whose ideology or policies they favoured. In such cases the creditor countries did not always seem too concerned, at the time, about the evolving maturity structure of debts, about sound growth policies or about meaningful socio-economic development in the debtor countries.

78. The representatives of many developed market-economy countries emphasized that debt servicing difficulties would be eased if the terms of assistance were softened and a few representatives suggested that the terms for new flows should be tailored to the needs and circumstances of the recipient. The representatives of some other developed market-economy countries considered that an increase in official aid, which was

<sup>18</sup> See *Partners in Development; report of the Commission on International Development* (London, Pall Mall Press, 1969), pp. 116 and 167, recommendations 1 and 3.

<sup>19</sup> See World Bank—International Development Association, *Annual Report, 1971*, pp. 55 and 56.

generally on very favourable terms, would contribute greatly to the solution of the problem of indebtedness. The representatives of several developed market-economy countries underlined the need for the developing countries to exercise caution in taking up commercial credits. One of these representatives added that more collective discipline in the granting of commercial credits should be aimed at by the developed countries as a whole. The representatives of some developed market-economy countries felt that it was difficult for countries operating an economic system based on private enterprise to exercise control over the commercial credits extended by their private institutions to developing countries.

79. The representatives of most developed market-economy countries expressed the view that many factors were responsible for debt crises and argued that the appropriate solutions were equally varied. Nor was a debt problem common to all developing countries. They were accordingly opposed to any suggestion of a generalized approach to debt relief. They felt that there was no necessity to alter the way which debt renegotiations were conducted at the present time nor any need for the establishment of a special institution to deal with debt problems. The representatives of some developed market-economy countries took the view that the institutionalization of debt relief operations would have the undesirable effect of undermining the credit standing of developing countries and the unfortunate result of diverting resources from the more prudent and poorer developing countries, since resources for debt re-scheduling would necessarily have to be found within the available levels of scarce concessional finance. As a general principle, they did not consider debt relief to be a legitimate form of development assistance; one of these representatives believed that debt relief might be so considered in certain cases and another stated that he had an open mind on the matter. The representative of one developed market-economy country stated that resources made available through debt renegotiation should not be considered as adding to the flow of finance. In the view of some representatives debt relief should be considered only in cases of exceptional crisis. Several representatives stated that their Governments were prepared to play a full part in debt renegotiation, on a case-by-case basis, when and if the need arose. Several representatives believed that official and private debts should be clearly distinguished from each other. One representative emphasized that it was important to ensure an equitable sharing of the burden of re-scheduling; in his view, the possibility of short-term debt arrangements should be left open, since such arrangements allowed a more careful assessment of the situation and of the prospects of the debtor country. Another representative saw a need to improve the mechanisms for debt re-scheduling so as to ensure that impartial re-scheduling possibilities were open to all countries.

80. The representatives of some socialist countries of Eastern Europe pointed out that the outflow of financial

resources from developing countries adversely affected the balance-of-payments positions of those countries and aggravated the problem of their indebtedness. The outflow was to a great extent connected with the transfer of profits and dividends of foreign private companies. It was constantly rising and continued to be one of the major obstacles to the rapid and effective development of those countries. The amount of outflow of capital from the developing countries and the increase in their indebtedness were closely related to the conditions of the aid they received. The developing countries experienced growing difficulties in fulfilling their obligations to repay their indebtedness. The policy of developed market-economy countries in this connexion did not help the lessening of the monetary and financial difficulties of developing countries.

81. The representatives of socialist countries of Eastern Europe stated that the foreign indebtedness of the developing countries was constantly rising and, according to some assessments, would continue to rise in the foreseeable future. Therefore, the outflow of financial resources from the developing countries became one of the most important and acute problems which demanded the close attention of UNCTAD. They considered it necessary that the UNCTAD secretariat systematically conduct studies concerning the invisible transactions of the developing countries, the inflow and outflow of capital in the form of profits and dividends of private companies and the influence of these flows on the monetary and financial positions of the developing countries. They pointed out that the economic assistance granted by their countries to the developing countries did not carry with it the problem of outflow of financial resources since it was offered on particularly favourable terms. Amortization and interest payments on the credits granted by their countries were repayable not only in foreign currency but also in goods.

#### Action on draft resolutions

82. The Chairman of the Group of 77, on behalf of the Group, submitted a draft resolution on the increasing burden of debt servicing (TD/III/C.3/L.7/Rev.1). A draft resolution on the outflow of financial resources from developing countries, including debt servicing was submitted by the People's Republic of Bulgaria, the Byelorussian Soviet Socialist Republic, the Czechoslovak Socialist Republic, the Hungarian People's Republic, the Mongolian People's Republic, the Polish People's Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics (TD/III/C.3/L.3).<sup>20</sup> The Committee was unable to reach agreement on the draft resolutions and decided to refer them to the President of the Conference.

<sup>20</sup> For the texts of the draft resolution, see appendix II below.

## CHAPTER IV

## Private foreign investment in its relationship to development

(Agenda item 15 (c))

83. The Committee discussed this item at its 9th, 12th and 14th to 16th meetings on 1 and 3 to 5 May 1972.

84. The representative of the Secretary-General of UNCTAD made a statement.<sup>21</sup>

85. The representative of the Board of the Cartagena Agreement made a statement<sup>22</sup> under rule 80 of the rules of procedure

86. The representatives of several developing countries expressed the view that under certain conditions private foreign investment could make a useful contribution to the transfer of capital, technology and skills to developing countries. However, they stressed the need to control the direction and conditions of such investments to ensure that they were in line with the social and economic priorities of the host country and that they did not impose an undue burden on its balance of payments.

87. The representatives of many developing countries pointed out that there was no effective arrangement for the supervision of the powerful multinational corporations; this was a serious gap in the system of international institutions. These representatives recognized that it would be difficult to create new institutional arrangements rapidly and suggested that the Conference should give a lead by laying down certain guidelines. One of them suggested that in the absence of such international arrangements the developing countries themselves should hold a conference to examine the relation between the multinational corporations and the economic development of their countries.

88. The representative of one developing country stated that his Government had established a code dealing with private foreign investment which provided a number of incentives. While these incentives involved some loss in tax revenue and foreign exchange on account of profit remittances, his country was, nevertheless, willing to accept these sacrifices in the hope that the investments would raise the standard of living and create new employment opportunities. Moreover, it hoped that in the long-run these investments would contribute positively to the balance of payments.

89. Referring to the report on private foreign investment in its relationship to development (TD/134/Supp.1), the representative of a developing country pointed out that the report took into account only the balance-of-payments effects of such investment. In his

view, if the case studies summarized in that report had taken into account the effects of private foreign investment on the broader aspects of development they would have shown the damaging influence of this form of investment. He also drew attention to the political aspects of foreign private investment and stated that private investors demanded guarantees that in effect violated national sovereignty. He emphasized the political repercussions, both domestic and international, in the event that foreign companies were nationalized.

90. The representatives of two developing countries stated that private foreign investment could be useful to the economic development of a country if and when it was fitted into the context of its legislative and political objectives. They also stated that the basic purpose of their countries' policies was to recover control of their natural resources and was in keeping with numerous resolutions adopted by the United Nations (including General Assembly resolution 1803 (XVII)) and in conformity with international law. In the view of one of these representatives foreign investment, to be useful, would entail the elimination of a number of abusive practices, such as capitalization of technology, capitalization of external credit, financing from internal credit, restrictive practices relating to the transfer of technology, excessive remittance of profits and many others. His country subscribed to the Foreign Investment Code of the Andean Group, which was based on the belief that developing countries should not engage in self-destructive competition to attract foreign capital. The Andean countries, recognizing that foreign investments were made by large transnational corporations which had great bargaining power, felt a need for unity among themselves to ensure that foreign investments took account of their needs and objectives. This representative felt that the future studies of the UNCTAD secretariat should take into account the experience of the Andean Group, which was of interest to other developing countries, and should propose solution which were in keeping with the interests of developing countries. He referred to the report by the UNCTAD secretariat on private foreign investment in its relationship to development (TD/134)<sup>23</sup> and stated that its treatment of the policies of the Andean Group contained certain inaccuracies. He expressed appreciation for the explanation given on this subject by the secretariat and its promise to issue an addendum to the document.

91. The representative of another developing country stated that private foreign investment should be governed by the principle of international social justice, and framed, among other economic aspects on the criteria

<sup>21</sup> For a summary of this statement, see the summary record of the 12th meeting (TD/III/C.3/SR.12).

<sup>22</sup> For a summary of this statement, see the summary record of the 14th meeting (TD/III/C.3/SR.14).

<sup>23</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. III, *Financing and invisibles* (United Nations publication, Sales No. E.73.II.D.6).

that profit should be directed not only towards strictly private ends but also towards social ends, that the flow of private foreign investment represented a real transfer, that the investments should be directed to those sectors of the economy where the availability of national capital was insufficient, that they should allow for a strengthening of the balance of payments of developing countries through the securing of external markets capable of generating additional foreign exchange, and lastly, that provision be made for a real transfer of technology under favourable conditions.

92. The representatives of developed market-economy countries underlined the contribution that private foreign investment could make to the economic development of developing countries. The representatives of some developed market-economy countries described measures, such as tax and credit incentives, and guarantees against political risk, adopted by their Governments aimed at encouraging private foreign investment in developing countries.

93. The representatives of several developed market-economy countries stressed the need for harmonizing the objectives of private investors with the development goals of the host countries. One of these representatives said that only investments approved by recipient countries should receive guarantees under donor Government investment guarantee schemes. One representative pointed out that his Government tried to analyse the relevant development criteria for private investment before extending investment guarantees and special credits.

94. The representative of a developed market-economy country stated that some possible guidelines for its private investment abroad were being considered in his country. These guidelines would include provisions whereby investments in developing countries would be in the form of joint ventures and would be consistent with the investment plans of the host countries. Moreover, reinvestment of earnings, training of local personnel and ancillary local industries would be encouraged.

95. The representatives of developed market-economy countries believed that it was up to developing countries to decide whether, and under what conditions, private foreign investments would be allowed to operate; but whenever these investments were considered to be desirable, host countries should maintain a favourable investment climate by setting up clear and stable policies with regard to such operations.

96. The representatives of several developed market-economy countries felt that it was misleading to try and make comparisons between the amount of new foreign private capital inflow in any year and the yearly financial outflow, constituted by dividends and repatriated profits generated by past investments. Those investments had often been made over a long period of time; and naturally a point could be reached where annual outflows from these past investments might reach, and eventually exceed, the level of new inflows. But this did not by any means reflect a complete picture of the benefits that a recipient country could derive from foreign investment. The latter included contributions to

its national income, tax revenues, export income, and employment opportunities. The representative of one developed market-economy country drew attention to a series of other benefits flowing from foreign investments, particularly those in the areas of transfer of technology and managerial and marketing skills. He also pointed out that private foreign investments could stimulate the whole economy of the host country through its demands for supplier processing and service industries. He concluded that, although there were a number of costs associated with private foreign investment, including remittances of dividends, interests, royalties and technical fees, the net benefits to be derived from such investment were substantial.

97. The representatives of some developed market-economy countries expressed support for a system of international guarantees for private foreign investment. One of these representatives also stated that he would like to see greater use made of the facilities offered by the developing countries had increased since the beginning of the 1960s.

98. The representatives of some socialist countries of Eastern Europe pointed out that the share of private investments in the total flow of financial resources to the developing countries had increased since the beginning of the 1960s and now represented more than 40 per cent of the total. They pointed to the difference between the official resources and the export of private foreign capital. The private companies were chiefly motivated by a desire to increase their profits and to secure market outlets and sources of raw materials, without taking into consideration the development needs of developing countries. The whole history of capitalism proved that the balance of inflows of profits and dividends from those countries was in favour of the industrially developed countries. They therefore supported the Declaration of Lima (TD/143)<sup>24</sup> on this point, which had rightly emphasized that foreign private investment could not be regarded as assistance to the developing countries. Foreign private capital, by its very nature could not positively contribute to the development of the economies of developing countries and to the improvement of their balances of payments. In many cases experience proved that the financial resources made available to developing countries were not only a burden to them, but led to the complete exhaustion of their economies. They could not therefore endorse the view expressed in the report by the UNCTAD secretariat entitled "Economic growth and development financing: issues, policies and proposals" (TD/118),<sup>25</sup> according to which private capital inflows could play an important role in the development of developing countries.

99. The representative of one socialist country of Eastern Europe shared the view that developing countries had the sovereign right to take all the necessary steps—particularly in the matter of profits on foreign

<sup>24</sup> See annex VIII, F below.

<sup>25</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. III, Financing and invisibles...*

investments—to ensure the attainment of the targets set in their economic development plans.

100. The representative of another socialist country of Eastern Europe stated that foreign monopolies were merely attempting to deny the developing countries the possibility freely to choose independent development. The representative of one socialist country of Eastern Europe, stated that his country, as a socialist developing country considered that the draft resolution submitted by the Group of 77 (see para. 106 below) included real problems of great importance for the developing countries and expressed his country's support for this draft resolution.

101. The Committee examined the work programme on private foreign investment that the UNCTAD secretariat had undertaken in accordance with Conference resolution 33 (II). It was agreed that the case studies undertaken had served a useful purpose, but that further country studies along similar lines were not likely to add significantly to the conclusions already reached. The Committee therefore decided that the consultants should explore methods of making an assessment of the effects of private foreign investment on host economies which go beyond the effects considered so far and undertake a pilot empirical investigation. A report should be presented to the Committee on Invisibles and Financing related to Trade at its sixth session (1973) on this work; the feasibility of further research on these lines and the extent to which it was likely to yield useful results should be indicated.

102. It was agreed that the UNCTAD secretariat should continue its studies concerning the influence of private foreign investment on the economies of various countries. It was also agreed that it should collect information on policies, practices and experience of both developed and developing countries, as well as on those of regional arrangements, relating to the conditions of

operation of foreign private investment in all sectors of importance in the economy. The secretariat should also assemble and review analytical studies of private foreign investment undertaken elsewhere. The information collected would be made available to interested Governments.

103. The secretariat should summarize and systematize the information collected and seek to present the conclusions that emerged regarding issues relevant to the situation of the countries examined, in a manner that would be of use to Governments in deciding upon their own policies.

104. The secretariat should present a progress report to the Committee on Invisibles and Financing related to Trade at its sixth session, which would enable that Committee to review the programme of work and its priorities.

105. The Committee took note of the statement of financial implications of the proposed work programme of the UNCTAD secretariat on foreign private investment in its relationship to development.<sup>26</sup> The representative of the USSR made a statement.<sup>27</sup>

#### Action on draft resolution

106. The Chairman of the Group of 77, on behalf of the Group, submitted a draft resolution on foreign private investment in its relationship to development (TD/III/C.3/L.5).<sup>28</sup> The Committee was unable to reach agreement on the draft resolution and decided to refer it to the President of the Conference.

<sup>26</sup> See appendix V below.

<sup>27</sup> For a summary of the statement, see the summary record of the 24th meeting (TD/III/C.3/SR.24).

<sup>28</sup> For the text of the draft resolution, see appendix II below.

## CHAPTER V

### Problems of mobilization of internal resources of developing countries

(Agenda item 15 (e))

107. The Committee considered this item at its 15th to 17th, 19th and 20th meetings on 5, 6, 8 and 9 May 1972.

108. The representative of the Secretary-General of UNCTAD made a statement.<sup>29</sup>

109. The representatives of developing countries stressed that the responsibility for mobilizing resources lay primarily with the developing countries themselves. The representatives of some developing countries stated that the external environment provided an important constraint on economic development, particularly since the demand for the exports of developing countries was

growing at an insufficiently rapid pace. They pointed out that domestic resources would be mobilized to a much greater extent if developing countries were accorded freer access to world markets.

110. The representatives of developed market-economy countries emphasized that successful economic development required that the mobilization of domestic resources and the efficiency of their use should be at a maximum. The representatives of several such countries stated that effective mobilization of resources required policies to increase tax revenues and savings. The representatives of a few developed market-economy countries stressed that agrarian reform and more equitable income distribution could play a positive role in economic development. The representative of one devel-

<sup>29</sup> For a summary of the statement, see the summary record of the 15th meeting (TD/III/C.3/SR.15).

oped market-economy country stated that paragraph 41 of the International Development Strategy should serve as a general guideline in the efforts of the developing countries to help themselves.

111. The representatives of some developed market-economy countries expressed the view that the UNCTAD secretariat should continue its studies on the mobilization of domestic resources so that the developing countries could benefit from them in the formulation and implementation of their development plans. Representatives of several developed market-economy countries welcomed the guidelines provided by the Committee on Invisibles and Financing related to Trade at its fifth session for the programme of work of the secretariat in this field. One of these representatives stated that the core of studies should be the assessment of the internal efforts of developing countries and that examination of external factors, while acceptable in principle, was only a second step in the exercise. In the view of the representative of another developed market-economy country the future work of the secretariat in this field should, by placing more emphasis on the domestic efforts of developing countries, offer the possibility of better relating external assistance to domestic efforts. The representative of yet another developed market-economy country expressed the belief that the secretariat should devote greater attention to important issues such as employment, the pricing of factors of production, taxation and income distribution.

112. The representatives of a number of socialist countries of Eastern Europe considered that the experience of the socialist countries and of certain developing countries showed that the solution to the problem of the latter's economic and social backwardness and the strengthening of their economic and political independence was to be found in the mobilization and more rational use of their internal resources. They therefore agreed with the view contained in the Declaration of Lima regarding the role of internal resources in the economic development of developing countries (TD/143, section E).<sup>30</sup> There was still a vast potential for the mobilization of internal resources in developing countries. Much could be done towards increasing the volume of production and strengthening the financial position of the developing countries by the adoption of such measures as agrarian reform, more equitable distribution of income, the subordination of foreign private capital to the interests of national development and the efficient regulation of capital flows.

113. The representatives of some socialist countries of Eastern Europe pointed to the decisive role of the State in the mobilization and use of internal resources. It was the State's responsibility to execute the national development plans, to solve development problems, to improve the population's living conditions, to bring about a more equitable distribution of income, and to promote a more rational international division of labour and foreign trade. In order to do that it must possess the appropriate management and control machinery,

especially where the budget, credit system, insurance and foreign trade were concerned.

114. The representative of one socialist country of Eastern Europe expressed the view that it would be advisable to formulate a set of recommendations for the developing countries valid for them in accordance with their particular circumstances; the recommendations would in no way be compulsory and would be implemented according to their usefulness. He also expressed the view that the report by the UNCTAD secretariat (TD/118/Supp.1)<sup>31</sup> did not devote enough attention to the social aspects of the mobilization of internal resources.

115. The representatives of some socialist countries of Eastern Europe pointed to the shortcomings of the socialist countries of Eastern Europe pointed to the shortcomings of the fiscal systems of developing countries, particularly the emphasis that was placed on indirect taxes, which had negative social and financial consequences. The fiscal advantages and concessions granted to individuals, and especially to foreign enterprises weakened the State's control over the outflow of capital. The experience of numerous developing countries showed that the incorporation of the banking and savings institutions in the public sector made it possible to utilize credits earmarked for national development more rationally. It was also important to develop trade and economic co-operation among developing countries and to promote their regional integration.

116. The representative of one socialist country of Eastern Europe pointed to the advantages of social transformation from its own experience, which had enabled it to do away with all forms of exploitation by the land-owning classes and to redistribute resources in the light of development needs and the requirements of the population as a whole. He also pointed out that an important feature of fiscal reform should be an increase in taxes on foreign capital; in that connexion he recalled the success of the measures adopted by petroleum-exporting countries in 1972.

117. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, supported the draft resolution submitted by the Group of 77 (see para. 118 below) on problems of mobilization of internal resources of developing countries.

#### Action on draft resolution

118. The Chairman of the Group of 77, on behalf of the Group, submitted a draft resolution on problems of mobilization of international resources of developing countries (TD/III/C.3/L.9).<sup>32</sup> The Committee was unable to reach agreement on the draft resolution and decided to refer it to the President of the Conference.

<sup>31</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. III, Financing and invisibles...*

<sup>32</sup> See appendix II below.

<sup>30</sup> See annex VIII, F below.

## APPENDICES

### Appendix I

#### DRAFT RESOLUTION RECOMMENDED BY THE THIRD COMMITTEE FOR ADOPTION BY THE CONFERENCE

##### Financial resources for development

###### SPECIAL ASPECTS OF DEVELOPMENT FINANCE: SUPPLEMENTARY FINANCING

(Agenda item 15 (d))

*Draft resolution submitted by the Chairman of the Committee (TD/III/C.3/L.8/Rev.1)*

[Adopted by the Conference without change. For the text, see annex I A, above, resolution 55 (III).]

### Appendix II

#### TEXTS OF DRAFT RESOLUTIONS REFERRED BY THE THIRD COMMITTEE TO THE PRESIDENT OF THE CONFERENCE

##### 1. Financial resources for development

###### OUTFLOW OF FINANCIAL RESOURCES FROM DEVELOPING COUNTRIES, INCLUDING DEBT SERVICING

(Agenda item 15 (f))

*Draft resolution submitted by: Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics (TD/III/C.3/L.3)*

*The United Nations Conference on Trade and Development,*

*Noting that foreign private capital is maintaining its position in the economies and foreign trade of many developing countries,*

*Taking into account the importance of using all internal sources of accumulation for accelerating national economic development,*

*Concerned at the fact that the ever increasing outflow of resources from developing countries is having an adverse effect on their economic and social development,*

*Considering this problem as one of the most important problems of financing economic development,*

*Recognizing that private foreign capital must operate in accordance with the national priorities and decisions of developing countries and must contribute to the expansion of national accumulation and investment, without, however, leading to an outflow of foreign currency resources from the developing countries,*

*Recalling General Assembly resolution 2276 (XXII) of 4 December 1967 and resolution 2 (III) adopted by the Committee on Invisibles and Financing related to Trade at its third session, on the outflow of financial resources from developing countries,<sup>a</sup>*

<sup>a</sup> See *Official Records of the Trade and Development Board, Ninth Session, Supplement No. 2 (TD/B/236/Rev.1 and Corr. 1)*, annex I.

1. *Affirms* the sovereign right of developing countries to take the necessary measures to ensure that foreign capital operates in accordance with the national development needs of the countries concerned, including measures to limit the repatriation of profits;

2. *Appeals* to companies investing funds in developing countries to be guided in their activities by the need to help overcome the economic backwardness of developing countries;

3. *Stresses* the important significance of the profits repatriated by foreign companies as a possible source of financing the economic development programmes of the countries of Asia, Africa and Latin America;

4. *Requests* the Governments of developed market-economy countries to provide the Secretary-General of UNCTAD with an annual statement of the amount of profits repatriated by their national companies from developing countries;

5. *Requests* the Secretary-General of UNCTAD to prepare periodic reports on the repatriation of profits by private companies from developing countries for consideration by the appropriate organs of UNCTAD and for the elaboration of the necessary measures to ensure that foreign private capital in developing countries operates in accordance with the latter's interests and contributes to the strengthening of their economic and political independence.

##### 2. Financial resources for development

###### TOTAL INFLOW OF PUBLIC AND PRIVATE RESOURCES

*Draft resolution submitted by Indonesia (Chairman of the Group of 77) on behalf of the Group (TD/III/C.3/L.4)*

*The United Nations Conference on Trade and Development,*

*Recalling Conference decision 27 (II), together with the International Development Strategy for the Second United Nations Development Decade, in particular, paragraphs 42 and 43,*

Noting with great concern that the net flow of financial resources to the developing countries from the developed countries and from multilateral financing institutions have shown an inadequate rate of growth in that they have fallen from 0.73 per cent of the gross national product of member countries of the Development Assistance Committee in 1968 to 0.71 per cent in 1970,

Taking into account the fact that the official component of such flows has been falling further and further short of the target set in the relevant portions of the resolutions mentioned in the first preambular paragraph of this resolution and now represents somewhat less than half of that target, while a considerable proportion of official transfers is still tied,

Considering that the purpose of direct foreign investment is to obtain economic profits and that suppliers' or purchasers' credits are basically intended to promote exports from the countries granting them,

Taking also into account resolution 3 (IV) of the Committee on Invisibles and Financing related to Trade,<sup>b</sup>

Noting with deep anxiety the alarming outflow of financial resources from the developing countries for the repayment of, and as interest on, public debts and as dividends on direct foreign investment, which in 1969 amounted to 60 per cent of the total gross capital inflow of those countries,

Recognizing that the balance-of-payments problems of the developed countries should in no way hinder the attainment of the targets of international financial co-operation and should not be used as a pretext for adopting measures to restrict trade or to reduce flows of financial resources to the developing countries,

Considering that the stability and the continuity of the flow of assistance are of importance in enabling the developing countries to plan their development in advance,

*Resolves:*

1. To urge each developed country to provide annually to developing countries, by 1972, financial resource transfers of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursements;

2. To recognize that the 1 per cent target should not include components distinct from assistance, such as direct private investment and suppliers' or purchasers' credits, and that it should be net of reverse flows of interest;

3. To call upon each developed country that, pending the attainment of the 1 per cent target in the form specified in paragraph 2 above, it should progressively increase its official development assistance so as to reach a minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade;

4. To recognize that internal and international economic fluctuations do not constitute a justification for reducing the volume of assistance;

5. To recommend to all Governments of developed countries to programme their official development assistance over the long term so as to offer a solid basis for effective planning in the long-term development programmes by developing countries and the implementation thereof;

6. To urge developed countries to take the necessary action to maintain the continuity of provision of financial resources for development in accordance with paragraphs 4 and 5 above.

<sup>b</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 4 (TD/B/318), annex I.*

### 3. Financial resources for development

#### TOTAL INFLOW OF PUBLIC AND PRIVATE RESOURCES

(Agenda item 15 (a))

*Draft resolution submitted by the Chairman of the Committee (TD/III/C.3/L.4/Rev.1)*

*The United Nations Conference on Trade and Development,*

Recalling Conference decision 27 (II), as adopted, together with the International Development Strategy for the Second United Nations Development Decade and, in particular, paragraphs 42 and 43, as adopted,

Noting with concern that the total net flows from the developed countries as a whole to developing countries and multilateral institutions have declined as a proportion of their combined gross national product,

Taking into account the fact that the ratio of official development assistance to the gross national product of the developed countries as a whole has been falling, and represented in 1970 less than half of the target set out in the strategy document, [while a considerable proportion of official transfers is still tied,]

[Considering that the purpose of direct foreign investment is to obtain economic profits and that suppliers' or purchasers' credits are basically intended to promote exports from the countries granting them,]

Taking into account resolution 3 (IV) of the Committee on Invisibles and Financing related to Trade,<sup>c</sup>

Noting the concern of developing countries about the increasing outflow of financial resources due to debt servicing and remitted earnings on private foreign investment,

Noting that some developed countries when in temporary balance-of-payments difficulties have in the past reduced flow of resources to developing countries and adopted restrictive trade measures,

Considering that the stability and the continuity of the flow of assistance are of importance in enabling the developing countries to plan their development in advance,

*Resolves:*

1. To urge each economically advanced country to provide annually to developing countries, financial resource transfers of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursements, having regard to the special position of those countries which are net importers of capital. Those developed countries which are unable to achieve this target by 1972 will endeavour to attain it without further delay and in any event not later than 1975; and those which have already attained it will endeavour to maintain their net resource transfers as a percentage of their gross national product, and if possible, to increase them;

2. To call upon each economically advanced country to progressively increase its official development assistance and to exert its best efforts to reach a minimum net amount of disbursements of 0.7 per cent of its gross national product at market prices by the middle of the Decade;

[3. To recognize that the 1 per cent target should not include components distinct from assistance, such as direct private investment and suppliers' or purchasers' credits, and that it should be net of reverse flows of interest;]

4. To recognize that the volume of official development assistance to developing countries should not be adversely affected by reference to immediate balance-of-payments difficulties and that development assistance flows should be insulated

<sup>c</sup> *Ibid.*

as much as possible from internal and international economic fluctuations;

5. *To recommend* to Governments of economically advanced countries that they take measures necessary to ensure the continuity of their official development assistance through multi-year programming or other means compatible with budgetary, administrative or parliamentary procedures, so as to offer a firm basis for effective planning of resource availabilities by developing countries from both bilateral and multilateral sources;

6. *To recommend* that Governments of economically advanced countries should make developmental considerations their prime concern in drawing up their official development assistance programmes.

#### 4. Financial resources for development

##### FOREIGN PRIVATE INVESTMENT IN ITS RELATIONSHIP TO DEVELOPMENT

(Agenda item 15 (c))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.5)*

*The United Nations Conference on Trade and Development, Taking account of the International Development Strategy for the Second United Nations Development Decade, and in particular its paragraph 50,*

*Recalling* Conference resolution 33 (II),

*Convinced* that foreign private investment will make a positive contribution to the development of the developing countries whenever, subject to national decisions and priorities, it stimulates capital formation in the country concerned, facilitates the mobilization of internal resources, introduces the appropriate technology, strengthens the country's balance of payments and creates no obstacles to regional development,

*Noting* that some developing countries have experienced a net outflow of capital on account of amortization and interest payments on public debt and of returns on direct foreign investment, which in 1969 accounted for 60 per cent of the total gross capital receipts of those countries,

*Considering* that, in the light of the relevant parts of Conference resolution 33 (II), the Secretary-General of UNCTAD should continue his studies on private foreign investments with a view to determining with the greatest possible accuracy the effects of foreign private investments on the development process of the developing countries,

1. *Expresses its concern* not only at the total amount of the financial outflow brought about by private foreign investment but also at its excessive utilization of local financial resources as well as the effects of certain marketing contracts among foreign companies that disrupt competition in the domestic markets and their possible effects on the economic development of the developing countries;

2. *Recognizes* that private foreign investment, subject to national decisions and priorities, must facilitate the mobilization of internal resources, generate inflows and avoid outflows of foreign reserves, incorporate adequate technology, and enhance savings and national investment;

3. *Urges* developed countries to take the necessary steps to reverse the tendency for an outflow of capital from developing countries, by fiscal or other appropriate measures, such as tax exemption of reinvestments of profits and other earnings accruing to private capital investments.

#### 5. Financial resources for development

##### VOLUME, TERMS AND CONDITIONS OF THE FLOW OF PUBLIC CAPITAL TO DEVELOPING COUNTRIES: ROLE OF MULTILATERAL FINANCING

##### INSTITUTIONS TERMS AND CONDITIONS OF OFFICIAL DEVELOPMENT ASSISTANCE

(Agenda item 15 (b))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.6/Rev.1)*

*The United Nations Conference on Trade and Development, Recalling* the International Development Strategy for the Second United Nations Development Decade (para. 49) and the relevant decisions of the United Nations General Assembly,

*Reaffirming* the need to promote a larger flow of financial resources channelled by multilateral financing institutions for the development of the developing countries,

*Appreciating* the role played in development aid by existing multilateral financing institutions,

*Considering* the preference of the developing countries for the distribution on a multilateral basis of a larger proportion of public resources for development,

##### A

1. *Urges* that measures be taken further to soften the terms and conditions of external assistance. The heavy burden of servicing the external debt of many developing countries is a matter of grave concern. All official development loans should be provided on terms no harder than those applied by the International Development Association. In any case there should be an immediate international agreement to accept the target for the terms of assistance suggested in decision 29 (II) of the Conference. Alternatively, interest rates on official development loans should not exceed 2 per cent per annum, maturity periods of such loans should be at least 25 to 40 years and grace periods should not be less than 7 to 10 years. The proportion of grants in the total assistance of each developed country should be progressively increased, and countries contributing less than the present Development Assistance Committee average of 65 per cent of their total assistance in the form of grants should reach that level not later than 1975;

2. *Invites* the multilateral financial institutions to reach agreement on an early establishment of a multilateral interest equalization fund with a view to further softening the terms of development loans provided by them;

3. *Urges* the developed countries to consider the immediate action which is required to implement the principles regarding untying of development assistance contained in decision 29 (II) of the Conference;

4. *Urges* the developed countries to lay down a firm timetable for the complete untying of aid. Such complete untying in respect both of contributions to multilateral institutions and bilateral assistance should be achieved by 1975 at the latest. As an immediate measure, all developed countries should permit unrestricted procurement in all developing countries. Repayment of existing tied loans should be tied to purchases within the debtor country concerned. In addition, action should be taken to eliminate the requirements sometimes imposed on developing countries to import from developed countries specified values of certain goods as a condition for the utilization of development assistance funds. Measures should also be taken to ensure that the underlying purpose of untying is not frustrated by indirect or informal tying;

##### B

1. *Recommends* that the proposition of financial resources transferred to the developing countries through multilateral financing institutions should be increased to the fullest extent possible;

2. *Recommends* that multilateral financing institutions should, with a view to achieving greater efficiency and fairness in their operations:

(a) Increase their financing of the local costs of investment projects and programmes, and examine ways and means of ensuring that a greater proportion of procurement takes place in the recipient country;

(b) Envisage the financing of projects and programmes that may not be considered financially remunerative in the narrow sense but where the socio-economic impact on the development of the developing country concerned is clearly recognized;

(c) Grant direct financial and technical assistance to those developing countries which might be encountering, for reasons beyond their control, stubborn and protracted economic and financial difficulties which hamper their economic development;

(d) Refrain from discriminating in any way against the public sector of the developing countries, and endeavour to grant adequate financing for technical assistance and for export promotion;

(e) Channel a greater proportion of their funds through national development banks by employing flexible conditions and helping these institutions to strengthen themselves;

3. *Recommends* that the International Bank for Reconstruction and Development, while continuing to raise resources from the developed markets of the world, should be converted into a development bank for the exclusive service of the developing countries, invites the International Bank for Reconstruction and Development to study the relevant amendments to its Articles of Agreement with a view to implementation of this recommendation and further invites it to expand programme lending, without prejudice to project lending, as a way of assisting developing countries in their over-all development programmes;

4. *Urges* the developed countries to increase their contribution to the International Development Association the third replenishment of which should be completed without further delay;

5. *Recommends* that the existing mechanisms for replenishment of the International Development Association should be reviewed so as to bring about a progressive expansion in the amount of resources available to the International Development Association, in order to eliminate any uncertainty in its operations;

6. *Invites* the International Development Association to make its lending policies more flexible and equitable and to increase its financial support to the least developed of the developing countries;

7. *Urges* the developed countries to increase their financial contributions to the United Nations Development Programme in order to permit the greatest possible increase in the capacity of the United Nations Development Programme to help developing countries to attain the objectives of the Second United Nations Development Decade; and requests the Governing Council of the United Nations Development Programme:

(a) To scrutinize, in the light of existing criteria for the allocation of resources, and to adjust, where necessary, the Indicative Planning Figures of the least developed countries and of newly independent countries whose lack of an adequate administrative structure has prevented them from taking proper advantage of the programme assistance;

(b) To implement Economic and Social Council resolution 1615 (LI) on financial contributions to the United Nations Development Programme in such a way as to reflect the new increased projection figures in the country programmes. Some flexibility should also be given to developing countries in the administration and allocation of United Nations Development Programme funds within their country programming procedures;

(c) To take steps to avoid situations arising in which developing countries, especially the least developed among them, lose resources through their inability to prepare acceptable projects;

(d) To apportion its grants and technical assistance in such a way as to raise their absorptive capacity and assist in project preparation and accordingly increase the resources made available to these countries.

## 6. Financial resources for development

### VOLUME, TERMS AND CONDITIONS OF THE FLOW OF PUBLIC CAPITAL TO DEVELOPING COUNTRIES: ROLE OF MULTILATERAL FINANCING INSTITUTIONS

#### TERMS AND CONDITIONS OF OFFICIAL DEVELOPMENT ASSISTANCE

(Agenda item 15 (b))

*Draft resolution submitted by the*

*Chairman of the Committee (TD/III/C.3/L.6/Rev.2)*

*The United Nations Conference on Trade and Development,*

*Recalling* the International Development Strategy for the Second United Nations Development Decade and the relevant decisions of the United Nations General Assembly, as adopted, regarding the terms and conditions of assistance,

*[Reaffirming* the need to promote a larger flow of financial resources channelled by multilateral financing institutions for the development of the developing countries,]

*Appreciating* the role played in development aid by existing multilateral financing institutions,

*Considering* the preference of the developing countries for the distribution on a multilateral basis of a larger proportion of public resources for development,

#### A

1. *Urges* that measures be taken to further soften the terms of external assistance so as to help alleviate the growing burdens of servicing the external debt of developing countries. In accordance with Conference decision 29 (II), as adopted, the developed market-economy countries members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development should work within the Development Assistance Committee to improve the concessionality of official development assistance;

2. *Invites* the developed countries to take into consideration the views of the developing countries, as well as of some developed countries, that (i) on average, interest rates on official development loans should not exceed 2 per cent per annum; (ii) maturity periods of such loans should be at least 25 to 40 years and grace periods should be not less than 7 to 10 years; (iii) the proportion of grants in total assistance of each developed country should be progressively increased, and countries contributing less than the 1970 Development Assistance Committee average of 63 per cent of their total assistance in the form of grants should reach that level not later than 1975;

3. *Further invites* all countries members of the Development Assistance Committee to implement the 1965 Recommendations revised in 1969, and to reach agreement as soon as possible on revised recommendations currently under consideration for a higher average grant element and a minimum concessional element for each transaction qualifying as official development assistance, taking into account the particular importance of grants. Special efforts should be made to provide particularly concessional terms to the least developed countries. The developed countries with centrally planned economies should make a similar endeavour to improve the concessionality of their financial assistance;

4. *Urges* the developed countries to reach an international agreement on general untying of aid at the earliest possible date. As an interim measure the developed countries are urged to consider sympathetically further untying of financial assistance for procurement in developing countries. Measures should also

be taken to ensure that the underlying purpose of untying is not frustrated by indirect or informal tying;

5. [*Invites Governments members of the multilateral financial institutions to reach agreement on an early establishment of a multilateral interest equalization fund with a view to further softening the terms of development loans provided by these institutions;*]

## B

1. *Recommends* that [the proportion of] financial resources transferred to the developing countries through multilateral financing institutions should be increased to the fullest extent possible;

2. *Welcomes* the contribution of the multilateral financial institutions to the growth and development of the developing countries [and the flexibility shown in their continuing reviews of policies and programmes;]

3. *Invites* the multilateral financial institutions to review their policies with a view to ascertaining the extent to which they can achieve greater equity and effectiveness in their operations by, *inter alia*:

(i) Increasing support for financing local costs, particularly in the least developed countries, when warranted by the investment projects and programmes;

(ii) Promoting procurement in the recipient country, taking into account the efficiency of use of resources;

(iii) Giving special consideration to projects having a high socio-economic impact, even where they have a low rate of return;

(iv) Extending their operations to various areas in the public sector not hitherto covered, and not discriminating against either public or private sector;

(v) Channelling more of their funds through national development banks or similar institutions where appropriate and generally assisting these institutions; and

(vi) Providing aid (both capital and technical assistance) particularly suited to overcome the handicaps of those countries facing stubborn long-term obstacles to their development;

4. [*Recommends* that the International Bank for Reconstruction and Development, while continuing to raise resources from the developed markets of the world, should be converted into a development bank for the exclusive service of the developing countries, invites the International Bank for Reconstruction and Development to study the relevant amendments to its Articles of Agreement with a view to implementation of this recommendation and further invites it to expand programme lending, without prejudice to project lending, as a way of assisting developing countries in their over-all development programmes;]

5. *Requests* the Part I member Governments of the International Development Association to complete the replenishment of the International Development Association without further delay;

6. *Invites* the Part I countries of the International Development Association to review the existing mechanisms for International Development Association replenishments with a view to bringing about a progressive expansion in the amount of resources available to the International Development Association and to minimizing uncertainties in its operations;

7. [*Invites* the International Development Association to make its lending policies more flexible and equitable and to increase its financial support to the least developed of the developing countries;]

8. *Urges* the developed countries to increase their financial contribution to the United Nations Development Programme in order to permit the greatest possible increase in the capacity of the United Nations Development Programme to help de-

veloping countries to attain the objectives of the Second United Nations Development Decade; and invites the Governing Council of the United Nations Development Programme:

(a) To review further existing criteria for the allocation of resources and to adjust, where necessary, the Indicative Planning Figures of the least developed countries and of newly independent countries whose lack of an adequate administrative structure has prevented them from taking proper advantage of the programme assistance;

[(b) To implement Economic and Social Council resolution 1615 (LI) on financial contributions to the United Nations Development Programme in such a way as to reflect the new increased projection figures in the country programmes.] The flexibility provided in the new country programming process should be fully utilized in the administration and allocation of United Nations Development Programme funds;

(c) To ensure that acceptable projects can be prepared so that developing countries, especially the least developed, can benefit from the resources available to them through the United Nations Development Programme; and

(d) To examine its programmes of grants and technical assistance to assure that they raise the absorptive capacity of the developing countries, and especially the least developed countries, and thus make possible an increased flow of resources to these countries.

## 7. Financial resources for development

### OUTFLOW OF FINANCIAL RESOURCES FROM DEVELOPING COUNTRIES, INCLUDING DEBT SERVICING

#### THE INCREASING BURDEN OF DEBT SERVICING (Agenda item 15 (f))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.7/Rev.1)*

[Adopted by the Conference without change. For the text, see annex I, A above, resolution 59 (III).]

## 8. Financial resources for development

### PROBLEMS OF MOBILIZATION OF INTERNAL RESOURCES OF DEVELOPING COUNTRIES

#### (Agenda item 15 (e))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.9)*

[Adopted by the Conference without change. For the text, see annex I, A above, resolution 57 (III).]

## 9. Impact of the present international monetary situation on world trade and development, especially of the developing countries

### SPECIAL ASPECTS OF DEVELOPMENT FINANCE: PROPOSALS REGARDING THE QUESTION OF A LINK BETWEEN THE ALLOCATION OF SPECIAL DRAWING RIGHTS AND THE PROVISION OF ADDITIONAL DEVELOPMENT FINANCE TO DEVELOPING COUNTRIES; SUPPLEMENTARY FINANCING

#### (Agenda items 9 and 15 (d))

#### THE INTERNATIONAL MONETARY SITUATION

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.12)*

[At the 119th plenary meeting the spokesman for the Group of 77 announced that the draft resolution contained in document

TD/III/C.3/L.12 would be withdrawn and submitted later, with minor amendments, as a declaration of the Group. For the text, as amended, see annex VIII, L below.]

**10. Impact of the present international monetary situation on world trade and development, especially of the developing countries**

(Agenda item 9)

**COMPENSATION FOR LOSSES OCCASIONED BY THE REALIGNMENTS OF MAJOR CURRENCIES**

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.13)*

[Adopted by the Conference without change. For the text, see annex I, A above, resolution 58 (III).]

*Appendix III*

**TEXT OF A DRAFT RESOLUTION ON THE VOLUME, TERMS AND CONDITIONS OF THE FLOW OF PUBLIC CAPITAL TO DEVELOPING COUNTRIES SUBMITTED BY AUSTRALIA, CANADA AND THE NETHERLANDS**

**Financial resources for development**

**TOTAL INFLOW OF PUBLIC AND PRIVATE RESOURCES  
VOLUME, TERMS AND CONDITIONS OF THE FLOW OF PUBLIC CAPITAL  
TO DEVELOPING COUNTRIES**

(Agenda items 15 (a) and 15 (b))

*Draft resolution submitted by Australia, Canada and the Netherlands (TD/III/C.3/L.10/Rev.1)*

*The United Nations Conference on Trade and Development,*

Recognizing the need of developing countries for increased levels of development assistance on concessional terms in order to implement their development plans,

Noting that among the benefits of increased assistance provided through concessional multilateral channels are (a) the soft terms on which it is provided; and (b) the fact that it is generally untied,

Recalling the first and second paragraphs of Special Principle Eleven adopted by the Conference at its first session and decision 27 (II) of the second session of the Conference,

Bearing in mind that paragraph 49 of the International Development Strategy for the Second United Nations Develop-

ment Decade and section D (b) (v) of the programme of action set out in the Declaration and principles of the Action Programme adopted at the Second Ministerial Meeting of the Group of 77 at Lima (TD/143)<sup>d</sup> recommend that the share of resources channelled through multilateral financing institutions should be increased to the fullest extent possible,

Considering that additional concessional multilateral development finance would be effectively provided through continued increases in the level of contributions of the developed countries to broadly-based multilateral financial institutions such as the International Development Association, the United Nations Development Programme, and concessional channels of regional development banks,

1. Recommends that donor countries endeavour to increase the aggregate level of their annual contribution to these institutions in the course of the next replenishments by a minimum of one third, that is by no less than \$500 million;

2. Agrees that such increases in multilateral financing would contribute to an over-all increase in official development assistance.

<sup>d</sup> See annex VIII, F below.

*Appendix IV*

**TEXT OF A DRAFT RESOLUTION ON SUPPLEMENTARY FINANCING SUBMITTED TO THE THIRD COMMITTEE ON BEHALF OF THE GROUP OF 77**

**Financial resources for development**

**SPECIAL ASPECTS OF DEVELOPMENT FINANCE: PROPOSALS REGARDING THE QUESTION OF A LINK BETWEEN THE ALLOCATION OF SPECIAL DRAWING RIGHTS AND THE PROVISION OF ADDITIONAL DEVELOPMENT FINANCE TO DEVELOPING COUNTRIES; SUPPLEMENTARY FINANCING**

(Agenda item 15 (d))

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.3/L.8)*

*The United Nations Conference on Trade and Development,*

Bearing in mind that supplementary financial measures designed to protect development plans of developing countries against disruptive consequences of export shortfalls, have been under intensive discussion within UNCTAD since 1964,

Emphasizing paragraph 51 of the International Development Strategy for the Second United Nations Development Decade which invited the International Bank for Reconstruction and Development to give further consideration to the adoption of

supplementary financial measures at the earliest practicable opportunity,

Noting that in the absence of the detailed working out of arrangements for supplementary financing, presently entrusted to the International Bank for Reconstruction and Development under resolution 60 (IX) of the Trade and Development Board, the resources required cannot be satisfactorily ascertained,

Expecting that the study of such a scheme on supplementary financial measures is being undertaken within the Bank in view of the requests made by several countries at the eleventh session of the Board and the fifth session of the Committee on Invisibles and Financing related to Trade,

*Resolves:*

1. To invite the International Bank for Reconstruction and Development once more to work out detailed arrangements for the implementation of a scheme on supplementary finance as a matter of urgency in pursuance of resolution 60 (IX) of the Trade and Development Board and the Declaration on Supple-

mentary Financial Measures adopted by the Trade and Development Board at its tenth session<sup>e</sup> and the joint statement of the developing countries members of the Group of 77 on supplementary financial measures submitted to the Committee on Invisibles and Financing related to Trade at its fifth session;<sup>f</sup>

2. To recommend that pending the implementation of the scheme, interim arrangements should be worked out immediately on the basis of the pledge given by the Executive Directors of the International Bank for Reconstruction and Development and communicated by the President of the Bank to the Secretary-General of UNCTAD in his letter dated 4th May 1971 in the following terms:

"The Executive Directors have therefore authorized me to assure you that, should a developing country member of the Bank, for reasons outside its control, experience an unex-

pected shortfall in its export earnings which threatens to disrupt the implementation of its development programme, the Bank Group would examine the case on its merits with a view to determining whether and how it could shape or modify its lending and the other operations for that country in such a way as to help the country to overcome the difficulties;"<sup>g</sup>

3. To invite the International Bank for Reconstruction and Development to specify immediately the procedure to be followed by countries receiving assistance in terms of this pledge;

4. To invite the International Bank for Reconstruction and Development on the basis of its preparation of detailed arrangements for supplementary financing to explore possibilities of adequate financial support for these arrangements commensurate with the magnitude of the problem facing developing countries. Additional resources for that purpose should be made available in accordance with resolution 60 (IX) of the Trade and Development Board.

<sup>e</sup> See *Official Records of the General Assembly, twenty-fifth Session, Supplement No. 15 (A/8015/Rev.1)*, part two, para. 203.

<sup>f</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395)*, annex II.

<sup>g</sup> *Ibid.*, *Eleventh Session, Annex*, agenda item 7, document TD/B/353.

#### *Appendix V*

### STATEMENT OF FINANCIAL IMPLICATIONS OF THE PROPOSED WORK PROGRAMME OF THE UNCTAD SECRETARIAT ON FOREIGN PRIVATE INVESTMENT IN ITS RELATIONSHIP TO DEVELOPMENT

[For the text of the Statement of financial implications, see annex IX below, appendix II, I.]

## D. REPORT OF THE FOURTH COMMITTEE

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NOTE: The check list of documents prepared for and during the deliberations of the Fourth Committee appears in annex X, Section I, IV below.

### Introduction

1. At its 82nd (opening) plenary meeting, on 13 April 1972, the United Nations Conference on Trade and Development, at its third session, established the Fourth Committee and referred to it for consideration and report items 8 (f), 15 (g) and 16 of the agenda as adopted, which read as follows:

8. Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD:  
(f) Insurance
15. Financial resources for development:  
(g) Tourism
16. Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system.

2. At its first meeting, on 13 April 1972, the Committee elected Mr. C. P. Srivastava (India) as its Chairman.

3. At its third meeting, on 18 April 1972, the Committee elected Mr. E. J. Antoun (United States of America) as its Rapporteur. At its fourth meeting, on 19 April 1972, it elected Mr. D. Popov (Bulgaria) as its Vice-Chairman.

4. The Committee held twelve meetings, in the course of which it considered the items allocated to it.

5. At the Committee's second meeting, on 17 April 1972, the Chairman drew attention to a communication dated 15 April 1972 from the President of the Conference concerning the allocation of agenda items 8 (f), 15 (g) and 16 to the Committee (TD/III/C.4/1). At the same meeting the Committee adopted the proposed organization of its work as set out in the note by the Chairman of 14 April 1972 (TD/C.4/L.1).

6. The Committee decided at its third meeting on 18 April 1972 to establish a contact group for consultations on the two draft resolutions, on insurance and on tourism respectively, referred to the Conference by the Committee on Invisibles and Financing related to Trade at its fifth session<sup>1</sup> and, as appropriate, on other draft resolutions which might be submitted.

<sup>1</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395)*, annex I.

## CHAPTER I

## Tourism

(Agenda item 15 (g))<sup>2</sup>

7. The principal document relating to this agenda item was a report by the UNCTAD secretariat entitled "Tourism and developing countries" (TD/142 and Corr.1)<sup>3</sup> which summarized the earlier report by the secretariat, *Elements of tourism policy in developing countries*<sup>4</sup> and the *Guidelines for tourism statistics*<sup>5</sup> that had been considered by the Committee on Invisibles and Financing related to Trade at its fifth session. In addition, a draft resolution on tourism, submitted at that session, had been transmitted by that Committee to the Conference.<sup>6</sup>

8. There was general agreement that tourism contributed, or could contribute, in an important manner to the economic growth of developing countries through its effect not only on the balance of payments but also, and more generally, on the national economy. Several representatives stressed the multiplier effects of expenditure by visitors, as well as its direct impact on income and employment in many sectors of the economy. It was also stressed that tourism could be of great value in regional development policy, since regions in which tourism tended to concentrate, or in which there were potential opportunities for tourism, were often the relatively less advanced ones of a country.

9. There was also general agreement that tourism was a means of improving understanding among peoples and had important cultural, social and political aspects. In that connexion some representatives of developing countries urged that efforts should be made to broaden considerably the tourist market. They considered that developing countries should not have to depend exclusively on visitors from the upper and middle classes of the developed countries, but that all classes of the population should be able to participate in international travel, to their own benefit as well as to that of the world at large. The developed countries could help in the promotion of "mass" or "social" tourism by providing financial and technical assistance, and in other ways.

10. In the view of the developing countries a major prerequisite for the development of tourism, however, was action to reduce air fares. The present level and structure of fares, and disparities in the prevailing rates,

for example, in the Atlantic and Pacific areas, were an impediment to the substantial expansion of long-distance travel.

11. Several representatives expressed appreciation of the report by the UNCTAD secretariat (TD/142 and Corr.1) and of the more detailed studies and reports which had been considered by the Committee on Invisibles and Financing related to Trade at its fifth session (see para. 7 above). The representative of one developed market-economy country considered that they provided much useful guidance, in a field which had so far been little explored.

12. Representatives of developing countries welcomed the recommendations contained in these documents and some indicated that their Governments had put into effect, or intended to put into effect, the recommendations, including those on statistics, which were addressed more specifically to developing countries. They mentioned in particular the need to integrate tourism in economic planning and to establish central machinery for co-ordinating the formulation and implementation of tourism policy.

13. Some of these representatives referred to aspects of tourism which they considered had not been sufficiently covered in the secretariat reports but which were worthy of consideration. Particular stress was laid on regional and subregional co-operation—both among developing countries and between developed and developing countries—since the investment and other resources required to develop tourism were often beyond the means of a developing country acting on its own and there was always much to be learnt from an exchange of experience. Moreover, suitable regional or subregional projects were viewed with favour by the international financial institutions. In this connexion reference was made to co-operation among the countries of the Association of South-East Asian Nations and to the South-East Asian Promotion Centre for Trade, Investment and Tourism, which had started to function in January 1972.

14. The representatives of developing countries looked for continued financial and technical assistance from the developed countries and from international financial institutions. In this connexion one of these representatives stated that tourist facilities, including transport, should be owned and operated by the receiving country in order that it should derive the full benefits from its tourism. Another representative, referring to the heavy debt burden of his country, suggested that external financing of projects for tourism should qualify for soft loan terms, with low interest rates and long repayment periods.

15. The representatives of developing countries expressed their support of the draft resolution on tourism

<sup>2</sup> The Committee considered this item at its 2nd to 4th and 9th meetings.

<sup>3</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. III, *Financing and invisibles* (United Nations publication, Sales No. E.73.II.D.6).

<sup>4</sup> TD/B/C.3/89 and Corr.1 and 2 (United Nations publication, Sales No. E.73.II.D.3)

<sup>5</sup> TD/B/C.3/86 (United Nations publication, Sales No. E.71.II.D.9).

<sup>6</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2* (TD/B/395), annex I, sect. B.

which had been transmitted to the Conference. They stated that it reflected their countries' aspirations and was in line with previous conference resolutions on tourism, with the relevant provisions of the Declaration and Principles of the Action Programme of Lima (TD/143)<sup>7</sup> as well as with paragraph 55 of the International Development Strategy for the Second United Nations Development Decade (see General Assembly resolution 2626 (XXV)). They believed that for the time being the UNCTAD secretariat should continue its work on tourism without prejudice to the role of the World Tourism Organization (WTO) in the United Nations system, when that organization came into existence. They expressed their support for the new organization and, referring to General Assembly resolution 2802 (XXVI), urged States whose national tourism organizations were members of the International Union of Official Travel Organizations (IUOTO) to approve, as soon as possible, the statutes of WTO.

16. The representatives of developed market-economy countries who spoke in the debate shared the view that tourism was a fruitful field for international co-operation. They referred to, or briefly described, the assistance their countries were giving bilaterally to developing countries as well as measures taken to remove administrative obstacles to travel. Some of these representatives looked forward to the establishment of WTO.

17. Referring to the draft resolution, the representative of one developed market-economy country said that no attempt was made by his authorities to promote travel to any particular country, whether developed or developing; it was for each receiving country to persuade prospective tourists to visit the country. On the other hand, his Government did nothing to discourage nationals from travelling wherever they pleased. Another representative of a developed market-economy country stated that publicity in connexion with foreign travel should be conducted by travel agencies, which were interested in promoting long-distance travel. The representative of another developed market-economy country agreed that in the proper circumstances tourism development projects were a legitimate object of financial and technical assistance, including assistance for regional and subregional projects. He emphasized that consideration of such projects by developed countries and international organizations should be based on their intrinsic merits and value to the national economy and on global development needs and priorities. Projects should be carefully assessed and should be subject to the criteria applied to assistance projects generally. He and the representative of another developed market-economy country pointed out that private investment could also make a significant contribution in this field, particularly as regards the provision of accommodation.

18. The representatives of some developed market-economy countries cautioned against the danger of over-dependance on tourism. The right geographical and other pre-conditions had to exist and a balance had to

be struck with the development needs of other sectors of the economy. Others expressed their satisfaction that increasing attention was being given to tourism by the developing countries and within UNCTAD. One of these representatives welcomed the lending policy of IBRD in giving particular attention to activities in the field of tourism.

19. The representatives of developed market-economy countries viewed with sympathy the draft resolution which had been transmitted to the Conference. They considered that it provided a useful basis for discussion. However, representatives of these countries reiterated the reservations which their delegations had expressed at the fifth session of the Committee on Invisibles and Financing related to Trade, more particularly regarding operative paragraphs 1 *a*, 4 and 5 of the draft resolution. They considered that air fares were within the competence of ICAO and IATA, to which organizations States members of UNCTAD could make known their views direct. Most States members of UNCTAD participated in the work of those two bodies, directly or through their national airlines. The Conference should therefore not do more than urge those bodies to give due attention to the needs of developing countries. The representative of one developed market-economy country stated that his country had for some time been making proposals in IATA for increasing air travel by allowing part of the seating capacity in scheduled traffic to be sold on charter terms. He urged that travel formalities be simplified in both developed and developing countries.

20. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, fully supported the draft resolution transmitted to the Conference and was ready to co-sponsor it.

21. Noting that arrangements were being made for work on tourism to continue in the Department of Economic and Social Affairs of the United Nations Secretariat, the representatives of some developed market-economy countries saw no need for UNCTAD to continue its work in that field.

22. As a result of discussions in the Contact Group agreement was reached on a revised text (TD/III/C.4/L.6)<sup>8</sup> of the draft resolution referred to in paragraph 7 above. At its ninth meeting the Committee unanimously recommended the revised text of the draft resolution for adoption by the Conference.

23. The spokesman for the Group of 77, referring to operative paragraph 5 of the revised draft resolution, requested that the Secretary-General of UNCTAD report to the Committee on Invisibles and Financing related to Trade at its next session on the steps taken to ensure that there should be no delay, as a result of the transfer of secretariat responsibilities to the Department of Economic and Social Affairs, in continuing the work started by UNCTAD.

<sup>7</sup> See annex VIII, F below.

<sup>8</sup> See appendix I below.

## CHAPTER II

## Insurance

(Agenda item 8 (f))<sup>9</sup>

24. The report entitled "Insurance and the developing countries" prepared by the UNCTAD secretariat for the Conference (TD/141 and Corr.1)<sup>10</sup> was generally appreciated. It recapitulated the main findings of the secretariat studies which had been submitted to and discussed by the Committee on Invisibles and Financing related to Trade at its fifth session. Those studies covered a wide range of insurance and reinsurance matters, including insurance legislation and supervision,<sup>11</sup> insurance statistics<sup>12</sup> and the investment of insurance funds.<sup>13</sup> On the basis of those studies, measures for action—some of which had been formulated by expert groups convened by the Secretary-General of UNCTAD—had been proposed by the secretariat.

25. Since the above-mentioned measures had already been extensively discussed by the Committee on Invisibles and Financing related to Trade during its fifth session and all the main points of view were reflected in its report,<sup>14</sup> it was generally agreed that there was no need for further discussions on the same subjects. It was therefore proposed that the discussion concentrate on the draft resolution which had been submitted by the developing countries to the Committee on Invisibles and Financing related to Trade at its fifth session and transmitted by that Committee to the Conference.<sup>15</sup> That draft resolution not only urged the adoption of the measures emerging from the secretariat studies but also suggested a number of additional measures to improve the terms and conditions of insurance and reinsurance services obtained abroad by the developing countries and to extend the participation in international transactions of the developing countries' domestic insurance markets.

26. There was general agreement that in view of the significant role of insurance in the process of economic development, the establishment and strengthening in each developing country of a sound and efficient insurance market was an important objective.

27. Referring to the draft resolution, the representatives of developing countries stressed the necessity for

a comprehensive approach to insurance problems, which would translate into practical action the recommendations adopted by the Conference at its first and second sessions; they urged the adoption of the draft resolution, which embodied such a comprehensive policy, in order that the aspirations and needs of the developing countries should be better met, taking due account of their particular economic circumstances.

28. In that connexion the representative of one developing country stressed the importance of dealing with insurance problems simultaneously at the institutional, legal, technical and commercial levels and insisted on the need for technical assistance and regional co-operation. The representative of another developing country insisted that nothing in the draft resolution was incompatible with the international character of insurance and reinsurance. In fact, even countries which had established a single State-owned body to transact all insurance operations in the country were experiencing the need to broaden considerably the network of their international contacts and to seek international co-operation in insurance.

29. As to the role which the developed countries should be asked to play, the representatives of some developing countries referred to the request in the draft resolution that the developed countries should provide active support not only in the technical assistance field—where their continued co-operation was assured—but also in other ways, for example, by encouraging foreign aid donors and investors to place insurance cover in the developing country concerned instead of in their own country.

30. The representative of a socialist developing country in Asia pointed out that over a long period of time the insurance institutions of certain foreign countries had control over the insurance markets in a majority of Asian, African and Latin American countries and at the same time derived large profits from these activities, thus seriously affecting the economic development of the latter countries. His Government resolutely supported the just struggle of the developing countries to exercise their sovereign rights, and to establish and develop their national insurance industry, and also supported their positive measures aimed at strengthening unity and mutual co-operation.

31. Representatives of the developed market-economy countries recalled the statements made by their delegations at the fifth session of the Committee on Invisibles and Financing related to Trade and emphasized the importance of the protection of policy holders as one of the basic goals of insurance and reinsurance legislation and supervision. They stated that while the draft resolution was a basis for negotiation, several paragraphs were not acceptable to them as they stood

<sup>9</sup> The Committee considered this item at its 2nd, 4th and 10th meetings.

<sup>10</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. III, Financing and invisibles...*

<sup>11</sup> TD/B/C.3/84 and TD/B/C.3/90 (United Nations publication, Sales No. E.72.II.D.4). (TD/B/393)

<sup>12</sup> TD/B/C.3/85/Rev.1 (United Nations publication, Sales No. E.72.II.D.9).

<sup>13</sup> TD/B/C.3/87 and Corr.1.

<sup>14</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395), chap. I, sect. A.*

<sup>15</sup> *Ibid.*, annex I, sect. A.

and would have to be either amended or referred to the permanent machinery of UNCTAD for further consideration, after appropriate studies had been completed by the secretariat, or even deleted altogether. One of these representatives said that, whilst accepting this general position, he would have to do so on an *ad referendum* basis and seek further instructions from his Government.

32. The representative of another developed market-economy country stated that the aspirations of the developing countries to expand and strengthen their domestic insurance markets might possibly be achieved in the context of their general social and economic policies. However, whether that would be the safest and surest means of achieving their objective might merit careful thought. If such policies were to result by any chance in the straining of efficient commercial relations with insurers of other countries, that would be likely to have unfavourable effects on the insurance markets of the developing countries themselves and could be self-defeating.

33. The representative of a socialist country of Eastern Europe expressed the view that domination by insurance companies of developed market-economy countries in most developing countries was a serious impediment to the development of the developing countries' economies. He supported the idea that Governments of the developing countries should take all the necessary legal and administrative measures to limit the activities of international insurance organizations of developed market-economy countries in order to minimize the outflow of foreign exchange. He added that the most constructive way of encouraging domestic insurance markets in developing countries was to strengthen the public insurance sector. He expressed the readiness of his country to render assistance to the developing countries in establishing and developing their domestic insurance markets. The representative of another socialist country of Eastern Europe stated that his country, as a socialist developing country, was ready to become a co-sponsor of the draft resolution.

34. The draft resolution transmitted to the Conference by the Committee on Invisibles and Financing related to Trade was referred to the contact group established by the Fourth Committee.

35. Following consultations in the contact group, a revised text of the draft resolution referred to in the preceding paragraph was submitted by the Chairman of the Committee (TD/III/C.4/L.10 and Corr.1).

36. Speaking on the revised draft resolution, the representatives of a developing and of a developed country participating in the International Conference of African, French and Malagasy States on Insurance Supervision stressed the positive results of the close co-operation established within this group of countries in the field of insurance, at the level both of insurance supervision and of the establishment of domestic insurance institutions in the developing member countries with the assistance of the developed one. The representative of the developed country declared that, judging by his country's experience, based on the co-operation

mentioned above, the new draft resolution met the needs of the developing countries in a realistic and useful manner.

37. The spokesman for the Group of 77, expressing the support of the Group for the revised draft resolution, referred to the preambular paragraph which had been submitted by his Group during the discussions in the Committee's contact group and which related to paragraphs 43 and 47 of the summary of conclusions of the study prepared pursuant to Economic and Social Council resolution 1568 (L).<sup>16</sup> His Group was seriously concerned that if the possibilities outlined in those two paragraphs were pursued, that would run directly counter to the objectives of the draft resolution before the Committee as well as to earlier UNCTAD resolutions on insurance, particularly as regards the strengthening of domestic insurance markets in developing countries. The Group of 77 had agreed to withdraw the proposed paragraph on the understanding, however, that it would be reproduced in the Committee's report.<sup>17</sup>

38. He recalled that the members of Group B had been unable to accept this preambular paragraph for the following reasons: first, because although the document was dated 30 March 1972, it had not received the analysis and consideration it merited; secondly, they had pointed out that the document contained only a summary of conclusions and that further documentation would be published in due course. Finally, they had stated that as the summary and the further documentation were to be considered by the UNCTAD Committee on Shipping at its second special session, in July 1972, it would be inappropriate to comment now, as such comments might prejudice the consideration of the report by that Committee.

39. At the request of the representative of the United Kingdom of Great Britain and Northern Ireland separate votes were taken on operative paragraphs 1, 3 (c) and 3 (e) of the revised draft resolution. At the request of the representative of Argentina these votes, and also a vote on the resolution as a whole, were taken by roll-call.

40. Paragraph 1 was adopted by 67 votes to 1 with no abstentions.<sup>18</sup>

<sup>16</sup> "Economic implications, in particular for developing countries, of the proposed convention on the international combined transport of goods" (E/5111), subsequently circulated to the Committee on Shipping at its second special session by a note by the UNCTAD secretariat (TD/B/C.4/97).

<sup>17</sup> The text which had been proposed by the Group of 77 reads as follows:

"Taking into account that [according to the summary of conclusions of] the study of the economic implications of the draft TCM Convention (E/5111) prepared for the Economic and Social Council [concludes that] marine cargo insurers in developing countries may well find that their business will be affected, with adverse repercussions on the balance of payments, should the said Convention be adopted or, in general, by the introduction of multimodal transport operations".

<sup>18</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Canada,

41. Paragraph 3 (c) was adopted by 67 votes to 1 with no abstentions.<sup>19</sup>

42. Paragraph 3 (e) was adopted by 71 votes to 1 with no abstentions.<sup>20</sup>

Central African Republic, Ceylon, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Guatemala, Guyana, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Japan, Khmer Republic, Libyan Arab Republic, Madagascar, Malaysia, Mongolia, Morocco, Netherlands, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Zaire.

*Against:* United Kingdom of Great Britain and Northern Ireland.

<sup>19</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Central African Republic, Ceylon, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Guatemala, Guyana, Hungary, India, Indonesia, Iraq, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mongolia, Morocco, Netherlands, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Union of Soviet Socialist Republics, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Zaire.

*Against:* United Kingdom of Great Britain and Northern Ireland.

<sup>20</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Central African Republic, Ceylon, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Guatemala, Guyana, Hungary, India, Indonesia, Iraq, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Mongolia, Morocco, Netherlands, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Union

of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Yugoslavia, Zaire.

43. At its 10th meeting the Committee decided, by 71 votes to none with 1 abstention,<sup>21</sup> to recommend the draft resolution as a whole (TD/III/C.4/L.10 and Corr.1)<sup>22</sup> for adoption by the Conference.

44. In explanation of vote the representative of a developed market-economy country said that he had abstained on the draft resolution as a whole, and voted against certain operative paragraphs, because they reflected an autarchic approach to questions of insurance which ignored commercial realities. The domestic insurance market could not be isolated from the international market and his delegation could accept neither those passages in the draft resolution which were at variance with his country's attitude to the question of the localization of technical reserves nor those which recommended the direction of private commercial interests—something to which his Government had always been opposed.

*Against:* United Kingdom of Great Britain and Northern Ireland.

<sup>21</sup> The result of the vote was as follows:

*In favour:* Algeria, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Central African Republic, Ceylon, Chile, China, Colombia, Cuba, Czechoslovakia, Denmark, Ecuador, El Salvador, Ethiopia, Federal Republic of Germany, Finland, France, Gabon, Ghana, Guatemala, Guyana, Hungary, India, Indonesia, Iraq, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Khmer Republic, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Mongolia, Morocco, Netherlands, Nigeria, Norway, Pakistan, Peru, Philippines, Poland, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, United States of America, Upper Volta, Venezuela, Yugoslavia, Zaire.

*Against:* None.

*Abstaining:* United Kingdom of Great Britain and Northern Ireland.

<sup>22</sup> See appendix I below.

### CHAPTER III

#### Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system

(Agenda item 16)<sup>23</sup>

45. In considering this item, the Fourth Committee had before it the following main reports by the UNCTAD secretariat: "Perspectives and problems in world shipping" (TD/102 and Corr.1),<sup>24</sup> "Implementation of international development strategy in shipping and

ports" (TD/103 and Corr.1),<sup>25</sup> *The regulation of liner conferences (code of conduct for liner conferences)* (TD/104 and Corr. 1-3),<sup>26</sup> "Promotional freight rates on non-traditional exports of developing countries" (TD/105 and Corr.1 and TD/105/Supp.1 and Corr.1), *Multinational shipping enterprises* (TD/108/and Corr.1

<sup>23</sup> The Committee considered this item at its 5th to 9th and 11th meetings.

<sup>24</sup> See *Shipping in the seventies* (United Nations publication, Sales No. E.72.II.D.15) (TD/177), part one.

<sup>25</sup> *Ibid.*, part two.

<sup>26</sup> United Nations publication, Sales No. E.72.II.D.13 and corrigendum (TD/104/Rev.1 and Corr.1).

and TD/108/Supp.1 and Corr.1)<sup>27</sup> and the *Review of maritime transport, 1971*.<sup>28</sup> Other basic documents regarding the item were "A code of conduct for the liner conference system: communication from the Government of the Netherlands" (TD/128 and Corr.1) and "Report of the Working Group on International Shipping Legislation on its third session" (TD/B/C.4/93 and Corr.1). (See also appendix IV to this report.)

46. The representative of the Secretary-General of UNCTAD, in opening the discussion, referred to the uncertainties facing world shipping, and especially to the difficulties of developing countries. In particular, he mentioned rising freight rates and the declining share of developing countries in world tonnage. Credit difficulties had contributed to this decline.

47. In this respect the OECD Understanding on export credits for ships had had an adverse impact, and it was not certain that this would be corrected by the recent clarification made by the signatories to the Understanding.

48. The technological change that was taking place, he added, affected both developing and developed countries. In that connexion he drew attention to a preliminary statement which had been submitted to the Committee on Shipping at the first part of its fifth session.<sup>29</sup>

49. Referring to measures of support for shipping in both developed and developing countries, he observed that public intervention in the economy was widespread in both developing and developed countries. He drew attention to the report by the Secretary-General of UNCTAD entitled "The International Development Strategy in action: the role of UNCTAD" (TD/99 and Corr.2) which, *inter alia*, referred to the billions of dollars of Government support given to agriculture and manufacturing in OECD countries.

50. Concerning the regulation of liner conferences, he drew attention to the UNCTAD secretariat report on the liner conference system which had been submitted to the Committee on Shipping at its fourth session.<sup>30</sup> The Committee on Shipping had decided unanimously to transmit it to its Working Group on International Shipping Legislation which, at its second session, in February 1971, had recognized the need for internationally acceptable rules of conduct for liner conferences.<sup>31</sup> The report of the secretariat had clearly been accepted by the Committee on Shipping and the Working Group on International Shipping Legislation as definitive and final.

<sup>27</sup> United Nations publication, Sales No. E.72.II.D.17 (TD/108/Supp.1/Rev.1).

<sup>28</sup> United Nations publication, Sales No. E.73.II.D.2.

<sup>29</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 3* (TD/B/347), annex III.

<sup>30</sup> *The liner conference system: report by the UNCTAD secretariat* (United Nations publication, Sales No. E.70.II.D.9).

<sup>31</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 3* (TD/B/347), annex VI, appendix I, sect. B.

51. He stated that there was general agreement on the need for a code of conduct for liner conferences, as was evidenced by the fact that the Governments of the countries members of the Consultative Shipping Group (CSG) had resolved in February 1971, that such a code be drafted by the Committee of European National Shipowners' Associations (CENSA) in consultation with Western European shippers' councils. That code (see TD/128 and Corr.1), endorsed by the members of the CSG and generally agreed upon by the Western European shippers' councils, had been recommended to shipping lines members of CENSA for implementation. However, the shipowners and shippers of one of the CSG countries had not yet endorsed the code, while certain of its clauses were still subject to negotiation with Western European shippers' councils. He said that the decision of the Governments of the countries members of the CSG to formulate a code might be regarded as an attempt to forestall the formulation of a truly internationally acceptable code.

52. In conclusion, the representative of the Secretary-General of UNCTAD observed that the progress achieved from the time of the unanimous adoption by the Conference in 1964 of recommendation A.IV.22 (Common Measure of Understanding on Shipping Questions) to that of the consideration of a code of conduct for liner conferences, which was the principal task the Conference had set for itself in adopting item 16 of its agenda, indicated that international co-operation could be effective.

53. At the Committee's seventh meeting the representative of the Secretary-General of UNCTAD stated that, despite repeated invitations by the secretariat, CENSA had, unlike many other organizations concerned with shipping, declined to apply for consultative status with UNCTAD. CENSA had been invited by the secretariat, as an exceptional measure, to be present at the Conference because of its obvious interest in the matter under discussion.

54. The spokesman for the Group of 77 thanked the UNCTAD secretariat for its interesting and comprehensive reports, which he said would greatly help the deliberations of the Conference. Referring to the progress achieved since the second session of the Conference at New Delhi, he stated that the general acceptance of the right of developing countries to develop their national merchant marines by whatever means were appropriate constituted an important advance. Similarly, the establishment of the UNCTAD Working Group on International Shipping Legislation and its work on bills of lading and on a draft code for regulating liner conference practices were achievements worthy of mention. The third session of the Conference could be a starting point for useful discussion and action in fields where no concrete results had so far been achieved.

55. Agreement had been reached among the developing countries, he added, on the various issues before the Conference, such as the development of merchant marines of developing countries, the question of freight rates, the development of ports, technological change in shipping and, more importantly, the regulation of liner conferences. The principles of this agreement were

embodied in the Declaration and Principles of the Action Programme adopted by the Second Ministerial Meeting of the Group of 77 at Lima on which developing countries would base their position during the Conference.

56. He added that if the objectives of the Second United Nations Development Decade in the matter of shipping were to be achieved, it was essential that the terms and conditions of financing for the acquisition of new and second-hand ships by developing countries should be improved. So far, the efforts of developing countries to obtain a revision of the OECD Understanding on export credits for ships had failed. The developing countries considered it necessary that the Understanding should be revised and that international financial institutions should provide funds to developing countries on softer terms.

57. In this regard the spokesman for the Asian Group of the Group of 77 added that the lack of progress, so far, in the development and expansion of merchant marines of developing countries had been disappointing and disturbing. The share of developing countries in the world merchant fleet had declined from 7.8 per cent in 1965 to 7.4 per cent in 1971, while their share in tonnage on order had declined from 7.7 per cent in 1968 to 4.5 per cent in 1971.

58. In addition, the spokesman for the African Group of the Group of 77 pointed in particular to the slow expansion of the merchant fleet of the developing countries of Africa during 1970. Of a total of 218 new and second-hand vessels acquired by all developing countries in that year, only 41 had been for developing countries in Africa. Of these, only three were new deliveries, while 38 were second-hand vessels.

59. The spokesman for the Group of 77 also laid emphasis on the need for increasing financial and technical assistance to enable the developing countries to establish and develop their shipping industries and continue the development of their ports. The need was especially great for the least developed among the developing countries.

60. The spokesman for the African Group of the Group of 77 said that other measures which were needed in order to assist developing countries in this field and on which agreement had been reached during the Second Ministerial Meeting of the Group of 77 in Lima, included the establishment of multinational shipping enterprises on a regional or subregional basis, the creation of ship-building and ship-repairing facilities and the strengthening of consultation machinery.

61. The spokesman for the Group of 77 stated that freight rates continued to be a serious preoccupation for developing countries. The general and constant increases in liner freight rates hindered these countries' efforts to expand exports, increased the cost of imports, and had highly adverse effects on their economies. The disappointing progress achieved in the application of promotional freight rates for non-traditional exports of developing countries was of particular concern. He urged that, as far as possible, vulnerable exports of developing countries should be sheltered

from general increases in freight rates and that freight rates on exports which shippers, Governments and other interested bodies in developing countries considered unduly high should be revised as a matter of urgency. Measures needed to be taken to ensure that freight rates remained stable as long as world trading conditions permitted.

62. The spokesman for the African Group of the Group of 77 stated that the problem of freight rates was aggravated by the fact that shipping lines and shippers in developing countries could not influence conference decisions on freight rates and by the secrecy surrounding the basis for such decisions. The problem was even more serious for some countries in Africa which did not have a national merchant marine.

63. In that connexion the spokesman for the Asian Group of the Group of 77 urged the UNCTAD secretariat to expedite the completion of its study on the relation between changes in the cost of maritime transport and changes in freight rates, which would shed light both on price-setting by the conferences and on the interrelation between increases in total costs, the components of total costs, and the profitability of liner shipping.

64. Referring to the development of ports, the spokesman for the Group of 77 noted that considerable efforts had been made by developing countries to improve port facilities. However, freight rates from ports where efficiency had been improved had not been reduced. It was essential that efforts to improve ports should continue and that shipping companies and conferences should co-operate with the authorities in developing countries to that end, and that reductions in shipping costs incurred in ports as a result of such improvements should be reflected in freight rates.

65. He observed that technological development in shipping, and especially the introduction of containerization, had been realized at enormous cost, the economic justification of which had been questioned on many occasions. The application of technological changes in shipping should be extended to developing countries stage by stage and in a manner which would permit the orderly expansion of their trade while not affecting adversely those developing countries which were not in a position to adopt them. For that reason, developing countries considered that it would be against their interests to precipitate the adoption of the draft convention on the international combined transport of goods (TCM Convention). A sufficient number of developing countries should first have adopted and gained experience in unitized transport.

66. On the regulation of liner conferences, the spokesman for the African Group of the Group of 77 said that the need for regulation arose, *inter alia*, from the necessity to eliminate all unfair and discriminatory practices and to stop the unilateral and arbitrary imposition of increases in freight rates by conferences. Even when national shipping lines of developing countries were members of conferences, experience showed that they were unable to influence conference decisions.

67. The need for regulation of liner conferences was by now universally recognized, as was witnessed by the resolution unanimously adopted by the UNCTAD Work-

ing Group on International Shipping Legislation at its third session, transmitting to the Conference for its consideration preliminary drafts of a code of conduct for liner conferences.<sup>32</sup> It was also witnessed by the decision taken in February 1971 by developed countries members of the CSG to formulate a code of conduct based on self-regulation.<sup>33</sup> That decision had been implemented through the formulation of the CENSA code, which had already been partially put into operation by a number of conferences. The deficiencies and omissions in this code were thought by the Group of 77 to be obvious, and there was no need to elaborate on them, since they had clearly pointed out their position in this respect at the third session of the UNCTAD Working Group on International Shipping Legislation.

68. The developing countries considered that if a code of conduct was to be internationally acceptable, it should be fully discussed by the Governments concerned which should consult other interested parties. It should also provide for an adequate and appropriate form of modification of the structure of liner conferences, taking into account the particular characteristics of international trade, and should have binding force.

69. The spokesman for Group B, in his opening statement, stressed the importance of the proper functioning of shipping services for the fulfilment of the aims of UNCTAD. The problems faced by world shipping were complex and could be solved only through mutual understanding and co-operation.

70. The task of the Conference at its third session was to discuss ways and means of implementing the International Development Strategy for the Second United Nations Development Decade, which set out the principles for the evolution of shipping on a world-wide basis. In that connexion the countries members of Group B had accepted among other things the principle that the share of developing countries in the carriage of cargoes generated by their foreign trade should increase and that those countries should be enabled to expand their national and multinational merchant marines through the adoption of measures which would permit them to compete in the international freight market.

71. He pointed out that some steps towards implementing the International Development Strategy in respect of shipping had already been taken, although less than one and a half years of the Second Development Decade had elapsed. For example, in the field of liner conferences a code of conduct had been prepared by CENSA and accepted by a considerable number of conferences. Other ideas would be discussed at the present Conference. The traditionally maritime countries had considerable technical, economic and administrative expertise, which they would gladly share with the developing countries. However, Group B thought that the developing countries also had a role to play in implementing the International Development Strategy with respect to shipping and ports, and it was for each

of them to decide the appropriate level of shipping activity in the context of their particular circumstances.

72. Referring to the formulation of an internationally acceptable code for regulating liner conference practices, the spokesman said that the countries of Group B were prepared to participate in constructive discussions on such a code, although proposals suggesting fundamental changes in the essentially commercial character of shipping would cause great difficulty.

73. They were also ready to consider proposals which were realistic, commercially possible and appropriate regarding the determination and adjustment of freight rates. They would continue providing technical assistance to developing countries in such fields as port development, cargo handling and training, so as to help in a reduction of maritime transport costs.

74. With regard to technological development in shipping, the spokesman for Group B said that the benefits of unitization had so far been realized in countries possessing adequate economic, technical and administrative resources. These countries had also borne the risks involved and suffered any resulting losses. However, systems of unitization existed which did not involve heavy investments, and which developing countries could adopt. It was therefore a question of finding the proper methods for each trade so that developing countries could participate in this evolution at a pace appropriate to their circumstances.

75. He stated that the countries of his Group could make a considerable contribution to the developing countries in the form of know-how in respect of the establishment of multinational shipping enterprises. The proposals contained in the secretariat's report on this subject (TD/108 and Corr.1 and TD/108/Supp.1 and Corr.1)<sup>34</sup> would assist the Conference in its discussions.

76. Finally, he expressed the hope that discussion in the Fourth Committee would be constructive and that the Conference would treat the problems it faced judiciously and with consideration for the interests of all parties, so that real progress in implementing the International Development Strategy could be achieved. If they concentrated on subjects where a common understanding seemed possible, rather than on those where fundamentally different views existed, the deliberations of the Conference could be successful.

77. The representative of a socialist country of Eastern Europe commented on the trend reflected in the unprecedented growth of the world's merchant shipping. In his opinion the expansion of fleets had been uneven between particular groups of countries, the higher rate of growth having been achieved by countries not participating in financing but merely offering a convenient market for the export of capital from the most advanced capitalist countries. He pointed to another trend in shipping, which was the move towards bigger tankers and bulk carriers as well as bigger shipping companies. The theory of "potential economies of scale", he believed, should in the long run be reflected in transport

<sup>32</sup> See TD/B/C.4/93 and Corr.1, annex I.

<sup>33</sup> TD/B/C.4/L.69.

<sup>34</sup> See footnote 27 above.

costs. The concentration occurring in the field of shipping, through recent mergers in the developed market-economy countries, had serious consequences for developing countries now entering that field.

78. This representative also emphasized the role of UNCTAD's activities, particularly in the field of international shipping legislation. He expressed the hope that the work of the Conference would lead to agreement on a set of rules for the conduct of liner conferences. These rules should eliminate the discriminatory practices of the conferences and their cartel functions. They should not merely be a means for self-regulation. The rules should be approved and put into practice with the participation of Governments.

79. The representative of another socialist country of Eastern Europe pointed out that the distribution of world shipping tonnage between the different groups of countries had not improved since the second session of the Conference: the share of both the socialist and the developing countries had remained practically unchanged, and had even fallen slightly between 1969 and 1971. His country, as well as other socialist countries of Eastern Europe, could not therefore be considered as belonging to the group of countries supplying services in the field of international shipping.

80. The socialist countries, he said, like many developing countries, were faced with a number of difficulties arising from monopolistic practices and from discrimination. Nevertheless, they were furnishing assistance to developing countries in regard to the transportation of goods by sea and the development of shipping in general. Such assistance was part of their general policy of helping developing countries to build up their economies, as outlined in the declaration made by a group of socialist countries (TD/154),<sup>35</sup> a policy primarily designed to develop the most important key branches of the developing countries' economies. Its importance had been emphasized in the UNCTAD secretariat report (TD/112 and Corr.1).

81. The same representative said that his country, as well as other members of CMEA, had taken steps to promote intergovernmental co-operation in the field of shipping and to co-ordinate shipping policies. A number of intergovernmental agreements had been signed and other agreements were in preparation. Those agreements were designed to promote the development of international shipping on the basis of the principle of freedom of navigation and provided for increased co-operation between governmental bodies responsible for shipping.

82. The following sections refer to statements made with regard to specific topics under agenda item 16.

#### A. Code of conduct for the liner conference system

83. The Committee considered this topic at its fifth to eighth meetings.

84. Introducing a draft resolution submitted by the Group of 77 (TD/III/C.4/L.2 and Corr.1) to which

a draft code of conduct for liner conferences was annexed, the spokesman for that Group referred to the history leading to the preparation of the draft code. The notion of a code of conduct for the regulation of liner conferences, he said, had originated in developed countries and in particular in the traditional maritime countries. The idea had subsequently been accepted by the Group of 77 which considered that UNCTAD was the representative and proper forum in which to elaborate an international code of conduct for the liner conference system, for discussion at a governmental level.

85. In elaborating the draft code of conduct for liner conferences developing countries had taken into account many of the ideas contained in the UNCTAD secretariat's report, *The regulation of liner conferences* (TD/104 and Corr.1-3), as developed in the two draft codes transmitted to the Conference by the UNCTAD Working Group on International Shipping Legislation.<sup>36</sup> Since then the developing countries had combined their views in a single draft code, which they had been unable to do during the third session of the Working Group owing to lack of time.

86. The spokesman for the Group of 77 placed special emphasis on a number of points he regarded as important. First of all, he stated that developing countries were convinced that a code of conduct should take into account the different characteristics of developing countries with regard to maritime transport and make provision for special treatment for those countries. In that way, a code of conduct would contribute to their economic development.

87. Likewise, its provisions should not be confined to the regulation of relations between liner conferences and shippers and to ways of overcoming the difficulties which had prevented the national shipping lines of developing countries from participating in certain conferences, but should also deal with basic aspects of the liner conference system, such as the admission of new members and the terms of membership.

88. He also mentioned that developing countries attached great importance to the establishment of principles and criteria with a view to modifying the system for determining freight rates and surcharges.

89. Another important aspect of the draft code was the provision for intervention by governmental authorities in regulating liner conferences and shipping. Developing countries also attached great importance to the establishment of a system of arbitration that would permit the satisfactory solution of disputes between shippers and shipowners.

90. He concluded that enough preliminary work had been done on the preparation of an international code of conduct for liner conferences, and it should therefore be possible to convene, early in 1973, a conference of plenipotentiaries for the adoption of a convention.

91. The representative of a developing country in Latin America said that the draft code of conduct of the Group of 77 contained positive provisions regarding

<sup>35</sup> See annex VIII, G below.

<sup>36</sup> See TD/B/C.4/93 and Corr.1, annex I.

the participation of merchant fleets of developing countries in world shipping. It was important that the Governments of developing countries should be an active party in liner conferences.

92. The representative of another developing country in Latin America said that the draft code emanated from the common experience, which was often bad, of developing countries in shipping and it was endorsed by more than two thirds of the countries members of the Conference. It was important that the code which emerged from negotiations should establish more equitable conditions in world shipping.

93. The spokesman for Group B, speaking on behalf of all the members of his Group, declared that their Governments fully supported the preparation of a world code, to be agreed to by Governments in UNCTAD and universally acceptable to liner conferences and shippers. That would not be an easy task and he referred to the two years of intensive preparatory work by governments, shipowners and shippers which had been required for the completion of the code elaborated by CENSA (TD/128 and Corr.1). Full examination over a period, in consultation with the commercial interests concerned, was essential if a world code was to be effective. Otherwise, the code might actually hamper the movement of cargo, to the detriment of all countries alike.

94. From an initial examination of the draft code submitted by the Group of 77, he added, it was evident that agreement existed between the two groups on certain points. For example, there was general agreement on the inclusion of provision for consultation and on the need to provide the conference lines with a reasonable return on their investments.

95. There were, however, major areas of disagreement. Thus, Group B considered that a code of conduct for liner conferences was not the proper place in which to give priority to the interests of one group over another, and thus provide for special preferences to be accorded to the shipping industries of developing countries. His Group was also opposed to the allocation of cargoes in fixed proportions by flag and to the type of arbitration envisaged in the draft code. The international arbitration envisaged would be costly and time-consuming and would entail the difficulty of establishing workable and acceptable criteria for the arbitrator, particularly where the interests of one country clashed with those of another. The draft code listed no such criteria for the arbitrator. Further, even when pertinent national legislation existed, it would be difficult to decide whether particular issues should be resolved through arbitration, by that legislation or by possible government decision.

96. The spokesman for Group B further stated that all the countries in his Group were agreed that there was a role for Governments to play in relation to a world code. Some of the Governments in his Group had already sponsored the code prepared by CENSA, on which they were maintaining a close watch. Some countries of Group B believed that Governments should not be precluded from intervening in respect of practices harmful to the public interest. All of them considered that day-to-day commercial activities of liner

conferences or their relations with shippers should not ordinarily be subjected to government intervention, since this led to conflicts of national interests.

97. The Governments of countries members of Group B, their spokesman continued, believed that a code should be sufficiently flexible to allow conferences to meet the particular situation of each trade, while providing a common base for the regulation of their operations. Too detailed a code could hamper the movement of trade. It should provide the framework within which each liner conference would determine, in close consultation with the appropriate interests in the countries it served, detailed provisions for the code's implementation. Countries members of Group B were, however, ready to consider constructively whether and in what manner Governments could be concerned with the implementation of a code without harming the efficient commercial functioning of conferences.

98. The Governments of countries in his Group were ready to participate in the preparation of a world code and proposed that the Conference should set out to reach agreement on matters that should be covered by a world code. Where agreement could not be reached, the differences should be remitted for further consideration and guidelines for this purpose should be established.

99. Many representatives of countries members of Group B supported the statement made by their spokesman. Some of these representatives elaborated further on certain problems which, they stated, arose from the draft code annexed to the draft resolution.

100. One of these representatives said that the principles on which a universally acceptable code should be based should take full account of international trade and economic development. Others said that in the formulation of such a code, it was essential that the commercial interests concerned, i.e. conferences and shippers, should be consulted at every stage.

101. Referring to the objectives of expanding and diversifying the trade of developing countries and of promoting the national lines of developing countries, which were contained in the draft code submitted by the Group of 77, several representatives of Group B countries explained that, although these objectives were in accordance with the principles of UNCTAD and the objectives of the International Development Strategy in the matter of shipping, to which their countries fully subscribed, they did not think they should be achieved through a code of conduct for liner conferences. They were prepared to discuss these problems and co-operate in solving them, but not in the context of the regulation of liner conferences.

102. Explaining the opposition of his Government to the idea contained in the draft code of promoting national shipping lines of developing countries through cargo-sharing arrangements between fleets of trading countries and with third carriers on the basis of fixed proportions by flag, one of these representatives said that such a practice ran counter to the principle of a liberal shipping policy and by harming the orderly expansion of world trade was in conflict with the aims and ideals of UNCTAD itself. Cargo-sharing formulae

also overlooked differences in number, size, type and speed of vessels and considerations of costs and adequacy of vessels. Another of these representatives thought that such matters could be settled better by the members of conferences in their agreements.

103. In the latter connexion, the representative of one developed market-economy country recognized that inter-line pooling arrangements often had similar effects to those of formal governmental cargo-sharing requirements and therefore it was logical to consider all of the various means of controlling cargo as a single subject. That subject had received inadequate attention at the international level and he believed therefore that high priority should be given to studying the question in depth in order to establish acceptable rules and criteria.

104. Another representative, while underlining the role of Governments in relation to a world code and mentioning decisions recently taken by the Parliament and a governmental authority in his country, pointed out that there were, nevertheless, limits to that role. In this respect, the draft proposed by the developing countries went beyond those limits. On the other hand, he would not be opposed to seeing somewhat more of the role of Governments in a world code than appeared in the code prepared by CENSA.

105. Representatives of some Group B countries referred to the question whether the code should be enforced in the form of an international convention or in that of a set of rules to be accepted by conferences and form part of shipping contracts. International conventions, they said, were rigid documents, requiring several years to amend in response to changing needs. On the other hand, the representative of one member of Group B said that if conferences were left free to decide whether or not to adhere to a code of conduct, then neither its enforcement nor its uniform application could be secured. His Government subscribed to certain of the arguments in the secretariat's report on the regulation of liner conferences in favour of an international convention, and found this solution attractive provided that the inherent difficulties, such as the slow procedure for implementation and the access of some shipowners to a non-signatory flag, could be overcome. Another representative said that the matter could be decided only after the form of the code itself was known.

106. With regard to the settlement of disputes, most of the representatives of countries members of Group B who spoke on this topic agreed that this should be based mainly on consultations between shipowners and shippers. They were against government participation in consultations since it might lead to conflicts, with each Government pursuing its own interest. In most cases where consultations were unsuccessful they advocated conciliation through a neutral third party.

107. The representative of one developed market-economy country stated that the system of arbitration proposed in the draft code created a number of problems such as the need for adequate guidelines for ensuring the consistency of awards while at the same time attaining sufficient flexibility to allow for the particular circumstances in each trade. Recourse to arbi-

tration should not be so easy and cheap as to encourage its abuse by plaintiffs. Furthermore, judgement of whether an arbitration award had been enforced would involve either further arbitration or recourse to national courts or regulatory bodies, with a risk to the impartiality of the system or of clashes of jurisdiction. Finally, safeguards were required against partiality or misinterpretation of the rules by the arbitrators.

108. Regarding admission to conferences, the representative of a Group B country firmly believed that open conferences were one of the most effective safeguards of fair competition and of ensuring quality and adequacy of service combined with low freight rates. His delegation was disappointed that the draft code submitted by the Group of 77 did not adhere to the principle of open conferences and did not provide a third country line which had been refused entry into a conference any means of recourse against such a decision, as had originally been proposed in the secretariat report on the regulation of liner conferences.

109. The representative of another developed market-economy country expressed misgivings regarding the time limits envisaged in the draft code of the Group of 77 for freight increases by conferences, the proposals for ending the averaging of freight rates, and provisions in the draft code which did not strike a sufficient balance between the interests of shipowners inside and outside conferences and of loyal shippers. On the other hand, he said, the Group of 77 and Group B were in complete agreement on matters such as the need for adequate financial information and reports from the conferences, for self-policing provisions, for rules for dispensation and for freight adjustments in response to currency adjustments.

110. The representative of another developed market-economy country proposed that the preparation of a code should be referred to the next regular session of the Committee on Shipping, by which time experience would have been gained of the operation of the CENSA code.

111. The representative of one of the CSG countries, referring to the remarks made by the representative of the Secretary-General of UNCTAD in his opening statement concerning the non-acceptance of the CENSA code by the conferences based in his country, said that this was due to the fact that no agreement had so far been reached between the organization representing shipowners and that representing shippers on certain matters, especially the question of recourse when consultations between shippers and conferences failed to resolve their problems, including those concerning freight rates. Consultations between these organizations in his country would resume at an appropriate moment. His Government took the view that before any code of conference practices could be put into operation the shippers and the shipowners must reach complete agreement on the content of the code.

112. The spokesman for the Group of 77, commenting on some of the principal points in statements made by members of other groups, said that developing countries had taken due note of the views and remarks on their draft code of conduct, and particularly of the

differences of opinion among Group B countries. For instance, he mentioned that some of those countries were prepared to discuss the matter at the current session of the Conference, while others proposed postponement until the next regular session of the Committee on Shipping, the date of which had not yet been fixed.

113. Referring to differences of opinion between the Group of 77 and Group B, he noted that the latter believed that, prior to formulating a universally acceptable code, it was necessary to await the results of the application of the CENSA code.

114. He pointed out that the CENSA code had originated in a small group of developed countries, which carried most of the world's maritime cargo, without any participation by shipowners, shippers or Governments of developing and of other countries.

115. The CENSA code was deficient and had such shortcomings as to make the world "code" inappropriate. For example, it did not provide for impartial solution of disputes, since shipowners members of conferences would ultimately take all decisions in that respect. Furthermore, the pressure exercised on developing countries and conferences to accept the CENSA code was inconsistent with the declared consensus on the need for a universally acceptable code, and it did not contribute greatly to the successful outcome of the Conference.

116. Commenting on criticisms of the draft submitted by the Group of 77 he stated that provisions regarding the problem of membership and share of cargo—both of which were of undeniable importance to developing countries—should be included in the code since the existence of these problems had so often prevented participation of their national shipping lines in conference traffic. Moreover, the Group of 77 was surprised to hear such criticisms from countries which had a long history of cargo-sharing. It would be desirable to arrive at an international agreement, within the context of the code, on the principle of cargo reservation. He pointed out that developing countries were increasingly applying policies aimed at officially reserving shares of cargo for their own vessels.

117. He added that developing countries were pleased that there was unanimous recognition of the need for UNCTAD to devise a universally acceptable code of conduct for liner conferences.

118. The provisions of the draft code on the role of Governments were not meant to subject shipping to total government tutelage, but some degree of intervention—at least equal to that exercised in developed countries—was required to control oligopolistic practices of conferences which had frequently damaged the interests of developing countries. He emphasized that developing countries were not criticizing the conference system itself but merely trying to make it equitable and rational.

119. The Governments of his Group were deeply concerned that Group B countries considered that the code was not the proper place for giving special priority to a particular group of countries, since the proposals of the Group of 77 had been drafted in accordance with

the International Development Strategy for the Second United Nations Development Decade.

120. Referring to the objections of Group B that provisions in the draft code supporting the legitimate claims of developing countries were discriminatory, the representative of a developing country in Africa said that the purpose of the draft code was to rectify the unfair and discriminating practices of conferences and also the imbalance between developed and developing countries.

121. The spokesman for Group B, replying to two of the remarks made by the spokesman for the Group of 77, declared that there was no intention whatsoever on the part of Group B to obstruct the evolution of a universally acceptable code. Indeed, they had repeatedly stated that the time had now come for this work to begin. So far as the question of priorities to developing countries was concerned, Group B was very ready to discuss these in UNCTAD but felt that an international code to regulate conference practices was not the proper instrument for the granting of preferences.

122. The spokesman for the socialist countries of Eastern Europe stated that UNCTAD was the proper forum to consider the code of conduct for liner conferences, on the basis of the draft code submitted by the Group of 77, the report of the Working Group on International Shipping Legislation on its third session and other relevant documents before the Conference. The countries in his Group were ready to participate constructively in working out such a code.

123. The representatives of socialist countries of Eastern Europe who made individual statements on this topic during the 5th, 6th, 7th and 8th meetings of the Committee emphasized the belief of their Governments that there was need for an internationally acceptable code of conduct for liner conferences. They agreed that UNCTAD was the proper forum for the formulation of such a code and expressed their willingness to participate constructively in activities to this end.

124. The representatives of some socialist countries of Eastern Europe said that the regulation of liner conferences was of great interest to developing countries, as well as to other countries participating in international shipping. Conferences should observe the well-known principles of fair practice, particularly in the trades of developing countries, take full account of the needs of shipowners and shippers and in particular of the needs of economic development. There were merits in the liner conference system in co-ordinating sea transport, but there were also negative aspects, such as restrictive and monopolistic practices, which should be eliminated. The need to regulate conference practices, said one of these representatives, arose also from the fact that conferences could dictate freight rates and affect the general economic and technical conditions in shipping.

125. Another of these representatives stated that a code of conduct for liner conferences should provide, among other things, for the efficient reappraisal of freight rates and for the adequate participation of developing countries in decisions by conferences. It should eliminate obstacles to the admission of national shipping lines of developing countries into conferences.

126. Referring to the declaration by a group of socialist countries (TD/154), one of these representatives stated that these countries, like the developing countries, wished to see the elimination of the negative aspects of the activities of the liner conferences of the capitalist countries (their closed nature, loyalty contracts, etc.) and were in favour of liner conferences operating on a non-discriminatory basis. He made a number of comments on the main topics of the draft code of conduct. First, conferences should be open to shipping lines of all interested countries. National companies should have a certain priority in transporting their country's goods and third countries should have equal opportunities for participating in the transport of goods not shipped by national lines. Secondly, Governments had a key role to play in considering the legality of the code of conduct, but the practical implementation of such a code and the settlement of disputes did not lie within their purview. Thirdly, it should be clearly determined which questions pertaining to the commercial activities of shippers and shipowners were covered by regulation without the participation of public authorities. Finally, his Government did not favour international or regional arbitration, which would increase the total cost of maritime transport.

127. The representatives of socialist countries of Eastern Europe who spoke on this subject stated that the formulation of a code of conduct for liner conferences should be negotiated, approved and put into practice by all countries concerned with the participation of Governments so that it would be internationally acceptable and operate without detriment to the interests of any country. Such a code, one of them said, would constitute a breakthrough in the development of the liner conference system.

128. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, fully supported the draft resolution (TD/III/C.4/L.2 and Corr.1) submitted by the Group of 77 and was ready to co-sponsor it. The representative of a socialist country of Asia stated that he attached great importance to the continuation of discussions on the basis of the draft resolution.

129. The draft resolution contained in document TD/III/C.4/L.2 and Corr.1 and the draft code of conduct for liner conferences annexed thereto were referred to the Contact Group established by the Fourth Committee. A summing up of the informal discussion which took place in the Contact Group was submitted by the Chairman of the Committee at its 11th meeting, and was subsequently circulated (TD/III/C.4/2). The Committee decided unanimously that the document should be annexed to this section of its report.

130. At the Committee's 12th meeting, the spokesman for the Group of 77, noting that the Contact Group had had insufficient time to reach agreement on the draft resolution and the draft code annexed thereto, proposed that they should be referred to the President of the Conference.

131. The spokesman for Group D supported this proposal and requested that account should also be

taken of the amendments to the draft resolution proposed by Group D (TD/III/C.4/L.15).

132. The spokesman for Group B also supported the proposal made by the spokesman for the Group of 77 on the understanding that the amendments of his Group (TD/III/C.4/L.16) would likewise be taken into consideration.

133. The Committee so decided.

#### ANNEX TO CHAPTER III, SECTION A

**An informal exchange of views on the draft code of conduct for liner conferences contained in the annex to document TD/III/C.4/L.2 and Corr.1.**

*A summing-up by Mr C. P. Srivastava, Chairman of the Fourth Committee (TD/III/C.4/2)*

1. An informal Contact Group was set up by the Fourth Committee to consider the draft resolutions submitted to the Committee. This summing-up relates to the informal discussion which took place in the Contact Group on the draft code of conduct for liner conferences annexed to the draft resolution (TD/III/C.4/L.2 and Corr.1) submitted by Indonesia on behalf of the Group of 77.

2. The Contact Group agreed that a universally acceptable code of conduct for liner conferences should be prepared and implemented as a matter of urgency. Accordingly, the Contact Group undertook a review of the draft code of conduct for liner conferences contained in the annex to the draft resolution. It was agreed that the discussion should concentrate on the structure and content of a code, although it was recognized that a discussion of the subjects which might be included in a code and their arrangement within it could not be separated from a general consideration of the subjects themselves. It was hoped that from the discussion there would emerge agreement on what subjects should be included in a code of conduct for liner conferences and in what form and detail, and what subjects, if any, might be excluded.

3. With regard to the structure of a code, the proposal of the Group of 77 is contained in the annex to document TD/III/C.4/L.2 and Corr.1. Groups B and D made their respective suggestions on this subject. For easy reference, the suggestions made by Groups B and D are set out in the appendix to this summary and compared with the subject headings contained in the annex to document TD/III/C.4/L.2.

4. With regard to the level of detail which would be appropriate for the code, Group B stated that it would be preferable for the code to contain provisions which were sufficiently flexible to permit varying characteristics of different trades to be taken into account in its specific implementation. The Group of 77, on the other hand, argued that it was necessary for the code to specify precise periods of time and other details, as otherwise conferences would have the final decision regarding the way in which the general principles should be applied in each conference agreement.

5. There was a detailed discussion on A (*Introduction: Objectives and principles*) as it was recognized that the objectives and principles of a code were fundamental to its character and to its effectiveness in regulating the activities of liner conferences. The countries members of the Group of 77 took the view that the code of conduct should be one of the instruments for implementing the International Development Strategy for the Second United Nations Development Decade and should therefore take into account the particular needs of developing countries and the objectives of developing countries in the field of shipping, as stated in the Strategy. They stated that their

countries needed special consideration to be able to stand on an equal footing with the developed countries. Without special measures such as the proposed code of conduct their countries would continue to suffer from the inequities of a system that had been established by the developed countries and to be handicapped in their efforts to develop their merchant marines and acquire an increasing and substantial share in the carriage of maritime cargoes, especially those generated by their own trade. They stressed the importance of the principle that the level of freight rates should be consistent with the trade objectives of developing countries. The notion of "non-discrimination" as conceived by Group B countries was meaningful between equals but not between non-equals.

6. The countries members of Group B stated that, in their opinion, the elaboration of the code was itself a contribution towards the fulfilment of the International Development Strategy and its implementation would benefit the developing countries. They stated that in their view the code, as a set of rules for regulating the day-to-day activities of liner conferences, was not the proper place for giving special treatment to the interests of any particular group of countries. The code must be universal and non-discriminatory in character if it was to be acceptable on a world-wide basis.

7. Group B thought that the introduction to the code should cover such questions as fair and non-discriminatory practices of liner conferences and the commercial criteria on which conferences were to operate, including the need to earn a reasonable return on the capital invested. However, they accepted the possibility of including a suitably worded paragraph on the need for the interests of developing countries to be taken into account in the operation of liner conferences.

8. In the view of Group D, the main objectives of the code were: (a) to promote the expansion of world sea-borne trade, (b) to promote the development of liner shipping; and (c) to ensure the balance of interests between suppliers and users of liner shipping services. They thought that the principle of "open conferences" and of non-discrimination should be stated. The principles underlying the code should take full account of the needs of international trade and economic development, in particular of developing countries.

9. On B (*Relations among member lines*) Groups B and D both made comments on the headings and on the arrangement of the subject matter in this section (see appendix).

10. On substantive matters, Group B stated that third-flag carriers should have an equal right of admission to liner conferences. Two countries of the Group argued for "open conferences". Group B countries stated that they were opposed to the inclusion of the subject of cargo-sharing in the code on the grounds that it would in effect permit the establishment of preferential treatment for certain groups of countries and that this was not appropriate in a regulatory code. They also took exception to any formula for cargo-sharing established on a flag basis.

11. Group D countries argued for "open conferences" but were not opposed to the inclusion of the subject of cargo-sharing in the code. While not prejudging the substance of the code in this regard, they stated that the code could deal with the following matters: (a) whether pooling agreements within conferences should be permitted or not, i.e. whether pooling agreements constituted an unfair practice; (b) who should determine the respective shares assigned to different lines; (c) the periodical review of cargo shares; and (d) the role of national shipping lines in the cargo shares, which could be more important than other shipping lines.

12. The Group of 77 maintained that membership of liner conferences should be open to the shipping lines of the countries whose trade was served but that other shipping lines might also be accepted by the conferences as members under certain

conditions. They took the view that the subject treated in paragraphs 7-12 of the draft code was essential to the code.

13. After listening to the points of view expressed by the other Groups, the Group of 77 expressed the belief that it should be possible to reach an agreement on cargo-sharing for inclusion in the code.

14. On C (*Relations with shippers*), Group B proposed, without objection from Group D, that there should be a new subject heading on "fair trading" to take account of the question of non-discrimination between shippers. Otherwise the structure of the section was acceptable to both groups (see appendix).

15. The main question discussed was whether it was appropriate for Governments to participate in consultations between conferences and shippers and, if so, whether such participation should be recognized as a right of Governments or whether it should be made mandatory upon them. Many of the Group B countries did not consider government participation appropriate. Others thought that there were circumstances in which government participation was appropriate but that it should not be made mandatory. Nevertheless, the Group B countries acknowledged that Governments had a role to play in the implementation of the code and were prepared to discuss the precise nature of that role.

16. Group D stated that Governments or governmental authorities should be allowed to participate in consultations if they so wished but that they should not be obliged to do so.

17. The Group of 77 stated that government participation was appropriate and even necessary in order to protect the public interest. In any case, government participation was an established practice in liner shipping. In their view, Governments had the right to participate in consultations between conferences and shippers and this right should be accepted. They agreed, however, that government participation should not be made mandatory.

18. The representative of China pointed out that the establishment of local conference representation in any country should be subject to the approval of the Government concerned.

19. With regard to D (*Freight rates*), Groups B and D both made comments on the headings and on the arrangement of the subject matter in the section (see appendix). Group B suggested that all references in this section to periods of time be summarized or consolidated in a new sub-section on "length of advance notice". Group D suggested that the clauses on arbitration in this section should form part of the subject of arbitration in section F (*Provisions and machinery for implementation*).

20. On substantive matters, Group B stated that shipping lines must be able to fix their rates in a way that would enable them to be commercially viable, i.e. to earn a reasonable return on their capital. While recognizing that shipping lines should consult and should provide certain information to shippers, Group B stated that in the final analysis shipping lines must fix their rates like all other commercial enterprises. For that reason, disputes concerning freight rates should not be subjects for arbitration. However, the members of Group B differed among themselves as to the appropriate role of Governments in relation to freight-rate changes.

21. Group B countries took the view that it might be impracticable to make provision in a world-wide code for a uniform period of advance notice of freight-rate increases for all trades. They stated that, while fully recognizing the need for and the importance of stability, they could not accept an unreasonably long minimum period for intervals between freight-rate increases because such rigidity might in certain circumstances have a crippling effect on the commercial operations of shipping lines.

22. Group B countries stated that they could support the inclusion of a heading on promotional freight rates in the code. They observed that such rates implied cross-subsidization and

should be applied judiciously to avoid discriminatory consequences. They stressed the need for flexibility in this connexion. With regard to surcharges, they emphasized that it was almost impossible to give advance notice in all cases. The code could set out general principles with regard to currencies. The subject of port-to-port rates needed more comprehensive study. Finally, Group B agreed that the complexity of tariffs should be kept to a minimum, and that the SITC/BTN (Standard International Trade Classification/Brussels Tariff Nomenclature) codes might usefully be indicated where appropriate.

23. Group D stated that rates fixed by shipping lines should ensure their commercial viability and should be related to the cost connected with the transportation of goods.

24. Group D said that conferences should not be obliged to give advance notice of freight-rate increases to Governments or governmental authorities. It might be sufficient for conferences to give notice to shippers and it would be up to shippers to keep the Government informed.

25. Group D shared many ideas of the Group of 77 on promotional freight rates, surcharges, currencies, averaging of freight rates and the classification of tariff rates. Group D proposed that this last subject be merged with the subject of "conference tariffs".

26. The Group of 77 stated that the concept of a reasonable return on the capital employed could not be defined in precise terms. On the other hand, the proposition contained in paragraph 31 of the draft code that freight rates "shall be fixed at as low a level as is commercially feasible consistent with the needs of the situation" was both objective and practical. They said that, in any case, the two concepts were not too far apart.

27. The Group of 77 took the view that specific procedures in connexion with freight rate increases were necessary and that the specification of periods of time for advance notice of freight-rate increases and for intervals between freight-rate increases was needed in order to protect their shippers from arbitrary and too frequent increases in freight rates. They stated that, if there was no provision for arbitration, conferences would simply consult shippers and then take the final decision on freight-rate increases. Thus the present situation would continue.

28. With regard to E (*Other matters*) Groups B and D both found the structure of this section, with some changes, largely acceptable (see appendix).

29. The representative of China pointed out that the establishment of the head office of a conference in any country should be subject to the approval of the Government concerned:

30. With regard to F (*Provision and machinery for implementation*) Groups B and D both made suggestions for the subject headings (see appendix).

31. On substantive matters, Group B stated that any dispute between conferences and shippers should first be resolved by consultation. Failing that, either of the parties concerned could seek conciliation with the participation of a neutral third party. A dispute might be referred to commercial arbitration provided that both parties agreed. The representative of one Group B country stated that the role of Governments in settling disputes could not be excluded and noted that his country had national legislation which specifically provided for it.

32. Group D agreed that any dispute between conferences and shippers should be dealt with in the first instance by consultation. If there was no agreement the next step should be conciliation. Neither in consultation nor in conciliation procedures should government participation be made compulsory. Group D stated that arbitration should be the last resort and that they were prepared to accept compulsory arbitration where appropriate. They did not exclude government participation in this connexion.

33. The Group of 77 could not agree that disputes not re-

solved by consultation and conciliation should be referred to arbitration only if both parties to the dispute agreed. In practice, this would mean that conferences would use only consultation and conciliation procedures and would act as the final arbiters when consultation or conciliation failed. While not entering into a detailed discussion of the appropriate roles of international arbitration, local arbitration and government decision when disputes arose, the Group of 77 noted that, if no agreement was reached on the possibility of compulsory arbitration, more and more developing countries would be obliged to enact the necessary legislation and act by government decision to protect themselves.

34. With regard to G (*Transitional arrangements*) Group B proposed changing the heading to "Application of the code" (see appendix). The content of the paragraph under this heading was not discussed.

35. There was also a discussion on the form which an agreed code of conduct for liner conferences should take. Group B countries took the view that adopting the code in the form of an international convention would be a time-consuming and cumbersome process because of lengthy ratification procedures in many countries. In addition, it would be inflexible because of the difficulty of amending international conventions of this type. They suggested adopting it in the form of an UNCTAD resolution or recommendation. The representative of one Group B country suggested looking at other possible legal forms for an international agreement, such as the executive agreement, which was commonly used in trade agreements and would give many countries the possibility of avoiding parliamentary ratification.

36. The Group of 77 stated that the code must be of a binding character if it was to be effective and that, for this reason, it should be adopted in the form of an international convention by a conference of plenipotentiaries to be convened by the General Assembly. They were convinced that a resolution or recommendation on a code would not be more effective or have a greater chance of implementation than many resolutions or recommendations adopted by UNCTAD in the past.

37. From the documents on a code of conduct for liner conferences submitted to the Conference at its third session, and the informal discussions held in the Contact Group, the following conclusions can be drawn:

(a) A universally acceptable code of conduct for liner conferences should be prepared and implemented as a matter of urgency;

(b) There is a wide area of agreement with regard to the subjects that should be covered by a code of conduct for liner conferences, as can be seen from the appendix;

(c) There is considerable disagreement on some important matters of substance, including (i) the objectives and principles of the code; (ii) membership and cargo-sharing arrangements; (iii) the role of Governments or governmental authorities in implementing the code, especially in consultation and conciliation procedures between conferences and shippers; and (iv) the question of compulsory arbitration;

(d) Work should continue without any delay to arrive at an agreed text for a universally acceptable code of conduct for liner conferences.

38. In conclusion, I wish to refer to the very constructive approach which all distinguished delegates have brought to bear on this very vital and important subject. The gains achieved so far at our meetings have been significant. Bearing in mind the views expressed by various distinguished delegates, and their conviction that in such a vital area it is necessary to evolve a universally acceptable code of conduct for liner conferences, there is every reason to hope that these expectations can be realized at an early date, ushering in a new era not only in liner shipping but also in international co-operation.

APPENDIX  
Comparative table

The suggestions made by Groups B and D are set out below and compared with the subject headings contained in the draft code of conduct for liner conferences submitted by the Group of 77 (TD/III/C.4/L.2 and Corr.1)

<i>Headings appearing in the draft code of conduct</i>	<i>Headings proposed by Group B</i>	<i>Headings proposed by Group D</i>
A. <i>Introduction: Objectives and principles</i>	A. <i>Objectives and principles</i>	A. <i>Objectives and principles</i>
B. <i>Relations among member lines</i>	B. <i>Relations among member lines</i>	B. <i>Relations among member lines</i>
I. Membership	I. Membership: (a) admission (b) disputes over admission (c) withdrawal (No provision)	I. Membership:
II. Share of trade and pooling	II. [Decision-making procedures]* (see I (c))	II. Share of trade and pooling
III. Decision-making procedures	III. Self-policing	III. [Decision-making procedures]*
IV. Sanctions	IV. Information from conferences	IV. Sanctions
V. Self-policing	V. Contents of conference agreements	V. Self-policing
VI. Conference agreements	VI. Existing agreements	VI. Conference agreements (Provision to go into section on implementation)
VII. Contents of conference agreements (No provision)		(No provision)
C. <i>Relations with shippers</i>	C. <i>Relations with shippers</i>	C. <i>Relations with shippers</i>
(No provision)	I. Fair trading: protection of shippers	I. Fair trading: protection of shippers
I. Loyalty arrangements	II. Loyalty arrangements	II. Loyalty arrangements
II. Dispensation	III. Dispensation	III. Dispensation
III. Publication of tariffs and related regulations	IV. Publication of tariffs and related regulations	IV. Publication of tariffs and related regulations
IV. Consultation machinery	V. Consultation machinery	V. Consultation machinery
V. Representation	VI. Representation	VI. Representation
D. <i>Freight rates</i>	D. <i>Freight rates</i>	D. <i>Freight rates</i>
I. Classification of tariff rates	I. Classification of tariff rates	I. Classification of tariff rates (incorporating E.4 of TD/III/C.4/L.2)
II. Questions of general freight rate increases	II. General freight rate increases	II. General freight rate increases
III. Promotional freight rates	III. Promotional freight rates	III. Promotional freight rates
IV. Surcharges	IV. Surcharges	IV. Surcharges
V. Currencies—devaluation, revaluation, rates of exchange, floating currencies	V. Currencies—devaluation, revaluation, rates of exchange, floating currencies	V. Currencies—devaluation, revaluation, rates of exchange, floating currencies
VI. Averaging of freight rates	VI. [Averaging of freight rates]*	VI. [Averaging of freight rates]*
VII. [Length of advance notice]*	VII. Length of advance notice	(No provision)

Comparative table (continued)

<i>Headings appearing in the draft code of conduct</i>	<i>Headings proposed by Group B</i>	<i>Headings proposed by Group D</i>
<b>E. Others matters</b>	<b>E. Other matters</b>	<b>E. Other matters</b>
I. Outside competition	I. [Outside competition]*	I. Outside competition
II. Head office of the conference	II. Head office of the conference	II. Head office of the conference
III. Adequacy of service	III. Adequacy of service	III. Adequacy of service
IV. Conference tariffs	IV. [Confereuce tariffs]*	(see D.I)
<b>F. Provision and machinery for implementation</b>	<b>F. Provision and machinery for implementation</b>	<b>F. Provision and machinery for implementation</b>
I. Arbitration—local or international	I. Resolution of disputes: (a) conciliation (b) arbitration	I. Resolution of disputes: (a) conciliation (b) arbitration
<b>G. Transitional arrangements</b>	<b>G. Application of the code</b>	<b>G. Transitional arrangements</b>

\* Indicates that the Group reserved its position on the subject heading.

## **B. Technological development in shipping—international combined transport of goods**

134. The Committee considered this topic at its 8th and 9th meetings. References to the subject were also made at other meetings of the Committee.

135. At the 8th meeting, a representative of a developing country introduced a draft resolution submitted by the Group of 77 (TD/III/C.4/L.3).

136. He pointed out that although a draft convention on the international combined transport of goods, known as the TCM Convention, was already in existence, it had been drawn up exclusively by developed countries, and that it had explicit and implicit dangers for the economic and trading interests of developing countries.

137. He added that for that reason developing countries requested in their draft resolution that the complete study requested in Economic and Social Council resolution 1568 (L) should be made available as soon as possible to Governments so as to enable the Committee on Shipping to consider the matter at its second special session, in July 1972. For the same reason, he said that developing countries should inform their respective regional economic commissions, before July 1972, of their position on a convention on combined transport. The regional economic commissions should in turn advise the Economic and Social Council accordingly.

138. He further mentioned that the Group of 77 was firmly convinced that UNCTAD should look beyond the immediate implications of the draft TCM Convention. Commenting on the desire of some developed countries to finalize such a convention at the forthcoming United Nations/IMCO Conference on International Container Traffic, he reaffirmed the objections to precipitate adoption of that convention already made by the spokesman for the Group of 77 and stated that for those reasons the draft resolution recommended that its adoption should be subject to the fulfilment of certain conditions, for otherwise the result would be a further disadvantage to developing countries in the

field of shipping, which was contrary to the principles and objectives of UNCTAD.

139. Referring in general to the problems of developing countries in the face of technological developments in shipping, the representative of a developing country in Latin America said that, owing to the policies followed by certain other countries, developing countries were not in position to adopt such technologies. For that would require not only heavy investments, which they could not afford, but also advanced know-how, which they did not possess.

140. Referring to technological developments in shipping, especially in liner shipping, the representatives of some developed market-economy countries said that remarkable progress had been achieved in this field. One of them pointed out, however, that uncertainties existed regarding the application and the economic effects of modern cargo-handling methods in shipping and ports and in the land leg of transport. Developments in container traffic and other fields should lead to higher efficiency and lower transport costs. He stated that uncertainties and indecision on the right policy toward technological progress existed in both developed and developing countries, but owing to the heavy investments often required the problems faced by developing countries were particularly acute.

141. Most representatives of countries members of Group B who spoke on this topic agreed that the adoption of an international convention on combined transport should not be delayed beyond the date envisaged and believed that the appropriate United Nations organizations should press on with the necessary preparations. One of these representatives said that he could not vote in favour of the draft resolution submitted by the Group of 77. Another said that his delegation, although it would prefer to adhere to the dates at present foreseen for the adoption of the convention, would approach the question with an open mind and hoped that additional arguments would be given by developing countries in support of their position.

142. Several representatives of developed market-economy countries stressed that, on commercial grounds,

such a convention was clearly needed in order to remove existing uncertainties and avoid in the future confusion in respect of carriers' liability. The proposed rules on liability were understood by one of these representatives to be more favourable to cargo-owners than the present rules. The convention would further provide for a negotiable through-bill of lading and deal with juridical and technical matters.

143. A number of representatives of developed market-economy countries said, however, that it was necessary for the economic and commercial, as well as legal, implications of the draft convention to be studied at the second special session of the Committee on Shipping before the convention was adopted.

144. The representative of a socialist country of Eastern Europe stated that technological developments in shipping, and in particular containerization, led to the creation of consortia in the developed market-economy countries. He shared the view expressed in paragraph 52-58 of the secretariat's report (TD/102 and Corr.1)<sup>37</sup> that these developments led to unprecedented monopolization of the freight markets.

145. The representative of another socialist country of Eastern Europe stated that his country, as a socialist developing country, fully supported the draft resolution submitted by the Group of 77 and was ready to co-sponsor it. The representative of a socialist country of Asia stated that his delegation attached great importance to the continuation of discussions on the basis of the draft resolution.

146. Subsequently, the spokesman for the Group of 77 stressed the great importance attached by his Group not only to the question of carriers' liability but also to many other aspects of the draft convention. If adopted in its present form, the draft convention could lead to higher insurance premiums, it might limit competition, it could give negotiating advantages to the combined transport enterprises over shipping lines and it might possibly affect domestic transport in countries which adopted it. He stated that the desire of developed countries to press on with the adoption of a convention on the combined transport of goods—an area where technological changes were constantly occurring—was inconsistent with their opposition to the regulation of the century-old conference system through an international convention.

147. As a result of informal discussions in the Committee's contact group, agreement was reached on a revised text of the draft resolution submitted by the Group of 77 (TD/III/C.4/L.3), whereupon the latter was withdrawn by its sponsors. At its 12th meeting, the Committee decided unanimously to recommend the revised text of the draft resolution (TD/III/C.4/L.12)<sup>38</sup> for adoption by the Conference.

148. The spokesman for Group B stated on behalf of 18 countries members of his Group that they considered that it was for the Economic and Social Council to decide on the provisional agenda for the forthcoming United Nations/IMCO conference and on the prepara-

tions which should be made for examination of the draft TCM Convention. He emphasized that, in particular, it fell to the Economic and Social Council to reach a decision on whether the draft convention should be included in the provisional agenda of that Conference for possible adoption. It was in that sense that they interpreted subparagraph (b) of paragraph 4 of the revised draft resolution.

149. Taking note of this statement, the representative of one developing country, speaking for the Group of 77 stated that the Economic and Social Council was free to decide whether or not the draft convention on the international combined transport of goods should be included in the agenda for the forthcoming conference, but that in reaching a decision, it should agree that such a draft meet the criteria established in subparagraphs (a), (b) and (c) of paragraph 4 of the revised draft resolution. The Committee on Shipping, at its second special session to be held in July 1972 should take these same criteria into consideration when transmitting its views to the Economic and Social Council.

150. The spokesman for Group D said that, in the view of his Group, the Committee on Shipping would not be bound by paragraph 4 (b) since the guidelines were to be worked out after the special session of the Committee on Shipping.

151. The representative of a Group B country said that his Government accepted the need to formulate rules for the international combined transport of goods and subscribed unreservedly to the content of the revised draft resolution. He emphasized that the formulation of such rules must take into account any unfavourable implications for the flow of trade, for sea transport costs and for the efforts of developing countries to improve their ports and organize their transport services in general.

### C. Development of ports

152. This topic was considered at the 8th and 9th meetings of the Committee. Reference to port development was also made by some representatives in their statements at other meetings.

153. At the 8th meeting, the representative of a developing country introduced a draft resolution submitted by the Group of 77 (TD/III/C.4/L.4).

154. He noted that the paramount importance of port development to the economies of developing countries had been amply recognized by all, including the international organizations concerned, and especially by UNCTAD whose work in this field developing countries greatly appreciated. The importance of the question was also reflected in the reference to the development and modernization of port facilities in developing countries in paragraph 53 of the International Development Strategy as well as in the Declaration and Principles of the Action Programme of Lima and in the UNCTAD secretariat's report, "Implementation of international development strategy in shipping and ports" (TD/103 and Corr.1).<sup>39</sup>

<sup>37</sup> See footnote 24 above.

<sup>38</sup> See appendix I below.

<sup>39</sup> See footnote 25 above.

155. To bring about port improvements which would lead to a faster turn-round of ships and lower operating costs in shipping, it was essential, he added, that concerted national and international action be taken, including the provision of financial and technical assistance to developing countries. Improved port installations and services should be utilized effectively by shipping companies and should be reflected in lower freight rates. Special measures should be taken in favour of land-locked developing countries when developing and improving ports in their transit countries. Assistance should further be given for the development of ports and related inland facilities in developing countries on a regional or subregional basis, with support, as appropriate, from the UNCTAD secretariat. UNCTAD and the ILO acting in co-operation with interested Governments, should establish subregional training institutions for port labour and management.

156. The representatives of several developed market-economy countries expressed general support for the draft resolution. They stated that the development and improvement of port facilities in developing countries was a principle which was contained in the International Development Strategy and whose application they supported. However, the feasibility, benefits and priority of the projects within the development plans of the countries concerned should be assured.

157. A number of these representatives agreed in general with the principle contained in the draft resolution that port improvements should lead to lower freight rates. Misgivings, however, were expressed by two representatives, who feared that the principle might be interpreted as requiring specific rates for particular ports in the same trade. One of these two representatives said that a number of factors had to be considered, namely, the danger that port authorities, especially those of other countries in the same trade, might consider the specific rates discriminatory or that the desire to obtain freight reductions might lead to over-capitalization in ports. Difficulties also existed in isolating the precise amount of the savings in costs and attributing them to improved port facilities. The need to take into account the rapidly changing composition of ships currently in use should also be borne in mind. The second representative said that further studies in depth were required on this point.

158. Representatives of some developed market-economy countries stated that the importance of port development was recognized by their Governments, who were already assisting developing countries and had participated in the organization and financing of seminars and studies in this field. The representative of a developed market-economy country in Europe drew attention to a course on port administration, financed by his country which was soon to begin in one of its main ports. The representative of a developed market-economy country in Asia referred to the International Association of Ports and Harbours, a non-governmental organization, with its headquarters in the capital of his country, which had consultative status with the Economic and Social Council and whose activities included the dissemination of information and exchanges of views

among its members on common problems relating to ports.

159. The representatives of two socialist countries of Eastern Europe stated that their Governments were helping developing countries in the field of development and improvement of ports through the provision of financial and technical assistance. Their countries were prepared to continue such assistance on the basis of bilateral agreements.

160. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, fully supported the draft resolution submitted by the Group of 77 and was ready to co-sponsor it.

161. The representative of a socialist country of Asia stated that his country, as a land-locked country, attached great importance to paragraph 3 of the draft resolution and agreed that discussion should be continued on the basis of the draft resolution.

162. The representative of the Secretary-General of UNCTAD, referring to the course on port administration which would be programmed and administered by the UNCTAD secretariat, expressed the gratitude of the secretariat to the authorities of the country concerned, thanks to whom it had been possible to organize the course.

163. The spokesman for the Group of 77 at a later meeting, expressed his appreciation of the support of other groups for certain elements of the draft resolution, and especially of the recognition by some Group B countries of the need for a link between port improvements and freight rates.

164. As a result of informal discussion in the Committee's contact group, agreement was reached on a revised text of the draft resolution submitted by the Group of 77 (TD/III/C.4/L.4) and the latter was thereupon withdrawn by its sponsors. At its 12th meeting, the Committee decided unanimously to recommend the revised draft resolution (TD/III/C.4/L.11)<sup>40</sup> for adoption by the Conference.

165. The representative of a Group B country said that, as operative paragraph 1 of the revised draft resolution could be interpreted in different ways, his delegation considered that it should be read in the context of the third preambular paragraph.

166. The representative of another Group B country, referring to operative paragraph 3 of the revised draft resolution, which related to all land-locked countries, doubted whether the inclusion of land-locked countries other than developing ones was appropriate, since the International Development Strategy, as well as the agenda of the Conference, referred only to the special needs of land-locked developing countries.

#### D. Development of merchant marines

167. The Committee considered this topic at its 8th and 9th meetings. Statements on the subject were also made at other meetings.

<sup>40</sup> See appendix I below.

168. At the 8th meeting the representative of a developing country introduced a draft resolution submitted by the Group of 77 (TD/III/C.4/L.5).

169. He stated that the draft resolution was in conformity with and aimed at applying the principle embodied in the International Development Strategy that developing countries should be enabled to expand their national and multinational merchant marines through measures permitting them to compete in the world freight market.

170. Thus, developing countries believed that they should hold at least 10 per cent of world tonnage by the end of the decade. That target was very modest when compared with their share in world seaborne trade. To achieve it, it was essential that, in addition to the grant of aid, commercial credits for purchases of new and second-hand vessels should be made available to developing countries on softer terms than at present. The developed countries signatories to the OECD Understanding on export credits for ships should therefore modify the Understanding accordingly. The minimum terms and conditions for the sale of ships to developing countries were specified in the draft resolution. Furthermore, developed countries and international financial institutions should increase their financial and technical assistance, ease the granting of credits to developing countries for the acquisition of new and second-hand vessels and earmark a certain proportion of the shipbuilding capacity of their countries for preferential sale of ships to developing countries.

171. He stated that the draft resolution also included provisions regarding the position of developing countries' shipping in liner conferences, and especially their share in cargoes carried, as well as the right of developing countries to assist and protect their merchant marines.

172. The draft resolution also drew the attention of developed countries to the need to assist the developing countries in the acquisition of tankers and bulk-carriers, which constituted the main growth points of world shipping. He added that developed countries should give preference to chartering such vessels owned and/or operated by developing countries, but on equal terms with all other ships.

173. It was essential that the terms of shipment should not be permitted to operate in a manner which placed the shipping lines of developing countries at a disadvantage because importers and shippers in developed countries generally nominated the carrier.

174. In view of the interest of developing countries in multinational shipping enterprises, the draft resolution urged examination of the feasibility of establishing such enterprises on a regional or subregional basis.

175. The inadequacy of shipbuilding and ship-repairing facilities in developing countries constituted in their view another obstacle to the development of their merchant marines. Assistance for the development of such facilities in developing countries should therefore be given by developed countries and international and regional financial institutions. Such assistance, he added, would also help to halt the outflow of foreign currency from developing countries.

176. The representative of a developing country in Latin America explained the situation of her country concerning the application of new techniques in shipping and ports, emphasizing the priority given to shipping in national planning as a consequence of the country's being an island. She referred to the illegal blockade imposed on her country by a developed market-economy country of North America, which was contrary to UNCTAD principles.

177. The representative of a developing socialist country in Asia stated that his Government supported the establishment and expansion of national merchant marines by developing countries and the measures taken by those countries to that end, as well as the proposals they put forward towards obtaining equal rights in world shipping. He stated that it was mainly due to the control and exploitation of some individual maritime monopoly groups that the shipping industry of the majority of Asian, African and Latin American countries was in a backward state. His Government believed that problems should be solved through consultation on the basis of equality and mutual benefit.

178. The representatives of several countries members of Group B who spoke on this topic reiterated their Governments' support of the principles embodied in the International Development Strategy. They did not think, however, that the principle regarding the development of national merchant marines was meant to imply that every developing country might have its own fleet, as this might, in some cases, represent a misallocation of resources.

179. The representatives of some countries members of Group B said that choice of 10 per cent as a target for the tonnage of the world fleet to be achieved by developing countries by the end of the decade was disputable and did not allow for probable differences in rates of growth in the various sectors of merchant shipping. The representatives of other Group B countries drew attention to the limitations of using the yardstick of total tonnage of different types of vessels in measuring the importance of shipping.

180. Several representatives referred to the objections made by their delegations, at earlier meetings of the Committee, to the proposals for flag preference and cargo-sharing policies embodied in the draft resolution. Furthermore, certain provisions of the draft resolution were identical with those contained in the draft code of the Group of 77 and should be considered in connexion with the draft code.

181. The representatives of several developed market-economy countries outlined the action taken by their Governments in respect of financial and technical assistance towards the development of merchant marines and the training of personnel of developing countries. They were prepared to continue such assistance in cases where the development of shipping had sufficient priority in the economic plans of developing countries. With reference to the request of developing countries for export credits for new ships to be made available on terms more favourable than those applied to transactions between developed countries, several representatives of the developed market-economy countries said

that while their Governments were prepared in suitable cases to grant aid for the purchase of ships, they were opposed to the softening of commercial credits.

182. The representative of one developed market-economy country mentioned the procedure established in July 1971 by the countries participating in the OECD Understanding on export credits for ships, saying that his Government was prepared to give favourable consideration to requests from developing countries on a case-by-case basis. His Government was also ready to consider the possibility of extending export credits for the purchase of suitable second-hand vessels.

183. This representative said that his Government had studied with interest the UNCTAD secretariat report on multinational shipping enterprises (TD/108 and Corr.1 and TD/108/Suppl.1 and Corr.1).<sup>41</sup> It was prepared to give favourable consideration to requests from developing countries in connexion with multinational shipping enterprises and to encourage its shipowners to co-operate or participate in such projects.

184. The representative of another developed market-economy country expressed the concern of his Government with respect to the proliferation and the increasing use of flags of convenience and the resulting economic and social consequences. Another representative said that his Government was extending the repayment period for second-hand vessels which were sold with official support.

185. The representative of another developed market-economy country suggested that the UNCTAD secretariat should prepare a report on requests for technical assistance in shipping, indicating the form and extent to which they had been satisfied and possibly including also a list of urgent projects still pending. The representative of the Secretary-General of UNCTAD stated that the secretariat would give serious consideration to this suggestion.

186. Representatives of socialist countries of Eastern Europe who referred to this topic expressed the support of their Governments for the right of developing countries to increased participation in world shipping so as to render their share in cargoes transported by sea commensurate with the volume of trade which they originated.

187. The representative of a socialist country of Eastern Europe said that a number of vessels had been built in shipyards of his country for export to developing countries on favourable payment terms. His country had entered into joint shipping enterprises with a number of developing countries.

188. The representative of another socialist country of Eastern Europe pointed out that his country imported a large volume of shipping tonnage since its shipbuilding industry was not yet in a position to satisfy home demand. Nevertheless, it was supplying ships to developing countries on favourable terms under bilateral inter-governmental agreements.

189. Both these representatives pointed out that in the countries they represented maritime training had

been given to students from developing countries. They added that their Governments were prepared to continue providing financial and technical assistance to developing countries in the maritime field on the basis of bilateral agreements.

190. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, fully supported the draft resolution (TD/III/C.4/L.5) submitted by the Group of 77 and was ready to co-sponsor it. The representative of a socialist country of Asia stated that his delegation attached great importance to the continuation of discussions on the basis of the draft resolution.

191. The spokesman for the Group of 77 later expressed his appreciation of the positive attitude of some Group B countries in regard to the terms and conditions of sale of new and second-hand ships to developing countries. However, he stated that the progress achieved so far fell short of the wishes of developing countries.

192. As a result of informal discussion in the Committee's Contact Group, agreement was reached on a revised text of the draft resolution submitted by the Group of 77 (TD/III/C.4/L.5), and the latter was thereupon withdrawn by its sponsors. At its 12th meeting the Committee decided unanimously to recommend the revised draft resolution (TD/III/C.4/L.14)<sup>42</sup> for adoption by the Conference.

193. Referring to operative paragraph 1 of the revised draft resolution, the representative of a Group B country stated that his understanding was that the reference to increasing financial and technical assistance for the acquisition of ships did not necessarily mean any increase in the total resources committed to financial and technical assistance by the donor country.

194. The representatives of a number of Group B countries referred to operative paragraph 2 of the revised draft resolution. One of these representatives said that his Government would apply the provisions of the paragraph only in relation to purchases of ships financed by official development assistance and was not in favour of softening commercial credit. Another said that official development assistance should be increased in order to alleviate the problems of the developing countries so that they would not need to have recourse to private credits for imports of ships from developed countries. His country, for one, did not have nor did it plan to have a system for subsidizing the refinancing of credits given by shipyards. Another representative stated, that, in accordance with the policy of his Government operative paragraph 2 of the revised draft resolution could only be applied in relation to ships financed through official development assistance.

195. Referring to operative paragraph 3 of the revised draft resolution, the representative of a developing country in Latin America said that if a country was prepared to negotiate the sale of a vessel to a developing country on terms more favourable than those envisaged in that paragraph, it should be free to do so.

<sup>41</sup> See footnote 27 above.

<sup>42</sup> See appendix I below.

196. The representative of a Group B country, also referring to operative paragraph 3, said that while his Government was willing to examine carefully the proposals for minimum terms and conditions for export credits for ships, it did not at present agree with all the conditions proposed.

197. The same representative, referring to operative paragraph 6, said that his Government, while sympathizing with the wish of developing countries to own at least 10 per cent of world tonnage by 1980, had to reserve its position. He believed that the figure could be illusory, since the importance of the tonnage figures depended on the types of vessels involved, and the ownership of tonnage was less important than the revenue yielded. Reservations about the practical usefulness of an arbitrary target, expressed solely in terms of gross tonnage, were entered by the representative of another Group B country.

198. Referring to operative paragraph 7 the representative of a Group B country said that his Government believed that the objective of increasing the participation of developing countries' fleets in the carriage of cargoes generated by their foreign trade could properly be achieved only through the admission of their lines to full membership of conferences, with the right to serve all ports within the geographical scope of each particular conference, including wayports, subject to the qualifications and requirements of conference membership.

199. The representative of two Group B countries, referring to operative paragraph 9 which one of them found unclear, stated that it was undesirable for Governments to interfere with the terms of shipment which traders included in their contracts. The representative of another Group B country said that he interpreted this paragraph as being in conformity with the principle that it was the right of the shipper to choose the carrier.

200. Speaking on behalf of the Group of 77, the representative of a developing country said that for the sake of unanimity his Group had withdrawn the proposals in paragraph 7 of the original draft resolution (TD/III/C.4/L.5). They had submitted those proposals also in relation to the code of conduct, but their position remained unchanged and their hopes were that the ideas incorporated in those proposals should form the basis for the development and expansion of the merchant marines of developing countries. Regarding operative paragraph 10 of the revised draft resolution the position of the Group of 77, which they felt was a just and correct one, remained as set out in the original draft resolution, which was based on resolution 15 (IV) of the Committee on Shipping.

#### **E. Co-operation in merchant shipping**

201. At the Committee's 8th meeting the representative of a socialist country of Eastern Europe introduced a draft resolution submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, Mongolia, the Ukrainian Soviet Socialist

Republic and the Union of Soviet Socialist Republics (TD/III/C.4/L.8).

202. He explained that the intention of the sponsors of the draft resolution was to implement Conference resolution 14 (II), which recommended an examination by UNCTAD of the feasibility of drafting a general instrument on maritime transport and development, dealing with international relations in shipping. He pointed out that the influence of Governments on various economic sectors, including shipping, ports and shipbuilding, was widespread in many countries. That situation, together with the rapid growth of world shipping tonnage, pointed to the need for the harmonization of government shipping policies. Such harmonization was one of the objectives of the Committee on Shipping, as stated in its terms of reference.

203. He further explained that the draft resolution did not deal with the substance and scope of the proposed convention or agreement, but simply recommended that the Committee on Shipping should draft one, taking into account the experience gained from existing agreements concerning co-operation in shipping, for consideration by the Conference at its fourth session. The draft would not deal with the regulation of liner conferences, which would be the subject of a separate instrument.

204. Representatives of some other socialist countries of Eastern Europe who spoke on this topic said that new forms of co-operation in shipping were being applied among socialist countries, bilaterally and multilaterally within the framework of CMEA. A recent development in co-operation among the socialist countries members of CMEA in the field of shipping, within their programme of economic integration, had resulted in the signing of a multilateral agreement on co-operation in 1971, which was open to signature by other countries.

205. One of these representatives said that the draft resolution was fully in accord with the aims of UNCTAD and was in no way inconsistent with the organization's work on other important issues, particularly the preparation of a code of conduct for the liner conference system.

206. The representative of a developed market-economy country expressed misgivings on the draft resolution since, while Conference resolution 14 (II) spoke of an examination of the feasibility of drafting an agreement, the draft resolution asked for recognition of the need for such an agreement, although no feasibility study had been prepared. The representatives of some other developed market-economy countries expressed doubts as to the intention of the draft resolution and the advantages their countries could expect from its adoption. They requested clarification from the sponsors on these points.

207. The representative of another developed market-economy country welcomed the initiative of the sponsors of the draft resolution, especially in relation to the possibility of working out common generally acceptable rules and criteria on the subject of cargo-sharing and pooling. However, he thought that the topics to be

considered in an agreement should be specified in the draft resolution itself. Furthermore, he considered that an UNCTAD resolution might be a more appropriate means of achieving the desired objective than a convention, the preparation of which would be cumbersome and time-consuming. A resolution could be adopted speedily if the Trade and Development Board requested the Committee on Shipping to initiate the necessary work at its next session.

208. At the 12th meeting the spokesman for Group D submitted a revised version of the draft resolution (TD/III/C.4/L.8/Rev.1) which, he said, took into account the observations made by all groups during negotiations in the contact group.

209. The spokesman for the Group of 77 said that his Group supported in principle the revised draft resolution, but for lack of time had not been able to consider it carefully. He suggested that it be transmitted to the plenary of the Conference.

210. The spokesman for Group B, agreeing that there had been insufficient time for consideration of the revised text, endorsed this proposal.

211. The spokesman for Group D agreed that the revised draft resolution should be submitted to the plenary.

212. The Committee so decided.

#### F. Freight rates

213. The Committee considered this topic at its 9th meeting. Statements relating to freight rates were also made at other meetings.

214. At the 9th meeting the representative of a developing country introduced a draft resolution submitted by the Group of 77 (TD/III/C.4/L.9).

215. The aim of the draft resolution, he said, was to introduce fairness and to relieve, as far as possible, the economies of developing countries of the massive outflow of foreign exchange to developed countries for the payment of shipping services. In this respect the draft resolution could be called a "freight rate charter".

216. He stated that shipowners, for the most part from developed countries, continued to use anachronistic contrivances in the determination of freight rates, the basis of which was usually known only to themselves.

217. Frequent and unilateral impositions of large freight-rate increases by conferences, all of which were controlled by the developed countries, imposed serious strains on the balance of payments of developing countries, adversely affected their trade, especially their exports, and checked their economic growth. Despite the establishment of consultation machinery and shippers' organizations in many developing countries, the situation had not improved.

218. He said that conferences were concerned only with profits and their organization did not ensure any built-in measure of efficiency whereby individual lines would work within reasonable cost limits. Conferences should be made aware of the need for rationalizing their operations and reducing their costs.

219. He added that developing countries were concerned that improvements in their port facilities had not been reflected in lower freight rates. On the contrary, freight rates were escalating owing to inflation and to rises in port and cargo-handling costs in developed countries.

220. He remarked that the question of freight rates had been examined thoroughly, among others by the UNCTAD secretariat, and it was high time steps were taken to remedy the situation.

221. The representative of a socialist developing country of Asia stated that freight rates raised at will by individual maritime monopoly groups were increasing the burden on the balance of payments of developing countries and harmed the expansion of their foreign trade. That state of affairs was wholly unjustifiable.

222. The representative of a developed market-economy country stated that the problem of rising freight rates was of concern to his Government, which particularly appreciated the apprehensions of developing countries regarding liner freight increases, because of the harmful effects which they could have on their economies. On the other hand, he and other representatives of Group B countries said it should be borne in mind that rising costs over which shipowners had little or no control, for example, rises in prices of bunkers, were basically the cause of such increases. The shipping industry had endeavoured to contain increases in costs through rationalization and modernization and had thus been able to limit freight-rate increases to levels below the rises in costs. Freight rates for some commodities had even shown a long-term downward trend.

223. These representatives pointed out that shipping companies were entitled to a reasonable return on their invested capital and that it was generally agreed that liner profits were not too high. One representative pointed out that short-term profit maximization was not necessarily the best way to serve the industry.

224. The representative of one developed market-economy country referred to the measures taken by his country to contain freight-rate increases; these included measures to rationalize shipping services and to improve their efficiency by the use of new types of ships and cargo-handling methods, and legislation to ensure meaningful negotiations between shippers and shipowners. This policy had been successful in offsetting, to some extent, the worst effects of recent cost escalations and there had in recent years been some small rate reductions or agreements not to increase rates for certain commodities for periods of up to 12 months. However, recognizing the very varied conditions obtaining in world trade, he emphasized that each country ought to find its own answers to its own problems.

225. The representative of another developed market-economy country stated that the procedure provided for in the draft resolution with respect to freight-rate increases was likely to cause serious harm to the conference system. His delegation would not be in a position to support the draft resolution in its original form.

226. In connexion with the request embodied in the draft resolution (TD/III/C.4/L.9) concerning promotional freight rates on non-traditional exports, the representatives of a number of developed market-economy countries noted with appreciation the secretariat's report on the subject (TD/105 and Corr.1 and TD/105/Supp. 1 and Corr.1). They agreed that certain products from developing countries should be granted promotional freight rates in order to facilitate their marketing. Some representatives said that shipowners of their countries would give favourable consideration to relevant requests from shippers in developing countries, provided those requests were realistic and did not entail discrimination against similar products from neighbouring developing countries.

227. The representative of one developed market-economy country, referring to the proposal contained in the draft resolution for a feasibility study of free-in-and-out (f.i.o.) rates, said that the introduction of such rates which, along with the adoption of port-to-port rates, had originally been suggested in the secretariat report "Perspectives and problems in world shipping" (TD/102 and Corr.1),<sup>43</sup> was worth considering. However, in view of the far reaching effects these two changes in the tariff structure would have on international trade they should not be adopted before their probable impact on trade patterns and the competitive position of different ports was carefully studied.

228. The same representative added that the draft resolution included provisions which were also covered in the draft code of conduct for liner conferences submitted by the Group of 77. The discussion on the draft resolution should therefore take into account the discussions which were taking place on the draft code.

229. The representative of a socialist country of Eastern Europe said that the constant rises in freight rates had damaged the trade of developing countries, including his own, and reduced the profitability of their shipping enterprises. He stated that his country, as a socialist developing country, fully supported the draft resolution and was ready to co-sponsor it. The representative of Eastern Europe said that, despite the substantial in-attached great importance to continuation of discussions on the basis of the draft resolution.

230. The representative of another socialist country of Eastern Europe said that, despite the substantial increase in world tonnage owned or controlled by companies of the developed market-economy countries, a shortage of ocean-going vessels had been artificially maintained, resulting in higher freight rates in all sectors of the international freight market. The major beneficiaries of the current freight market conditions had once again been the shipowners of developed market-economy countries. The representative of another socialist country of Eastern Europe stated that his country, as a land-locked country, was interested in lower freight rates.

231. On conclusion of the discussion of this topic, the spokesman for the Group of 77 expressed his appre-

ciation of the favourable comments made on the draft resolution by some Group B countries, especially with regard to promotional freight rates for non-traditional exports of developing countries. He reiterated that developing countries did not wish to disrupt shipping conferences hut simply to change the criteria for fixing freight rates the frequent increases of which disrupted their foreign trade.

232. As a result of informal discussion in the Committee's Contact Group, agreement was reached on a revised text of the draft resolution submitted by the Group of 77 (TD/III/C.4/L.9), whereupon the latter was withdrawn by its sponsors. At its 12th meeting, the Committee decided unanimously to recommend the revised draft resolution (TD/III/C.4/L.13)<sup>44</sup> for adoption by the Conference.

#### **G. Statements by the representative of the Inter-governmental Maritime Consultative Organization and by the observers for the International Shipowners' Association and the International Chamber of Shipping**

233. At the Committee's 4th meeting the representative of the Secretary-General of the Inter-governmental Maritime Consultative Organization described the activities of his organization that were relevant to the work of UNCTAD. He stated that these activities were complementary to those of UNCTAD and that in accordance with agreements concluded some years ago, IMCO concentrated on the technical aspects of international shipping whilst UNCTAD was concerned with the wider aspects, particularly the economic ones. The close co-operation between the two organizations was evidenced by their joint effort in the field of technical co-operation which had led, for example, to the establishment of an interregional training centre for sea-going personnel in a developing country in Africa and to the formulation of international standards for the training and certification of sea-going personnel.

234. Other areas of common interest were the combined transport of goods which was to be considered at the forthcoming United Nations/IMCO Conference on International Container Traffic, and the facilitation of maritime trade and transport. IMCO was the depositary of the 1965 Convention on Facilitation of International Maritime Traffic. He referred to IMCO's activities regarding marine pollution, a phenomenon which had harmful effects on the exploitation of sea resources and, because it spoilt the coasts, on the tourist potential of many countries. The representative of the Secretary-General of IMCO congratulated the Conference on the progress that UNCTAD had achieved so far.

235. Addressing the Committee at its 7th meeting, the President of the International Shipowners' Association (INSA) referred to the history and the objectives of his organization, which were to foster co-operation among its members and to expand co-operation with international shipping organizations. Membership of INSA was open to shipping companies, whether

<sup>43</sup> See footnote 24 above.

<sup>44</sup> See appendix I below.

state-owned or private, and to national shipowners' organizations. The activities of INSA were in general the exchange of information on technical and economic matters concerning shipping, including questions regarding the organization of shipping enterprises and the application of new technologies. He also listed specific subjects which were studied by his organization.

236. He expressed the willingness of INSA to cooperate with other organizations concerned with shipping and in particular with UNCTAD.

237. Referring to the regulation of the liner conference system, he said that in the view of his organization UNCTAD was the proper forum for formulating internationally acceptable rules of conduct, which should be in accordance with internationally accept-users of shipping services. These rules should stipulate that agreements between conferences and shippers should be in accordance with internationally acceptable rules; their introduction and implementation could involve participation by Governments and they should provide for settlement of disputes by arbitration.

238. At the Committee's 7th meeting, the Chairman of the International Chamber of Shipping (ICS) described the work of his organization, which represented

national shipowners' associations in 22 countries, developed and developing, and comprised over half of all free enterprise tonnage. Although concerned mainly with technical matters, his organization was committed to the principle of free enterprise shipping and government non-intervention and it accepted special responsibility in the provision of assistance to developing nations. Free enterprise in shipping, he added, had rendered useful services to world trade.

239. After elaborating the views of the majority of the members of the ICS on shipowners' problems as a result of increasing protectionism, he dealt with the question of a code of conduct for liner conferences. He said that acceptable standards covering conference practices throughout the world existed already. He agreed that such standards were necessary, and his organization would not oppose their formalization over a period of time into a world-wide code. If new ground was to be broken, the subject should be approached constructively. That world-wide code should enable shippers and shipowners to develop their relations on the basis of self-regulation without Government intervention, should give shipowners a chance to obtain a reasonable return on their invested capital and should enable operations to be conducted on the basis of sound economic criteria.

## APPENDICES

### Appendix I

#### DRAFT RESOLUTIONS RECOMMENDED BY THE FOURTH COMMITTEE FOR ADOPTION BY THE CONFERENCE

##### A. Financial resources for development: Tourism

(Agenda item 15 (g))

###### DEVELOPMENT OF TOURISM (TD/III/C.4/L.6)

[Text adopted by the Conference without change. See annex I,A above, resolution 37 (III).]

##### B. Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD: Insurance [agenda item 8 (f)]

###### INSURANCE AND REINSURANCE (TD/III/C.4/L.10 AND CORR.1)

[Text adopted by the Conference without change. See annex I,A above, resolution 42 (III).]

##### C. Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system (agenda item 16)

###### DEVELOPMENT OF PORTS (TD/III/C.4/L.11)

[Text adopted by the Conference without change. For the text, see annex I,A above, resolution 67 (III).]

##### D. International combined transport of goods (TD/III/C.4/L.12)

[Text adopted by the Conference without change. For the text, see annex I,A above, resolution 68 (III).]

###### E. Freight rates (TD/III/C.4/L.13)

[Text adopted by the Conference without change. See annex I,A above, resolution 69 (III).]

##### F. Development of merchant marines (TD/III/C.4/L.14)

[Text adopted by the Conference without change. See annex I,A above, resolution 70 (III).]

### Appendix II

#### DRAFT RESOLUTION REFERRED BY THE FOURTH COMMITTEE TO THE CONFERENCE

##### Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system (agenda item 16)

###### ECONOMIC CO-OPERATION IN MERCHANT SHIPPING

*Draft resolution submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics (TD/III/C.4/L.8/Rev.1).*

*The United Nations Conference on Trade and Development, Recognizing the great importance, for the development of international trade, of the further extension of economic co-operation in the field of merchant shipping,*

*Considering that the UNCTAD Committee on Shipping is called upon to promote understanding and co-operation in maritime transportation and is a body for harmonizing the shipping policies of Governments and regional economic groupings,*

*Noting the constructive work done by UNCTAD in promot-*

*ing the development of co-operation among shipowners, and in particular among liner conferences and cargo-owners,*

*Recognizing also the desirability of considering, in UNCTAD, measures aimed at strengthening co-operation on shipping matters among Governments,*

1. *Recognizes* the need of further harmonization of Government policies in the field of merchant shipping;

2. *Requests* the Trade and Development Board, at its thirteenth session, to instruct the Committee on Shipping:

(a) *To establish* which subjects may be suitable and ripe for such harmonization, taking into account in particular the interests of developing countries;

(b) *To prepare* a work programme and to establish priorities for examining such subjects and to begin necessary work;

(c) *To consider* the appropriate means for implementing any conclusions on harmonization as may be reached and to work out those as are within its terms of reference; and to refer those as may be appropriate to the Conference at its next session.

## Appendix III

## DRAFT RESOLUTIONS REFERRED BY THE FOURTH COMMITTEE TO THE PRESIDENT OF THE CONFERENCE

**Development of shipping; maritime transport costs; freight rates; a code of conduct for the liner conference system (agenda item 16)**

## DRAFT CODE OF CONDUCT FOR LINER CONFERENCES

A. *Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.4/L.2 and Corr.1)*

[For the text of the preamble to the draft resolution and for the annex (Draft code of conduct for liner conferences), adopted by the Conference without change, see annex I, A above, resolution 66 (III).]

The operative paragraphs of the draft resolution which was referred to the President of the Conference read as follows:

"1. *Adopts* the draft code of conduct for the liner conference system, annexed to this resolution;

"2. *Recommends* that considering the urgency of establishing sound procedures for regulating liner conferences, Governments members of UNCTAD urge liner conferences to adopt straight away this code;

"3. *Recommends* to the General Assembly, at its twenty-seventh session, to convene early in 1973 a Conference of Plenipotentiaries to prepare, on the basis of this draft, a code of conduct for the liner conference system, to be adopted by the Governments of all countries in a manner that is binding on them and can be suitably enforced."

B. *Amendments to the draft resolution "Draft code of conduct for liner conferences" (TD/III/C.4/L.2 and Corr.1) submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics (TD/III/C.4/L.15)*

Replace the second and subsequent paragraphs of the preamble by the following:

"Recognizing that UNCTAD is the proper forum for considering a code of conduct for liner conference,"

Replace the operative paragraphs of the draft resolution by the following:

"1. *Decides* that there is an urgent need for adopting a universally acceptable code of conduct for liner conferences;

"2. *Decides* to convene within UNCTAD a Special Committee in order to prepare a draft code of conduct for liner conferences and authorizes the Secretary-General of UNCTAD to undertake as soon as possible the necessary steps to this end;

"3. *Decides* to transmit the relevant portions of the report of the Fourth Committee and all other relevant documents

of the present Conference to the above-mentioned Committee;

"4. *Recommends* to convene in 1973-1974, as soon as a draft code of conduct is prepared by the Special Committee, an international conference to consider on the basis of that draft and to adopt a code of conduct for the liner conference system to be implemented by the Governments of all countries in a manner that should be binding and could be suitably enforced."

C. *Amendments to the operative paragraphs of the draft resolution "Draft code of conduct for liner conferences" (TD/III/C.4/L.2 and Corr.1) submitted by Australia, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, France, Greece, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland and United States of America (TD/III/C.4/L.16)*

Replace the operative paragraphs by the following:

"1. *Decides* that there is an urgent need for adopting a universally acceptable code of conduct for liner conferences;

"2. *Decides* to establish an *ad hoc* committee of governmental experts within the machinery of UNCTAD, to draft such a code of conduct for liner conferences for adoption by resolution of the appropriate body of UNCTAD;

"3. *Recommends* that, considering the urgency of establishing sound procedures for regulating liner conferences, Governments members of UNCTAD urge liner conferences to adopt and implement without delay the code of conduct for liner conferences thus prepared, after its adoption by the appropriate body of UNCTAD;

"4. *Decides* to transmit the summing up by the Chairman of the Fourth Committee of an informal exchange of views<sup>a</sup> on the draft code of conduct for liner conferences contained in the annex to document TD/III/C.4/L.2 and Corr.1,<sup>b</sup> and all other relevant documents to the *ad hoc* committee;

"5. *Requests* Governments of States members of UNCTAD to make available to the *ad hoc* committee information on the experience of their shipowners and shippers with regulatory systems related to liner conferences, so that it can take account of this information in its work;

"6. *Recommends* to the Governments of States members of UNCTAD that they keep the implementation of the code under review in order to consider, after a period of time to be decided by the *ad hoc* committee, whether in the light of actual experience with the code the adoption of a more formal international legal instrument might be advisable."

<sup>a</sup> See the annex to section A of chapter III above.

<sup>b</sup> See section A of the present appendix.

## Appendix IV

## BACKGROUND DOCUMENTS BEFORE THE CONFERENCE IN CONNEXION WITH AGENDA ITEM 16\*

Report of the Committee on Shipping on the first part of its fifth session	<i>Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 3 (TB/B/347)</i>
<i>The liner conference system: report by the UNCTAD secretariat</i>	United Nations publication, Sales No. E.70.II.D.9 (TD/B/C.4/62/Rev.1)
<i>Unitization of cargo: report by the secretariat of UNCTAD</i>	United Nations publication, Sales No. E.71.II.D.2 (TD/B/C.4/75)
Consultation in shipping: second report by the UNCTAD secretariat	TD/B/C.4/78 and Corr.1 and 2 TD/B/C.4/78/Add.1 and 2 TD/B/C.4/L.69
Decisions taken by the meeting of Western European and Japanese Ministers of Transport, Tokyo, February 1971: note by the UNCTAD secretariat	TD/B/C.4/ISL/L.20
The regulation of liner conferences. Sample texts of liner conference agreements: note by the UNCTAD secretariat	TD/III/C.4/Misc.1
Classification and nomenclature of commodities: an explanatory note prepared in co-operation by the secretariats of ECLA and UNCTAD	TD/NGO/3 and Corr.1
Note by the UNCTAD secretariat transmitting comments made by the National Shipper's Councils of Europe on documents related to a code of conduct for liner conferences	TD/NGO/4
Note by the UNCTAD secretariat transmitting "ICC statement on a code of liner conference practice"	

\*For fuller bibliographical details see the checklist of documents in annex X below.

## E. REPORT OF THE FIFTH COMMITTEE

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NOTE: The check list of documents prepared for and during the deliberations of the Fifth Committee appears in annex X, section I,V below.

### Introduction

1. At its 82nd (opening) plenary meeting, on 13 April 1972, the third session of the United Nations Conference on Trade and Development established the Fifth Committee as a committee of the whole. At its 83rd plenary meeting, on the same date, it decided, in conformity with the recommendation of the pre-Conference meeting, to refer to the Committee, for consideration and report, agenda item 18, which, as adopted, read as follows:

Trade relations among countries having different economic and social systems<sup>1</sup>

2. At its first meeting, on 13 April 1972, the Committee elected Mr. Ladislav Šmid (Czechoslovakia) as its Chairman. At its second meeting, on 24 April 1972, it elected Mr. T. F. Ogrinz (Austria) as its Vice-Chairman and Mr. F. Al-Obaidi (Iraq) as its Rapporteur.

3. The Committee held nine meetings, in the course of which it considered the agenda item allocated to it.

4. The present report is a succinct account of the Committee's deliberations.<sup>2</sup>

<sup>1</sup> See letter from the President of the Conference addressed to the Chairman of the Fifth Committee (TD/C.5/1).

<sup>2</sup> For fuller account of the Committee's deliberations, see the summary records of the first to ninth meetings (TD/III/C.5/SR.1-9).

### Trade relations among countries having different economic and social systems

(Agenda item 18)

5. Introducing the debate on this item at the second meeting, on 24 April 1972, the Chairman stated that the Committee's mandate had been reaffirmed by General Assembly resolution 2820 (XXVI), operative paragraph 6. The developing countries had given considerable attention to the issues of trade with socialist countries in their Declaration and Principles of the Action Programme of Lima (TD/143).<sup>3</sup> New developments

in all major groups of countries had made more evident the connexion between all flows of world trade. He suggested that the Committee might consider whether the institutional framework laid down by decisions taken at the Conference at its second session was adequate in the light of performance and in view of the tasks arising from new developments. The documentation prepared by the UNCTAD secretariat upon directives given by the Trade and Development Board supported two lines of action taken by UNCTAD: the elim-

<sup>3</sup> See annex VIII,F below.

ination of obstacles to trade and economic relations and the promotion of positive measures capable of releasing unused potential for trade among countries having different economic and social systems.

6. The representative of the Secretary-General of UNCTAD introduced the documentation before the Conference (TD/III/C.5/L.5) in connexion with this agenda item. He stated that the review and analysis of trends and policies in trade between countries having different economic and social systems (TD/112 and Corr.1 and TD/112/Supp.1) concentrated on some long-term trends apparent during the last two of the five-year planning periods of the socialist countries of Eastern Europe. It showed that trade was being gradually integrated into a complex system of co-operation covering many fields. He noted that the growing need for restructuring world trade coincided with the drive in the socialist countries to enhance economic efficiency as well as their participation in international trade. A second report (TD/126)<sup>4</sup> outlined an integrated approach to trade and economic relations among the socialist and the developing countries. He drew particular attention to specific suggestions contained in the basic conclusions (paragraphs 100-111) of that report. A third report (TD/125)<sup>4</sup> was a descriptive digest of a larger analytical project which attempted to determine industrial branches or categories of products of interest for intra-branch specialization in both the socialist and the developing countries.

7. The steady expansion of trade and economic relations between countries having different social and economic systems in the period between the second and third sessions of the Conference was generally acknowledged and welcomed in the course of the Committee's deliberations, and it was stated that Conference resolution 15 (II) had contributed to the increase in this trade flow. It was generally realized that there was still much scope for the further increase and diversification of trade and economic relations among countries having different economic and social systems.

8. Particular importance was attached to industrial, scientific and technical co-operation and to its further promotion by government action and business interests.

9. The progressive diversification of exports from developing countries to the socialist countries of Eastern Europe, reflected in a growing share of manufactures and semi-manufactures in those exports, was mentioned with interest and satisfaction by a number of representatives.

10. The need to improve trade promotion policies, marketing and market research in the countries of the trading partners concerned was also underlined.

11. The representatives of some developing countries and of socialist countries of Eastern Europe, acknowledging the expansion of trade between them, supported the view that more action and greater efforts by the countries of both groups would be required in order

to utilize fully the existing possibilities of expanding their mutual trade. They considered that the diversification of exports from the developing countries was a trend which would continue if supported by appropriate efforts in the field of production, foreign trade and economic policy by the countries of both groups.

12. The representatives of some developing countries stated that, in order to promote the expansion of trade, the socialist countries of Eastern Europe should take further concrete measures in conformity with conference resolution 15 (II). They also pointed out that broader economic co-operation would be beneficial for the diversification of exports from the developing to the socialist countries of Eastern Europe.

13. The representatives of many developing countries commented favourably on the increase in the number of agreements entered into with socialist countries relating to technical, economic and industrial co-operation, on the expansion of their trade with those countries and on the structural changes in their economies leading to a new international division of labour. The representatives of some of these countries considered that in some cases joint efforts would be needed to achieve the necessary adjustments in the respective production structures of countries entering into such kinds of complex co-operation. They urged the Governments and enterprises of partner countries to explore new possibilities, in order to accelerate international specialization within certain industries and branches.

14. The representatives of several developing countries, while acknowledging with satisfaction that some of the socialist countries of Eastern Europe had granted tariff preferences to imports from developing countries, requested the other socialist countries of Eastern Europe concerned to establish a firm time-table for according the preferential treatment specified in their joint declaration made at the second part of the fourth session of the Special Committee on Preferences.<sup>5</sup>

15. The representatives of some developing countries felt that greater flexibility and multilateralism should be introduced into the trade and payments relations between countries having different economic and social systems; several considered that this was desirable in cases where the countries concerned found it in their interest to do so. They also thought that the problems of outstanding balances in the bilateral trade between their countries and the socialist countries of Eastern Europe could be partially solved through multilateral payments arrangements. The representative of one developing country stated that the mechanism of bilateralism had also been adjusting itself to the changing needs of the partners concerned. The representative of another developing country proposed that new machinery for enlarging the scope of multilateralism be devised in UNCTAD. The representative of yet another developing country welcomed the institutional arrangements at present being undertaken within the International Bank for Economic Co-operation and hoped

<sup>4</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IV, *General review and special issues* (United Nations publication, Sales No. E.73.II.D.7).

<sup>5</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

that these would lead to the elimination of intermediaries, wherever they existed, in the financing of trade with the socialist countries of Eastern Europe.

16. The representatives of some developing countries welcomed the practice, agreed upon in the framework of credit arrangements with the socialist countries of Eastern Europe, of repayments of such credits being made in kind through exports of goods, both traditional and those produced by new industries established with the help of these credits in the developing countries. They urged the socialist countries of Eastern Europe to continue and extend this practice. The representative of one developing country asked for preferential treatment for the developing countries in the domain of financing, including the re-scheduling of their debts.

17. The representative of one developing country said that the fact that some socialist countries of Eastern Europe had revalued their currencies as a result of the devaluation measures adopted unilaterally by one developed market-economy country was a matter of grave concern to the developing countries in view of the adverse effects of such action on their exports. He considered that the socialist countries of Eastern Europe should review their declaration of support embodied in concerted declaration 23 (II) in the light of the establishment in 1965 of the subregional grouping of five Latin-American countries under the Cartagena Agreement, which ensured uniform treatment for foreign capital and full guarantees for investors.

18. Stressing the need for more efforts in the field of export promotion and marketing, the representatives of some developing countries suggested that the socialist countries of Eastern Europe should undertake measures to support the export promotion activities of their countries. The representative of one developing country described in detail the institutional arrangements made and the policy applied in his country to promote trade and economic relations with the socialist countries of Eastern Europe, in conformity with the principle of universality of trade.

19. The representatives of several developing countries referred to the need to improve shipping and other transport services in order to facilitate an increase in their countries' trade with the socialist countries.

20. The representatives of the socialist countries of Eastern Europe stressed the rapid growth of their trade with the developing countries, the considerable diversification of its geographical pattern and the steady increase of the share of manufactures and semi-manufactures in their imports from developing countries, the increasing economic assistance to developing countries and the broadening of its forms, as also of the forms of economic co-operation with the developing countries. They emphasized their countries' full compliance with the recommendations in Conference resolution 15 (II), which in their opinion constituted a basis for the development of economic relations between countries having different economic and social systems. They stated that their Governments had been taking various effective measures to implement recommendations and

resolutions of UNCTAD and thus to facilitate the expansion of trade and economic co-operation with the developing countries. They referred to the increasing use of long-term trade agreements and contracts, which facilitated the development of this trade and its diversification. They also stressed their Governments' firm intention to continue efforts to expand economic, scientific and technological relations with the developing countries.

21. The representatives of some socialist countries of Eastern Europe, referring to the preferential treatment given to imports from the developing countries, described various measures of a preferential nature, including the granting of tariff preferences, applied in their countries to such imports.

22. While expressing the view that trade between the socialist countries of Eastern Europe and the developing countries was a new dynamic factor in international economic relations, the representatives of several socialist countries of Eastern Europe stated that their Governments were envisaging various means of improving the forms of co-operation, particularly in order to create a stable division of labour based on new international specialization of the countries concerned. In that connexion some of them underlined the usefulness of, and the need for, an integrated approach to the problems of trade and economic relations between the socialist countries of Eastern Europe and the developing countries. This approach would depend, in their view, on mutual co-operation.

23. The representatives of the socialist countries of Eastern Europe pointed out that the growing number of agreements on co-operation of different kinds between the socialist countries of Eastern Europe and the developing countries was a basis for intensifying economic relations between these countries in the longer term. Some of them stated that their countries were prepared to intensify co-operation in production between their countries and the developing countries on the basis of a new international division of labour.

24. The representatives of some socialist countries of Eastern Europe stated that there were certain problems in their trade with the developing countries the solution of which would bring about a quicker expansion of trade. In particular, they felt that some developing countries did not give in all cases the same treatment to imports from the socialist countries of Eastern Europe as to imports from developed market-economy countries; there was a lack of effort to import more goods produced in the socialist countries of Eastern Europe; and in some cases there were technical difficulties as regards the quality of goods exported to the latter countries.

25. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, had to face the same difficulties as confronted other developing countries. The existence of important gaps between industrialized countries and developing ones raised problems which should be resolved without distinction of their social and economic systems. He stated further that some of the developed market-economy countries had included his country in

the list of beneficiaries of their schemes of preferences under the generalized system of preferences. He hoped that other developed market-economy countries would do the same. The representative of another socialist country of Eastern Europe also hoped that his country's exports would receive preferential treatment.

26. The representative of one socialist country of Eastern Europe considered that the domination of two super-Powers was the main source of exploitation of small and developing countries; in his opinion, these Powers did not observe established principles of equality, sovereignty, non interference and non-discrimination, had replaced the old colonial system by their own neo-colonialism, applied protectionist policies and imposed a number of barriers to the trade and economic development of small countries. In that connexion he referred to the effects of closed regional economic groupings on world trade.

27. The representatives of several developed market-economy countries, while also noting with interest the expansion of trade between the socialist countries of Eastern Europe and the developing countries, stated that a more diversified geographical structure of this trade was needed. They thought that the developing countries would like to learn more about the prospects for their exports to the socialist countries of Eastern Europe.

28. Commenting on the diversification of exports of the developing countries to the socialist countries of Eastern Europe, the representative of one developed market-economy country, while acknowledging that there had been some diversification, pointed out that the total volume of imports of the socialist countries of Eastern Europe from the developing countries was still modest and geographically concentrated.

29. The representatives of several developed market-economy countries agreed that various forms of co-operation between the socialist countries of Eastern Europe and the developing countries were of growing importance and conducive to the expansion of mutual trade. The representative of one developed market-economy supported the view that industrial co-operation between the socialist countries of Eastern Europe and the developing countries offered, *inter alia*, possibilities for the transfer of technology. The representative of another developed market-economy country expressed the hope that future reports of the UNCTAD secretariat would be able to comment on the concrete results achieved and, in particular, on the extent to which recipient countries had been able to utilize credits granted by the socialist countries of Eastern Europe. Commenting on the international specialization between the socialist countries of Eastern Europe and the developing countries, the representative of another developed market-economy country expressed the hope that it might become a priority of policy in the socialist countries of Eastern Europe and would be of benefit to all the partners concerned.

30. The representatives of some developed market-economy countries thought that a number of developing countries had experienced some difficulties in connexion with the outstanding balances under bilateral payments

agreements, and suggested that these difficulties might be eliminated by means of the transfer of such balances from one country to another. The representative of one developed market-economy country felt that there was room for improvement of the payments mechanism in conformity with Conference resolution 15 (II). The representative of another developed market-economy country acknowledged that multilateralism and bilateralism could exist together in trade between countries having different economic and social systems. The representatives of some developed market-economy countries urged the socialist countries of Eastern Europe to take further preferential measures in favour of imports from the developing countries, in addition to tariff preferences already granted.

31. The representative of one developed market-economy country hoped that the Conference would achieve progress on the proposals made by the Secretary-General of UNCTAD in his report to the Conference on the role of UNCTAD in the International Development Strategy (TD/99 and Corr.2), relating *inter alia* to the unevenness of the rates of growth between socialist countries and the developing countries, the need for accelerating the rates of growth of socialist countries' imports of manufactures, coffee, cocoa and rubber from the developing countries, which had lagged from 1965 to 1969, the extension to the developing countries of the recommendation of CMEA to make transactions of the socialist countries of Eastern Europe multilateral, the inclusion of specific import targets by these countries in their plans and specific commitments on future levels of imports from the developing countries. He also noted that in 1970 the socialist countries had absorbed only 5.7 per cent of the developing countries' exports.

32. The representatives of all socialist countries of Eastern Europe stressed the importance of the problems concerning East-West trade in the context of the topic under discussion. They noted favourable trends in this trade flow in recent years, reflected, *inter alia*, in an over-all growth of exchanges and in an expansion of scientific, technical and industrial co-operation. They stressed the importance of long-term agreements on trade, economic, scientific, technical and industrial co-operation, and of long-term contracts, which, in their view, were actively used by partners to facilitate the growth of trade and to increase its stability. In their opinion economic co-operation was promoted also by a number of newly established bilateral intergovernmental commissions on economic, scientific, technical and industrial co-operation.

33. These representatives stressed that the development of their trade and economic relations with developing countries reflected the basic policy of the socialist countries of Eastern Europe, which was to help the developing countries in overcoming their economic underdevelopment and to create an independent national economy. At the same time, in their view, recent developments had proved anew the indivisibility and the interrelationship of all flows of trade. Conversely, the full normalization of East-West trade would lead to an improvement in the international division of labour and

thus contribute to the interests of all countries. They added that the new five-year plans approved recently in their countries would create additional possibilities for the development of economic co-operation with all countries of the world, including the developed market-economy countries interested in such co-operation. They felt that the convening of the proposed Conference on European Security and Co-operation would further the positive tendencies in East-West economic and trade relations and would also contribute to the improvement of the political atmosphere.

34. The reduction in discriminatory quantitative restrictions, the revision of export restrictions and the normalization of credit conditions by the developed market-economy countries with respect to some socialist countries of Eastern Europe were noted by the representatives of these countries. On the other hand, they emphasized that the remaining discriminatory legislation, policies and commercial practices of the developed market-economy countries and their economic groupings, including those applied by the European Economic Community, were inconsistent with normal relations and should be removed without further delay. They also urged that the most-favoured-nation clause should be unconditionally applied.

35. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, had always stressed that international concerted measures should be applied to all developing countries, irrespective of their economic and social systems.

36. The representatives of socialist countries of Eastern Europe held that as a general rule, in order to expand their exports, developed market-economy countries would have to make efforts to import more from the socialist countries of Eastern Europe.

37. While appreciating the work done by ECE, the representatives of the socialist countries of Eastern Europe and several representatives of developing countries recognized the important role of UNCTAD in the field of East-West trade owing to its more universal mandate.

38. The representatives of socialist countries of Eastern Europe stated that the promotion of trade between countries having different economic and social systems, including the promotion of East-West trade, was one of the main tasks of UNCTAD, in accordance with General Assembly resolution 1995 (XIX). They also considered that the role of UNCTAD in this field was specially important, since ECE, in the work of which they were participating actively, had not yet formulated the necessary recommendations for normalizing East-West trade.

39. The representatives of some developing countries considered that the normalization of trade among countries with different economic and social systems would tend to increase trade in general, thereby creating new opportunities for the developing countries.

40. The representatives of some developing countries expressed the view that the normalization of East-West trade would strengthen the productive capacity

of the socialist countries of Eastern Europe and open up new opportunities for expansion of their trade with the developing countries. Joint programmes and projects by countries of the three groups (developing, socialist and developed market-economy countries) were mentioned by the representative of one developing country as a particularly efficient means of expanding and diversifying economic relations. He expected that industrial co-operation with the socialist countries of Eastern Europe would add to the capacity of the developing countries to export not only to the former but to the developed market-economy countries as well. Some representatives thought that problems of East-West trade and of trade between the socialist and the developing countries could legitimately be considered together.

41. The representatives of developing countries stressed that in any expansion of East-West trade their own countries' trade opportunities and interests should be fully safeguarded. Also, East-West trade in synthetics should not be encouraged. The developing countries' participation in East-West deals should be promoted, taking into account the need to increase their exports.

42. They further stressed that efforts of developed market-economy countries, as well as socialist countries of Eastern Europe, to accelerate the economic development of developing countries should not be made conditional upon the expansion of East-West trade.

43. The representatives of socialist countries of Eastern Europe emphasized that their countries' efforts to accelerate the economic development of developing countries had never been made conditional upon the expansion of East-West trade.

44. The representatives of developed market-economy countries considered that ECE was the appropriate forum for discussing East-West trade and underlined their interest in that Commission's work in such fields as simplification of trade procedures, improvement of marketing, promotion of exchanges of information, industrial co-operation and improvement in the structure of trade between countries of Eastern and Western Europe. In their opinion, UNCTAD was not the proper forum for the detailed consideration of questions relating to East-West trade.

45. One of these representatives pointed out that GATT provided an additional setting in which socialist member countries could discuss their trade problems with Western countries. Tariff concessions given in the framework of GATT were extended also to some socialist countries of Eastern Europe.

46. The representatives of many developed market-economy countries doubted that there was sufficiently convincing evidence of the existence of any interrelation of the two flows of trade (East-West and East-South), more particularly because of their marginal character in total world trade. One of these representatives pointed out that such an interdependence would imply that a true and full multilateralization existed at the world level, which was not the case inasmuch as many elements of the planned-economy system tended towards bilateralism and balanced trade with market-economy countries in relation to world trade as a whole. In any

case, efforts to overcome underdevelopment should not be considered as dependent on the expansion of East-West trade. Nevertheless, being a universal organization, UNCTAD could not avoid being interested in all trade flows, and it was recognized that the developing countries had the right to be informed about developments in East-West trade. In the view of one representative, UNCTAD as a more universal organization than ECE could also play a role in East-West trade relations. Another representative stated that, in principle, the favourable trend of East-West trade constituted a useful contribution to a harmonized development of world trade; he expressed the hope that East-West industrial co-operation would include projects in developing countries.

47. In general, the representatives of developed market-economy countries thought that the removal of quantitative restrictions had already made considerable advances and that in the near future only residual quantitative restrictions would be maintained, for particularly sensitive sectors. They felt, however, that this was not the only problem in East-West trade. Some of them pointed out that marketing in socialist countries of Eastern Europe continued to be difficult because of the lack of information on foreign trade plans, of statistics and of direct contacts; they also recognized that one of the practical obstacles to trade was the inadequate adaptation of products and marketing methods to conditions in individual markets. The growing importance of the consumer goods sector in socialist countries of Eastern Europe was viewed by them as a promising trade-generating factor.

48. The representatives of some developed market-economy countries referred to the proposal to convene a European Conference on Security and Co-operation, which might lead to useful results in the economic field, as in others. One representative however, did not regard such a conference as a necessary, or indeed sufficient, condition for the expansion of trade and economic contacts in Europe.

49. The spokesman of CMEA, speaking under rule 80 of the rules of procedure, referred to the comprehensive programme of socialist economic integration,<sup>6</sup> which outlined the prospects of these countries' co-operation for the next 15-20 years. He stated that the implementation of that programme would contribute to economic progress in all CMEA member countries and would also stimulate their trade, economic, scientific and technical ties with all countries. The mutually advantageous division of labour between socialist countries of Eastern Europe and developed market-economy countries was still hindered by the artificial barriers in international economic relations introduced by some of the latter countries. He stressed that the CMEA member countries attached great importance to a further expansion of trade and economic co-operation with the developing countries.

50. The spokesman of the European Economic Com-

munity stated that, in the view of the Community, the problems of East-West trade were examined in detail in ECE, which was the most appropriate forum for that purpose. To illustrate the present state of the Community's trade with the socialist countries of Eastern Europe, he cited some statistical data showing that imports of the Community from the socialist countries of Eastern Europe were increasing at a rate higher than that of total imports of the Community. He also pointed out that it was particularly agricultural products which had contributed to that growth, and that in latter years the industrial machinery sector had also become one of the most dynamic sectors of imports from the socialist countries of Eastern Europe. The Community had contributed to such favourable developments of trade by adopting a series of measures aimed at normalizing and liberalizing commercial relations with the socialist countries of Eastern Europe. In conclusion, he reiterated that the Community was always prepared to examine on a bilateral basis the concrete problems arising in commercial relations with the socialist countries of Eastern Europe.

51. It was generally felt that UNCTAD was making a useful contribution to the over-all efforts to expand trade between countries having different economic and social systems. The representatives of many developing and socialist countries felt that its institutional framework in this respect should be strengthened. The secretariat's documentation was commended and it was stated that the research work, preparation of studies and periodic reports should be continued. Some representatives both of developing and of developed market-economy countries, expressed the wish that the reports should give even more detailed information about trade in the plans of the socialist countries of Eastern Europe and about institutional developments within CMEA, and should provide a more searching analysis of trade, commodity by commodity, between the socialist countries of Eastern Europe and the developing countries. It was also suggested that the reports should comment on concrete results of co-operation between the socialist and the developing countries. The representatives of the socialist countries of Eastern Europe expressed the wish that the reports should contain even more detailed information about the existing discriminatory restrictions in developed market-economy countries regarding trade with the socialist countries of Eastern Europe.

52. The representative of one developing country requested the UNCTAD secretariat to study and propose institutional machinery for promoting and developing economic and commercial relations of a multilateral character between the socialist countries of Eastern Europe and developing countries. He suggested that those studies should be submitted to the Trade and Development Board at its thirteenth session and that a sessional committee of the Board should be established to examine those proposals.

53. Concerning the studies to be undertaken by the UNCTAD secretariat, various suggestions were made during the discussion. The secretariat was requested to study the expansion of trade and economic co-operation

<sup>6</sup> "Comprehensive programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA member countries" (Moscow, 1971).

between countries having different economic and social systems and the prospects for trade on the basis of intra-branch industrial specialization, in particular by means of case studies; to examine the trade effects of industrial co-operation between the socialist countries of Eastern Europe and the developing countries and between the developed market-economy countries and the socialist countries of Eastern Europe; to study ways and means of applying the integrated approach to the policies of the socialist countries of Eastern Europe toward the developing countries; to study the experience of, and prospects for, joint activities of enterprises in countries having different economic and social systems in executing programmes and projects; to study the interdependence of East-West trade and the growth of total import demand in the socialist countries of Eastern Europe; to study the effects of particular trade flows on other trade flows on a country-by-country basis; to promote the dissemination of information on legal and institutional forms of trade and commercial practices in the socialist countries of Eastern Europe, as well as of other relevant information which would facilitate export promotion in the developing countries; and to intensify the support for technical assistance projects. One specific suggestion made was that the UNCTAD/

GATT International Trade Centre should continue to provide information on market conditions in the socialist countries.

54. At the Committee's fifth meeting on 2 May 1972, a draft resolution (TD/III/C.5/L.6 and Corr.1 and 2), reproduced in the appendix, was submitted by Bulgaria, the Byelorussian SSR, Czechoslovakia, Hungary, Poland, the Ukrainian SSR, and the USSR.

55. At the Committee's sixth meeting on 4 May 1972, a draft resolution (TD/III/C.5/L.3/Rev.1 and Corr.1), reproduced in the appendix, was submitted on behalf of the Group of 77.

56. At its eighth meeting, on 8 May 1972, the Committee established a Contact Group for consideration of the two draft resolutions mentioned above.

57. In adopting the present report at its ninth meeting, on 13 May 1972, the Committee noted the Chairman's statement that the Contact Group had not yet completed its work. It was agreed that the Contact Group should continue its work under the guidance of the Chairman, who, in accordance with the understanding reached by the Bureau of the Conference with regard to unfinished work, would report directly to the President of the Conference.

## APPENDIX

### TEXTS OF DRAFT RESOLUTIONS CONSIDERED BY THE FIFTH COMMITTEE

#### Trade relations among countries having different economic and social systems

(Agenda item 18)

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.5/L.3/Rev.1 and Corr.1)*

*The United Nations Conference on Trade and Development, Reaffirming Conference resolution 15 (II),*

*Recognizing* the growth of trade in recent years between the socialist countries of Eastern Europe and several developing countries,

*Noting* the joint declaration made by the socialist countries of Eastern Europe in the Special Committee on Preferences,

*Recognizing* that in the expansion of trade and economic relations between East and West the interests of the developing countries need to be fully safeguarded,

1. *Urges* all socialist countries of Eastern Europe to:

(a) Formulate positive measures to ensure the implementation of Conference resolution 15 (II) and the joint declaration made by them in the Special Committee on Preferences, particularly by establishing a firm and definite time-table for the implementation of measures to give preferential access to imports from all developing countries through elimination of tariff barriers and other obstacles to trade on a non-reciprocal basis;

(b) Give due consideration to the trade needs of developing countries, and in particular their production and export potential, when formulating quantitative targets in their economic plans, so that imports from developing countries are not only maximized but progressively diversified with an increasing proportion of manufactures, semi-manufactures and non-traditional items;

(c) Promote the conclusion of long-term purchase agreements between their agencies and enterprises and those of the developing countries in order to facilitate the planning and execution of the latter's investment, production, and delivery programmes;

(d) Promote increasing contacts between their manufacturing, trading and consuming agencies and organizations and those of developing countries with a view to identifying new export possibilities and techniques of export promotion for developing countries;

(e) Intensify the dissemination of information related to the export trade of developing countries, through the organization of seminars, symposia and training courses;

(f) Intensify industrial, scientific, technical and other forms of co-operation with developing countries aimed at developing and strengthening the industrial base and export potential of the developing countries, particularly the least developed among them;

(g) Implement measures adopted by the United Nations organizations, in particular UNCTAD, to stimulate the transfer of technology to developing countries on fair and reasonable terms;

(h) Collaborate with the developing countries, upon their request and as mutually agreed upon, in the marketing of products and the establishment of joint ventures in third countries;

(i) Accept repayment of credits in the form of goods from developing countries;

(j) Introduce mutually agreed elements of flexibility and multilateralism in bilateral payments arrangements with developing countries, taking into account their specific circumstances and pattern of trade and with a view to facilitating the settlement of their trade and payments;

(k) Take positive action to facilitate the utilization of the balances accumulated in any one bilateral trade relationship by a developing country, within the rest of the socialist countries of Eastern Europe, if the respective developing country so requests;

(l) Take specific measures so that products imported from developing countries are not re-exported to third countries;

(m) Supply, upon the request of the developing countries, industrial raw materials and other essential goods produced by the socialist countries of Eastern Europe in which they have export possibilities;

(n) Ensure that any effort for the development and expansion of their trade with developed market-economy countries will not adversely affect the trading possibilities and trade expansion of developing countries, and indeed is so directed as to give further impetus to the export of a wider range of both traditional and non-traditional products and services from developing countries.

2. Requests the UNCTAD secretariat to conduct further studies, in consultation with the countries interested, in order to suggest measures intended to develop multilateral trade and economic relations between the socialist countries of Eastern Europe and the developing countries. The above studies should be submitted to the Trade and Development Board for further consideration.

#### Expansion of trade between countries having different economic and social systems

*Draft resolution submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics (TD/III/C.5/L.6 and Corr.1 and 2)*

*The United Nations Conference on Trade and Development,*

Considering that it is an inevitable consequence of growing international interdependence that the constriction of any one channel of economic relationships tends to react adversely upon other channels as well, as noted in resolution 15 (II), which was adopted unanimously at the second session of the Conference,

Convinced of the importance and desirability of expanding trade between countries having different economic and social systems—including trade between developing countries and the socialist countries of Eastern Europe on the one hand, and trade between developed market-economy countries and the socialist countries of Eastern Europe on the other hand—for the mutual enjoyment of the economic advantages accruing from the deepening of the international division of labour, the improvement of the general atmosphere in relations between States and the strengthening of peace,

Reaffirming its resolution 15 (II) as the basis for the activities of UNCTAD and its organs in the field of the development of trade and economic relationships between countries having different systems,

Recognizing that there have been certain favourable trends in this field of international economic relationships in recent years, including *inter alia* the expansion of trade, some relaxation of the discriminatory restrictions applied by developed market-economy countries against trade with the socialist countries of Eastern Europe, the emergence of new forms of co-operation and the imparting of a longer-term and more stable character to economic relationships,

Noting with satisfaction, in particular, the substantial expansion of economic relationships between the socialist and the developing countries as an important factor contributing to the creation of the national economies and the strengthening of

the economic independence of the countries of Asia, Africa and Latin America,

Stressing that UNCTAD has made a certain positive contribution to the achievement of the progress recorded,

Recognizing at the same time that the economic development of the developing countries and the acceleration of economic and social progress throughout the world call for a further expansion and strengthening of economic relationships between the socialist countries of Eastern Europe and the developing States, and also between the developed market-economy countries and the socialist countries of Eastern Europe,

Expressing its conviction that the successful convening of the proposed European Conference on Security and Co-operation will contribute to an improvement of the international situation, to a further normalization of international trade and to the creation of favourable conditions for the development of economic co-operation between all countries of the world,

Considering that in any general settlement of international trade problems a positive solution must be found also for the problem of trade between the socialist countries of Eastern Europe and the developed market-economy countries,

Recalling the principles governing international trade relations and trade policies conducive to development, as adopted at the first session of the United Nations Conference on Trade and Development,

Drawing attention at the same time to the maintenance in developed market-economy countries of discriminatory trade policy and other obstacles to the development of trade with the socialist countries of Eastern Europe, and to the new difficulties caused by the activities of closed economic groupings and also by the aggravation of the monetary crisis,

1. Considers that in view of the scientific and technological revolution and the substantial expansion and extension of international exchanges and international specialization, the 1970s should become a new important landmark in the development of economic relationships between countries having different social systems, on a basis of the full normalization of relationships and the activation of the entire range of trade and economic relationships between these countries, particularly by improving their long-term character and stability;

2. Calls upon countries with different social systems:

(a) To abide unconditionally by General Principle Two of the United Nations Conference on Trade and Development, to the effect that there shall be no discrimination on the basis of differences in socio-economic systems;

(b) To continue to implement Conference resolution 15 (II), using the well-tried forms of trade and economic co-operation on an extensive basis (long-term agreements and contracts, the creation of joint intergovernmental commissions and the development of economic, industrial, scientific and technical co-operation, etc.) with a view to deepening and expanding a stable and mutually advantageous division of labour;

(c) To make wider use of bilateral and multilateral consultations with a view to determining the long-term prospects for mutual economic co-operation in specific fields and to harmonizing the existing long-term economic development plans and programmes of each partner in fields of mutual interest;

(d) Wherever possible and desirable, to give these consultations the character of negotiations, and to give the agreed decisions the character of long-term agreements and contracts;

(e) For this purpose, to make use, *inter alia*, of the machinery established for consultations within the framework of the Trade and Development Board's sessional committee on trade relations among countries having different economic and social systems.

## A

## RELATIONS BETWEEN DEVELOPING COUNTRIES AND THE SOCIALIST COUNTRIES OF EASTERN EUROPE

3. *Recommends* these countries:

(a) To continue their efforts to expand and diversify trade between them, particularly on a long-term basis, in close co-ordination with all other forms of economic, scientific and technical co-operation;

(b) To encourage the development of mutual industrial co-operation and specialization, in particular by the adoption of the necessary trade-policy measures and by the improvement of information on possibilities in this field;

(c) In addition to the use of bilateral payments systems, to make more active use of the payments possibilities created within the framework of the International Bank for Economic Co-operation and also those provided for in the Comprehensive Programme of Socialist Economic Integration of the Council for Mutual Economic Assistance and to continue to study the possibility of introducing other elements of multilateralism in their mutual payments;

(d) To intensify informational activities on the possibilities of the expanding mutual trade, in particular through joint commissions and their working bodies, and also by the exchange of delegations, the organization of fairs and exhibitions and the expansion of co-operation between chambers of commerce and industry and other appropriate institutions;

(e) To promote the development of scientific and technical co-operation, particularly by the conclusion of intergovernmental agreements, the establishment of the necessary joint organs and the encouragement of relationships between the institutions and organizations concerned.

4. *Recommends* the socialist countries of Eastern Europe:

(a) To continue to expand economic co-operation and assistance designed to create and improve the industrial structure of developing countries and to increase trade with those countries in such a way that as many of them as possible can benefit from it;

(b) To take into account in their economic development plans existing and potential forms of production and export, and also the diversification of production and export, in the developing countries;

(c) In addition to increasing their purchases of raw materials, to continue to take measures to encourage imports of finished products of national industries on the basis of non-reciprocal tariff preferences for developing countries, and other measures of an essentially preferential character, as provided for in the joint declaration by the socialist countries in the Special Committee on Preferences;

(d) To encourage the development of a stable division of labour with the developing countries concerned;

(e) To help developing countries, at their request, to draw up their economic development plans and programmes, including those for foreign trade;

(f) To intensify their informational activities on the possibilities for expanding trade with developing countries (through seminars, symposia, publicity and other media), thereby assisting the developing countries' export promotion efforts;

(g) To continue the transfer of technology to developing countries on favourable terms, and to take measures when necessary to adapt the technology to their circumstances and needs, and help them to develop a research infrastructure through:

Assistance in the establishment of research institutes, educational centres, laboratories, etc.;

Co-operation with existing research institutes;

The secondment of experts and scientists to work in the research organizations of the countries concerned;

The creation, where appropriate, of special organizations in the fields of geological survey, scientific research, design, etc.;

The supply of equipment and documentary material needed for research work;

(h) To promote scientific and technical progress in developing countries by providing training for their national personnel both in their own countries and in the socialist countries of Eastern Europe;

5. *Recommends* the developing countries:

(a) To provide, where they do not already exist, the trade policy and organizational prerequisites for expanding trade with the socialist countries of Eastern Europe, and to try to remove internal and external obstacles;

(b) To apply consistently measures to encourage imports of goods from the socialist countries of Eastern Europe, in particular by according those countries terms not worse than those applied to developed market-economy countries;

(c) Not to impose on goods exported to socialist countries any duties, restrictions, or export policy measures which are discriminatory compared with those applied to the export of the same goods to developed market-economy countries;

(d) To take steps to ensure the most efficient use of the economic and technical assistance received from the socialist countries of Eastern Europe in order to promote the development of their national economies and overcome their economic backwardness;

(e) To promote the production of goods for which there is a demand in the socialist countries of Eastern Europe and to take steps to encourage exports to the markets of those countries;

## B

## RELATIONS BETWEEN THE SOCIALIST COUNTRIES OF EASTERN EUROPE AND DEVELOPED MARKET-ECONOMY COUNTRIES

6. *Recommends* these countries:

(a) To participate fully in the improvement of existing, and the establishment of new and forward-looking, forms of long-term trade and economic relationships, especially those which are conducive to the joint solution of major economic problems in the countries concerned in connexion with the exploitation of natural resources, the construction of industrial enterprises, scientific and technical co-operation, protection of the environment and the development of industrial co-operation;

(b) To intensify the promotion of trade among themselves through the organization of fairs and exhibitions, exchanges of delegations, the simplification of trade formalities, wider publicity, and greater facilities for commercial contacts within the framework of existing national legislation;

7. *Recommends* the developed market-economy countries:

(a) To accord the socialist countries of Eastern Europe, where they have not already done so, the trade policy régime that is applied to any third country on the basis of the principle of most-favoured-nation treatment. Account should be taken of the position and interests of individual socialist countries in Eastern Europe as defined in the report of the Special Committee on Preferences on the second part of its fourth session.<sup>a</sup> These measures should include, in particular, the

<sup>a</sup> *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A (TD/B/329/Rev.1).*

abolition of existing discriminatory lists of export restrictions, discriminatory import quota restrictions, customs discrimination and other discriminatory administrative, economic and trade policy restrictions;

(b) To take steps to promote the dissemination of information on the possibilities of expanding economic relationships with the socialist countries of Eastern Europe, and to create a climate of goodwill conducive to the development of relationships with this group of countries;

8. *Recommends* the socialist countries of Eastern Europe:

(a) To take steps to increase their trade with developed market-economy countries which are removing discriminatory restrictions on trade with the socialist countries of Eastern Europe, and are taking other steps to promote this trade;

(b) To promote the production of goods with due regard for the requirements of the markets of the developed market-economy countries;

(c) To improve after-sales services for exported industrial products and the advertising of their industrial products in the developed market-economy countries;

### C

9. *Recommends* that the Trade and Development Board should take steps to enhance the role and importance of the consultations provided for in part IV of Conference resolution 15 (II), without prejudice to their informal and confidential nature, bearing in mind, in particular, the desirability of ensuring that:

(a) The countries concerned will be informed in advance of the intention to hold consultations and, if possible, will notify each other of the subjects they wish to discuss;

(b) Countries so informed and willing to participate in the consultations will make the necessary preliminary preparations;

(c) Competent experts will be sent to participate in the consultations;

### D

10. *Invites* the Secretary-General of UNCTAD, in consultation with other competent organs of the United Nations:

(a) To study the progress made in the expansion of trade and economic relationships among countries having different economic and social systems, and the trend in trade and economic policies and in the organizational and legal basis of those relationships, and to continue to submit studies and periodic reports on the subject to the Trade and Development Board, its sessional committee and the main committees,

(b) To provide more detailed information in those studies and reports on problems such as:

Ways and means of removing existing obstacles to trade and economic relationships between countries with different systems, and measures designed to expand trade and economic relationships between them;

Existing opportunities for mutually advantageous international specialization which might help to increase the volume of trade;

(c) To promote the dissemination of information on the legal forms and organizational systems of foreign trade and commercial practice in the socialist countries of Eastern Europe and in trade between countries having different economic and social systems, bearing in mind especially the needs of the developing countries and allowing for institutional changes in UNCTAD.

## F. REPORT OF THE SIXTH COMMITTEE

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NOTE: The check list of documents prepared for and during the deliberations of the Sixth Committee appears in annex X, section I,VI below.

### Introduction

1. At its 82nd plenary meeting on 13 April 1972, opening its third session, the United Nations Conference on Trade and Development established the Sixth Committee and referred to it for consideration and report the following items of the agenda as adopted:

- 11 (a) Special measures in favour of the least developed among the developing countries
- 11 (b) Other special measures related to the particular needs of the land-locked developing countries.

2. At its first meeting, held on 13 April 1972, the Committee elected Mr. Eliseo Mendoza (Mexico) as its Chairman. At its second meeting, held on 18 April 1972, it elected Mr. Pushkar Nath Pant (Nepal) as its Vice-Chairman and Mr. Arba Hama Diallo (Upper Volta) as its Rapporteur.

3. The Committee held sixteen meetings during which it considered the items allocated to it.<sup>1</sup>

4. At its second meeting the Committee adopted the proposed time-table for its work set out in the note by the Chairman (TD/III/C.6/L.1), on the understanding that in connexion with item 11 (a) it would discuss separately, on the one hand, the action programme for least developed countries and, on the other, criteria for identification and proposals for further work on special measures for relatively disadvantaged countries.

5. At its seventh meeting the Committee established a contact group for the consideration of draft resolutions.

<sup>1</sup> For an account of the Committee's deliberations see the summary records of its 1st to 16th meetings (TD/III/C.6/SR.1-16).

## CHAPTER I

## Special measures in favour of the least developed among the developing countries

(Agenda item 11 (a))

**Part one. Action programme in favour of the least developed countries<sup>2</sup>**

6. The representative of the Secretary-General of UNCTAD made an opening statement (TD/III/C.6/L.2) introducing the action programme of the Secretary-General of UNCTAD (TD/135) which had been prepared pursuant to Trade and Development Board resolution 82 (XI) and General Assembly resolution 2768 (XXVI) of 18 November 1971.

7. It was generally agreed that the least developed among the developing countries had to be assisted by a concerted programme of action-oriented measures, to enable them to benefit equitably from general international policies for development. In that connexion the view was expressed by certain developing countries that the least developed countries, among others, were not able to benefit from general measures, such as the generalized system of preferences extended to all developing countries. The Committee agreed that the time had come for the elaboration and implementation of a concrete, action-oriented programme. Representatives of the developing countries, the developed market-economy countries, and the socialist countries of Eastern Europe all expressed the hope that the Conference would end with a resolution on an action programme in favour of the least developed countries. The Committee noted with appreciation the action programme submitted by the Secretary-General of UNCTAD.

8. The Committee welcomed the action taken by the Committee for Development Planning in identifying a list of 25 countries as hard core least developed countries, a list which had been approved by the Trade and Development Board in resolution 82 (XI) and subsequently by the General Assembly in resolution 2768 (XXVI). It was generally felt that the list provided an important starting point for international action in favour of the least developed countries and that priority should be given to the elaboration of an action programme from which the countries already identified as least developed could benefit.

9. The representatives of the developing countries, referring to the Declaration and Principles of the Action Programme of Lima (TD/143)<sup>3</sup> stated that their views on the item of the agenda under discussion were fully reflected in the relevant sections of the Declaration. They looked forward to hearing at the Conference the views of the developed countries.

10. The representatives of the developing countries, supporting the aspirations of the least developed among

them for an international action programme of special measures in their favour, stressed that such programmes on special measures in any field, while securing due and equitable benefits in favour of the least developed countries, should ensure that the interests of the other developing countries were not injured or prejudiced in any manner.

11. These representatives, while recognizing the importance of special measures in favour of the least developed countries, stated that those measures must be supplementary to the general measures applicable to all developing countries and should not prevent the least developed countries from benefiting from the general measures also.

12. The representatives of many developing countries, while accepting the list of 25 hard core countries as an important starting point for a programme of international action in favour of the least developed countries, stated that it was their understanding that studies would continue on the review of criteria for the identification of the least developed countries and the search for additional criteria. Some of these representatives considered that there was a need to extend the list of countries which could qualify for special measures. Others maintained that land-locked developing countries should be included in the list of hard core least developed countries. Some representatives provided information on the economic and social characteristics of their countries, claiming that these characteristics justified the inclusion of their countries in the list of hard core countries.

13. The representatives of the developing countries emphasized the importance of technical assistance, including training, to increase the absorptive capacity of the least developed countries, and some of them stressed the need to co-ordinate the technical assistance efforts of all United Nations agencies. Some also mentioned the need to revise the indicative planning figures used by the UNDP, in order to reflect the new realities and the greater needs of the least developed countries.

14. While the representatives of some developing countries expressed the view that the establishment of a special fund in favour of the least developed countries might serve to assist those countries, they stated that the existing institutions should urgently introduce greater flexibility into their procedures and operational criteria, and modify the terms and conditions of their financial and technical assistance so as to be better equipped to meet the most urgent needs of the least developed countries. They pointed out that some of the major international financial institutions established criteria and operated on terms which made it difficult or impossible for least developed countries to qualify for, and make use of, their financing facilities. Moreover,

<sup>2</sup> The Committee discussed this item at its 2nd to 7th meetings.

<sup>3</sup> See annex VIII, F below.

there was no single institution whose functions combined, in a co-ordinated manner, technical assistance, pre-investment studies and project financing, a combination that was especially important if the least developed countries were to benefit fully from international assistance measures. The view was also expressed by representatives of developing countries that a special fund could help to ensure that additional funds for the least developed countries were forthcoming.

15. The representatives of several developing countries supported the view that the more advanced among the developing countries could play an important role in assisting the least developed ones. Some of these representatives indicated that their Governments were already providing assistance in various forms to other developing countries, including the hard core least developed ones, and would continue to do so. Such assistance could be provided not only in the framework of regional economic co-operation arrangements, but also outside such arrangements.

16. The representatives of several developing countries stressed the importance of regional co-operation among developing countries as a means of helping to solve the special problems of the least developed countries, pointing out that it was especially important that the international community, and more particularly the developed countries, should give their full support to measures taken in favour of the least developed countries in a regional or subregional context, since only in that way could such measures be really effective. The representatives of other developing countries expressed the view that whatever assistance some of the more advanced developing countries had so far given to the least developed among the developing countries could not be considered to have been of significance in relation to the development needs of those countries. The representatives of other developing countries stated that such assistance had been of significance in their own regions and subregions. The representatives of some developing countries stressed that it was also necessary to ensure that special measures in favour of the least developed countries which were members of regional groupings did not have adverse effects on their regional partners.

17. The representatives of some developing countries considered that in the field of commercial policy there was a need to extend general measures by introducing supplementary special measures in favour of the least developed countries. They referred to the possibility of reducing quota restrictions applicable to exports from the least developed countries, eliminating or reducing taxes applicable to tropical products, eliminating non-tariff barriers, identifying and removing restrictive business practices, and stabilizing prices of tropical products. They also suggested that the coverage of the GSP should be extended to include products at present excluded from the system that were of export interest to the least developed countries and that the period of application of the system should be sufficiently extended to enable the least developed countries to derive adequate benefits. The representatives of some developing countries stated that the rationale

of special measures in the field of commercial policy was that the present preferential tariff treatment accorded by the GSP did not cover products of interest to the least developed countries. The special measures in the field of commercial policy were therefore intended to bridge the gaps in coverage of the GSP and so to seek the requisite adjustment whereby all the developing countries might derive equitable benefits from measures extended by all the developed countries. Reference was also made to the need for assistance to the least developed countries in their industrialization efforts, so as to strengthen their capacity to take maximum advantage of the generalized system of preferences.

18. The representatives of the developed market-economy countries stressed the need for an integrated approach in any programme of special measures in favour of the least developed countries, while emphasizing the important role which an expanded and more appropriate programme of financial and technical assistance would need to play. They also stressed the need for a close link between financial and technical assistance. At the same time, most of these representatives considered that in the field of commercial policy it was difficult to devise special measures in favour of the least developed countries which would be of any real significance to them, and hence that policy measures in this field could play only a rather limited role.

19. The representatives of several developed market-economy countries expressed the view that in the field of commercial policy special measures of benefit to the least developed countries were possible, and referred to special measures involving international commodity agreements and the generalized system of preferences.

20. The representative of one developed market-economy country referred to the position of a dependent territory which was also a United Nations Trust Territory and which, he stated, was rapidly approaching self-government. He hoped that its interests would be taken fully into account when special measures were devised to assist countries still in the early stages of development.

21. The representative of a developing country, referring to the statement made concerning the position of a dependent territory, considered that it was inappropriate to claim special treatment for such a territory within the context of an action programme in favour of the least developed countries and that achievement of independence was a prerequisite.

22. The representatives of the developed market-economy countries emphasized the need for an increased flow of financial and technical assistance to the least developed countries and agreed that both multi-lateral and bilateral flows had an important part to play in this regard. Several of them stressed in particular the need for increased flows of official development assistance. It was generally recognized by these representatives that financial assistance to the least developed countries should be provided on the softest possible terms, preferably on a grant or grant-like basis, and several of them suggested that such assistance should be made available on terms which were at least equivalent to those of IDA. Most of these representa-

tives stressed the need for flexibility in the conditions on which financial aid was made available to the least developed countries, pointing out, for instance, that it might be necessary to make adequate contributions to meet the local cost of capital projects. The need for untying aid to the least developed countries was also recognized by some representatives.

23. With regard to an appropriate mechanism for mobilizing and channelling an increased flow of international financial and technical assistance to the least developed countries, the representatives of the developed market-economy countries expressed the view that the creation of a special fund would not contribute to the achievement of this important objective. Many of these representatives felt that the organizational and administrative costs of setting up and administering such a fund would merely absorb resources which might otherwise have gone to the least developed countries. They expressed concern at the prospect of a further proliferation of international institutions and doubted whether the existence of a special fund would itself lead to an increase in the total volume of resources available. On the contrary, they feared that it would simply provide an alternative channel for existing flows of resources or for flows that could already be expected. One of these representatives stated that the creation of a special fund within the framework of UNDP would be acceptable to his Government.

24. The representatives of the developed market-economy countries believed that, to be effective, increased international resources for the least developed countries should be channelled through existing institutions, and many of them stressed the important role of IDA, UNDP and the regional development banks as instruments for international financial and technical assistance to the least developed countries. Several representatives considered that existing institutions, and in particular IDA, UNDP and the regional development banks, should increase their financial and technical assistance to the least developed countries, and to that end called for an increase in contributions to the institutions concerned. The representatives of some developed market-economy countries also stated that new criteria were needed for allocating UNDP assistance and that, in revising the indicative planning figures, the Governing Council of UNDP should give greater emphasis to the needs of the least developed countries; others felt that the answer lay rather in a larger volume of resources being made available to UNDP than in a reallocation of existing resources.

25. The representative of one developed market-economy country stated that his Government was prepared to consider earmarking funds for the least developed countries in making its contributions to UNDP; representatives of other developed market-economy countries spoke favourably of the possibility of earmarking such funds.

26. The representatives of many developed market-economy countries stressed the need to enhance the absorptive capacity of the least developed countries and emphasized the important part that technical assistance could play in that respect. Some of these

representatives considered that technical assistance to the least developed countries should concentrate on improving the physical and institutional infrastructure of those countries, while others emphasized the needs of the least developed countries in the fields of education and training, economic planning and project preparation, public administration and community development, surveys of natural resources and potential, rural and agricultural development, and export promotion. Several of these representatives expressed the view that, given the differences in economic structure and characteristics that existed among the least developed countries, it was particularly important to bear in mind the need for a country-by-country approach.

27. Regarding proposals for convening consultative groups for the co-ordination of aid efforts of donor countries and agencies in respect of the least developed countries, the representatives of several developed market-economy countries stated that their Governments would be prepared to participate in the work of such groups if requests for their establishment were made by the least developed countries concerned. Some of these representatives pointed out that machinery of this kind could make heavy demands on the scarce administrative and technical manpower of the least developed countries and suggested that careful consideration should be given as to whether it was really needed. Several representatives referred to the co-ordinating role which the resident representatives of the UNDP could play in this regard.

28. The representatives of most developed market-economy countries referred to the importance of regional co-operation among the developing countries in helping to meet the needs of the least developed countries. Many of them said they would continue to support such efforts. Reference was also made to action which could be taken by the more advanced among the developing countries in favour of the least developed.

29. The representative of Spain stated that his country, being a developing country of Group B, was prepared to give favourable consideration to the adoption by the most advanced developing countries of measures in favour of the least developed among the developing countries. He considered, however, that the developed countries and the international institutions should shoulder the major burden of the international effort in that field. In the opinion of his delegation, multi-stage ("cascade") co-operation would be the best proof of genuine international solidarity.

30. The representatives of most socialist countries of Eastern Europe stated that they viewed with understanding the special problems of the least developed among the developing countries and that the difficulties experienced by those countries were the results of the activities of former colonial and neo-colonial Powers. These Powers bore a special responsibility for the economic backwardness of the least developed countries, and the demands made on them to increase the volume and improve the conditions of assistance for the development needs of those countries were fully justified. These representatives considered that discrimination on political grounds was inadmissible; and they pointed to

the danger of the uncontrolled operations of foreign capital. They supported the recommendations addressed to international organizations of the United Nations system to give full consideration to the needs of the least developed countries. These representatives considered that the raising of the level of development of the least developed countries would depend to a considerable extent on those countries' own efforts, and in particular on their introducing progressive social and economic reforms. They considered it most important that the measures adopted by the developed market-economy countries and by international organizations should include no conditions that might hinder the least developed countries in their struggle for full independence.

31. The representatives of most socialist countries of Eastern Europe also pointed out that their countries took into account the problems of the least developed countries in their practical aspects, and that with many of them they had had for a number of years active trade relations and were developing economic co-operation on the basis of the joint elaboration, with every country that was willing to co-operate, of specific and justified programmes based on inter-State agreements. One of these representatives stated that the co-operation of his country with the least developed countries would be substantially improved by the creation of joint inter-governmental commissions for economic and technical co-operation.

32. The representatives of most socialist countries of Eastern Europe stated that their countries would continue to strengthen all aspects of their relations with the least developed countries in accordance with the principles of their foreign economic policy, as reflected, in particular, in Conference resolution 15 (II) and in the Declaration made by a group of socialist countries at the present session of the Conference (TD/154).<sup>4</sup>

33. The representative of one socialist country of Eastern Europe stated that his country, as a socialist developing country, supported the view that it was only natural that, within the framework of international action in favour of the developing countries, special measures should be taken for the benefit of the least developed among them. He pointed out, at the same time, that such measures required supplementary international resources in order to respond to the needs of all developing countries. His delegation would agree to any constructive proposal in that respect.

34. A draft resolution on special measures in favour of the least developed among the developing countries (TD/III/C.6/L.6) was submitted by the representative of Indonesia on behalf of the Group of 77.<sup>5</sup>

35. The Committee was unable to agree on the draft resolution and at its 16th meeting, in view of the limited time available, decided to refer it to the President of the Conference for appropriate action in the light of the informal negotiations that were in progress.

36. A draft resolution on developing island countries, also, was submitted by the representative of

Indonesia on behalf of the Group of 77 (TD/III/C.6/L.4/Rev.1).<sup>6</sup> After consultations in the Committee's Contact Group, agreement was reached on a revised text of the draft resolution (TD/III/C.6/L.10) and the earlier draft was withdrawn by its sponsors. The Committee took note of the statement of the financial implications of the revised draft resolution (TD/III/C.6/L.10/Add.1)<sup>7</sup> and unanimously decided to recommend the revised draft to the Conference for adoption.<sup>8</sup>

37. The representative of New Zealand made a statement concerning his delegation's interpretation of the operative paragraph of the draft resolution.<sup>9</sup>

#### Part two. Criteria for identification and proposals for further work on special measures for relatively disadvantaged countries<sup>10</sup>

38. It was generally agreed that although the list of 25 hard core least developed countries identified by the Committee for Development Planning provided a useful basis and important starting point for international action, further work on identification criteria was needed; in that connexion the importance of formulating fully acceptable objective criteria was stressed. At the same time, the representatives of several developing countries, of developed market-economy countries and of the socialist countries of Eastern Europe suggested the need for some flexibility.

39. The representatives of several developing countries, while accepting the present list as a realistic beginning, stressed that it was neither definitive nor comprehensive, and drew attention to inadequacies in the criteria used and to the urgent need for further work on review of criteria. Some of these representatives pointed out that there were many aspects to underdevelopment and that many of the relevant characteristics of least developed status had not been taken into account in the criteria used. Reference was made to the importance of such factors as the existence of a monoculture and the inadequacy of the infrastructure, the relative importance of the non-monetary or subsistence sector, the small size of the domestic market and the limited scope for industrialization, the lack of qualified personnel, and deficiencies in the matter of health. One representative stated that it was necessary to take into account debt servicing problems, as well as the impact of fluctuating world prices.

40. The representatives of some developing countries also referred to deficiencies in the indicators used by the Committee for Development Planning, pointing to shortcomings in the concept of gross domestic product, especially since it took no account of the proportion received by non-nationals as a result, *inter alia*, of salaries paid to foreign technicians and dividends sent

<sup>6</sup> See appendix III, A below.

<sup>7</sup> See appendix IV below.

<sup>8</sup> See appendix I, A below.

<sup>9</sup> See the summary record of the Committee's 16th meeting (TD/III/C.6/SR.16).

<sup>10</sup> The Committee discussed this item at its 11th to 14th meetings.

<sup>4</sup> See annex VIII, G below.

<sup>5</sup> See appendix II, A below.

abroad. Reference was also made to the inadequacy of the illiteracy rate as a means of measuring educational performance; it did not take into consideration such factors as the proportion of children enrolled in schools, and was in any event of dubious statistical value where, as in many of the least developed countries, there were no population censuses or they were of doubtful reliability. Several representatives expressed the view that in further work on criteria high priority should be given to the improvement and updating of statistical data and to the refinement of statistical concepts.

41. The representatives of some developing countries referred to the distinction between static indicators of existing levels of development and dynamic indicators of development potential and stressed the need to take into account the dynamic indicators in future work on criteria; these should include such considerations as the rate of growth and whether development was proceeding satisfactorily. Some of these representatives also suggested that a country-by-country approach should be adopted, in order to take account of the particular situation of each developing country.

42. The representatives of some developing countries referred to the need for a flexible interpretation, so as to include borderline countries which were broadly similar to the identified hard core least developed countries, and some suggested that all land-locked developing countries should be included in the list of hard core least developed countries. Others emphasized that identification was not a static concept but a dynamic one and that criteria would need to be constantly reviewed in the light of changes as they occurred.

43. The representatives of some developing countries stressed the special problems of developing island countries, pointing to the disadvantages of being surrounded by the sea, such as the isolated nature of some of the economies concerned, their distance from the main markets and their transport and communications difficulties. They also mentioned their small size and limited domestic markets, limited natural resources and limited base for industrialization. They suggested that these factors, which were of a geographical and physical nature, created natural handicaps to development which were rather different from the socio-economic problems often discussed, but which nevertheless deserved the special attention of the international community.

44. The representatives of some developing countries stressed the need for work on the identification of least developed countries in a regional context, suggesting that there was a need for special measures to help promote regional integration among developing countries.

45. Some representatives also emphasized that in further work on the identification of relatively disadvantaged countries special attention should be given to countries with critical major economic sectors.

46. The representatives of some developing countries referred to difficulties which might arise from creating too many categories of countries, and some expressed the fear that if too many countries were included in the category of the least developed the result might be a dilution of special measures.

47. The representatives of some developing countries stressed that UNCTAD had an important part to play in the continuing work on identification, and suggested that in this work UNCTAD should take into account the results of work done at the regional level.

48. Representatives of the developed market-economy countries referred to General Assembly resolution 2768 (XXVI) and stressed that the Committee for Development Planning should continue to play the leading role in the continuing work on identification, in close consultation with UNCTAD. One of these representatives expressed support for the proposal that the list should be revised at the time of the mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade. Another representative took the view that UNCTAD had no major role to play in further work on identification, though it could assist in such matters as the provision of statistical data. Others suggested that UNCTAD had a distinctive role to play, in accordance with General Assembly resolution 2768 (XXVI).

49. The representatives of the developed market-economy countries also stressed the need for a review of the criteria for identification. Some pointed to the need for further work, both in the identification of countries on the basis of existing criteria and in the search for new criteria. One representative thought that both static and dynamic indicators should be taken into account in future work and that due consideration should be given to land-locked developing countries. The representatives of some developed market-economy countries also referred to the need for some flexibility, suggesting that there were other countries, in addition to those already identified as hard core least developed ones, which were in need of some or all of the special measures devised for the hard core least developed countries.

50. With regard to the identification of relatively disadvantaged countries in a sectoral or regional context, the representatives of some developed market-economy countries considered that this should be left to the regional or sectoral bodies concerned, since in their view global guidelines were not appropriate in such cases, and some suggested that the issues were already being considered satisfactorily in a regional context. Several of these representatives expressed concern at the danger of an excessive proliferation of categories of countries in respect of which special measures would be called for.

51. The representatives of two developed market-economy countries expressed the view that dependent territories which met the criteria of the Committee for Development Planning should be included in the list of hard core least developed countries.

52. The representatives of several developing countries strongly objected to the introduction of the question of dependent territories into the discussion and questioned the right of a country member of UNCTAD to speak on behalf of a dependent territory. They reaffirmed their countries' consistent efforts in all United Nations forums for complete decolonization and the legi-

timate right of all dependent territories to self-determination. They strongly objected to the view that UNCTAD should enter into an exercise to include dependent territories in the hard core list, maintaining that this would establish a dangerous precedent.

53. The representatives of some socialist countries of Eastern Europe, referring to the need for further work on the review of criteria, stressed the need for flexibility and drew attention to the difficulties created by the paucity of reliable statistical data. They expressed the view that the Statistical Office of the United Nations should assist in solving this problem. They stressed the role which the regional economic commissions should play in future work on identification. They also referred to the need, in future work on identification, to take account of problems created by a country's geographical position and by the particular situation of certain sectors of its economy.

54. The representative of one socialist country of Eastern Europe stated that, as a socialist developing country, his country appreciated the spirit in which the question of identification of least developed countries

was being discussed. He considered that every effort should be made to devise generally acceptable criteria and at the same time to achieve the early implementation of special measures in favour of the countries already identified as least developed. Those ideas were spelt out in clear and simple terms in the draft resolution submitted by the Group of 77 (see para. 55 below), which his delegation fully supported.

55. A draft resolution on identification and general considerations about the special measures in favour of the least developed among the developing countries was submitted by the representative of Indonesia on behalf of the Group of 77 (TD/III/C.6/L.5/Rev.1).<sup>11</sup> As a result of consultations in the Committee's contact group agreement was reached on a revised text of the draft resolution (TD/III/C.6/L.12)<sup>12</sup> and the earlier draft was withdrawn by its sponsors. The Committee unanimously decided to recommend the revised text for adoption by the Conference.

<sup>11</sup> See appendix III, B below.

<sup>12</sup> See appendix I, B below.

## CHAPTER II

### Other special measures related to the particular needs of the land-locked developing countries

(Agenda item 11 (b))<sup>13</sup>

#### Action programme for land-locked developing countries

56. The representative of the Secretary-General of UNCTAD made an opening statement (TD/III/C.6/L.7) introducing the action programme submitted by the Secretary-General of UNCTAD (TD/136) which had been prepared in response to the request by the Trade and Development Board at its eleventh session.<sup>14</sup>

57. It was generally agreed that land-locked developing countries faced special handicaps related to their geographical position and that special international action was needed to help overcome them.

58. The representatives of the developing countries referred to the Declaration and Principles of the Action Programme of Lima (TD/143)<sup>15</sup> stating that they were looking forward to hearing at the Conference the views of the developed countries.

59. Representatives of the developing countries, referring to the special handicaps which land-locked developing countries faced, emphasized the lack of an adequate transport infrastructure, the high cost of trans-

port which the exports and imports of those countries had to bear, and the importance for them of adequate transit arrangements to facilitate overland access to the sea.

60. Some of these representatives stated that the problems of land-locked developing countries should be treated separately from those of the least developed countries in general and that special measures for the land-locked developing countries should be additional to those for the least developed. The representatives of some developing countries considered that all land-locked developing countries should be included among the hard core least developed, so that they could benefit from the action programmes relating to each of these two groups of countries.

61. The representatives of several developing countries pointed out that land-locked developing countries were in need of technical assistance, particularly to help them in the planning and execution of production and export diversification programmes and in planning the improvement of transport infrastructure, including road, rail and air transport. Technical assistance was also needed to help identify appropriate high bulk, low value products for import substitution, as well as suitable high quality products for export promotion, and to help in the development of the tourist industry.

62. The representatives of several developing countries drew attention to the need for studies of the transport requirements of land-locked developing countries, emphasizing that special attention should be given to

<sup>13</sup> The Committee considered this item at its 8th to 10th and 14th meetings.

<sup>14</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 1 (TD/B/331)* "Other decisions taken by the Board", p. 9.

<sup>15</sup> See annex VIII,F below.

the need for alternative transit routes and for warehousing facilities in ports of transit countries, and to the availability of port and harbour facilities in transit States. They stressed the need for an integrated approach to the transport problem which would take into account the needs both of the land-locked developing countries and of their transit neighbours, and suggested that such an approach could sometimes be most effective in the context of regional co-operation arrangements. Some of these representatives considered that it might be necessary to make use of regional and subregional machinery to facilitate the effective implementation of a programme of special measures in favour of land-locked developing countries.

63. The representatives of the developing countries stressed the important role that international financial assistance would need to play in a programme of special measures in favour of land-locked developing countries, especially for the improvement and development of the transport infrastructure. One of these representatives stated that, in his view, in the financing of programmes and projects aimed at solving the transport problems of the land-locked developing countries, account should be taken not only of the economic feasibility but also, and above all, of the social and economic impact of such projects. Some of these representatives expressed the view that a special fund for land-locked developing countries was needed. It was suggested by some of them that such a fund could be used to subsidize the present high cost of transport which the exports and imports of land-locked developing countries had to bear, thereby helping to rectify one of the basic handicaps of these countries. Some of these representatives also considered that special freight rates should be applied to the trade of land-locked developing countries.

64. The representatives of several developing countries drew attention to the importance of administrative arrangements concerning transit trade and to the need for the negotiation of suitable transit arrangements between land-locked developing countries and their transit neighbours. Some of these representatives stressed that it was especially important that all countries which had not already done so should ratify the 1965 Convention on Transit Trade of Land-locked States,<sup>16</sup> and the view was also expressed that there was a need for the preparation of a new convention on simplification and standardization of transit customs and trade documentation on Transit Trade of Land-locked States,<sup>16</sup> and the was a need for studies of existing transit procedures and arrangements, so as to make available information that would be of assistance in negotiations between land-locked developing countries and their transit neighbours. Others pointed out that differences among land-locked developing countries and their transit neighbours in respect of such matters as distance from the sea-coast, the nature of the border, customs administration, and export and import policy, would make it difficult for a single set of transit procedures to meet adequately

the needs of all land-locked developing countries and their transit neighbours.

65. The representative of one land-locked developing country, while expressing full support for an action programme in favour of land-locked developing countries, stated that his country had established excellent relations with its transit neighbour and that all its transit problems had been settled satisfactorily on a bilateral basis.

66. The representative of one developing country, referring to arrangements for the exploitation of the sea-bed beyond the limits of national jurisdiction for the benefit of mankind, expressed the view that in these arrangements land-locked developing countries should be given more favourable treatment in view of their lack of a coastline. His Government considered that transit countries should make arrangements to permit the land-locked countries to install, construct and organize on their own account all the port facilities necessary for the transport of their products by sea.

67. The representative of another developing country referred to the special problems of his country, which was not only among the least developed and land-locked but also surrounded completely by a single developed country on whose goodwill and co-operation it was dependent. He stressed the limitations imposed on his country's economic development by its peculiar geographical position and the policies of the neighbouring developed country, and expressed the hope that the proposed action programme would give special consideration to countries in situations like that of his country.

68. The representatives of several developed market-economy countries agreed that land-locked developing countries were entitled to special attention in multilateral and bilateral assistance programmes, and some of these representatives expressed the view that the land-locked developing countries included in the list of hard core least developed should receive special treatment in the implementation of action programmes for the least developed countries. It was pointed out by some of these representatives that there was a need to give special emphasis to regional transport projects from which land-locked developing countries could benefit. They recognized the need for institutional support to help solve the transport and transit problems faced by land-locked developing countries and for close co-operation between these countries and their transit neighbours. One of them suggested that UNCTAD, in collaboration with the Customs Co-operation Council, might review existing conventions on transit trade with a view to identifying the specific shortcomings of these instruments for land-locked developing countries.

69. The representatives of some developed market-economy countries stressed the role which UNDP and the regional development banks could play in helping to meet the needs of land-locked developing countries and stated that their Governments were prepared to give positive consideration to proposals pertaining to transport and transit projects in their bilateral programmes of co-operation, if such projects were given priority by the countries concerned. At the same time

<sup>16</sup> United Nations, *Treaty Series*, Vol. 597 (1967), No. 8641, p. 42.

they expressed reservations concerning the need for, and practicability of, establishing a special fund in favour of land-locked developing countries.

70. The representatives of some socialist countries of Eastern Europe stated that their countries viewed the problems of land-locked developing countries with understanding.

71. One of those representatives stated that his country had experienced and was still experiencing difficulties in developing co-operation with land-locked developing countries, especially in Africa. It was doing its utmost to help them solve their problems and the question of ratifying the Convention on Transit Trade of Land-locked States was being considered. His country provided examples of fruitful co-operation, including the organization of transit goods traffic across its territory from land-locked continental countries on terms which were favourable to them. It would continue to take the problems of land-locked countries into consideration in its bilateral relations with them. It was

desirable for all countries to adopt that good-neighbourly approach to problems in general, with due regard for the interests of land-locked developing countries.

72. A draft resolution on special measures related to the particular needs of the land-locked developing countries was submitted by the representative of Indonesia on behalf of the Group of 77 (TD/III/C.6/L.3).<sup>17</sup> After consultations in the Committee's Contact Group, a revised text of the draft resolution (TD/III/C.6/L.11) was submitted to the Committee by the Chairman, and the earlier draft was withdrawn by its sponsors. The Committee was unable to agree on certain provisions of the revised draft and at its 16th meeting, in view of the limited time available, decided to refer it to the President of the Conference for appropriate action.<sup>18</sup>

<sup>17</sup> See appendix III, C below.

<sup>18</sup> See appendix II, B below.

## APPENDICES

### *Appendix I*

#### DRAFT RESOLUTIONS RECOMMENDED BY THE SIXTH COMMITTEE FOR ADOPTION BY THE CONFERENCE

##### **A. Special measures in favour of the least developed among the developing countries: action programme in favour of the least developed countries (Agenda item (a), part one)**

###### DEVELOPING ISLAND COUNTRIES (TD/III/C.6/L.10)

[Text adopted by the Conference without change. See annex I, A above, resolution 65 (III)]

##### **B. Special measures in favour of the least developed among the developing countries: criteria for identification and proposals for further work on special measures for relatively disadvantaged countries (Agenda item 11 (a), part two)**

###### IDENTIFICATION AND GENERAL CONSIDERATIONS ABOUT THE SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES (TD/III/C.6/L.12)

[Text adopted by the Conference without change. See annex I, A above, resolution 64 (III)]

### *Appendix II*

#### DRAFT RESOLUTIONS REFERRED BY THE SIXTH COMMITTEE TO THE PRESIDENT OF THE CONFERENCE

##### **A. Special measures in favour of the least developed among the developing countries: action programme in favour of the least developed countries (Agenda item 11 (a), part one)**

###### SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.6/L.6)*

*The United Nations Conference on Trade and Development,*

*Recalling* General Principle Fifteen adopted at its first session stating that "international policies and measures... shall take into account the individual characteristics and different stages of development of the developing countries with special attention being paid to the less developed among them, as an effective means of ensuring sustained growth with equitable opportunity for each developing country",

*Bearing in mind* its resolution 24 (II) concerning special measures in favour of the least developed among the developing countries,

Recalling resolution 65 (IX) of the Trade and Development Board which provided, *inter alia*, that each of the main committees of UNCTAD should submit concrete proposals to the Board on what effective measures might be taken in their respective fields of competence in favour of the least developed among the developing countries,

Recalling also resolution 82 (XI) of the Trade and Development Board, in particular operative paragraphs 1, 6 and 7,

Noting General Assembly resolution 2626 (XXV) on the International Development Strategy for the Second United Nations Development Decade in which, *inter alia*, provision is made for special measures in favour of the least developed among the developing countries, in order to enhance their capacity to benefit fully and equitably from the policy measures for the Decade,

Recognizing that the relevant provisions of the International Development Strategy in favour of the least developed among the developing countries must, as much as possible, be translated into action as rapidly as possible,

Bearing in mind General Assembly resolution 2768 (XXVI) of 18 November 1971 in which the Assembly, *inter alia*, approved the list of hard core least developed countries contained in paragraph 66 of the report of the Committee for Development Planning on its seventh session,

Noting that since the productive capacity and trade flows of the least developed among developing countries have been and are extremely small, there is urgent need to supplement commercial policy measures applied to all developing countries with liberal and substantially increased financial and technical assistance flows in favour of the least developed of them to overcome the bottleneck at the production level of their economies,

*Decides that:*

1. Any special measure taken in favour of the least developed countries would be supplementary to the general measures applicable to all developing countries and should not prevent the least developed countries from benefiting from the general measures as well;

2. Any action or special measures taken in favour of the least developed countries in any of the fields mentioned below, while securing due and equitable benefits in favour of the least developed countries, should ensure that the interests of the other developing countries are not injured or prejudiced in any manner;

3. While every effort should be made to evolve further satisfactory criteria for the identification of the least developed countries and to identify such countries, urgent action should be taken, bearing in mind the provisions of Conference resolution 24 (II), to formulate and implement special measures in favour of the countries so far identified, so as to ensure the sustained economic and social progress of those countries and to enhance their capacity to benefit fully and equitably from the policy measures of the International Development Strategy, particularly in the following areas:

## I

### ISSUES IN SPECIFIC FIELDS

#### (a) *Commodity agreements*

4. Special consideration should be given to the least developed among the developing countries with regard to the operation of commodity agreements within their respective frameworks in such matters as allocation of quotas and exemption from quota cuts and in the payment of dues and subscriptions, bearing in mind the characteristics of each commodity and taking into account the interests of the other parties concerned; in pre-financing of buffer stocks, the least developed countries should be exempted and their contribution should be provided

by developed countries and/or international financial institutions on the basis of grants.

#### (b) *Diversification*

5. Measures should be taken by the developed countries and by the organizations and bodies of the United Nations system to encourage the establishment of industries for the processing of locally produced foodstuffs and raw materials.

#### (c) *Access to markets*

6. The highest priority should be accorded to the solution of problems affecting primary commodities, including the processed and semi-processed products of the least developed countries. In the current and in future multilateral negotiations on the liberalization of tariff and non-tariff barriers such preferential treatment should be given to the least developed countries, bearing in mind paragraph 6 of section II of recommendation A.II.1 adopted by the Conference at its first session.

7. Revenue duties and other fiscal charges on the consumption of tropical products of developing countries, especially those of special interest to the least developed countries, should be eliminated or reduced and at the same time special financial assistance should be provided to the least developed countries based on a certain proportion of the proceeds derived from revenue duties still in force.

8. Developed countries are requested to abandon domestic support policies adversely affecting the interests of the least developed countries.

9. Intensive technical and financial assistance should be provided to help remove the internal institutional and structural obstacles to industrialization and to the promotion of both import substitution and the establishment of export-oriented industries.

10. There should be urgent elimination of quantitative restrictions and other non-tariff barriers (e.g. border taxes, customs procedures, public health and administration regulations) affecting the processed and semi-processed products of the least developed countries.

11. The generalized system of preferences should remain in force long enough for the least developed countries to derive equitable benefits therefrom.

12. The system should include all processed and semi-processed agricultural and mineral and handicraft products of export interest to the least developed countries.

13. Escape clauses should not apply to the least developed countries.

14. In the application of all criteria of rules of origin for the implementation of the generalized system of preferences, the special situation and the low level of industrialization of the least developed countries should be taken fully into account.

15. Developed countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences<sup>a</sup> relative to the least developed among the developing countries.

16. It is specially necessary in respect of the least developed countries to apply the principle accepted at the first session of the Conference that at least equivalent advantages must be granted to developing countries that lose their special preferences in certain developed country markets.

#### (d) *Restrictive business practices*

17. All restrictive business practices adversely affecting the interests of the least developed countries should be identified and eliminated.

<sup>a</sup> See Trade and Development Board decision 75 (S-IV), annex.

*(e) Development finance and technical assistance*

18. The developed countries should fulfil the commitments undertaken in the International Development Strategy and other instruments with regard to the volume and modalities of financial aid, in order better to meet the needs of the least developed countries.

19. The international community should ensure that within the general aid strategy the needs of the least developed countries are given special attention, either by the acceptance of specific targets for contributions to their development, supported by a machinery for implementation, or by the establishment of programmes in terms of specific objectives to be achieved which donors should agree to underwrite.

20. In extending technical assistance to the least developed countries, special attention should be given to difficulties experienced by those countries in meeting counterpart requirements. Bilateral and multilateral agencies should consider as a matter of high priority granting complete exemption from these requirements in respect of the least developed countries.

21. The developed countries are urged to increase their contribution to the United Nations Development Programme as envisaged in General Assembly resolution 2688 (XXV).

22. High priority should be given to an immediate revision of the system of allocation of the resources of the United Nations Development Programme with a view to enabling the least developed countries, which for historical reasons have started late in their national planning and programming, to derive equitable benefit from the resources of the Programme.

23. While technical assistance has an especially crucial role to play, financial assistance stands out as one of the basic requirements for the accelerated growth of the least developed countries. Being at a very early stage of development, they require large-scale investments in costly infrastructure of all types. As a consequence, their need for financial assistance on concessional terms, as provided for in the International Development Strategy, is far greater than can be assumed from the size of their populations. Urgent attention should therefore be given to increasing substantially the flow of resources from the International Development Association to the least developed countries, and the developed countries are invited to keep this purpose in mind when making contributions to the Association.

24. Developed countries should ensure stability in the prices of their exports to developing countries, especially the least developed among them. In the event of increases in prices the developed countries should agree to compensate the developing countries, particularly the least developed ones, for any losses resulting therefrom.

25. In general, all forms of financial and technical assistance to the least developed countries should be tested by the criterion whether they contribute to a fuller mobilization of indigenous resources so as to ensure that they do not simply reinforce the enclave nature of so much foreign investment and even foreign aid. This could be achieved by:

- (a) Larger contributions towards local costs;
- (b) Use of indigenous facilities and training of local counterparts;
- (c) Development of enterprises the ownership and management of which will finally be transferred;
- (d) Ensuring that the assistance is not guided solely by financial criteria, but that consideration is given to the long-term social rate of return, including secondary effects, from development projects;
- (e) Improving the level of productivity, especially with respect to foodstuffs;
- (f) Ensuring that the least developed among the developing countries should receive a substantial contribution from existing

International Development Association resources and from those of the United Nations Development Programme.

26. All financial assistance should be stable and should cover the requirements of the development plans of the least developed countries. Consortia of donors should be set up in order to review the financial needs of each least developed country with a view to meeting those needs.

27. In the light of the relevant decisions of the Conference at its second session, financial assistance will, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries will rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects for all the developing countries, with special attention to the least developed among them.

*(f) Transfer of technology*

28. In the fields of:

- (a) Identification of the appropriate technology,
- (b) Access to appropriate technology,
- (c) Cost of transfer,
- (d) Application of technology,
- (e) Adaptation of technology,

the state of development and the special position of the least developed countries shall be given special consideration. To that end, the international community shall:

- (i) Co-operate with such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;
- (ii) Furnish the specialized institutions of these countries with the results of the research applicable to their economic development;
- (iii) Give special consideration to the terms, conditions and costs of transfer of technology to the least developed among the developing countries.

*(g) Shipping*

29. Developed countries and competent international institutions should devote special attention to the needs of these countries in the field of shipping and ports in extending development finance on concessional terms. Owing to poor port facilities in many of the least developed countries, technical and financial assistance on concessional terms in this field should be accorded special priority.

30. Liner conference freight rates should be set at levels not detrimental to the interests of least developed countries. For this purpose Governments of developing and developed countries shall request participants in the consultation machinery between shipowners and shippers to pay special attention to the problems of the least developed countries and to accord them special treatment in the fixing of rates and conditions for transport.

31. High priority should be accorded to the application of promotional freight rates for non-traditional exports of interest to the least developed countries. Consideration should also be given, after necessary studies, to making deeper cuts in freight rates for such exports.

*(h) Trade promotion*

32. Developed countries should undertake specific import promotion measures favouring the least developed countries, e.g. by subsidizing the organization and running of and participation in trade fairs, advertising campaigns, the exchange of trade missions and the establishment of direct business contacts and other measures designed towards export promotion. Adequate technical and financial assistance should be provided

for the strengthening of national, subregional and regional promotional institutions.

33. Technical and financial assistance should be provided to promote research aimed at finding new end-uses for primary products, particularly those facing competition from synthetics and substitutes.

## II

### OTHER SPECIAL MEASURES AND TECHNICAL AND FINANCIAL DEVELOPMENT ASSISTANCE IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

#### *Action by other international organizations*

34. The Secretary-General of UNCTAD should present to the Conference at its third session a detailed and comprehensive action programme for the Second United Nations Development Decade in favour of the least developed among the developing countries, and in that connexion take into account the work of other United Nations bodies and the suggestions made in the present programme of special measures.

#### *Measures in the field of economic co-operation and regional integration*

##### *Recommends that:*

35. In regional economic groupings of the developing countries the following aspects should be studied with a view to facilitating the association of the least developed countries:

- (a) Permission to impose quantitative restrictions;
- (b) Temporary exemption from alignment of tariffs with the common external tariffs;
- (c) Granting of greater fiscal incentives for new investment;
- (d) Preferential allocation of financial resources of the regional financial institutions and funds;
- (e) First choice in the location of industries;
- (f) Extension of regional commodity agreements and their coverage.

36. The following actions need to be taken at the multi-national level:

- (a) Multinational projects in the fields of industry, transport, communications, energy, manpower development and natural resource surveys;
- (b) The building up of the necessary regional and sub-regional institutions;
- (c) The creation of regional and subregional payments arrangements;
- (d) Interim support to the needs of the least developed countries arising from obligations which they have to undertake in connexion with their participation in arrangements for economic co-operation. In particular, the International Monetary Fund should permit members to make special drawings exclusively designed to overcome deficits resulting from trade liberalization commitments. Drawings under such a special facility should be independent of original drawing rights;
- (e) The General Assembly should draw the attention of other organs in the United Nations system to the course of action taken in UNCTAD with a view to their initiating similar programmes in their respective areas of competence;
- (f) Countries members of UNCTAD, especially the developed countries, should be asked to contribute effectively to the United Nations Capital Development Fund, and this Fund

should be devoted first and foremost to the financing of projects in the least developed among the developing countries;

(g) Countries members of UNCTAD, especially developed ones, should study measures they might take in favour of the least developed among the developing countries, including means by which such measures might be implemented, and report their findings to the Conference at its third session.

#### *Creation of a special fund*

37. With a view to assisting the least developed among the developing countries to benefit equitably from the general measures taken or envisaged within the framework of the International Development Strategy for the Second United Nations Development Decade in favour of all developing countries,

*Recommends* that the General Assembly should as soon as possible create a special fund in favour of the least developed among the developing countries to enable them, *inter alia*, to:

- (a) Take specific measures to encourage the establishment of industries for the processing of locally produced foodstuffs and raw materials;
- (b) Diversify their range of products and raise their productivity through research and the use of modern techniques of production and distribution so as to improve the quality and the grading, packaging and marketing of their commodities;
- (c) Make appropriate changes in their economic structure through the diversification of existing structures of production and trade;
- (d) Start or accelerate their process of industrialization and in particular to establish and develop industries likely to further the exports of products covered by the generalized system of preferences, so as to ensure that all developing countries will benefit equitably therefrom.

38. The resources of the fund will be derived from voluntary contributions from developed countries and international financial institutions.

39. Requests the Secretary-General of UNCTAD to submit a draft statute on the institutional arrangements for the administration of the fund.

### **B. Other special measures related to the particular needs of the land-locked developing countries (Agenda item 11 (b))**

#### **SPECIAL MEASURES RELATED TO THE PARTICULAR NEEDS OF THE LAND-LOCKED DEVELOPING COUNTRIES (TD/III/C.6/L.11)**

[The text of this draft resolution is identical with that adopted by the Conference (see annex I, A above, resolution 63 (III)), except that in the draft resolution the paragraph corresponding to paragraph 7 reads:]

“Requests that Governments of states members of UNCTAD urge liner conferences and equivalent organizations to take into account the special problems of land-locked developing countries and to grant [as far as commercially feasible] [to the maximum extent possible] promotional freight rates for their merchandise;”

and the paragraph corresponding to paragraph 13 reads:

“[Recommends the General Assembly to consider ways and means of establishing a Special Fund for subsidizing the additional transport costs of land-locked developing countries;]”.

## Appendix III

## OTHER DRAFT RESOLUTIONS SUBMITTED TO THE SIXTH COMMITTEE

**A. Special measures in favour of the least developed among the developing countries: action programme in favour of the least developed countries (Agenda item 11 (a), part one)**

DEVELOPING ISLAND COUNTRIES

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.6/L.4/Rev.1)*

*The United Nations Conference on Trade and Development,*

Recognizing the relatively disadvantageous position of developing island countries which face special problems linked, *inter alia*, to their geographical nature, such as difficulties concerning their transport and communications links with neighbouring countries and the distance from market centres, etc., which seriously hamper their economic development, and that studies and measures are needed in respect of these developing island countries which should take fully into account over-all prospects for development as well as existing levels of development and criteria related thereto,

Aware of the need for dealing with these and related problems within the framework of the International Development Strategy in order to enhance the capacity of these developing countries to benefit fully and equitably from the policy measures for the Decade,

Requests that, as a first step, the Secretary-General of UNCTAD, in line with the objectives of the International Development Strategy, and in collaboration with the regional economic commissions and the United Nations Economic and Social Office in Beirut, urgently convene a panel of experts to identify and study the particular problems of these countries and to make recommendations thereon. The report of the panel should be submitted to the Trade and Development Board for consideration at its thirteenth session.

**B. Special measures in favour of the least developed among the developing countries: criteria for identification and proposals for further work on special measures for relatively disadvantaged countries (Agenda item 11 (a), part two)**

IDENTIFICATION AND GENERAL CONSIDERATIONS ABOUT THE SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.6/L.5/Rev.1)*

*The United Nations Conference on Trade and Development,*

Bearing in mind General Assembly resolution 2768 (XXVI) of 18 November 1971 on identification of the least developed among the developing countries,

Recalling also resolution 82 (XI) of the Trade and Development Board,

Bearing in mind that the case of land-locked developing countries should be taken into account in determining the criteria for identification of the least developed among the developing countries,

Bearing in mind that the identification of the least developed among the developing countries is a prerequisite for the formulation of any concrete action programme in their favour in order to overcome their particular disabilities and to enhance

their capacity to benefit fully and equitably from the policy measures for all the developing countries,

Bearing in mind that, while every effort should be made to evolve further satisfactory criteria for the identification of the least developed countries and to identify such countries, urgent action should be taken, bearing in mind the provisions of Conference resolution 24 (II), to formulate and implement special measures in favour of the countries so far identified, so as to ensure the sustained economic and social progress of those countries and to enhance their capacity to benefit fully and equitably from the policy measures of the International Development Strategy,

*Resolves:*

1. To confirm, without prejudice to future consideration, the list of countries identified as the hard core least developed countries approved by the Trade and Development Board at its eleventh session and by the General Assembly in its resolution 2768 (XXVI), which should provide useful guidance for action by Governments and international organizations concerned. This initial list of hard core least developed countries should be reviewed in the light of future work on this matter;

2. To take note of the arrangements made within UNCTAD under Trade and Development Board resolution 82 (XI) for the review of criteria now being used for the identification of the least developed countries and for work on criteria for the identification of the relatively disadvantaged countries in the context of a geographic region and taking into account the existence of critical major economic sectors;

3. To agree upon further work in the field of identification of the relatively disadvantaged countries, for which measures should be promptly formulated in accordance with Conference resolution 24 (II). Account should also be taken, through consultations with the respective secretariats, of the studies and recommendations of the regional economic commissions, taking into account the special treatment that may be accorded to those countries under regional and subregional agreements.

**C. Other special measures related to the particular needs of the land-locked developing countries (Agenda item 11 (b))**

SPECIAL MEASURES RELATED TO THE PARTICULAR NEEDS OF THE LAND-LOCKED DEVELOPING COUNTRIES

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/C.6/L.3)*

*The United Nations Conference on Trade and Development,*

Recognizing that the position of the land-locked developing countries, in particular, because of the high costs of transportation, the poor development of their infrastructure, inadequate and inconvenient transport, storage and port facilities in most transit countries, the lack of opportunity or arrangements to use their own transport equipment and to establish their own transport facilities and, in general, the unfavourable trend of transport tariffs and charges, is a factor seriously inhibiting the expansion of their trade and economic development,

Reaffirming the principle asserted by the higher organs of UNCTAD—the Conference and the Trade and Development Board—in Conference resolution 11 (II) and Board resolution 69 (X), that a land-locked situation should be considered as a

factor in determining the criteria for the identification of the least developed among the developing countries,

*Recognizing* the need for the international community and the international organizations concerned to undertake studies and to take co-ordinated action, in order to secure more rational treatment for the land-locked developing countries most of which, being among the least developed, are doubly handicapped, which action will implement the relevant programme of action called for in the International Development Strategy,

*Considering* the action programme submitted by the Secretary-General of UNCTAD in this matter (TD/136).

*Considering* General Principle Fifteen adopted by the Conference at its first session as it relates to land-locked developing countries, and the report<sup>a</sup> of the Group of Experts appointed to study the measures that might be adopted in favour of the least developed among the developing countries, within the competence of UNCTAD,

### I. GENERAL SUBJECTS

*Resolves*, in order to assist in remedying the difficulties affecting the land-locked developing countries, to take action in the following areas:

#### A. Economic structure

*Urges* the Secretary-General of UNCTAD to keep under constant review the special economic problems deriving from the geographical situation of the land-locked developing countries;

*Requests* the developed countries and competent international organizations to provide technical and financial assistance to the land-locked developing countries for feasibility studies and investment to assist them in their economic development, so as to adapt it to their particular geographical situation, including:

(a) The development of import substitution industries, particularly industries producing high-bulk low-value goods;

(b) Increasing and improving the quality and the value of potential and traditional exports by the processing of raw materials and by more careful grading, packing and presentation of products;

(c) Thorough exploration to determine the mineral resource endowment and other energy resources, together with measures, including the investigation of new forms of transport, needed for their exploitation;

(d) Development of the economies of the land-locked developing countries as far as possible along the lines of complementarity with neighbouring countries and the production of high-value low-bulk goods to reduce the adverse effects of transport costs;

(e) Investigation of the possibilities of developing tourism, with the necessary infrastructure of hotels and improved internal transport;

(f) Thorough consideration of the possibilities of marketing goods by air transport or establishing special institutions to seek ways of marketing products through air transport delivery.

#### B. Transport infrastructure

*Invites* the Secretary-General of UNCTAD to appoint an expert group to study ways and means of improving the trans-

port infrastructure, as part of special measures related to the particular needs of the land-locked developing countries, taking into account section II of the action programme submitted by the Secretary-General of UNCTAD at the present session, and submit his findings to the Trade and Development Board at its ... session.

*Urges* the developed countries and the competent international organizations to provide, at the request of the countries concerned, technical and financial assistance for feasibility studies, installation, improvement, construction, and maintenance, as the case may be, of:

(a) Road transport in both land-locked developing countries and their neighbouring countries of transit in order to ensure all-weather through transport routes for heavy vehicles carrying goods in transit;

(b) Railways and rolling stock and, where economically feasible, the extension of the rail system of transit countries into land-locked countries;

(c) Inland waterways, to improve navigability so that continuous year-round use is possible;

(d) Air transport, to ensure that each land-locked developing country has at least one airport fully equipped to international standards;

(e) Postal and telecommunication systems, to bring them up to modern standards;

(f) The establishment, where economically feasible, of alternative transport routes to the sea from land-locked countries, specific attention being given in this connexion to the establishment of trunk routes of use to all countries within a region or a subregion;

(g) Special studies should be made of the possibilities of equalizing the total transport costs related to their international trade with those of their transit neighbours, so that their export products may be equally competitive and their imports not more expensive;

*Urges* the developed countries and competent international organizations to give, at the request of the countries concerned, technical and financial assistance for the investigation and the establishment, where economically feasible, of new forms of transport, with particular reference to pipelines for oil, natural gas and other suitable products;

*Requests* liner conferences to take into account the special problems of the land-locked countries and to grant promotional freight rates for their merchandise.

#### C. Transit areas and port facilities

*Recommends* the developed countries and competent international organizations to give, at the request of the countries concerned, technical and financial assistance for the investigation and the establishment of transit storage and related facilities at mutually agreed breakpoints and transit ports, and also of transit areas at transit ports for land-locked countries.

#### D. Institutional arrangements

*Agrees* on the need to establish special regional or sub-regional bodies where no such bodies or other machinery exist, to make suggestions with a view to implementing the recommendations of UNCTAD and other United Nations bodies relating to the problems of the land-locked countries;

*Reiterates* that the United Nations Development Programme, the specialized agencies, the international financial institutions and developed countries should take into account the special needs of land-locked developing countries, particularly in the field of transport, and should give favourable consideration to requests from these countries for financial and technical assistance for the achievement of the aims and objectives enunciated in the International Development Strategy;

<sup>a</sup> See *Official Records of the Trade and Development Board, Tenth Session, First, second and third parts, Annexes, agenda item 13, document TD/B/308.*

*Requests* the Secretary-General of UNCTAD to organize, in consultation with the countries concerned, studies of existing port and transit procedures applied in different regions, and port and transport facilities available for land-locked developing countries, with a view to enabling them and their transit neighbours to conclude agreements for the improvement of such facilities and procedures;

*Recommends* the General Assembly to consider ways and means of establishing a special fund for subsidizing the additional transport costs of land-locked developing countries;

*Further requests* the Secretary-General of UNCTAD to prepare, with the co-operation of other international organizations concerned, a draft international convention or proposals on simplification and standardization of transit customs and trade documents and submit it to the Trade and Development Board at its ... session.

## II. ADMINISTRATIVE AND OTHER MEASURES

*Invites* the Governments of land-locked developing countries and their neighbouring countries of transit to continue their joint efforts to conclude bilateral agreements or, if mutually agreed, multilateral arrangements with respect to:

(a) The appointment of representatives to assist in the clearance of goods of the land-locked countries in transit;

(b) The establishment of procedures for intergovernmental consultations to ensure that the needs and problems of both land-locked and transit countries are kept under review;

(c) Further simplification of customs and other procedures and formalities and the limitation of documentation;

(d) Familiarizing the officials concerned with the spirit of transit agreements;

*Invites* land-locked countries and their neighbouring transit countries to seek to conclude agreements on transport facilities with the object of:

(a) Facilitating the movement of road vehicles across the frontiers of the parties to the agreement, if necessary on the basis of reciprocity;

(b) Facilitating the movement of rolling stock of the parties to the agreement which have interconnected railway systems;

*Asks* the Governments of the transit countries to provide mutually agreed alternative available transport routes both to the sea and to other neighbouring countries for the use of the land-locked countries;

*Asks also* the Governments of the transit countries to provide adequate space for transit storage facilities at mutually agreed breakpoints and transit ports and to make available transit areas at transit ports for land-locked developing countries.

## Appendix IV

### STATEMENT OF FINANCIAL IMPLICATIONS OF A DRAFT RESOLUTION RECOMMENDED BY THE SIXTH COMMITTEE FOR ADOPTION BY THE CONFERENCE

DEVELOPING ISLAND COUNTRIES (TD/III/C.6/L.10)

[For the statement of financial implications, see annex IX below appendix II, A.]

## G. REPORT OF WORKING GROUP I

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**NOTE:** The check list of documents prepared for and during the deliberations of Working Group I appears in annex X, Section J, I below.

### Introduction

1. At its 83rd plenary meeting, on 13 April 1972, the United Nations Conference on Trade and Development at its third session decided to establish Working Group I, open to participation by all interested delegations, and referred to it for consideration and report agenda item 8 (a) (institutional and administrative aspects) and agenda item 10.

2. These items of the agenda as adopted read as follows:

8. Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD

(a) Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme [institutional and administrative aspects]

10. Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964).

3. At its first meeting, on 1 May 1972, Working Group I elected Mr. Hortencio Brillantes (Philippines) as its Chairman, Mr. Barna Talas (Hungary) as its Vice-Chairman and Mr. José Luis Pérez Ruiz (Spain) as its Rapporteur. At the Working Group's second meeting, on 2 May 1972, in view of Mr. Talas's reassignment, Mr. Janos Nyerges (Hungary) was elected Vice-Chairman in his stead.

4. The Working Group held ten meetings, from 1 to 16 May 1972, in the course of which it considered the items allocated to it.

5. The following report is a succinct account of the Working Group's deliberations.

**Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the international development strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme institutional and administrative aspects (Agenda item 8 (a))**

**Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General assembly resolution 1995 (XIX) of 30 December 1964) (Agenda item 10)**

6. The Working Group heard a statement by the Secretary-General of UNCTAD in which he described the evolution of UNCTAD since the adoption of General Assembly resolution 1995 (XIX). He drew attention to the secretariat's "Review of the institutional arrangements of UNCTAD: institutional evolution in a changing world" (TD/145). He referred to the role of UNCTAD in the review and appraisal of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)). He suggested that the Working Group might wish to consider such matters as structural adjustments of UNCTAD, its working methods and procedures, and co-operation with other agencies within the United Nations system and with GATT.

7. With regard to agenda item 10, draft resolution (TD/III/WG.1/L.1/Rev.1) was submitted on behalf of the Group of 77. The spokesman for the Group of 77 stressed that the Working Group should consider both the question of the reform of the present structure of UNCTAD and the question of the long-term objective, which all developing countries supported, of establishing the comprehensive organization referred to in General Assembly resolution 1995 (XIX), paragraph 31, as the two subjects were closely interrelated.

8. The spokesman for the Group B countries stated that the members of that Group looked on UNCTAD basically as a consultative organ of the General Assembly, with some responsibilities for the initiation of action in certain areas. They believed that it was by consensus that UNCTAD must proceed, and welcomed the development in UNCTAD of informal practices which had proved useful, as well as the real results already achieved within the existing institutions. They agreed with the Secretary-General of UNCTAD that General Assembly resolution 1995 (XIX) gave UNCTAD a good organizational basis, and by and large they stood by the present organization. They considered that the Working Group should concentrate on improving the efficiency of UNCTAD within its present framework. In their view, the case for any major fundamental change in the present structure of UNCTAD remained to be proved. They did not consider it constructive to seek to change UNCTAD into an organization dealing with binding legal instruments. On the other hand, they considered that the working methods of UNCTAD clearly needed to be improved, and they attached particular importance to this aspect of the matter.

9. The representative of one socialist country of Eastern Europe stated that the conversion of UNCTAD into a genuinely universal organization, the application of the "Principles governing international trade rela-

tions and trade policies conducive to development" contained in recommendation A.I.3, adopted by the Conference at its first session, and a spirit of goodwill on the part of all UNCTAD member countries in the implementation of General Assembly resolution 1995 (XIX) and of the recommendations adopted would be the decisive factors in enhancing the effectiveness of all UNCTAD's activities. He also stated that his country viewed with sympathy the proposals and observations, contained in particular in the report by the UNCTAD secretariat (TD/145), on the question of improving the effectiveness of UNCTAD's work in accordance with General Assembly resolution 1995 (XIX) and decision 45 (VII) of the Trade and Development Board. He agreed in principle with the views on the institution of conciliation procedures within UNCTAD, with the proposed consideration of the question of establishing a permanent body concerned with the transfer of technology after the Intergovernmental Group on Transfer of Technology had completed the second phase of its work, and with the suggestions that there should be a higher level of representation at sessions of the Board and the Committees, that the committees should meet every two years and that the frequency and duration of meetings should be regulated. He emphasized the need to avoid duplication of work in UNCTAD and GATT, noted UNCTAD's leading role in the solution of international trade problems and criticized the intention of some developed market-economy countries to conduct a new round of trade and economic negotiations outside UNCTAD and without taking into account the interests of other countries. He also said that it would be possible to discuss the proposal to reform UNCTAD and GATT and on that basis to set up an international trade organization which would be genuinely universal in its composition and in the range of problems considered and would examine, on equitable terms and taking mutual interests into account, trade problems between the three groups of countries, namely the socialist, the developing and the developed market-economy countries.

10. The spokesman for the Asian group of developing countries members of the Group of 77 spoke of the need to take a fresh and comprehensive look at the ramified structure of UNCTAD, in order to make it more consistent with the expanded needs of member countries for negotiating concrete solutions in the field of trade and development. He explained the need for the revision of the provisions of General Assembly resolution 1995 (XIX), particularly in the light of General Assembly resolution 2820 (XXVI). This spokesman also pointed to the need to make the Board more

representative of, and more responsive to, the variety of interests, requirements and needs of the member countries. He asked for an increase in Board membership as envisaged in operative paragraph 1 of draft resolution TD/III/WG.I/L.1/Rev.1, and advocated the principle of self-election to the main committees of the Board as provided in paragraph 8 of that draft resolution. He considered that Board sessions should be at the ministerial level whenever considered desirable, as stated in paragraph 6 of the draft, and urged the need to formulate proposals designed to promote the implementation of Board decisions. He stressed the desirability that each member State be accorded full facilities to participate in the Board's deliberations and in the discussions and consultations at all levels. He proposed the establishment of a number of new subsidiary organs of the Board. He stressed the importance of UNCTAD's involvement in the trade negotiations scheduled to be conducted in 1973.

11. The representatives of some developing countries stressed the need for the Trade and Development Board to make greater efforts to inform the public at large of the work of UNCTAD and also to provide for a more action-oriented role for UNCTAD and for the implementation of its decisions, as envisaged in draft resolution TD/III/WG.I/L.1/Rev.1.

12. A representative, speaking on behalf of the Group of 77, could not accept the view that UNCTAD was basically a consultative organ of the General Assembly, and stated that UNCTAD was fully competent to formulate policies in the field of international trade and development.

13. The representative of a socialist developing country of Asia speaking on item 10, supported the proposal to enlarge the membership of the Trade and Development Board as a consequence of the increase in membership of UNCTAD. He added that UNCTAD should have a positive role in promoting the trade and economic development of various countries, particularly of the developing countries. He supported the proposal of the Group of 77 for readjustment and for establishing additional bodies and appropriate machinery in UNCTAD. He therefore supported draft resolutions TD/III/WG.I/L.1/Rev.1 and L.2/Rev.1 and Corr.1.

14. The representative of a developing country reiterated the general view of the Group of 77 that the Intergovernmental Group on Transfer of Technology and the Special Committee on Preferences should be converted into main committees of the Board. The spokesman for Group B considered that institutional points should not be taken piecemeal, but in a co-ordinated way, when the whole pattern could be seen.

15. With regard to agenda item 8 (a), a draft resolution (TD/L.57/Rev.1) was introduced on behalf of the Group of 77 which reaffirmed the essential role and responsibility of UNCTAD, within its fields of competence, for carrying out the review and appraisal of progress in implementing the International Development Strategy as well as the recommendations, resolutions, and other decisions of UNCTAD. During the ensuing debate many representatives of developing

countries reiterated their strong support for the proposals contained in the draft. They emphasized that the review and appraisal functions should be vested in the Trade and Development Board, which should meet in a special session at an appropriately high level every two years in order to discharge this task. They thought it necessary for the Board to review its existing arrangements in order to establish more comprehensive review, appraisal and implementation procedures, as provided for in General Assembly resolutions 2626 (XXV) and 2801 (XXVI). One of them urged that the review and appraisal exercise should be conducted in both quantitative and qualitative terms. These should be an assessment, not only of the progress made in implementing the International Development Strategy but also of the difficulties encountered, so that adequate means for overcoming them could be suggested. Otherwise, the entire exercise might degenerate into an analysis of country performances in the third world, instead of being an analysis of the impact of the Strategy on economic growth and progress. Referring to the report of the Secretary-General of the United Nations on this subject,<sup>1</sup> which had listed the 69 elements that had been identified in the International Development Strategy for which indicators were either already available or were proposed to be designed, he stated the view of his delegation that these indicators suffered from certain deficiencies. There should, in any case, be a separate indicator to measure the pace of structural adjustments in the developed countries, as it was only through that complementary process that economic development in the developing countries could be satisfactorily implemented.

16. The representative of a developing country referred to the need to affirm that the process of the review and appraisal to be carried out in UNCTAD of the progress made in the application of the International Development Strategy, should include the adoption of targets necessary for future action and for the formulation of principles and policies concerning international trade and related problems of economic development, in accordance with the provisions of paragraph 3 (b) of General Assembly resolution 1995 (XIX) and paragraph 20 of Assembly resolution 2626 (XXV), in order that this process should take place in a dynamic context.

17. The representative of a developing country introduced on behalf of the Group of 77 a draft resolution (TD/III/WG.I/L.2/Rev.1 and Corr.1), which envisaged the future reform of UNCTAD in conformity with the provisions of paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX). The representative of another developing country considered that resolution 1995 (XIX) should be so amended as to give a greater degree of independence to UNCTAD. He also called for a study in depth regarding the transformation of UNCTAD into a International Trade and Development Organization.

18. The representatives of developed market-economy countries could not agree with these views, nor

<sup>1</sup> E/5040.

therefore with the proposal in document TD/III/WG.1/L.2/Rev.1, and considered that the functioning of UNCTAD should be improved within its present structure.

19. The representative of Brazil stressed that institutional questions should not be considered *in vacuo*, but should closely reflect changes in the world economic and political environment. In the post-war period, GATT had been established in order to deal with the trading problems of developed countries. In 1964 UNCTAD had been set up to consider the trading problems of developing countries. In view of the increasing evidence that world economic problems could not be compartmentalized, the time had now come to consider the trading problems of both developed and developing countries as an interrelated whole, in the framework of a new and comprehensive organization having its primary goal the establishment of a new international division of labour between advanced and developing countries. In that connexion he drew attention to a memorandum submitted by his delegation (TD/L.48), containing suggested draft guidelines for a charter on international trade and development. He added that the memorandum was not a formal proposal, but contained a number of ideas which he hoped would receive consideration in due course.

20. The representative of a socialist country of Eastern Europe stated that his country, as a socialist developing country, supported the proposals made in draft resolutions TD/III/WG.1/L.1/Rev.1 "Review of the institutional arrangements of UNCTAD", TD/III/WG.1/L.2/Rev.1 "Further evolution in the institutional machinery of UNCTAD" and TD/L.57/Rev.1 "Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD". He considered that, in consequence of the adoption of the international Development Strategy, the structure of UNCTAD should be adapted to enable it to carry out its additional responsibilities, including its task in respect of the review and appraisal of the Strategy. He considered that the negotiating role of UNCTAD should be strengthened.

21. The Working Group heard a statement by the representative of GATT, under rule 80 of the rules of procedure in which he reviewed developments in GATT relating to the forthcoming multilateral trade negotiations and the work being done by GATT to prepare for those negotiations. He described the recent activities of GATT to promote the trade of developing countries members and non-members of GATT. He also referred to the decision of the GATT Council to give particular attention in the context of these negotiations to the trade problems of developing countries, including the special modalities that might be required for the participation of developing countries in the GATT negotiations, and said that the discussion on techniques and modalities was being pursued in the various GATT committees with the objective of ensuring that the negotiations brought effective benefits for the trade of developing countries. He foresaw no real problems for the

participation in the negotiations of developing countries not members of GATT. He stated that the secretariat of GATT envisaged the continuation of the present arrangements governing the co-operation between the secretariats of UNCTAD and GATT, and thought that an efficient approach to their respective activities might best be secured by following the principle of an effective division of responsibility.

22. The Working Group decided, at its third meeting, to establish a Contact Group to give more detailed consideration to the draft resolutions which had been submitted.

23. At the fifth meeting of the Working Group the spokesman for the Group of 77 stated that, after several days of discussion in the Working Group and in the Contact Group, it had been impossible to reach agreement on the draft resolutions in documents TD/III/WG.1/L.2/Rev.1 and Corr.1 and TD/L.57/Rev.1, because of the substantial differences in the positions taken by the groups of countries involved. At the same time he emphasized that the consultations on the draft resolution in document TD/III/WG.1/L.1/Rev.1 were still in progress. Stressing that the discussions had revealed the existence of conceptual differences between the groups of countries, while they were trying to reach agreement, he proposed on behalf of the Group of 77 that the draft resolutions in documents TD/III/WG.1/L.2/Rev.1 and TD/L.57/Rev.1 should be put to the vote.

24. The spokesman for Group B expressed the view that it was premature and inappropriate to vote while consultations to reach agreement on the draft resolutions contained in documents TD/III/WG.1/L.2/Rev.1 and TD/L.57/Rev.1 were still continuing.

25. The spokesman for Group D felt that a vote on draft resolutions TD/III/WG.1/L.2/Rev.1 and TD/L.57/Rev.1 that stage would serve no practical purpose.

26. The representative of one developing country asked the spokesman for Group B whether the differences were of a procedural or a substantive nature. In response, the spokesman for Group B emphasized the procedural nature of many of the difficulties involved and indicated that further debate might show that they could be surmounted. She expressed her group's readiness to discuss further the various provisions in TD/L.57/Rev.1, in view of the importance of reaching agreement on UNCTAD's machinery for review and appraisal. Group B hoped that discussion of that draft resolution would continue. On the basis of this statement by the spokesman for Group B, the spokesman for the Group of 77 expressed the willingness of his Group to continue discussion of the draft resolution contained in document TD/L.57/Rev.1.

27. After a procedural discussion, the spokesman for the Group of 77 moved the closure of the debate on draft resolutions TD/III/WG.1/L.2/Rev.1 and TD/L.57/Rev.1 under rule 42 of the rules of procedure. The spokesman for Group B presented a motion under rule 43 of the rules of procedure; this motion was rejected by 42 votes to 28, with one abstention. The

motion for the closure of the debate on the question under consideration was adopted by 42 votes to 25, with no abstentions.

28. The Working Group proceeded to vote on the draft resolution contained in document TD/III/WG.I/L.2/Rev.1 and Corr.1. By a vote of 44 in favour and 18 against the Working Group approved the draft resolution for adoption by the Conference.<sup>2</sup>

29. The spokesman for Group D stated that the great majority of the members of that Group had not participated in the voting referred to in the foregoing paragraph. He pointed out that the discussion of the draft resolution in question in the Contact Group had not yet been completed and that those countries could have supported the draft resolutions proposed in documents TD/III/WG.I/L.2/Rev.1 and TD/L.57/Rev.1 with some amendments. Therefore most of the countries of Group D considered the proposal of the Group of 77 to put those drafts to the vote without sufficient previous consideration to be inappropriate.

30. At the conclusion of the work of the Contact Group, the Working Group again considered draft resolution TD/III/WG.I/L.1/Rev.1 reproduced in appendix II, A. It also discussed a revised text (TD/L.57/Rev.2) of the other draft resolution, as well as the amendments to that draft submitted by Group B (TD/L.71 and Corr.1).

31. The secretariat reported on the situation in other sessional bodies of the Conference with regard to various draft resolutions having institutional aspects.

32. The representative of the Secretary-General of UNCTAD, in his capacity as chairman of a drafting group which had been established by the Contact Group, reported to the Working Group on the results of the drafting group's work.

33. The spokesman for Group B expressed her satisfaction with the progress made in the drafting group. With regard to the proposed enlargement of the Trade and Development Board, she stated that this matter, as well as the manner of elections to the Board, could best be decided through the informal consultations of the President of the Conference. The attitude of Group B on the question was that, for the sake of efficiency, the enlargement of the Board should be as limited as possible, having regard to the need to create new seats as a result of the increase in the membership of UNCTAD. Group B would wish to maintain the proportion of its seats on the Trade and Development Board.

34. With reference to amendments proposed by Group B concerning the budget and programme of work of UNCTAD, the representative of a developed market-economy country, speaking for Group B, emphasized the importance of avoiding overloading UNCTAD's calendar of meetings, and of establishing a global target for the total number of meeting-weeks, including an appropriate order of priorities within the work programme of UNCTAD. Referring to the first report on the budget estimates for the financial year 1972 by the Advisory Committee on Administrative

and Budgetary Questions,<sup>3</sup> he pointed to the need to ensure the authority of the Secretary-General of the United Nations to determine the over-all budget estimates of the United Nations and over-all priorities, while taking into account the programme content of recommendations by the various United Nations bodies, including UNCTAD.

35. Commenting on the amendments proposed, several representatives of developing countries stated that paragraph 3 (e) of the draft resolution of the Group of 77 (TD/III/WG.I/L.1/Rev.1) was not meant to challenge the authority of the Secretary-General of the United Nations, but was intended to assist the General Assembly in discharging its budgetary functions. They also stated that some aspects implied in the priority exercise suggested by Group B and in particular the concept of a global target for the number of meeting weeks, tended to restrict UNCTAD's activities and were entirely unacceptable to the Group of 77. They thought that the reference to "over-all priorities" would result in the subordination of UNCTAD's priorities to other priorities which did not derive from its own requirements.

36. The spokesman for the African countries members of the Group of 77 stated, with reference to the proposed enlargement of the Trade and Development Board, that the pragmatic representation of these African countries on the Board as at present constituted had to be corrected and the principle of equitable geographical representation had to be maintained.

37. A representative, speaking on behalf of the Latin American Group, expressed the view that, as far as the relative size of the various groups in the Board was concerned, the *status quo* should be maintained.

38. On the question of the membership of the main Committees, the spokesman for Group B stated that, for practical reasons, she would prefer an increase in their membership to a specific number and a uniformity in their size because of the equal importance of all the committees.

39. Referring to the authority of the Secretary-General of UNCTAD, she particularly welcomed his initiative in developing the practice of informal inter-group consultations. She considered that decisions to convene inter-governmental consultations should continue to be subject to the existing procedure for the convening of such meetings.

40. The representative of a socialist country of Eastern Europe stated that the Board and the main Committees should determine what groups should be convened and for what purpose. He recognized, however, that, as had been the case in the past, the Secretary-General of UNCTAD should be allowed some flexibility whenever necessary. With regard to the proposed enlargement of the Trade and Development Board, he repeated that there was no urgent requirement to enlarge its membership; however, if the majority decided in favour of an enlargement, it would be necessary to

<sup>2</sup> See appendix I (a) below.

<sup>3</sup> *Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 8 (A/8408).*

place on record the general consensus in the Contact Group that any enlargement should take into account the interests of all Groups.

41. The representatives of some developing countries proposed the deletion of the word "fully" in paragraph 12 (b) of the draft resolution reproduced in appendix II, B, because the last part of the sub-paragraph was taken from the last part of paragraph 22 of decision 45 (VII) of the Trade and Development Board, except for the inclusion of the word "fully". Furthermore, they considered that such an addition within this context implied a step backwards in relation to what had been agreed in Conference resolution 16 (II) and Board decision 45 (VII). The representative of a developed market-economy country did not dispute this point but noted that he understood that the word "fully" had been accepted by the participants in the drafting group, and pointed to the importance of full prior consultations to the success of intergovernmental consultations. The representative of a developing country said that his understanding was that all participants in the drafting group had agreed to delete the word "fully" from the paragraph and to make it reflect the last part of paragraph 22 of Board decision 45 (VII). It was decided that the word "fully" should appear in square brackets.<sup>4</sup>

42. The spokesman for Group B presented document TD/L.71 and Corr.1, containing the amendments to draft resolution TD/L.57/Rev.2 submitted by the members of Group B who had participated actively in the Contact Group. While expressing the disappointment of her Group that the previous proposals for amendment which it had presented had received little consideration, she expressed the readiness of her Group to seek agreement on the subject-matter. The heart of the matter, she said, was that, for the success of the review and appraisal exercise in the context of the International Development Strategy, UNCTAD needed agreed machinery soon. There might be differences of opinion among the members of the Working Group over the range of application of review and appraisal procedures, but that should not prevent them reaching the necessary agreement for UNCTAD to go ahead in its sector. She pointed out that there was a measure of agreement between the two documents, TD/L.57/Rev.2 and TD/L.71 and Corr.1, and explained the reasons for Group B's having put forward amendments to certain paragraphs.

43. The representative of another developed market-economy country, also speaking on behalf of Group B, emphasized that the most practical way in which review and appraisal of the International Development Strategy could be arranged within UNCTAD was to make the Trade and Development Board responsible for it and to set up a sessional committee of the Board so that the Board's consideration could be timed to fit into the over-all review and appraisal procedure. He had not received any answer to his question as to how the mechanism proposed in paragraph 3 of TD/L.57/

Rev.2 would work in practice, particularly as regards the timing of various meetings of the committees and other subsidiary organs of the Board and of the Board itself. He drew attention to the fact that the proposal of Group B also touched upon the general question of assessing progress in the implementation of policy measures within the field of competence of UNCTAD. He indicated that Group B, especially the Nordic countries, had not been unwilling to explore possibilities for a compromise.

44. The spokesman for the Latin-American Group stated that, because of the substantial differences of view that existed regarding the amendments proposed by Group B, the Group of 77 had initially decided to request a vote on draft resolution TD/L.57/Rev.1 during an earlier meeting. However, for reasons explained in paragraph 26 above, the Group of 77 had decided not to request a vote on that draft resolution. As a result of consultations in the Contact Group, the Group of 77 had amended its original proposal and submitted a new draft resolution (TD/L.57/Rev.2) in an attempt to seek an agreement. However Group B had now submitted to the Working Group document TD/L.71 and Corr.1; its provisions could not be reconciled with those proposed by the Group of 77. On the other hand, he stated that, according to General Assembly resolutions 2820 (XXVI) and 2801 (XXVI), UNCTAD had within its competence, the task of examining and evaluating the progress reached in the implementation of policy measures and in achieving the goals and objectives of the International Development Strategy. He added that draft resolution TD/L.57/Rev.2 did not seek to widen UNCTAD's competence in these matters, but on the contrary merely sought to implement what had been agreed upon in the above-mentioned resolutions of the General Assembly. He also stated that any weakening of the present functions of UNCTAD, within the framework of its competence, would imply a backward step, which the countries of the Group of 77 could not accept.

45. The representative of a developing country stated that it was desirable that the Trade and Development Board should hold special sessions to evaluate more precisely in what manner the application of the International Development Strategy had contributed to economic growth and social advancement.

46. The spokesman for the Group of 77 moved that the draft resolution contained in document TD/L.57/Rev.2 be put to the vote. The spokesman for Group B regretted that the vote had been proposed, but requested that the amendments proposed by Group B (TD/L.71 and Corr.1) be voted on first. The representative of a developed market-economy country also regretted that the vote had been proposed on TD/L.57/Rev.2, because of the position he had described (paragraph 43 above).

47. The Working Group proceeded to vote on the amendments contained in document TD/L.71 and Corr.1 and on the draft resolution in document TD/L.57/Rev.2. The amendments were rejected by 47 votes to 17, with 5 abstentions. The rejected amendments read as follows:

<sup>4</sup> For the text resulting from the Working Group's consideration of draft resolution TD/III/WG.I/L.1/Rev.1 and of proposed amendments thereto, see appendix II (b) below.

## 1. Amend title to read:

Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme [institutional and administrative aspects] (agenda item 8 (a))

## 2. Operative paragraph 2.

Reword introductory phrase to read:

*Affirms* the view that the process of review and appraisal within the competence and role of UNCTAD implies continuous efforts in a dynamic context within its machinery, the common purpose of which is to assess the manner in which the operation of the International Development Strategy has contributed to economic growth and social progress, with a view, as indicated in resolution 2820 (XXVI) as adopted, to:

## 3. Sub-paragraph 2 (a):

Delete first four words and substitute "seeking further".

## 4. Sub-paragraph 2 (d):

Add at end of sub-paragraph: "as envisaged in the International Development Strategy.

## 5. Sub-paragraph 2 (e):

Delete.

## 6. Operative paragraph 3:

Substitute the following:

*Decides* that the review and appraisal functions referred to above should be vested in the Trade and Development Board, and that to this end:

(a) The Board at its regular session should establish a sessional committee when the biennial review and appraisal is considered;

(b) The Sessional Committee should formulate appropriate recommendations for the consideration of the Board at an appropriately high level on the basis of the report to be prepared by the Secretary-General of UNCTAD;

(c) Consideration by the Board of review and appraisal should be so timed as to take account of the timetable established for the over-all review and appraisal procedure.

## 7. Operative paragraph 4:

Delete (see proposed new paragraph 5 below).

## 8. Operative paragraph 5:

Delete and substitute, as new paragraph 4, the following:

*Invites* the Trade and Development Board, within its field

of competence, to give attention in the future review and appraisal of the International Development Strategy, to identifying shortfalls in the achievement of the goals and objectives of the Second Development Decade, and the factors which account for them; to assessing the extent to which the operation of the International Development Strategy has promoted the growth and progress of the developing countries, especially of the least developed countries among them; and to suggesting positive measures to overcome any difficulties encountered.

## 9. Insert as new operative paragraph 5 the following:

*Invites* the Trade and Development Board to consider the establishment of adequate procedures and mechanisms for defining and keeping under constant review the indicators and other data necessary for assessing progress in the implementation of policy measures within the field of competence of UNCTAD."

48. The draft resolution in document TD/L.57/Rev.2 was recommended for adoption by the Conference by 51 votes in favour and none against, with 17 abstentions.<sup>5</sup>

49. After the vote the spokesman for Group B stated that the members of her Group had abstained because they hoped to see a successfully agreed resolution adopted at the present Conference and did not wish to spoil the atmosphere for further consultations.

50. The representative of France stated that, in a spirit of co-operation, his delegation had raised no objection to a vote on the amendments proposed by Group B (TD/L.71 and Corr.1), even though the French version of that document had been incomplete. His delegation had, in fact, been aware of the substance of the document. It considered, however, that the vote had taken place in circumstances which did not correspond either to the letter or to the spirit of rule 73 of the rules of procedure.

51. The representative of Switzerland associated himself with the statement made by the representative of France.

52. The Chairman ruled that the voting had taken place in a normal manner.

<sup>5</sup> See appendix I (b) below.

## APPENDICES

## Appendix I

## DRAFT RESOLUTIONS RECOMMENDED BY WORKING GROUP I FOR ADOPTION BY THE CONFERENCE

(a) **Review of the institutional arrangements of UNCTAD** (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964) (agenda item 10)

*Further evolution in the institutional machinery of UNCTAD* (TD/H/ WG.1/L.2/Rev.1 and Corr.1)

*The United Nations Conference on Trade and Development, Recalling* paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX),

1. *Invites* the Trade and Development Board to give careful consideration to the reform of the fundamental provisions of General Assembly resolution 1995 (XIX) with a view to establishing the comprehensive organization referred to in paragraph 31 of that resolution;

2. *Further invites* all member States to communicate to the Secretary-General of UNCTAD, prior to the thirteenth session of the Board, their views, comments and suggestions on the said reform;

3. *Requests* the Secretary-General of UNCTAD on the basis of such views, comments and suggestions, and after consultations with the Director-General of GATT and executive heads of appropriate international organizations, to prepare a study on the establishment of such an organization which should have, *inter alia*, the following characteristics:

(a) Operational capacity, being endowed with the means for promoting the negotiation, implementation and evaluation of agreements relating to trade and development, within its competence;

(b) Ability to adjust itself to the dynamic conditions of world trade and to the growing needs of developing countries;

(c) Ability to translate into concrete action the special measures agreed upon in favour of the least developed among the developing countries and the land-locked developing countries;

(d) A structure and organization capable of optimizing costs and avoiding unnecessary duplication in international co-operation;

4. *Instructs* the Trade and Development Board at its thirteenth session to establish a sessional committee to consider the study of the Secretary-General with a view to formulating appropriate recommendations and proposals for the establishment of the said organization, for submission to the General Assembly at its twenty-seventh session.

(b) **Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon within the context of the International Development Strategy, the recommendations, resolutions and other decisions of UNCTAD (TD/L.57/Rev.2 (agenda item 8 (a))**

*The United Nations Conference on Trade and Development,*

*Recalling* the International Development Strategy for the Second United Nations Development Decade adopted by the General Assembly in its resolution 2626 (XXV) of 24 October 1970, and in particular paragraphs 79 to 83 thereof.

*Taking note* of Trade and Development Board resolution 81 (XI), of 17 September 1971,

*Taking note* also of General Assembly resolution 2801 (XXVI), of 14 December 1971,

1. *Reaffirms* the essential role and responsibility of UNCTAD for carrying out its sectoral review and appraisal of the progress achieved in implementing the policy measures and realization of goals and objectives of the International Development Strategy within its field of competence:

2. *Affirms* the view that the process of review and appraisal within its competence implies continuous efforts in a dynamic context within the machinery of UNCTAD, the common purpose of which is to assess the manner in which the operation

of the International Development Strategy has contributed to economic growth and social progress, with a view to:

(a) Securing full and effective implementation of the policy measures as agreed upon in the International Development Strategy;

(b) Reaching agreements in more specific terms on issues which have not been fully resolved within the context of the International Development Strategy and particularly, to this end, to promote consultations aimed at enabling member States to make a fuller and more effective contribution to the achievement of the goals and objectives thereof;

(c) Seeking new areas of agreement and widening existing ones;

(d) Evolving new concepts and seeking agreement on additional measures;

(e) Laying down the necessary guidelines for future actions and for the formulation of principles and policies on international trade and related problems of economic development;

3. *Decides* that the review and appraisal functions referred to above should continue to be vested in the Trade and Development Board, which may discharge this responsibility through its main Committees and other subsidiary bodies, and to this end:

(a) The Board should meet in a special session once in two years at an appropriately high level;

(b) A sessional committee of the Board should be established to formulate appropriate recommendations for consideration by the Board on the basis of the reports of the main Committees and subsidiary organs, as well as the report to be prepared by the Secretary-General of UNCTAD;

4. *Instructs* the Trade and Development Board:

(a) To examine its existing procedures for reviewing the implementation of the recommendations, resolutions and other decisions of UNCTAD, in order to adapt them, as necessary, for the appropriate review and appraisal of the policy measures falling within the competence of UNCTAD; and

(b) To establish adequate procedures and mechanisms for defining and keeping under constant review the indicators and other data necessary for assessing progress in the implementation of policy measures within the field of competence of UNCTAD;

5. *Further instructs* the Trade and Development Board to give, within its competence, greater attention in the future review and appraisal process to the following:

(a) To carry out an analysis of the measures taken by developed and developing countries and of the progress made or the difficulties encountered in implementing the policy measures designed to assist developing countries, especially the least developed among them, taking account of the reports and studies made by other intergovernmental organs;

(b) To make suggestions for adequate means of overcoming those difficulties of accelerating progress.

## Appendix II

### DRAFT RESOLUTIONS AND PROPOSALS CONSIDERED BY WORKING GROUP I

(a) **Review of the institutional arrangements of UNCTAD (paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) of 30 December 1964 (agenda item 10)**

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/WG.I/L.1/Rev.1)*

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolution 1995 (XIX) of 30 December 1964, and in particular section II, paragraphs 30, 31, and 32, which provide that the Conference:

(a) Will review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a

view to recommending such changes and improvements as might be necessary;

(b) Will study all relevant subjects, including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development; and

(c) Gives its advice to the General Assembly before changes are made in the fundamental provisions of General Assembly resolution 1995 (XIX).

Recalling further General Assembly resolution 2820 (XXVI) of 16 December 1971 and in particular its section II, paragraph 3,

Taking into account that the membership of the United Nations Conference on Trade and Development has increased from 121 at the time of the establishment of UNCTAD in 1964 to 141 at the end of 1971,

Taking also into account that during the eight-year period the activities of UNCTAD have considerably developed and the number of subsidiary bodies increased, requiring necessary adjustments in order to render UNCTAD more effective in responding to the needs for fulfilment of the basic objectives of the Conference as set forth in General Assembly resolution 1995 (XIX),

Recognizing that decision 45 (VII) of 21 September 1968, adopted by the Trade and Development Board, represents a first step aimed at improving the method of work of the permanent machinery, which needs a follow-up action with the objective of enhancing the capacity of UNCTAD to obtain positive results and of achieving a broader structural reform, as envisaged in General Assembly resolution 1995 (XIX),

Convinced that the establishment of adequate institutional structures will facilitate the crystallization of political will of member countries and its expression in concrete measures, but not as a substitute therefor.

#### A. Enlargement of the Trade and Development Board

1. Recommends that the General Assembly should adopt the following amendments to paragraph 5 of General Assembly resolution 1995 (XIX) of 30 December 1964:

- (i) In the first line replace "fifty-five" by "..."
- (ii) In (a) replace "twenty-two" by "..."
- (iii) In (b) replace "eighteen" by "..."
- (iv) In (c) replace "nine" by "..."
- (v) In (d) replace "six" by "..."

2. Decides to elect the members of the Board in accordance with the above distribution and requests the General Assembly at its twenty-seventh session to confirm the action taken by the Conference;

3. Recommends further that the General Assembly should adopt the following amendments to resolution 1995 (XIX) in order to bring the pertinent provisions into keeping with the practices of UNCTAD, as confirmed by specific decisions taken by the General Assembly:

(a) Paragraph 2: in the first sentence, insert "normally" between "be" and "convened"; replace "three" by "four";

(b) Paragraph 10 should be amended to read as follows: "Any member of the Conference shall participate in the deliberations of the Board on any matter of particular concern to that member with all the rights and privileges of a Board member except the right to vote".

(c) Paragraph 13: in the second sentence, replace "twice" by "once";

(d) Paragraph 25: (i) wherever the title "Chairman of the Board" is used, the word "Chairman" should be replaced by "President"; (ii) in (d), in the second sentence, replace the

phrase "Chairman of the organ concerned" by "Presiding Officer of the organ concerned";\*

(e) Paragraph 29: insert the following text as the second sentence: "To ensure that adequate budgetary provisions are made, the General Assembly shall take fully into account the recommendations of the Conference or the Board, as the case may be".

#### B. Improvement of the method of work of the Trade and Development Board

4. Reiterates that the achievement of concrete solutions to the problems dealt with within the machinery of UNCTAD remains its primary objective. Therefore, UNCTAD should be action-oriented and its role of negotiations, including explorations, consultations and agreements on solutions, as a single process, should be strengthened, including technical assistance activities.

5. Invites the Trade and Development Board to undertake necessary measures for the improvement of its method of work as well as that of its subsidiary organs, in order to give a more operational character to its recommendations. To this end:

(a) Member countries should avail themselves, as convenient, of the prerogatives set forth in paragraph 3 (e) of General Assembly resolution 1995 (XIX), which authorized the Conference "to initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade with due regard to the adequacy of existing organs of negotiation and without duplication of their activities"; and to that end prepare and submit draft conventions and related multilateral legal instruments, within its field of competence, for the consideration of member Governments;

(b) Special efforts should be made to utilize the procedures provided for in paragraph 25 of resolution 1995 (XIX) in all cases where such procedures are likely to facilitate agreement on substantive matters.

6. Invites also the Trade and Development Board, whenever considered desirable:

(a) To hold meetings at the ministerial level;

(b) To convene in special session, as provided for in the rules of procedure and in decision 45 (VII) of the Trade and Development Board to consider emergency situations adversely affecting the substantial interests of developing countries in international trade and related problems of economic development;

#### C. Main committees and other subsidiary organs

7. Decides that the permanent machinery of UNCTAD should be made more representative and responsive to the membership of the Conference;

8. Requests the Trade and Development Board to convert the main Committees into committees open to the participation of all interested Governments, on the understanding that members of the Conference wishing to attend a particular session of one or more of the main Committees will communicate their intention to the Secretary-General of UNCTAD at least ... days prior to the opening of the Board. On the basis of such notification the Board will establish the membership of the main Committees accordingly.

9. Instructs the Trade and Development Board:

(a) To convert the Intergovernmental Group on Transfer of Technology, after its second substantive session, into one of the main Committees of the Board;

(b) To establish the Special Committee on Preferences as one of the main Committees of the Board, with the terms of refer-

\* Applies only to the English text.

ence set out in section VIII of the agreed conclusions, relating to institutional arrangements for preferences;

(c) To set up, as its subsidiary organ, an intergovernmental group with appropriate secretariat services, to be entrusted with the formulation, development, and review and appraisal of policies and projects in favour of the least developed among developing countries; and to determine its terms of reference;

10. Requests the Trade and Development Board to keep under constant review the terms of reference of the said committees and the subsidiary organs with a view to strengthening their respective competence and effectiveness. To this end committees and subsidiary organs of the Board should:

(a) Meet normally twice between sessions of the Conference, unless the interest of the work of the Organization requires more frequent meetings;

(b) Meet at such appropriate level as would enable them to take substantive decisions;

(c) Meet after intensive preparations, including, wherever necessary, the setting up of expert and/or *ad hoc* working groups ;

11. Invites the Trade and Development Board to consider the following measures in order to further improve the institutional set-up of UNCTAD:

(a) The establishment of appropriate mechanisms within the machinery of UNCTAD for keeping under constant review the observance of the principle of standstill, in accordance with the provisions of paragraph 25 of the International Development Strategy, as well as other principles concerning trade liberalization and pricing policy for primary commodities agreed upon or to be agreed within UNCTAD, and for formulating policy action in these matters;

(b) The establishment, as a subsidiary organ of the Trade and Development Board, of an *ad hoc* intergovernmental group open to all countries concerned, and determination of its terms of reference, including the following functions:

- (i) To promote consultations and negotiations on non-tariff barriers affecting present and potential exports of products of interests to developing countries;
- (ii) To propose measures, on the basis of individual products and groups of products and having regard to both the countries applying non-tariff barriers and those affected thereby, for the reduction, relaxation and elimination, on a preferential and non-reciprocal basis, of non-tariff barriers affecting the exports of developing countries;

(c) The creation of a special body within the machinery of UNCTAD to seek practical solutions to the debt-servicing problems of developing countries, and to organize consultations between representatives of debtor and creditor countries, including, where necessary, international experts serving in their personal capacities;

#### D. Secretariat

12. Expresses its view that greater flexibility should be given to the Secretary-General of UNCTAD to initiate consultations between States members concerned, at their request, or to convene intergovernmental working groups or expert groups, whenever any policy of regional economic groupings threatens the interest of developing countries, or when there are specific problems that may affect developing countries in matters of trade and development within the competence of UNCTAD. In this context, the Conference notes that the Secretary-General of UNCTAD is authorized to arrange intergovernmental consultations in the field of commodities, after having taken into account the views of any commodity group concerned, consulted with interested governments and ensured that the necessary preparatory work has been done;

#### E. Public opinion

13. Invites the Trade and Development Board to make appropriate arrangements for promoting more effectively the objectives and activities of UNCTAD in the public opinion of its member States.

#### (b) Review of the institutional arrangements of UNCTAD

*Text resulting from the consideration by Working Group I of draft resolution TD/III/WG.I/L.1/Rev.1 and of proposed amendments thereto*

*The United Nations Conference on Trade and Development,*

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, and in particular section II, paragraph 30, 31 and 32, which provide as follows:

"30. The Conference will review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as might be necessary.

"31. To this end the Conference will study all relevant subjects, including matters relating to the establishment of a comprehensive organization based on the entire membership of the United Nations system of organizations to deal with trade and with trade in relation to development.

"32. The General Assembly expresses its intention to seek advice from the Conference before making changes in the fundamental provisions of the present resolution",

Recalling further General Assembly resolution 2820 (XXVI) of 16 December 1971, and in particular its section II, paragraph 3,

Taking into account that the membership of the United Nations Conference on Trade and Development has increased from 121 at the time of the establishment of UNCTAD in 1964 to 141 at the end of the third session of the Conference,

Taking also into account that during the eight-year period the activities of UNCTAD have considerably developed and the number of subsidiary bodies increased, requiring necessary adjustments in order to render UNCTAD more effective in responding to the needs for fulfilment of the basic objectives of the Conference as set forth in General Assembly resolution 1995 (XIX),

Recognizing that decision 45 (VII) of 21 September 1968, adopted by the Trade and Development Board, represents a first, but important, step aimed at improving the method of work of the permanent machinery, as envisaged in paragraphs 30 to 32 of General Assembly resolution 1995 (XIX),

Recognizing further that adequate and efficient institutional structures facilitate the adoption of concrete measures,

#### A. Enlargement of the Trade and Development Board

[1. Recommends that the General Assembly should adopt the following amendments to paragraph 5 of General Assembly resolution 1995 (XIX) of 30 December 1964:

- (i) In the first line replace "fifty-five" by "..."
- (ii) In (a) replace "twenty-two" by "..."
- (iii) In (b) replace "eighteen" by "..."
- (iv) In (c) replace "nine" by "..."
- (v) In (d) replace "six" by "...";

[2. Decides to elect the members of the Board in accordance with the above distribution and requests the General Assembly, at its twenty-seventh session, to confirm the action taken by the Conference;]

3. *Recommends* further that the General Assembly should adopt the following amendments to its resolution 1995 (XIX) in keeping with the practices of UNCTAD as confirmed by specific decisions taken by the General Assembly:

(a) *Paragraph 2*: in the first sentence, insert "normally" between "be" and "convened"; replace "three" by "four";

(b) *Paragraph 10* should be amended to read as follows: "Any member of the Conference shall be entitled to participate in the deliberations of the Board on any item on its agenda of particular concern to that member with all the rights and privileges of a Board member except the right to vote.";

(c) *Paragraph 13*: in the second sentence, replace "twice" by "once";

(d) *Paragraph 25*: (i) wherever the title "Chairman of the Board" is used, the word "Chairman" should be replaced by "President"; (ii) in (d), in the second sentence, replace the phrase "Chairman of the organ concerned" by "Presiding Officer of the organ concerned":\*

(e) *Paragraph 29*: insert the following text as the second sentence: [In examining the budgetary provisions, the General Assembly shall take fully into account the programme of work, the priorities and the recommendations of the Conference or the Board, as the case be.]"

["To ensure an adequate basis for the approval of budgetary proposals, within the over-all priorities established, the General Assembly should take fully into account the programme content of recommendations of the Conference or the Board."];

#### B. *Improvement of the method of work of the Trade and Development Board*

4. *Reiterates* that the task of negotiation, including exploration, consultation and agreement on solutions, is a single process, and that in the context of such a process the achievement of solutions, as emphasized in decision 45 (VII) of the Trade and Development Board, is and remains the primary objective of UNCTAD which should be vigorously pursued;

4 *bis*. *Affirms* the important role of UNCTAD in the operations of the UNCTAD/GATT International Trade Centre and in the field of technical assistance, in accordance with General Assembly resolution 2401 (XXIII), as an executing agency of the United Nations Development Programme, and stresses the importance of continued effective co-ordination in carrying out these operations, which should be vigorously pursued;

5. *Invites* the Trade and Development Board to undertake necessary measures for improvements in the efficiency of its method of work as well as that of its subsidiary organs, with the common objective of enhancing the capacity of UNCTAD to achieve positive results. To this end:

(a) Draws the attention of the Trade and Development Board to the functions set forth in paragraph 3 (e) of General Assembly resolution 1995 (XIX), which authorized the Conference to "initiate action where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities"; and to that end, invites it, within the framework of the above provisions, to initiate action;

(b) Full use should be made, whenever considered desirable, of flexible techniques for inter-group consultations in order to facilitate agreement;

(c) Draws the attention of the Trade and Development

Board also to the procedures provided for in paragraph 25 of General Assembly resolution 1995 (XIX).

6. *Invites* also the Trade and Development Board, whenever the Board considers it desirable:

(a) To hold meetings at an appropriately high, [preferably] [not excluding] ministerial, level;

(b) To convene in special session, as provided for in the rules of procedure and in Board decision 45 (VII), to consider extraordinary situations critically affecting the substantial interests of member countries, and in particular developing countries, in international trade and related problems of economic development;

[6 *bis*. Having regard to the importance of avoiding overloading UNCTAD's calendar of meetings, the Board should, when considering the work programme of UNCTAD, establish an over-all annual target specified in terms of meeting weeks and, within this global target, establish such order of priorities as it deems appropriate. To assist the Board in its consideration of this matter, the Secretary-General of UNCTAD should provide necessary information on financial implications without prejudicing the basic responsibilities of the Secretary-General of the United Nations with the context of article 3 of the financial regulations.]

#### C. *Main Committees and other subsidiary organs*

7. [Decides that the permanent machinery of UNCTAD should be made more representative and responsive to the membership of the Conference;]

[Decides that the permanent machinery of UNCTAD should be fully representative of the membership of the Conference;]

*Further consideration postponed pending agreement on paragraph 8*

8. [Requests the Trade and Development Board to convert the main Committees into committees open to the participation of all interested member Governments, on the understanding that members of the Conference wishing to attend a particular session of one or more of the main Committees will communicate their intention to the Secretary-General of UNCTAD at least ... days prior to the opening of the Board. On the basis of such notification the Board will establish the membership of the main Committees accordingly.]

[Requests the Trade and Development Board suitably to increase the membership of the main Committees and make their size uniform.]

[9. *Instructs* the Trade and Development Board:

(a) To convert the Intergovernmental Group on Transfer of Technology, after its second substantive session, into one of the main Committees of the Board;

(b) To establish the Special Committee on Preferences as one of the main Committees of the Board, with the terms of reference set out in section VIII of the agreed conclusions, relating to institutional arrangements for preferences;

(c) To set up, as its subsidiary organ, an intergovernmental group with appropriate secretarial services, to be entrusted with the formulation, development, and review and appraisal of policies and projects in favour of the least developed among developing countries; and to determine its terms of reference;]

10. *Requests* the Trade and Development Board to keep under review the terms of reference of its committees and subsidiary organs with a view to strengthening their effectiveness within their respective competence, and recommends that the committees of the Board should:

(a) Meet normally twice between sessions of the Conference, unless the interest of the work of the organization requires more frequent meetings;

\* Applies only to the English text.

(b) Meet at such appropriate level as would enable them to deal effectively with the substantive business before them in order to achieve more positive results;

(c) Meet after careful preparations, including, wherever appropriate and necessary, by expert and/or *ad hoc* groups set up in accordance with existing procedures for the establishment of such bodies;

[11. *Invites* the Trade and Development Board to consider the following measures in order to further improve the institutional set-up of UNCTAD:

(a) The establishment of appropriate mechanisms within the machinery of UNCTAD for keeping under constant review the observance of the principle of standstill in accordance with the provisions of paragraph 25 of the International Development Strategy, as well as of other principles concerning trade liberalization and pricing policy for primary commodities agreed upon or to be agreed within UNCTAD, and for formulating policy action in these matters;

(b) The establishment, as a subsidiary organ of the Trade and Development Board, of an *ad hoc* intergovernmental group open to all countries concerned, and determination of its terms of reference, including the following functions:

- (i) To promote consultations and negotiations on non-tariff barriers affecting present and potential exports of products of interest to developing countries;
- (ii) To propose measures, on the basis of individual products and groups of products and having regard to both the countries applying non-tariff barriers and those affected thereby, for the reduction, relaxation and elimination, on a preferential and non-reciprocal basis, of non-tariff barriers affecting the exports of developing countries;

(c) The creation of a special body within the machinery of UNCTAD to seek practical solutions to the debt-servicing problems of developing countries and to organize consultations

between representatives of debtor and creditor countries, including where necessary, international experts serving in their personal capacities;]

#### D. Secretariat

12. (a) *Welcomes* the development, largely on the initiative of the Secretary-General of UNCTAD, of flexible techniques for informal inter-group consultations and supports the further development of such consultations, with the assistance of the secretariat, with a view to better preparations and more positive results in official meetings;

(b) *Expresses satisfaction* with the Secretary-General's efforts in discharging his authority for arranging intergovernmental consultations in the field of commodities, after having taken into account the views of the commodity groups concerned and consulted [fully] with the interested governments of member States and ensured that the necessary preparatory work has been done;

[(c) *Expresses its view* that, [when necessary,] [great] [some] flexibility should be given to the Secretary-General of UNCTAD to initiate consultations between States members concerned, at their request, or to convene intergovernmental working groups or expert groups, whenever any policy of a developed country or group of developed countries threatens the interest of member countries, in particular developing countries, or when there are specific problems in matters of trade and development within the competence of UNCTAD;]

#### E. Public opinion

13. *Invites* the Trade and Development Board to review, on the basis of a report prepared by the Secretary-General of UNCTAD in consultation with other United Nations organs concerned, the present information activities of the United Nations relevant to the field of competence of UNCTAD can best be promoted in member countries.

## H. REPORT OF WORKING GROUP II

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NOTE: The check list of documents prepared for and during the deliberations of Working Group II appears in annex X, section J, II below.

### Introduction

1. At its 82nd (opening) plenary meeting on 13 April 1972, the third session of the United Nations Conference on Trade and Development established Working Group II, open to participation by all interested delegations, and at its 83rd plenary meeting referred to the Working Group for consideration and report agenda item 17: trade expansion, economic co-operation and regional integration among developing countries.

2. At its first meeting, on 28 April 1972, the Working Group unanimously elected Mr. J. B. Kelegama (Ceylon) as its Chairman, Mr. Abdel Wahab Tamin (Sudan) as Vice-Chairman and Mr. Cyril Seeram (Trinidad and Tobago) as Rapporteur. At the same meeting the Working Group approved the organization of work proposed in the note by the secretariat (TD/III/WG.II/L.2).

3. The Working Group held nine meetings in the course of which it considered the agenda item allocated to it.

4. The Working Group had before it the following documents prepared by the UNCTAD secretariat:

“Main problems of trade expansion and economic integration among developing countries” (TD/110),<sup>1</sup> “The role of multinational development institutions in the promotion and financing of economic integration among developing countries” (TD/114)<sup>2</sup> and “Support by the socialist countries of Eastern Europe for trade expansion, economic co-operation and regional integration among developing countries” (TD/116).<sup>3</sup> The following documents were contributed by the secretariats of the Economic Commission for Asia and the Far East (ECAFE) and the United Nations Industrial Development Organization (UNIDO) “Most recent developments in regional co-operation and trade expansion among developing countries; note by the ECAFE secretariat (TD/CONTR/1) and (under cover of a note by the UNCTAD secretariat) “UNIDO activities in the export development field” (TD/CONTR/4).

<sup>1</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IV, *General review and special issues* (United Nations publication, Sales No. E.73.II.D.7).

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

### Trade expansion, economic co-operation and regional integration among developing countries

(Agenda item 17)

5. In an opening address the representative of the Secretary-General of UNCTAD gave a brief summary of progress made by developing countries in their efforts to further economic co-operation among themselves since the second session of the Conference. He recalled some of the statements made in the plenary meetings

by the representatives of developing countries in support of economic co-operation among developing countries, particularly with reference to the desirability of the adoption of a cumulative criterion in the computation of value added in the matter of origin requirements in the application of the generalized system of preferences

(GSP) ; the prejudicial effect of reserve preferences ; the advisability of establishing special drawing rights (SDRs) in IMF to meet balance-of-payments difficulties arising from trade expansion programmes among developing countries and the growing recognition of the responsibility of the more advanced developing countries towards the less advanced.

6. Introducing the secretariat's documentation he highlighted some of the steps which the developing countries themselves could take in order to overcome difficulties arising from regional, subregional and inter-regional co-operation programmes, particularly those related to redressing imbalances and achieving a more equitable distribution of benefits among countries at different levels of development. He pointed to the potential value of regional financial institutions, particularly subregional development banks, as the most suitable instrument for channelling financial aid and technical assistance in support of economic co-operation and integration programmes. He also drew attention to measures by which the socialist countries of Eastern Europe could increase their support for trade expansion and economic co-operation among developing countries. Finally he briefly described the UNCTAD secretariat's programme of work and technical assistance activities in support of co-operative efforts among developing countries.

7. During the first seven meetings of the Group, representatives of Governments and of regional and sub-regional organizations directly involved in economic integration programmes among developing countries made statements on different issues related to the subject under discussion on the basis of their experience, concerted declaration 23 (II) on trade expansion, economic co-operation and regional integration among developing countries adopted at the second session of the Conference and resolution 53 (VIII) of the Trade and Development Board; the report of the Intergovernmental Group on Trade Expansion, Economic co-operation and Regional Integration among Developing Countries,<sup>4</sup> the relevant chapters of the Declaration and Principles of the Action Programme adopted at the Second Ministerial Meeting of the Group of 77 at Lima (TD/143)<sup>5</sup> and of the International Development Strategy as well as the reports by the UNCTAD secretariat before the Working Group.

8. All the representatives who participated in the debate conveyed their strong support for measures aimed at furthering trade expansion, economic co-operation and regional integration among developing countries. There was a consensus that the basic responsibility for the attainment of these goals rested with the developing countries themselves and, as such, constituted a clear example of self-reliance and mutual help on the part of these countries.

9. The representatives of some developed market-economy countries drew attention to the past trends of

intra-regional trade expansion among developing countries as a proof of what an important element regional co-operation could be in the process of economic development in developing countries.

10. The representatives of several developing countries referred to economic integration as requiring first and foremost the existence of political will on the part of the participating countries. It was emphasized in this connexion that it was difficult to set in motion viable programmes of economic co-operation between too many countries having great disparities in their level of economic development. Subregional groupings were thus considered to have a greater possibility of success. The representatives of developing countries were of the opinion that each group of countries should seek to develop the most appropriate framework of co-operation, adequately geared to regional peculiarities, and to take account of differences in the stages of development of member countries.

11. This view was shared by the representatives of several developed market-economy countries, who considered that subregional groupings would be most effective. The representative of one developed market-economy country emphasized, however, that while he supported subregional groupings, all preferential trade arrangements should be subjected to a careful case-by-case examination in the appropriate international institutions with a view to determining their likely contribution to the development process, their relationship to the international trading system and their impact on third countries.

12. The representatives of most Governments and of regional and subregional organizations agreed that interregional, regional and subregional arrangements among developing countries should be rational and outward-looking. The representative of the East African Community (EAC), speaking under rule 80 of the rules of procedure, described EAC's integration programme as a dynamic process and expressed his hopes for enlarged membership, since several neighbouring countries had indicated their desire to join the Community. Similarly the representative of a country member of the Tripartite Agreement on Trade Expansion and Economic Co-operation (Egypt, India and Yugoslavia) recalled that the Agreement was open to accession by other developing countries. The representative of the Permanent Consultative Committee of the Maghreb Countries, speaking under rule 80 of the rules of procedures, and representatives of the Governments of the three Maghreb countries concerned, reaffirmed their intention to proceed with their integration programme while strengthening their co-operation with other developing countries, and in particular with the other Arab and African countries, and to seek new relations with the European Economic Community (EEC). The representative of the Board of the Cartagena Agreement (Andean Group) participating in the discussion in accordance with the decision of the Conference at its 88th plenary meeting<sup>6</sup> emphasized

<sup>4</sup> *Official Records of the Trade and Development Board, Tenth Session, first, second and third parts, Annexes, agenda item 11, document TD/B/333.*

<sup>5</sup> See annex VIII, F below.

<sup>6</sup> See annex V above, para. 22.

that the purpose of creating the Group was to enable its member States to play a more active role within the Latin American Free Trade Association (LAFTA).

13. The representatives of several developed and developing countries expressed their satisfaction with the successful conclusion of the trade negotiations among developing countries in the General Agreement on Tariffs and Trade (GATT), and noted that the recently concluded Protocol relating to Trade Negotiations among Developing Countries signed on 8 December 1971 by the 16 members of the Committee of Participating Countries envisaged an expansion of both the country and the product coverage of the arrangements. They also expressed the hope that it would be possible to achieve more substantial tariff cuts in the further negotiations provided for in the Protocol. The representatives of several of the Participating Countries reiterated this hope, and together with the representative of a developed market-economy country, drew attention, in particular, to the declared intention of the parties to the Protocol "to facilitate the accession of a developing country to this Protocol on terms consistent with the latter's present and future development, financial and trade needs". The representative of another developed market-economy country stated that in his view tariff discrimination among developing countries should be avoided and any general arrangements among them should apply to all developing countries. In this connexion, several representatives invited the Participating Countries to extend unilaterally the concessions negotiated among themselves to the least developed among the developing countries and to be prepared to negotiate the inclusion in the list of concessions of new products of special interests to those countries. The representatives of some Participating Countries expressed their readiness to study in principle such a unilateral extension.

14. In the opinion of most representatives, the problems that confronted developing countries entering into preferential arrangements were manifold. Some of them derived from the integration effort itself, such as the achievement of an equitable distribution of cost and benefits within the group, the particular situation of the least developed and land-locked countries, and the need to achieve a structural transformation of trade, production, infrastructure and financial patterns so as to modify the present situation of "vertical" dependency of most developing countries on developed countries and to create regional and subregional links. Other problems related to the general condition of underdevelopment, such as lack of capital and of trained manpower and the absence of indigenous technology; some representatives considered that they constituted serious handicaps to successful regional integration, requiring the joint action of developing as well as of developed countries in order to overcome them.

15. The representatives of several developing countries and of several regional and subregional institutions mentioned a number of possible measures of support by developed countries. Among such measures, the following were singled out: the elimination of reserve preferences received by developed countries from developing countries in exchange for concessions granted to them;

the advisability of the developed countries adopting a cumulative criterion in the computation of value added for purposes of compliance with the rules of origin stipulated by countries granting concessions under the GSP, in favour of all developing countries or at least of the members of economic groupings; the desirability of establishing a special facility in IMF to finance balance-of-payments deficits arising from integration commitments; relaxation of the most-favoured-nation (MFN) clause in association agreements between developed and developing countries, so as to allow the latter to enter into meaningful preferential arrangements among themselves; possible co-operative measures with reference to the operations of international corporations and of shipping conferences and to restrictive business practices; and the volume and terms of financial and technical assistance for multinational projects.

16. As regards the problem of a more equitable sharing of benefits from economic integration, particularly in favour of the relatively less developed members of economic integration groupings, several representatives of countries participating in such groupings and the representatives of the secretariats of those groupings described the various measures adopted within each sub-region to cope with this problem. The representative of EAC described the three provisions included in the Treaty establishing the Community,<sup>7</sup> and aimed at correcting industrial development imbalances and promoting balanced industrial investments: (a) the provision for the imposition of a transfer tax on manufactured products originating within the Community by any partner State having a deficit in its total trade in manufactured goods with the two other partner States; (b) the establishment of the East African Development Bank, which was devoting a greater share of its resources to investments in the less industrialized member countries; and (c) the provision for a common scheme of fiscal incentives.

17. The representative of the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), speaking under rule 80 of the rules of procedure, gave an account of the experience and problems faced by the Central American Common Market (CACM) as well as of the effects of the armed conflict between two of the member States on the functioning of the market. He also described measures presently under consideration for the further development of the integration programme.

18. The representative of the Board of the Cartagena Agreement, speaking under rule 80 of the rules of procedure, described the most important instruments contemplated in the Agreement to deal with the problem of the less developed member countries of that economic grouping. He stressed the important role of the Sectoral Programme of Industrial Development, which provided for the creation and development of the technology necessary to set in motion an accelerated and continuing process of economic growth, especially

<sup>7</sup> Treaty establishing an East African Economic Community between the three East African States (Kenya, Uganda, and United Republic of Tanzania), signed at Kampala in June 1967.

in Bolivia and Ecuador. He also explained the liberalization programme according to which Bolivia and Ecuador would start liberalizing trade only in 1976. Meanwhile, the other member countries would eliminate tariffs for the products originating in the two less advanced member countries mentioned above, as early as the end of 1973. Furthermore, tariffs had already been eliminated on a list of export products from such countries, and the markets of Chile, Colombia and Peru would be served for some industrial goods not yet being produced in the subregion. He made reference to the special régime being established for the less developed member countries in connexion with the adoption of a common external tariff. A waiver had been granted to Bolivia and Ecuador with respect to the minimum common external tariff which the Group had adopted, whereby they would introduce it progressively between 1976 and 1985.

19. The representative of one of the countries of the Andean Group expressed his hope that economic integration would not only give better opportunities to the relatively less developed countries of a group but that it should make it possible for those countries to achieve a faster rate of economic growth, thereby helping them to catch up with the levels of economic development of their relatively more advanced partners.

20. The representative of the Caribbean Free Trade Association (CARFTA), also speaking under rule 80 of the rules of procedure, described the measures adopted by his group in favour of its less developed members. Among such measures, the most effective were the arrangements in the agricultural sector. Thus, the Protocol on the marketing of agricultural products provided that, in the allocation of sources of supply for the subregion's markets, first preference be given to the less developed members. With respect to the implementation of intra subregional trade liberalization measures, these territories had been given a transitional period twice as long as other partners for certain items. In addition, they had been favoured with a special provision under which they were allowed to re-introduce tariffs on a temporary basis against their more developed partners in order to promote the establishment of industries within their territories.

21. The representative of LAFTA, likewise speaking under rule 80 of the rules of procedure, described measures taken by the Association in favour of the relatively less developed members of the Group and indicated that the Association was the first integration grouping to recognize the need for such preferential measures, having done so in 1960. In this connexion, the representative of one of the more advanced member countries of LAFTA stated that the draft resolution submitted by the Group of 77 (TD/III/WG.I/L.1)<sup>8</sup> called for measures in favour of the less developed countries which were even less ambitious than those approved by LAFTA, and considerably less so than the treatment contemplated by the Andean Group in favour of those countries.

22. The representatives of two developing countries members of Regional Co-operation for Development (RCD) described the wide range of activities undertaken by that grouping and explained its programmes for the development of infrastructure, expansion and possibly liberalization of trade, industrial co-operation, technical and cultural co-operation, shipping and civil aviation. They discussed in some detail the experience of RCD in the development of joint-purpose enterprises and of co-operation in the field of insurance and re-insurance, which they considered might be of relevance to other developing countries. The representative of another member of RCD associated himself with the above views.

23. The representatives of developed and developing countries, as well as of regional and sub-regional organizations, gave great emphasis to the harmonization of national development plans by developing countries as a necessary condition for successful economic integration and for specialization in production, especially when taking into account the interests of the relatively less developed members of such groupings.

24. The representative of the Council of Mutual Economic Assistance (CMEA), speaking under rule 80 of the rules of procedure, gave an account of the successful experience of that Council in harmonizing development objectives among the socialist countries of Eastern Europe, which also offered considered opportunities for the expansion of trade and co-operation with developing countries on the solid base of the planned economy. In this regard, he emphasized that CMEA was an outward-looking arrangement as well; since the second session of the Conference, the trade of CMEA countries with the developing countries had increased more than one and a half times, and its average annual increment exceeded that for trade among the member countries. In 1966-1970 the developing countries had brought to fruition twice as many enterprises and other projects with CMEA's assistance than in the preceding 15 years. The Comprehensive Programme for the further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member countries had been planned for stage-by-stage fulfilment within the next 15 to 20 years, offered opportunities for the participation of developing countries and provided a solid foundation not only for development co-operation among the member States but also for increasing economic relations with other countries on the basis of mutual advantage.

25. The problem of the infrastructural deficiencies affecting trade and co-operation among developing countries was repeatedly mentioned by the representatives of all developing countries, some of whom deplored the present transport and communication links prevalent in most developing countries, which were with developed countries and rendered difficult trade expansion among developing countries even within the same region.

26. Representatives of several developed market-economy countries stated their countries' intention of giving favourable consideration to any realistic request for support for concrete proposals for multinational investment in the field of industry and infrastructure.

<sup>8</sup> See the appendix below.

27. The representatives of several developing countries drew particular attention to the need and advantages of setting up payments arrangements among such countries as a means of financing increased trade. The representatives of countries belonging to various regional groupings listed the advantages which could be derived from such arrangements, in terms of foreign exchange savings and increased trade.

28. The representative of a developed market-economy country, however, expressed the view that, while such arrangements had proved useful in the past, at a time when international trade was impeded by currency inconvertibility and bilateralism, no such considerations appeared to constrain significantly the expansion of developing countries' trade with each other. For that reason, he felt that payments arrangements should be judged on an *ad hoc* basis, in terms of the contributions they made to expanding trade among developing countries and in relation to the operations of the international monetary system.

29. With regard to special measures that the more advanced among the developing countries could adopt in favour of the relatively less developed countries, recognized as such by regional institutions, as well as of the least developed and land-locked countries, the representatives of several developing countries made statements which were generally supported by the representatives of developed countries, emphasizing the importance of such measures as an outstanding element of mutual support on the part of developing countries.

30. In this connexion, the opportunities afforded by the Trade Negotiations Committee of Developing Countries in GATT (TNC) were repeatedly referred to by representatives of participating countries, as well as of some developed countries, as suitable means for granting non-reciprocal concessions to the relatively less developed countries. The representatives of some countries participating in the TNC conveyed their countries' intentions of providing unilateral trade concessions to the least developed countries, as well as financial and technical assistance within their capabilities. The representatives of several developing countries stated, however, that such assistance could only be modest and should be reinforced by the financial and technical assistance that only the developed countries were capable of providing.

31. With reference to trade concessions, the representative of Mexico, a member of LAFTA, stated that his Government would support measures in favour of the least developed among developing countries and was ready to provide special treatment without requiring reciprocal concessions to those less developed countries of Latin America recognized as such by regional bodies.

32. The representative of Spain declared that his Government was prepared to study its own preference scheme in favour of other developing countries thus contributing to the establishment of a multi-stage system of universal co-operation, a "cascade" system of mutually reinforcing descending concessions from the richer towards the poorer countries. He was confident that all countries at a similar level of development

would be prepared to co-operate in giving effect to this idea. The representative of another relatively advanced developing country gave concrete examples of his country's continuing and completed projects of technical co-operation with other developing countries and indicated its readiness to extend such co-operation to regional groupings of developing countries.

33. The representatives of all developed market-economy countries who participated in the debate gave accounts of their past contributions to co-operative endeavours on the part of developing countries, in terms both of direct bilateral assistance and of indirect assistance such as contributing to multilateral financial institutions, and also by removing obstacles to such co-operation. A number of them stated they approved the waiver of the MFN obligation in GATT to facilitate the establishment of preferential arrangements.

34. These representatives declared their countries' readiness to maintain and increase their support for such co-operative ventures. The representatives of several developed countries insisted, however, that preferential arrangements of developing countries should maintain an outward-looking attitude towards third countries, including developing third countries, and that the interests of those countries should be taken into account in proposals for such types of arrangements, since economic integration was not an end in itself but rather a means for the achievement of freer trade relations at the world level. The representative of one developed market-economy country declared that while his country approved of preferential tariff arrangements, it believed that non-tariff barriers to trade should be negotiated internationally on an MFN basis. His country was, however, prepared to give priority to the removal of non-tariff barriers of particular interest to developing countries.

35. The representatives of several developed countries declared their support for most of the suggestions contained in the draft resolution submitted by the Group of 77 (TD/III/WG.II/L.1); they stated, however, that some points had to be discussed further and there was a need to take into account the work of other Committees and Working Groups of the Conference.

36. More specifically, they declared their intention of considering favourably requests by developing countries for support for concrete actions in the field of trade expansion and economic co-operation, which would contribute to the economic development of these countries. In this regard, they expressed the hope that developing countries would avail themselves of facilities provided for under paragraph 6 of Board resolution 53 (VIII).

37. The representatives of two developed market-economy countries said that, in accordance with that paragraph, meetings could be convened between groups of developing countries and interested developed countries and the competent international organizations, for the purpose of carrying out pragmatic analyses of specific needs and requirements of individual groups of developing countries, in order to identify possible areas of action and formulate programmes of international support for these groupings. They urged that prompt

action be taken in this respect and suggested that, as a starting point, a Working Party might be convened to examine concrete cases of regional groupings of developing countries, with a view to determining concrete national or international actions of support.

38. The representatives of several developing countries and of one developed market-economy country expressed their opposition to the practice of some developed countries of extracting reverse preferences from developing countries in exchange for preferential concessions arguing that such a practice ran counter to co-operative efforts among developing countries by rendering ineffective the preferential margins that those countries might grant each other. The representative of EAC indicated that, while the Association Agreement between EEC and East African countries (Kenya, Uganda and United Republic of Tanzania)<sup>9</sup> included such reverse preferences, EAC recognized that this was a handicap and wished to correct the situation, so as to bring it into line with the Declaration of Lima (TD/143).<sup>10</sup>

39. The representative of one developing country member of the Permanent Consultative Committee of the Magreb Countries indicated that his Government had been careful to negotiate an association agreement with EEC which would not impair possibilities of co-operation of his country not only with its Maghreb partners but also with other developing countries, by obtaining a waiver of the MFN requirements as regards such negotiations.

40. The representative of EEC declared that the experience in the application of the Yaoundé Convention<sup>11</sup> demonstrated that fears of the potentially disruptive effect of the agreement between EEC and the Associated States were unfounded, since the Associated States, and similarly the EAC countries, were free to negotiate preferential arrangements with other African countries at similar levels of development, even if the preferences so exchanged were greater than those negotiated within the association agreement with EEC. As regards technical and financial assistance, the representative of EEC said that in accordance with the association agreement, the Community took into account the interest of promoting regional co-operation among the Associated States and also the possibilities of co-operation of those States with other neighbouring countries. From a more general point of view, he indicated that if the appropriate decisions were taken in the Community and if developing countries should request it, the Community would stand ready to make available its substantial experience on matters connected with economic integration among developing countries through studies on specific problems, direct technical assistance the provision of experts to advise Governments and organizations, the sponsoring of fellowships and the organization of symposia.

<sup>9</sup> Signed on 26 July 1968.

<sup>10</sup> See annex VIII, F below.

<sup>11</sup> Convention of Association between the European Economic Community and the African and Malagasy States associated with that Community, signed at Yaoundé, 20 July 1963.

41. The representatives of several developing countries declared their support for the acceptance of the cumulative principle of value added for purposes of compliance with rules of origin requirements of the developed countries under the GSP. That principle, they observed, should at least be recognized with respect to member countries of integration groupings of developing countries. Otherwise the application of the GSP might work against the establishment of specialized and complementary industries in those groupings and might affect the possibilities of exports of the relatively less developed member countries of such groupings.

42. The representative of one developed market-economy country argued that for technical reasons the verification of origin requirements made it difficult to find a suitable solution to this problem at the present time.

43. In connexion with the discussion on payments arrangements, the representatives of several developing countries expressed support for the establishment of a special facility in IMF to finance balance-of-payments difficulties arising from trade imbalances resulting from integration commitments. They also strongly supported the recommendation contained in the Declaration and Principles of the Action Programme of Lima to the effect that developed market-economy countries should adjust their aid to developing countries by financing debit balances of regional payments arrangements (TD/143, part three, section V, para. 5).<sup>12</sup> On the other hand, the representative of one developed market-economy country stated that his country was not at this stage convinced that an adequate case had been made out to demonstrate that the existing facilities of IMF were either inadequate or inappropriate to handle balance-of-payments problems caused specially by trade liberalization commitments.

44. The representative of IMF, speaking under rule 80 of the rules of procedure, made a statement in connexion with certain provisions of two draft resolutions submitted by the developing countries (TD/III/WG.II/L.1 and TD/III/C.3/L.12), under which the Fund was requested to create a special drawing facility to cover balance-of-payments deficits arising from regional trade liberalization.<sup>13</sup> He stated that similar ideas had already been advanced, as early as 1966, by two expert groups that met under UNCTAD auspices, while the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration, which met in Geneva in November 1970, had agreed that the conclusion of appropriate multilateral payments arrangements by the developing countries might help to reduce some of the balance-of-payments difficulties arising from the adoption of trade liberalization and expansion commitments among developing countries.<sup>14</sup>

<sup>12</sup> See annex VIII, F below.

<sup>13</sup> For the text of draft resolution TD/III/WG.II/L.1, see the appendix below. Draft resolution TD/III/C.3/L.12 was withdrawn and submitted later, with minor amendments, as a declaration of the Group of 77. For the text, as amended, see annex VIII, L below.

<sup>14</sup> See *Official Records of the Trade and Development Board, Tenth Session, first, second and third parts, Annexes*, agenda item 11, document TD/B/333, para. 153.

45. He listed several objections that could be raised against the thinking underlying the proposal: (a) not all members of a particular grouping could suffer from regional deficits simultaneously; therefore, the proposal could not be relevant to the prospective surplus countries; (b) to the extent that intra-group deficits were due to trade diversion rather than trade creation, they did not add to a country's global payments deficit; (c) due to the small share accounted for by regional trade in most developing countries' total trade, the potential balance-of-payments problems resulting from the liberalization of such trade were likely to be minor in the short run unless major and immediate trade shifts were envisaged. The Fund staff did not believe that fear of balance-of-payments difficulties had ever been the most important inhibiting factor responsible for the slow progress of regional trade liberalization; (d) the problem of identifying balance-of-payments difficulties resulting from regional trade liberalization was likely to be more difficult than one encountered by the Fund staff in defining export shortfalls in connexion with the compensatory financing facility; (e) most developing countries members of the Fund were at present enjoying a comfortable position in the Fund, where they either had access to automatic drawing facilities or could count on a liberal attitude by the Fund with respect to such requests. This favourable position reflected quota re-adjustment of primary producing countries in recent years and the use of SDRs to finance balance-of-payments deficits and to make repurchases.

46. The representative of IMF referred to the assistance which his institution had given to the Central American Monetary Council in the formation of the Central American Monetary Stabilization Fund and to ECAFE in the drafting of proposals for regional monetary co-operation. In sum, the Fund's staff considered problems arising out of economic integration measures alongside other problems affecting a country's over-all balance of payments and stood ready to make its resources available on a temporary basis in accordance with the Fund's policies.

47. The representatives of several developing countries and of subregional organizations expressed their concern at the operations of international companies in developing countries and the potentially harmful effect that the action of their enterprises might have on the normal development of economic integration groupings. They further stated that joint action on the part of the developing countries might be decisive in this respect and that developed countries could also play an important role by exerting greater control over the restrictive business practices of those companies which were operating in the developing countries.

48. Similar recommendations were made by the representatives of several developing countries with regard to the operation of liner shipping conferences based in the developed countries, which frequently increased their freight rates without sufficiently justifiable economic reasons and without adequate and satisfactory consultations with shippers, shippers' organizations and Governments concerned, thereby seriously impeding trade flows as well as increasing production costs among de-

veloping countries belonging to integration groupings, particularly developing island countries.

49. The representative of Czechoslovakia, speaking on behalf of the socialist countries of Eastern Europe, said that the representatives of several socialist countries had stated their attitude to all problems under consideration by the third session of the Conference in their joint declaration (TD/154).<sup>15</sup> Problems of co-operation and integration of the developing countries were of primary concern, first of all, to those countries. Socialist countries closely followed this process and duly understood the problems of economic co-operation among the developing countries. In the opinion of socialist countries, economic co-operation among the developing countries could lead to positive results not only for themselves, but also for the general progress of mankind and for the expansion of international trade under certain conditions. These results could only be effectively achieved through radical economic and social changes which were bound to lead to a more comprehensive use of the internal resources and external economic relations of these countries. Economic co-operation amongst developing countries could become an effective instrument for their economic independence, increasing the role of the state sector and through the planning of their economies. He stated that in the opinion of the socialist countries, interference by integration groupings of developed market-economy countries in the process of economic among the developing countries constituted a form of collective neo-colonialism. The socialist countries were opposed to any privileges which might be given to developed market-economy countries by the economic groupings of the developing countries, thus discriminating against the socialist countries.

50. The same representative made some critical remarks concerning the report by the UNCTAD secretariat entitled "Support by the socialist countries of Eastern Europe for trade expansion, economic co-operation and regional integration among developing countries" (TD/116),<sup>16</sup> with particular reference to the trade effects of bilateral payments arrangements of the socialist countries with the developing countries. He stressed that those arrangements were concluded by mutual consent and in the interests of both parties, thus allowing a developing country not in possession of sufficient convertible currency to expand its trade. The socialist countries would continue to implement conference resolution 15 (II) and contribute to the expansion of economic relations amongst the developing countries on the basis of economically well-founded proposals of the developing countries and the possibilities of both parties.

51. The representative of another socialist country of Eastern Europe stated that his country, as a socialist developing country, attached great importance to economic co-operation among developing countries and stressed the need to adopt special measures in favour

<sup>15</sup> See annex VIII, G below.

<sup>16</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues...*

of the relatively less advanced countries in order to help reduce the disparities in the stages of development of partner countries. He further stressed the necessity for economic co-operation and integration to ensure a sustained development for each national economic independence of the member countries, as sovereign and independent entities.

52. The representative of CMEA, speaking under rule 80 of the rules of procedure, gave a brief account of the co-operative experience among the CMEA member countries, based on mutual respect and advantages, which entered a new stage with the adoption, in 1971, of the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by CMEA Member Countries, designed to level out the differences among the participating countries.

53. Referring to the main measures aimed at attaining that objective, he pointed to: (a) the co-ordination of national development plans through consultations resulting in both bilateral and multinational agreements to be included in the five-year national plans; (b) the fact that at the consultations problems emerged which could be solved in a multilateral framework at the second stage of co-ordination; and (c) the roles of the International Bank for Economic Co-operation (IBEC) and the International Investment Bank as instruments of trade expansion and of an international socialist division of labour among member countries.

54. He stated that co-operation among the CMEA member countries had created favourable conditions for the expansion of trade and intensification of economic co-operation with other countries, especially the developing ones, on the basis of equality and mutual benefit. Illustrating the intensification of economic co-operation between the CMEA States and developing countries, he pointed to the high rate of growth of trade between the two groups of countries, the increasing share of developing countries in imports of manufactures and semi-manufactures by CMEA countries, and the contribution of the CMEA member countries to the industrialization of a number of developing countries. He indicated the possibility of associating developing countries with various measures adopted within the framework of the Comprehensive Programme, which was open to full or partial participation of any country which was not a member of CMEA.

#### **Financial and technical assistance economic co-operation among developing countries and the role of multinational financial institutions**

55. As regards possible action by developed countries and the multinational development institutions in support of trade expansion, economic co-operation and regional integration among developing countries, the representatives of most countries participating in the debate and the representatives of regional and sub-regional development banks made statements at various meetings of the Working Group. The eighth meeting was devoted exclusively to this purpose.

56. With respect to the terms of the assistance provided by developed to developing countries, the representatives of several developed and developing countries mentioned the problem of tied financial and technical assistance. The representative of a developing country, speaking on behalf of the Association of South East Asian Nations (ASEAN), expressed his appreciation of the fact that three developed market-economy countries were providing assistance to his subregion on an untied basis. The representative of a developed market-economy country said that in recognition of the importance of expanding trade among developing countries his Government had untied its economic assistance to facilitate procurement among all developing countries. In his opinion, this measure had contributed to the expansion of trade among developing countries and was bound to provide an even stronger stimulus to such trade in the future.

57. The representative of a developing country stated that an element which hindered economic co-operation among developing countries related to certain types of aid agreements which obliged recipient countries not to export the final product if inputs of such product were obtained under the aid agreement. In his view, such agreements tended to negate the efforts which were being applied to promote trade expansion and closer economic co-operation among the developing countries.

58. The representatives of several developed and developing countries supported the conclusions contained in the report by the UNCTAD secretariat entitled "The role of multinational development institutions in the promotion and financing of economic integration among developing countries" (TD/114),<sup>17</sup> as well as operative paragraphs 5, 7, 8 and 9 of the draft resolution (TD/III/WG.II/L.1) submitted by the Group of 77 concerning financial and technical support for economic co-operation among developing countries on the part of the developed countries and multinational financial institutions.

59. The representatives of several developed market-economy countries stated that their Governments had provided substantial financial and technical support to regional groupings, including regional and subregional institutions which were actively engaged in the promotion and financing of integration projects.

60. The representatives of some developed market-economy countries added further that their Governments were prepared to step up their financial and technical assistance in this field. The representative of one developed market-economy country indicated that his Government intended to give high priority to the promotion, by financial and technical means, of such integration projects. The representative of another developed market-economy country cited, as evidence of his Government's positive attitude in this field, the sharp increase of its contributions to these objectives through bilateral and multilateral channels. The spokesman for the Nordic countries said that those countries were in a position to support most of the suggestions put forward in the draft resolution submitted by the Group of 77

<sup>17</sup> *Ibid.*

and that the Nordic countries accepted that developed countries should expand their bilateral and multilateral financial and technical aid. They also agreed that developed countries should take measures to facilitate the transfer of technology appropriate to the needs of developing countries. He stated that there were several examples of what the Nordic countries had done and were planning to do in this field and that they would continue to pay special and technical assistance programmes.

61. The representative of a developed market-economy country member of EEC emphasized the importance of financial assistance as a means of redressing imbalances within economic integration groups. In this regard, he singled out regional development institutions established for the purpose of financing integration projects as the most appropriate instrument for channelling such assistance. He was of the opinion that such institutions should be supported and added that the regional banks should specialize in the financing of economic integration and that if they became identified with this role, they could draw additional support from several developed countries, including his own.

62. The representative of a socialist country of Eastern Europe, speaking on behalf of the socialist countries of Eastern Europe, and the representative of CMEA, declared that these countries were prepared to contribute to the economic co-operation efforts of developing countries, on the basis of specific and economically substantiated proposals made by those countries, by making greater use of bilateral and multilateral consultations in order to determine long-term prospects for mutual economic co-operation and by harmonizing existing long-term economic development plans of the partners in specific fields of common interest. At the same time, at more active use would be made of the possibilities offered within the framework of IBEC and other multilateral schemes.

63. The representatives of several regional and sub-regional development institutions referred to the major problems encountered in their integration activities and drew attention to measures and actions which could be taken by the international community, particularly the developed countries, to improve their operative capabilities.

64. The President of the Andean Development Corporation (ADC), participating in the discussion of this item in accordance with the decision of the Conference at its 88th plenary meeting,<sup>18</sup> gave a comprehensive review of the role played by his institution in the promotion and financing of multinational projects in the Andean Group. He indicated that, contrary to the integration experience of developed countries, and given the structural rigidities present in the developing countries, economic co-operation could only be made possible through investment first and commercial measures second; hence the importance of financial institutions in these processes. He suggested that the developing countries themselves should earmark annual contributions to economic integration groups through their respective

specialized organizations or consider the possibility of setting up funds for integration purposes. He expressed his belief that, since there were multinational financial institutions operating at the world, regional and sub-regional levels, there was the possibility of an effective and complementary division of labour among them in the financing of integration projects. He referred especially to the possibility of reserving specifically determined investment sectors, of setting up consortia with the participation of institutions acting at the three levels, and of supporting subregional development banks in their activities of project promotion and making use of these banks in such activities. He was in favour of the creation of an association of organizations specialized in the financing of economic integration and stated his concern for the need of integration groupings to obtain the necessary technical assistance, on favourable terms, for the regional pre-investment activities for multinational projects. He indicated, in this regard, that the operational success of a financial institution such as ADC was restricted by the availability of investment projects in the region. For this purpose, the financial institution should have sufficient technical assistance resources and pre-investment funds. In this connexion he added that integration organs should be eligible for direct technical assistance and pre-investment credits from bilateral and multilateral sources.

65. The President of ADC also drew attention to the use of subregional institutions as financial intermediaries of bilateral, regional and international institutions, in the promotion and financing of integration projects. In this respect, he supported the conclusions contained in the report by the UNCTAD (TD/114).<sup>19</sup> He pointed to the difficulties surrounding the definition and identification of integration projects, a subject on which he felt considerable research was still needed. He also stated that the funding of subregional institutions should be such as to permit them to promote and finance integration projects on concessional terms, for the reasons set out in the UNCTAD secretariat's report.

66. The Vice-President of the African Development Bank (ADB) speaking under rule 80 of the rules of procedure, provided information on the experience of his institution with regard to financial and technical assistance in support of regional co-operation and integration among African countries. He said that ADB gave high priority to integration programmes, as reflected in the high percentage of loans committed to this purpose. Given serious obstacles faced by African countries in their attempts to integrate their economies, he stated that the international community should come to the aid of those countries in their attempts to provide solutions to those problems. He added that developed countries could make a substantial contribution by providing technical and financial assistance in the form of grants and soft loans to facilitate co-operation and integration schemes among African countries; he proposed that a significant portion of the SDRs reserved for development purposes should be allocated for regional

<sup>18</sup> See annex V above, para. 22.

<sup>19</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. IV, General review and special issues...*

action in support or integration and development of trade among developing countries and that the regional development banks should be allowed to manage such allocations to meet the needs of regional economic integration. ADB was fully prepared to collaborate with all African institutions, other institutions which were interested in the promotion of trade, economic co-operation and regional integration among developing countries.

67. The representative of the Inter-American Development Bank (IDB), speaking under rule 80 of the rules of procedure, made a statement on that Bank's experience, as one of the oldest and most successful institutions supporting co-operation efforts of developing countries, in financing integration projects in Latin America. He described the technical assistance, pre-investment and financial activities of the Bank stressing the importance of having created, within the institution, several operational instruments serving these ends. Among these instruments he mentioned the Preinvestment Fund for Latin American Integration, made up of grants and other concessional financial resources for the promotion of multinational projects in the region; the special programme for financing intra-regional exports of capital goods, which would probably be expanded in the near future to cover other goods as well as exports outside the region; the office of the Integration Adviser within the administrative structure of the Bank; and the Institute for Latin American Integration (INTAL).

68. He laid emphasis on the optimal relations existing between IDB and the subregional development banks operating in the region, the Central American Bank for Economic Integration (CABEI) ADC and the Caribbean Development Bank, in the creation of which it had participated, and the subsequent encouragement offered by IDB to these institutions to act as financial intermediaries, particularly in the promotion and financing of integration projects. He stated that the experience of IDB amply confirmed the three basic recommendations contained in the report by the UNCTAD secretariat (TD/114, chap. V) with reference to support of economic integration, namely that: multinational financial institutions must give the highest support to pre-investment activities; regional and international institutions must work closely with subregional banks wherever they exist; and financial institutions must provide financial and technical assistance on preferential terms to the relatively less developed member countries of integration groupings.

69. The representative of CABEI, which promoted economic integration and the balanced economic development of the member countries of CACM, participating in the discussion on this item in accordance with the decision of the Conference at its 88th plenary meeting,<sup>20</sup> described his institution's experience as a clear example of the great need for integration groupings to establish financial institutions as a counterpart to subregional co-operation programmes. He indicated that

preferential treatment had been accorded to Honduras, whereby projects of national interest to that country would be eligible for financing by CABEI. However, Honduras had not made use of this preferential treatment. In fact, Honduras' projects complied with the requirements of regionality demanded for the other member countries. CABEI was the oldest subregional institution, and he described the successful experience of the Bank and the role that it had played in new areas of operations benefiting its member countries. Among these, he cited infrastructure, industrial and housing achievements, as well as relatively new fields of operations such as equity financing, tourism, export promotion and education. CABEI also planned to expand its area of operation to other activities, such as the agricultural field. He gave an account of the CABEI technical assistance experience, which had made possible the identification and promotion of multinational projects in the subregion. Furthermore, the Bank was considering the possibility of participation in multinational enterprises which might be established in the subregion. These activities had been supplemented by the establishment, jointly with the CACM secretariat, of a regional export promotion programme.

70. He said that CABEI's successful experience was due to the growing number of viable multinational projects eligible for financing that the Central American Integration Programme generated and to the understanding it had found in countries of the region, friendly foreign countries, and multinational institutions which had made financial contributions to the Bank and expressed his hope that this co-operation would continue.

71. The Director of INTAL, who also participated in accordance with the above-mentioned decision of the Conference, made a special statement on the Institute's research, training and dissemination of information activities, drawing particular attention to research activities in connexion with: multinational investment projects; economic and legal aspects of the operations of multinational companies; comparative legislation on the treatment of foreign investment; transfer of technology; the distribution of costs and benefits of integration, etc.

72. At the 9th (closing) meeting of the Working Group, the representatives of several countries declared their support for the activities of multinational development institutions in promoting trade expansion, economic co-operation and regional integration among developing countries. The representative of one developing country expressed his interest in the fact that some multinational financial institutions, such as CABEI, which had no developed countries among their members, had been successful in obtaining external financial support while others had not been so successful. The representative of El Salvador, speaking on behalf of the countries members of CACM recognized the importance of multinational financial institutions as instruments for the promotion of economic integration. He said that regional and subregional development banks should receive the strongest support to meet these objectives and endorsed fully the recommendations contained in the report by the UNCTAD secretariat (TD/114), particularly those listed under paragraphs 76 to 85.

<sup>20</sup> See annex V above, para. 22.

73. The representative of a developed market-economy country, expressing his country's strong support for the integration activities of multinational development banks, requested information on the apparent lack of support given by the Asian Development Bank (AsDB) to such activities, as indicated in the UNCTAD secretariat's report (TD/114, para. 14).

74. The representative of AsDB participating in the discussion in accordance with the above-mentioned decision of the Conference, stated that his organization had in fact provided substantial technical assistance in the promotion of multinational projects in the ECAFE area, such as the Regional Transport Survey, an evaluation study on the project of the Nong Khai-Vientiane Bridge across the Mekong river, etc. On the basis of such technical assistance activities, loan requests for multinational investment projects might be forthcoming in the future.

75. The representative of a developing country member of RCD, who had, among other things, stated the interest of the countries belonging to that grouping in the establishment of subregional development bank, gave his support to the relevant paragraphs of the draft resolution submitted by the Group of 77 (TD/III/WG.II/L.1). He proposed that, in considering support in favour of economic co-operation measures of developing countries, developed countries should give particular attention to providing increased financial resources to regional and subregional institutions and increase their technical assistance support to those institutions. He also proposed that, since there were so many ways in which multinational financial institutions could increase their assistance to economic integration among developing countries, and there was a wealth of experience to be exchanged by these institutions in this field, a meeting of these institutions should be convened early in 1973, under the sponsorship of UNCTAD, to study ways and means of increasing their support for trade expansion, economic co-operation and regional integration among developing countries.

76. The representatives of several countries and of regional or subregional institutions stated their support for this recommendation, but some of these representatives wished to obtain additional information as to the nature of the topics to be discussed and the organization of the meeting before they could form an opinion.

77. The representative of the Secretary-General of UNCTAD indicated that the convening of meetings of this type was within the competence of the secretariat, adding that the agenda for the proposed meeting should be prepared in consultation with the institutions concerned. It was with that purpose in mind that the secretariat had prepared document TD/114 which contained some ideas which could be discussed at that meeting. He also explained that the convening of the meeting would have financial implications. However, they would be modest, as the multinational banks would bear the cost of their own participation in the meeting.

78. The representative of IDB stated that he was quite certain his organization would be interested in participating in such a meeting in the light of the insti-

tution's fruitful experience in exchanging information in the past.

79. The representative of AsDB stated that he was not in position to make a commitment at this stage as to whether that Bank would participate in such a meeting. However, he gave some examples of the exchange of information and experience of the Bank with other multinational institutions, including regional banks, on particular issues. If such a meeting were held to discuss operational problems on concrete terms, the management of the Bank would give due consideration to the question of participation.

80. In answer to a specific question by a representative of a developing country, as to whether IMF would consider the proposal contained in operative paragraph 8 of the draft resolution (TD/III/WG.II/L.1), referred to in paragraph 81 below. The representative of the Fund stated that he could not prejudice the decisions of the Executive Board, but that should UNCTAD request such a study, the Fund would consider the matter and the Fund's staff was willing to study the proposal taking due note of the views expressed in the Working Group.

#### Action on draft resolutions

81. At the Working Group's first meeting on 28 April 1972, the Chairman of the Group of 77 submitted, on behalf of the Group, draft resolution TD/III/WG.II/L.1 on trade expansion, economic co-operation and regional integration among developing countries. The Working Group was unable to reach agreement on this draft resolution but agreed that informal consultations should continue, the results of which would be conveyed directly to the President of the Conference.

82. At the ninth (closing) meeting of the Working Group, on 16 May 1972, the representative of Chile, on behalf also of Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Peru and Uruguay, introduced draft resolution TD/III/WG.II/L.5.<sup>21</sup>

83. The representative of the Netherlands, speaking on behalf of the countries of Group B, stated that the Economic and Social Council and the regional economic commissions had been entrusted with carrying out studies of the type referred to in operative paragraph 4 of the draft resolution. He therefore felt the draft resolution should not be acted upon in the Working Group.

84. The representative of Chile said that the studies carried out by other United Nations bodies had referred to traditional building materials and not to the type of new products proposed in the draft resolution. Furthermore, previous studies had not taken into account industrial complementary and regional integration programmes among developing countries; although in Latin America, ECLA resolution 205 (IX) of 13 May 1961 provided for such studies to be made, they had never been carried out because the Housing Section of ECLA had been closed down. He suggested that, if found more

<sup>21</sup> See appendix below.

acceptable, UNCTAD should co-ordinate such studies with the Economic and Social Council, the regional economic commissions and UNIDO.

85. The representative of Ghana, speaking on behalf of the African countries members of the Group of 77, stated that his Group had not had sufficient time to consider the draft resolution, although he did not find its objectives controversial. The representative of Senegal said that, while he had not special difficulties with the aims of the draft resolution, duplication of studies should be avoided. The representative of the Philippines expressed a similar view.

86. The representative of Mexico said that he fully endorsed the draft resolution, since his country had always considered that the problems of underdevelopment should be tackled on all fronts, and among these the problems of sub-human housing conditions should receive priority consideration.

87. The Chairman of the Working Group observed that since insufficient time had been allowed for due consideration of the draft resolution, it would not be possible for the Group to reach agreement on it, but the discussion that had just taken place would be reflected in the report of the Working Group.

## APPENDIX

### TEXTS OF DRAFT RESOLUTIONS SUBMITTED TO WORKING GROUP II

#### 1. Trade expansion, economic co-operation and regional integration among developing countries (agenda item 17)

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/WG.II/L.1)*

*The United Nations Conference on Trade and Development, Recalling concerted declaration 23 (II),*

*Recalling further Trade and Development Board resolution 53 (VIII),*

*Taking note of paragraphs 39 and 40 of the International Development Strategy for the Second United Nations Development Decade,*

*Bearing in mind the conclusions reached by the Intergovernmental Group on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries,<sup>a</sup>*

*Recognizing that, since the second session of the Conference, developing countries have negotiated and entered into meaningful commitments in the field of trade expansion, economic co-operation and regional integration, and that some developed countries and international organizations have made important contributions towards the solution of problems encountered by developing countries in this field,*

#### *Recommends:*

#### *Action by the developing countries*

##### 1. Developing countries should:

(a) Intensify current efforts and initiate new efforts to negotiate and put into effect long-term and meaningful commitments among themselves within the subregional, regional, interregional and other frameworks of their choice, in order to expand their mutual trade and to extend their economic co-operation in other fields;

(b) Within each subregion to which they belong, as an expression of political will, take further steps to overcome the difficulties that have so far stood in the way of trade expansion, economic co-operation and regional integration among them. Specifically, they should aim at bringing to fruition within the Second United Nations Development Decade the plans already agreed upon, namely to form where needed single multinational organizations in each subregion charged with

the task of promoting trade expansion, economic co-operation and regional integration among competent States as a preliminary and preparatory step towards the larger and final goal of trade expansion, economic co-operation, and regional integration among developing countries;

(c) Apply the principle of equivalent concessions in order to enable developing countries, including those which conduct a substantial part of their foreign trade through public and State-owned enterprises, to participate in regional groupings;

(d) Avail themselves of the facility offered by paragraph 6 of Trade and Development Board resolution 53 (VIII) to seek international support for their concrete schemes in the field of trade expansion, economic co-operation and regional integration;

(e) Make further efforts to intensify and widen economic co-operation among themselves. To that end, they should:

(i) Promote and encourage expansion of intraregional trade and establishment of suitable payments arrangement among themselves;

(ii) Encourage and promote appropriate commodity action and, particularly, the protection of the interests of primary producers of the region through intensive consultations among producer countries in order to encourage appropriate policies, leading to the establishment of producers' associations and understandings;

(iii) Further the establishment of mutually agreed regional, subregional and interregional preferential trade agreements;

(iv) Undertake steps to further liberalize their mutual trade including the reduction or elimination of tariff and non-tariff barriers;

(v) Encourage regional and subregional groupings in which they are members to identify action to be taken in relation to the research, production, trade promotion and marketing of commodities;

(vi) Promote, where mutually agreed upon, the establishment of associations and joint marketing arrangements among primary producing developing countries with a view to taking concerted action in third country markets, particularly in developed country markets;

(vii) Render fullest support to industrial development in the countries of the region by optimal use of the resources, including technical skill and know-how, available within the region;

(viii) Stimulate export production and intensify measures for export promotion in countries of the region through mutual regional and subregional co-operation;

<sup>a</sup> See *Official Records of the Trade and Development Board, Tenth Session, first, second and third parts, Annexes, agenda item 11, document TD/B/333, chap. V.*

- (ix) Further plans for mutual monetary co-operation;
- (x) Promote mutual consultations among countries in the region in order to find satisfactory solutions to common problems relating to shipping and ocean freight rates;
- (xi) Encourage travel and tourism among their nationals by co-operating in schemes for promotion of tourism on a joint basis;
- (xii) Endeavour to widen the number of participating countries and the product coverage in the Trade Negotiations Committee of Developing Countries in the General Agreement on Tariffs and Trade of the General Agreement on Tariffs and Trade and in which UNCTAD is fully collaborating;
- (xiii) Undertake schemes related to the building of transport and communication infrastructure;
- (xiv) Promote within a regional and subregional framework the exchange of information and consultations among themselves on their trade and development policies as well as on their objectives with respect to economic co-operation so as to assist them in determining their priorities and in harmonizing their development programmes and trade policies;

(f) Developing countries should devise, within the framework of their respective regional, subregional and interregional organizations, effective formulae for industrial co-operation in such field as industrial harmonization and complementarity, allocation of specific industries, and the sharing of benefits from such multinational industries and the ownership and control of such industries in accordance with their national development needs;

2. Regional and subregional organizations should take measures to provide more favourable treatment to the less developed among their members. Economic co-operation provides a suitable framework in which to cater for the interest of the least developed and land-locked States. In such matters as access to the sea and diversification of their economies, including the establishment of integrated industries with strong economic linkages, the required range of special measures in their favour could be sustained where countries belong to the same economic grouping;

3. Regional economic commissions and regional and subregional groupings and their members should give high priority to the development and utilization of training facilities available in the region and subregion especially in the scientific and technological fields;

4. The organization of regional and subregional groupings should be rationalized in order that administrative and other costs are minimized;

#### *Action by developed market-economy countries*

5. Developed market-economy countries, in pursuance of their Declaration of support contained in concerted declaration 23 (II) of the Conference resolution 53 (VIII) of the Trade and Development Board should:

(a) Expand their bilateral and multilateral financial and technical assistance programmes for supporting trade expansion, economic co-operation and regional integration efforts of developing countries;

(b) In particular, take measures with a view to facilitating the transfer of foreign technology appropriate to the needs of developing countries on fair and reasonable terms;

(c) Adjust their aid to developing countries, with a view to giving assistance in:

- (i) Building the necessary infrastructure for the expansion of intra-regional trade;
- (ii) Supporting the creation of regional payment arrangements by financing debit balances in such schemes;

(iii) Compensating the least developed members of groupings for handicaps and/or losses they might sustain in co-operative partnership schemes;

(d) For the purpose of assessing area origin criteria, under their generalized system of preferences, permit developing countries belonging to subregional groupings to adopt the cumulative treatment principle in order to enable the members of such groupings to derive full benefits from the system;

(e) Prevail upon those of their firms which have joint ventures, associations or fully-owned subsidiaries in developing countries to eliminate all restrictive practices which may hamper the growth of industry and expansion of trade among member countries belong to subregional or regional groupings;

(f) In order to enable the less developed of the developing countries to derive fuller benefits from economic co-operation and integration arrangements, grant assistance to enable these countries to participate fully in and profit from these arrangements. Developed countries members of IMF should support moves for the establishment by the Fund of a special facility to enable developing countries members of regional or subregional groupings to overcome balance-of-payments problems arising from their trade liberalization commitments;

(g) As soon as possible take measures for the further untying of aid to enable procurement from among developing countries and take other measures to enable the developing countries to take the fullest advantage of the opportunity for the expansion of their mutual trade. In the context of any measures for untying aid allocations for procurement in developing countries, developed countries should take steps to facilitate the effective participation of enterprises of developing countries in international bidding;

(h) Give greater assistance in the training of personnel of economic co-operation institutions of developing countries, especially those in the field of trade expansion;

#### *Action by socialist countries of Eastern Europe*

6. The socialist countries of Eastern Europe, should:

(a) In accordance with the relevant provisions of Conference resolution 15 (II), raise the priority accorded within their individual aid policies and programmes of bilateral and multilateral financial and technical assistance to trade expansion, economic co-operation and regional integration among developing countries. In this connexion, particular attention should be directed to:

- (i) Multinational infrastructure and industrial projects;
- (ii) Technical assistance in areas related to trade expansion and co-ordinated development activities, such as co-ordination of planning, location of industries and use of State trading agencies in support of trade expansion commitments;

(b) With the consent of the developing country concerned, take steps to multilateralize their payment arrangements so as to permit balances in their mutual trade to be used for the financing of trade with any of the socialist countries and with regional and subregional groupings of developing countries to which that developing country belongs, as well as to develop facilities for effecting payment through internationally acceptable banking practices in mutually acceptable currencies;

(c) Be requested to give direct assistance to economic co-operation groupings;

#### *Action by multilateral organizations*

7. Regional and subregional development banks and other international organizations concerned should render maximum assistance to developing countries in furthering their schemes of regional co-operation. Development banks and other international organizations should give due priority to the financing

and furthering of multinational projects prepared by developing countries;

8. The International Monetary Fund should consider the possibility of establishing a special facility to support trade expansion efforts among developing countries members of regional or subregional groupings, in the event that in these countries there should be balance-of-payments problems;

9. Regional and subregional development banks, as well as the specialized agencies of the United Nations, should exchange information and experience in order to contribute better to schemes of regional and subregional integration efforts in the developing countries.

**2. Trade expansion, economic co-operation and regional integration, among developing countries (agenda item 17)**

*Draft resolution submitted by Chile on behalf of Argentina, Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Peru, Uruguay and Venezuela (TD/III/WG.III/L.5)*

*The United Nations Conference on Trade and Development,*

*Bearing in mind the International Development Strategy for the Second United Nations Development Decade, and particularly paragraphs 3 and 39 thereof,*

*Recognizing that the housing policy of the Governments of the developing countries has high priority among the measures being taken to solve the problems of underdevelopment,*

*Considering that, despite the efforts made by Governments, the developing countries will have to build 370 million new dwellings by 1980 to overcome the existing shortage created by the rapid growth of the population and that this immense task cannot be accomplished with present building methods,*

*Bearing in mind that new building techniques still in the experimental stage, including those involving the use of chemical synthetics, make it possible to reconsider the static and*

*environmental concept of housing and can provide a solution to the problem of industrial production of lightweight prefabricated housing materials, so as to bring about a dynamic industrial and urban development,*

*Taking into account article 25 (1) of the Universal Declaration of Human Rights proclaimed by the General Assembly on 10 December 1948,*

*Considering the document submitted by the Pan American Federation of Architects' Associations,\* a regional subsidiary of the International Union of Architects, with headquarters in Paris,*

*1. Recommends that developing countries should work together to implement and harmonize their housing policies more effectively;*

*2. Urges the developed countries to increase their technical assistance in support of the housing policies of the developing countries;*

*3. Invites international organizations, especially development banks and corporations, to support the housing policies of the developing countries bearing in mind their limited financial resources;*

*4. Requests the Secretary-General of UNCTAD to arrange for studies and meetings of experts on new building materials, especially chemical synthetics, and on the possibility of establishing a non-profit making, international public housing market among the developing countries with a view to reducing costs and expanding trade and economic co-operation in the field of production and distribution of prefabricated housing materials. In undertaking these tasks, the secretariat should coordinate its work with the Economic and Social Council and, especially, with the regional economic commissions of the Council.*

\* Document submitted to the States sponsors of draft resolution TD/III/WG.II/L.5.

## I. REPORT OF WORKING GROUP III

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NOTE: The check list of documents for and during the deliberations of Working Group III, appears in annex X, Section J, III below.

### Introduction

1. At its 82nd (opening) plenary meeting on 13 April 1972, the third session of the United Nations Conference on Trade and Development established Working Group III open to participation by all interested delegations and at its 83rd meeting referred to the Working Group for consideration and report item 19 of the agenda—Transfer of technology in the light, *inter alia*, of Board resolution 74 (X) of 18 September 1970.

2. At its first meeting on 18 April 1972, the Working Group elected Mr. L. D. Thompson (Australia) as Chairman. At its fourth meeting on 21 April 1972, Mr. Vicente Sanchez (Chile) was elected Rapporteur. At its fifth meeting, held on 24 April 1972, Mr. Julio Eguino Ledo (Bolivia) was elected Vice-Chairman.

3. The Working Group held seven meetings, in the course of which it considered the item allocated to it.

4. At the Working Group's first meeting on 18 April 1972, the Chairman drew attention to the schedule of work relating to agenda item 19 contained in the annex to document TD/147 and Corr.1 and 2—report by the Chairman of the Pre-Conference Meeting. At the same meeting the Working Group agreed to the proposed organization of its work.

### Transfer of technology in the light, *inter alia* of Board resolution 74 (X) (Agenda item 19)

5. In a brief introductory statement the representative of the Secretary-General of UNCTAD informed the Working Group of the background of agenda item 19 and focused attention on some of the issues involved. He referred to the spirit of constructive co-operation of all participants in the organizational (first) session

of the Intergovernmental Group on Transfer of Technology. Since the unanimous adoption of the work programme in June 1971, the secretariat of UNCTAD had submitted for consideration at the third session of the Conference two reports: "Transfer of Technology" (TD/106 and Corr.1)<sup>1</sup> and "Policies relating to technology of the Andean Pact countries: their foundations" (TD/107 and Corr.1).<sup>1</sup> The second report had been prepared, at the request of the secretariat, by the Board of the Cartagena Agreement. In TD/106 and Cor.1 the secretariat of UNCTAD had presented preliminary estimates of the direct cost to developing countries of the transfer of technology and had made four proposals concerning major policy issues and measures for immediate action.

6. The representative of the Secretary-General of UNCTAD also noted the very favourable responses which had been received to the UNCTAD secretariat's questionnaire on the transfer of technology. So far replies containing very valuable information had been received from 42 countries. A number of other countries had indicated that their replies would be sent soon. On behalf of the Secretary-General of UNCTAD, he expressed the secretariat's gratitude for such excellent responses and co-operation from Governments in this new initiative within UNCTAD.

7. The representative of the Secretary-General of UNCTAD also referred to the close co-operation of the other international organizations and bodies concerned with specific work on the transfer of technology, which had helped to avoid unnecessary duplication.

8. Fifty representatives participated in the general discussion. Their statements ranged over a wide field. They drew attention to some new areas that needed to be covered in UNCTAD's work, and gave details on the empirical as well as the policy experiences of their countries. The documentation prepared for consideration of item 19 was regarded as useful in that it furnished the basis for remarks by various representatives on the proposals contained therein. All representatives who participated in the discussion also stressed the need for a wider, faster and easier transfer of technology on reasonable terms to accelerate the economic and social development of the developing countries. They also emphasized the need for training facilities in developing countries and the importance of the adaptation of technology to make it suitable for conditions in developing countries. There was a general consensus that due regard should be paid to the economic and social consequences of the transfer.

9. The representatives of the developing countries, sometimes taking up in detail one particular point and sometimes supporting broadly the views put forward by another representative, expressed satisfaction with the initiatives taken by UNCTAD in this new field. It was noted, in particular, that Board resolution 74 (X) had identified UNCTAD's functions to be performed on a continuing basis; that the Intergovernmental

Group on Transfer of Technology had been established to implement them; that the General Assembly in resolution 2726 (XXV) had endorsed these initiatives; that at its organizational (first) session the Group had unanimously agreed upon a comprehensive programme of work which had been welcomed by the General Assembly in its resolution 2821 (XXVI); that paragraphs 37 and 64 of the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)) had outlined further steps which needed to be taken; and that only recently the United Nations Advisory Committee on the Application of Science and Technology to Development had expressed its satisfaction with the initiatives taken by UNCTAD and the progress achieved in directions which were in line with the Advisory Committee's recommendations.

10. All these and related developments, particularly the spirit of international co-operation at the organizational session of the Intergovernmental Group, had, according to several representatives of developing countries, given them hope that the stage was now set to move away from sterile debates on dangers of duplication to the drawing-up of measures for national, regional and international action.

11. Representatives of most of the developing countries who participated in the debate welcomed the documentation submitted by the secretariat of UNCTAD. Within that documentation, of special significance were the preliminary estimates of direct costs of transfer and their likely increase—from \$1,500 million in or around 1968 to a figure as high as \$9,000 million by about 1980. It was plainly necessary, they urged, to initiate remedial action before a crisis developed.

12. Representatives of many developing countries drew attention to the fact that the transfer of technology was only a part of the whole range of problems connected with the development of national scientific and technological potential. They pointed out that unless such potential was developed the technological gap—and its reflection, the income gap—would persist; and with that gap, developing countries would continue to remain technologically, and in consequence, economically and even politically dependent on external sources. The process of the transfer of technology had thus to be improved so as to make its contribution to the development of independent scientific and technological potential in those countries. They expressed the hope that the third session of the Conference would mark significant progress in bringing about such an improvement.

13. Representatives of several developing countries considered that the need for such an improvement was urgent for a wide variety of reasons. Technology constituted a powerful bargaining tool; the market for technology was highly imperfect and monopolistic practices were common. The developing countries often lacked even the basic information necessary for guiding them in their decisions. There was thus neither a world market, a world exchange nor world prices for technology. Moreover, developing countries were in a weak bargaining position. That unequal partnership was reflected

<sup>1</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. III, *Financing and invisibles* (United Nations publication, Sales No. E.73.II.D.6).

in the purchase by the developing countries of inappropriate technologies, at excessive costs, under highly restrictive conditions, and in their continued technological dependence. In that connexion, the representative of one developing country stressed the need to distinguish between the technology provided by private enterprises, liable to restrictive practices, and the technology provided directly by Governments and international organizations, usually transferred under different conditions.

14. According to the representatives of several developing countries, their countries had entered into contracts which contained highly restrictive conditions inhibiting the selection of alternative projects, the ability to export and the opportunity to make maximum use of any adaptive research conducted in developing countries on imported technology. That situation of dependence was severely aggravated by the lack of information in developing countries with regard to the availability of alternative technologies and to the prices which should be paid for any particular technology. It was incorrect to speak of an international market in technology; instead, the position was one where the stronger parties to a contract could make use of their monopolistic position to exact an inordinately high proportion of the total benefits resulting from a project.

15. Since the developed countries exporting technology occupied a dominant position in the markets for both patented and non-patented technology, the representatives of developing countries proposed that that position should be changed by appropriate amendment of existing national and international patent legislation.

16. It was of crucial significance for developing countries to obtain technology appropriate to their resource endowments and their social conditions. At the same time, developing countries must be helped to strengthen their capacity to adapt, diffuse and innovate technology more suitable to their national, economic and social conditions. The representatives of some developing countries were concerned, in particular, to ensure that they should not be sold obsolete technology. They were also concerned because the social costs associated with the use of such technology were not taken sufficiently into account.

17. The representatives of several developing countries gave quantitative illustrations of the characteristics of technology transfer in their countries. One of them stated that in the principal industries in his country, particularly in the most dynamic ones, foreign control often approached 70 per cent of equity holdings. Moreover, patents granted to national enterprises and persons in his country were now an extremely small proportion of the total. The incidence of restrictive conditions in technology contracts, and especially in licence contracts, was very high. Those restrictive conditions covered such methods as the compulsion on domestic industries to purchase raw materials, intermediate products, equipment, spare parts and technical services from predetermined sources abroad. Such tied arrangements were the cause of heavy payments in the form of "hidden" costs. The restrictions related to limitation on export possibilities, the limitation on domestic use

of improvements made to imported technology, and several other matters.

18. The representative of one developing country pointed out that direct payments for royalties and licences constituted only 8 per cent of the total payments made in his country for the transfer of technology. That suggested that the use of other indirect methods of charging for the transfer of technology was very widespread indeed. It therefore followed that there was an imperative need for new international legislation regulating the transfer from developed to developing countries of patented and non-patented technology, including all related legal, commercial, and marketing aspects of such transfers.

19. The representatives of some developing countries stressed that foreign investment had ceased to be a catalytic agent in the development process. It had become an instrument for hindering indispensable structural change, leading to increasing indebtedness and thus contributing to the perpetuation of economic dependence and subordination.

20. The representative of one developing country stated that, even though his country happened to have substantial financial resources for development, the lack of skilled personnel meant that technology was transferred frequently to his country in the form of a package arrangement, comprising all elements of imported technology. Those arrangements prevented the country from acquiring full capacity to learn from the imported technology and thus to develop some of its own domestic skill.

21. The representative of another developing country referred to the extremely high salaries which were often received by foreign consultants—in some cases as much as fifty times the salaries paid to local skilled personnel undertaking similar work. One representative was particularly concerned about ensuring that the technicians sent from abroad should stick to their job and should not meddle in the domestic affairs of the country.

22. The representative of one developing country emphasized that the entire question of the transfer of technology should be examined in an integrated manner. For instance, without making proper arrangements for imported technology, different enterprises had continued to engage in imports of "repetitive technology" and to pay for it, even though the same or similar technology had already been imported earlier by another enterprise. From his country's experience, the charges for design engineering were even higher than those for the transfer of technology proper. It was of obvious importance, therefore, that wherever possible the developing countries should establish their own design engineering offices and secure close co-ordination between them and industrial enterprises. That was one area in which there were great possibilities for mutual co-operation among the developing countries themselves.

23. The representatives of developing countries who participated in the debate expressed their strong support for the proposals contained in document TD/106, as well as for the proposals made in the Declaration of

Lima (TD/143).<sup>2</sup> They considered that the two sets of proposals provided a sound basis for reaching a consensus at the Conference. In particular, the UNCTAD secretariat's suggestions would provide for the establishment and servicing of institutional machinery which was essential to the proper organization of technology imports, while the proposals in the Declaration of Lima covered many related aspects concerning the adaptation, and choice, of appropriate technology and assistance by the developed countries. Moreover, both the secretariat's report and the Declaration of Lima drew attention to the special requirements of the least developed among the developing countries. Those countries in particular lacked an adequate infrastructure and skilled personnel to make the best use of imported technology. In the elaboration of any programme of work, proper attention should be paid to the needs of those countries.

24. The representatives of several developing countries referred to the importance of developing an adequate domestic infrastructure in their economies. The lack of such infrastructure inhibited their utilization of technology from abroad and was also a severe obstacle to their ability to develop domestic technology. It was essential to achieve, in the long run, a balance between foreign and indigenous technology. The proposals made by the secretariat of UNCTAD concerning the creation of institutional machinery in developing countries specifically dealing with the transfer of technology should take account of the need to train domestic personnel who could develop a technology suitable to the needs of the developing countries.

25. The representatives of several developing countries recognized that it was necessary to define more carefully the specific functions which would be performed by such machinery dealing with the transfer of technology. They emphasized that UNCTAD should help in the establishment of such offices and in the improvement of the conditions governing the transfer. Those offices could hardly be expected to be of much value unless adequate specialized training were given to their personnel. In the meantime, the advisory services could not only fill the gap, but could also help in training personnel. The representatives of several developing countries expressed agreement with the secretariat proposal concerning arrangements for directing a specific portion of the research and development expenditures of developed countries to problems of particular significance for the developing countries.

26. The representative of one developing country suggested that UNCTAD should establish a centre concerned with science and technology for development. After several years of careful study in the United Nations Advisory Committee for the Application of Science and Technology to Development, as well as in UNCTAD and other international organizations, the international community had now reached a point where

immediate action on many problems could be taken. The UNCTAD centre which he was proposing might perform the following functions: (a) facilitate the establishment of regional and/or national centres for the dissemination of technical information; (b) provide advisory services for developing countries and establish a clearing house for technological knowledge; (c) seek financial support for developing countries wishing to import technology; (d) establish close collaboration with the United Nations Advisory Committee on the Application of Science and Technology to Development, and finally (e) assist the work of the Intergovernmental Group on Transfer of Technology.

27. The representatives of some developing countries expressed a keen interest in having guidelines on the negotiation and re-negotiation of contracts. Those guidelines should be prepared by the UNCTAD secretariat drawing upon the experience of various countries.

28. The representatives of some developing countries noted that most of the restrictive business practices were concerned with the transfer of technology and said that the two subjects should be treated together.

29. The difficulties associated with the training of skilled personnel in developing countries were, according to the representatives of several of those countries, often accentuated by the large-scale emigration of such personnel. They suggested that an analysis of that emigration, popularly known as the "brain drain", should be undertaken. After all, it involved a heavy cost to the developing countries and represented a real contribution by those countries—in the form of acquired skills—to the developed countries. It was suggested that UNCTAD might also undertake a study of the relationship between foreign technology and the requirements of local inputs needed to make efficient use of that technology. It was noted that in practice many industrial plants in developing countries were operating at low levels of capacity utilization and that implied inefficient use of both the imported equipment and the local resources.

30. The representative of one developing country pointed out that the transfer of technology had been converted into a new source of exploitation and dependence for the developing countries and that the solution of the problem should not be left in the hands of private enterprise. He referred to the "brain drain", particularly towards an industrial capitalist Power, saying that it constituted a technology transfer phenomenon in reverse, from the poor and under-developed countries to a rich and developed country. He emphasized that the exodus in question had an impact on the capacity of the developing countries to acquire, absorb and create technology, and in that sense the problem fell within the sphere of competence of UNCTAD, independently of the studies made and measures proposed by other United Nations bodies.

31. The representatives of several developing countries attached great importance to a study of technological alternatives. To be of practical value, that should be done in terms of listing the options that were really open to those developing countries. Much of the theoretical discussion on the subject so far had

<sup>2</sup> The Declaration and Principles of the Action Programme adopted at Lima on 7 November 1971 by the Second Ministerial Meeting of the Group of Seventy-seven Developing Countries (see annex VIII, F below).

proved of limited value. The preparation of a practical handbook or guidelines on the subject could be jointly undertaken by several bodies as had been recommended by the Advisory Committee on the Application of Science and Technology to Development.

32. The representatives of a number of developing countries cited strong reasons for expressing themselves in favour of transforming the Intergovernmental Group into a standing Committee on the Transfer of Technology. UNCTAD's functions, to be performed on a continuing basis, had been defined. A long-term, or indeed a continuing, programme of work had been agreed to. The special competence of UNCTAD had been endorsed formally in various General Assembly resolutions. The most recent resolution of the Economic and Social Council (1621 B (LI)) establishing a "standing committee of the Council... on matters relating to the application of science and technology to development" also clearly recognized that state of affairs. The deliberations of the Conference would also be concerned with proposals which had major long-term significance. For these reasons, the present Conference, as a sovereign body, should take the decision to remedy the illogical situation in which a transient body was assigned the task of performing continuing functions. The very scope and spirit of the deliberations of the Working Group had proved, if proof were indeed needed, the need for such permanent machinery.

33. The representative of a socialist developing country of Asia emphasized the importance of freeing developing countries from dependence on foreign technology. He stated that his country supported the reasonable demands set forth in the Declaration of Lima—i.e. that the transfer of technology from the developed to the developing countries should be conducted on an equitable, non-restrictive and non-discriminating basis. In the field of technology, each developing country had its strong points. To some extent they could make up for each other's deficiencies by mutual assistance. Within its capabilities, his country had established technical co-operation with many countries, making sure that the experts and technical personnel sent by his Government passed on their technical know-how to the recipient countries as soon as possible and that they respected the sovereignty of recipient countries, observed the habits and customs of the local people and had the same standard of living as the experts and technical personnel of those countries. They were not allowed to make any special demands or enjoy any special amenities.

34. The representatives of developed market-economy countries participating in the discussion took note of the documentation submitted by the secretariat of UNCTAD.

35. They stated that the scope of UNCTAD's activities concerning the transfer of technology was clearly defined by resolution 74 (X) of the Trade and Development Board. The Intergovernmental Group on Transfer of Technology had made an excellent beginning by agreeing on its detailed programme of work. Within that programme, however, it was still necessary to define more closely the competence of UNCTAD in

specific areas. Clarification of priorities for the secretariat's work would help to avoid duplication. The representatives of some developed market-economy countries underlined the co-ordinating role of the Economic and Social Council as regards the transfer of technology.

36. The representatives of developed market-economy countries felt there were a number of issues which required further examination. The transfer of technology was essentially a market transaction between buyer and seller, who had to agree on a price. It was difficult to separate the transfer of technology, which was an extremely complex subject, from several related matters, including private foreign investment, official aid, international law, restrictive business practices and other questions. Care must be taken to ensure that the subject was not treated in isolation from other matters.

37. While the transfer of technology was of great importance to the sustained economic development of the developing countries, the representatives of several developed market-economy countries stressed that their countries too were large-scale importers of technology. The problems facing developing countries, and in particular the problem of the correct balance between preserving adequate opportunities for foreign investment and ensuring a just distribution of the benefits from such investment, were familiar to developed market-economy countries. In the course of their experience, the developed market-economy countries had tried, and continued to try, to define appropriate policies toward the inflow of foreign investment. Every effort must be made to maintain a dialogue between technology suppliers and technology receivers, and to achieve stable relationships between all parties interested in the transfer.

38. The representatives of several developed market-economy countries stated that, while the UNCTAD secretariat's preliminary estimates in document TD/106 and Corr.1 of the cost of transfer were helpful, a study of the benefits accruing to technology receivers from the transfer was required. Insufficient attention had been paid to the benefits; since any sale of technology involved the agreement of buyers as well as sellers, such benefits existed and were important. It might be possible to find some indications of an answer to the problem of benefits in the various case studies on the transfer of technology prepared by the United Nations and other bodies.

39. In that connexion it was necessary to define the aspects of transfer of technology with which UNCTAD was concerned. Hitherto, it had not been clear whether the issues under discussion included public aid, investment in industry, agriculture, trade, education and training, or simply patents and licensing arrangements. Similarly, it was not yet known whether certain types of institutions and policies were more successful than others in promoting the transfer of technology. The Working Group would be of considerable help to the Intergovernmental Group on Transfer of Technology if it could provide further guidance on those points.

40. Representatives of some developed market-economy countries referred to the experience of their countries in the transfer of technology. One of them said that his country had imported a substantial amount of technology in the last two decades and was continuing to do so. Indeed, the amount of imports was increasing; for 1969 royalty payments by his country had totalled \$370 million whereas in 1965 the figure had been \$170 million. His country had initially introduced legislation with a view to accelerating the import of foreign capital and technology conducive to its economic development. As experience accumulated and the balance of payments position improved, the legal situation had been modified accordingly. At the present time, his Government's control over the import of technology was confined to a small number of industrial fields.

41. The same representative indicated that when his country considered the import of new technology, it examined the impact it might have on the industrial structure, whether the recipient company was the most suitable one for technology imports, and whether such technology was the most suitable for the economy to derive maximum benefits. A study and survey of past experience had been started within his Government, the results of which it was prepared to make available. At the same time his Government was prepared to offer advice that would be useful to any developing country.

42. The representative of another developed market-economy country noted that the prevailing forms of economic and social organization, as well as administration, affected the import of technology. In his country the progress involved several levels of Government in addition to private enterprise. Research and development, in both pure and applied science, was growing in his country and much original work had been undertaken, especially in the fields of agriculture and water resources, and much of that research was readily available to interested developing countries. Referring to the suggestions for targets for transfer of technology, he indicated that his country had real reservations about the utility of such measures.

43. The representative of another developed market-economy country pointed out that his country had been helping for many years to accelerate the transfer of technology to developing countries. His Government hoped to increase its contributions in that field once more during the present year. Major scientific projects, in such areas as marine science, scientific information systems, engineering, provision of technical publications and other matters, were currently in progress through the assistance of his Government.

44. The subject of international patent legislation was referred to by the representatives of several developed market-economy countries. They emphasized that the patents system was essential to stimulate further innovation and drew attention to the Patent Co-operation Treaty which had been concluded in Washington in June 1970. That Treaty had set new standards for world wide co-operation concerning patents, and the basis of that co-operation was the national patent laws

in developed and developing countries alike. There were provisions in the Treaty to help developing countries establish their own patent systems, to provide them with abstracts of documentation concerning inventions and to give technical assistance.

45. The representatives of some developed market-economy countries recognized that protected technology accounted for only a small proportion of the existing world stock of technology. An urgent problem was to bring non-patented technology into the system of technology transfer. At the moment the most promising means of accomplishing that objective was through the operation of aid programmes, especially through bilateral channels.

46. The representatives of several developed market-economy countries stated that they had studied carefully the proposals made in the report by the UNCTAD secretariat (TD/106 and Corr.1). The first of those proposals—the establishment of specialized institutions in developing countries to deal with problems of transfer of technology—was acceptable and recognized to be a matter of importance which the developing countries must decide for themselves. In establishing such institutions, however, care was needed to ensure that they were properly integrated with the industrial policy of the country. Otherwise, the machinery could become very rigid and even impede the transfer process. Those institutions should be concerned with administration of the technology transfer process and endeavour to contribute, to the greatest extent possible, to the flow of information between interested sectors of the economy. Where possible, institutions should operate on a regional or subregional basis.

47. It was clear, they added, that effective operation of such institutions required skilled personnel and that training of such personnel was needed. Several international organizations could contribute to the training, including UNIDO and WIPO as well as UNCTAD. Before appropriate training programmes could be started, however, it was essential to formulate a clear understanding of the types of training required and to study the best means of providing such training. In that connexion, the representatives of some developed market-economy countries referred to the experience of their own countries and suggested this experience might be useful in devising training programmes. The financial implications of any training scheme must also be examined carefully; co-operation between international organizations, such as UNCTAD, UNIDO and WIPO, in the provision of training could help to reduce the costs.

48. The third proposal made by the secretariat concerned the establishment of an advisory service on transfer of technology within UNCTAD. While that was a sensible proposal, it was not clear that the time was ripe for such a service or that UNCTAD alone was the proper forum in which to provide the service. Other international organizations, notably UNIDO and WIPO, were already active in the provision of advisory services on some aspects and UNCTAD should not duplicate these activities. The establishment of such a service would in any case seem to be premature while the work

of the Intergovernmental Group awaited completion.

49. The representatives of several developed market-economy countries expressed scepticism, and some of them had reservations regarding the UNCTAD secretariat's proposal for the allocation of part of the research and development expenditures of developed countries to projects of specific interest to developing countries. While recognizing the desirability of larger allocations to research on the problems of the developing countries, the representatives noted that on several occasions in the past other United Nations bodies had prepared targets for allocation of the research and development expenditures of developed countries to the needs of developing countries. That proliferation of targets raised not only the question of consistency between the various sets of targets recommended by different bodies, but also raised doubts as to the desirability of setting "sub-targets" within the over-all aid target of 1 per cent of GNP. It would be preferable to concentrate on fulfilment of the over-all target and allow developing countries to decide themselves what proportion of the total would be allocated to their own scientific and technological needs.

50. The representative of Spain noted that, while for geographical reasons his country was classified as a developed market-economy country, it was in fact a developing country with needs similar to those of other developing countries. Spain had spent \$155 million in 1971 in direct payments for technology and had received only \$17 million for technical assistance provided by Spain during the same year. His country was therefore acutely conscious of the cost aspects of the problem, and he drew attention to two other aspects of the subject. One was the need to use imported technology so as to generate domestic innovation, and the other was the necessity of improving the market for technology by means of improved information. Control of technology transfer was certainly necessary, but such control should not be exaggerated lest it encourage the growth of bureaucratic systems in that field.

51. In his view, the most important matter was to stimulate domestic innovation. Assimilation and application of imported technology was the first important stage in achieving the objective.

52. He supported the proposals made by the UNCTAD secretariat for the establishment of institutions in developing countries, the training of personnel and the provision of an advisory service under the auspices of UNCTAD. With regard to the allocation of research and development expenditures of the developed countries to the needs of developing countries, Spain considered that other international organizations and the OECD would be more appropriate bodies in which to examine the matter.

53. The representatives of the socialist countries of Eastern Europe stressed that their countries had always been in favour of full scientific and technical co-operation between all countries. The transfer of technology should be encouraged between all countries, including those with different economic and social systems. The provision of assistance in that field by the socialist countries of Eastern Europe was qualitatively different, however, from such assistance by the developed mar-

ket-economy countries. The socialist countries of Eastern Europe did not impose limitations and restrictions on the freedom of action of countries receiving technology and, by means of bilateral arrangements, the socialist countries permitted technology recipients to obtain technology well suited to their needs.

54. The representatives of some of those countries pointed to the danger of duplication in the work of international organizations concerned with transfer of technology. There was no clear-cut division of competence among the various agencies; UNCTAD, for its part, should join forces with other agencies, especially in regard to any advisory services which might be established, and should seek to identify priorities for work in that field. Furthermore, they pointed out that the work of UNCTAD, as defined by earlier resolutions, should concentrate on commercial and financial aspects of the transfer of technology.

55. The representative of one socialist country of Eastern Europe stated that his country was a developing socialist country and confirmed the information on costs presented by the UNCTAD secretariat in its report (TD/106 and Corr.1). Indirect as well as direct methods of charging for technology were important, and enterprises in his country were confronted with those difficulties. He fully supported the work undertaken so far, and envisaged for the future, by the UNCTAD secretariat. In his view, the time was propitious for the Intergovernmental Group to become a permanent body and an organ of the Trade and Development Board.

56. He was entirely in agreement with the proposals made in document TD/106 and Corr.1 and considered it essential to incorporate those proposals in any resolution which might be forthcoming from the deliberations of the Working Group. Such a resolution should contain also a wider set of measures to deal with other aspects of the transfer of technology; with that in mind, he considered that the proposals made in the Declaration of Lima should also find their place in a resolution.

57. The representative of another socialist country of Eastern Europe drew attention to the fact that only one part of the transfer of technology had been considered, namely the transfer to the developing countries. He considered that trade relating to the results of science and technology between industrial developed market-economy countries and the socialist countries should be freed from restrictions on the part of the former.

58. He said that his Government would be prepared to help developing countries by means of technical assistance related to the transfer of technology. Such assistance would not be confined to patent systems alone but could, if a developing country so wished, concern itself with the whole range of problems connected with the transfer of technology. Proper provision of technical assistance, as well as proper administration of the technology transfer process, should take account of all facets of the problem including the social and cultural as well as the economic. His Government was prepared to help organize, as part of the UNDP programme, training courses and seminars specifically designed for the transfer of technology.

59. The representative of another socialist country of Eastern Europe indicated that his country was itself in need of technology; the UNCTAD secretariat's report (TD/106 and Corr.1) had adopted an approach which was too narrow in that it failed to recognize the technological needs of countries which were not developing. His country was also a supplier of technology but that supply was not limited by restrictive practices or monopolistic behaviour. The negative aspects of transfer of technology were not to be found in the assistance provided by his country.

60. The representative of another socialist country of Eastern Europe noted the concern of the representatives of many developing countries with the problem of emigration of skilled personnel from developing countries and the stimulus given to such emigration by the conditions prevailing in the transfer of technology. That particular problem did not exist when technology was transferred by the socialist countries which instead provided a substantial amount of training to persons from developing countries.

61. The representative of one socialist country of Eastern Europe described the extent and nature of assistance provided by his country. Efforts were directed towards key sectors of the economy in developing countries and even to the instigation of new sectors. Co-operation took place through bilateral channels and, by the end of 1971, 49 contracts of that type had been signed and some 490 industrial and other units had been constructed. He also pointed out that during the years 1961-1971 about 80,000 specialists had been assigned by his country and about 250,000 persons had been trained in his country. The scale of activities by his country continued to grow and the training of personnel from developing countries was an important aspect of its technical assistance activities.

62. The representative of another socialist country of Eastern Europe stressed the point that besides the question of establishing the proper institutional system, the conditions and impact of the technology to be transferred depended to a great extent on the economic and social development of the recipient country.

63. The representative of the Holy See appreciated the caution with which the secretariat of UNCTAD had made its estimates of the cost of transfer in document TD/106 and Corr.1. Although the figures were tentative, they emphasized firmly the difficulties confronting the developing countries in the field of transfer of technology. He had some specific suggestions to make with respect to the secretariat's documentation. It would have been useful if more material on the operation of multinational companies had been included and, in particular, if more attention had been paid to the transfer of pricing mechanisms used between the subsidiaries of those companies.

64. He said that the UNCTAD secretariat's report contained no discussion of the problem of emigration of skilled personnel from developing countries and that, too, should be a subject of study by the secretariat. The report had drawn attention to the possible advantage of countries entering the industrialization process at a later stage of their development. However, he felt the

secretariat's discussion of that point was a little too optimistic, since there were problems involved in the adaptation of technology to the specific needs of the developing countries. He considered that a general principle of free access to knowledge should be established by the international community.

65. The representative of UNESCO said that his organization paid particular attention to the growing importance of human resources in the development of technology. Its present work was conducted under four headings relating to science and technology policies in developing countries, educational policies and the education of scientific and technical personnel, the development of information systems for science and technology in which the recent creation of the World Science Information System played an important part, and finally the development of scientific and technical institutions. He emphasized that in its work UNESCO thus had responsibility complementary to that of UNCTAD. There was a complete concordance of activities of the two organizations and he was confident that both would continue to work in harmony in their future programmes.

66. The representative of the ILO stated that his organization was especially interested in the relationship of the transfer of technology to the level of employment in developing countries. While ample material had now been made available by the UNCTAD secretariat relating to the direct foreign exchange costs of the transfer, it was important to extend that work to include the social costs of the transfer and, in particular, the study of the effects on employment and incomes. The ILO was prepared to collaborate closely with UNCTAD as regards the training of technical personnel, the improvement of productivity, the conduct of seminars, the publication of relevant information and in other ways which might be thought useful.

67. The representative of the United Nations Department for Economic and Social Affairs drew attention to the work already undertaken by the Department on the transfer of technology. He pointed out that a series of case studies of individual developing countries and specific industries had been conducted, and that those studies provided a sound basis for the formulation of specific proposals. Work initiated by the Department for Economic and Social Affairs had brought together in an expert meeting representatives of international business and experts from developing and developed countries. It had been agreed at the meeting that advisory services at the level of individual projects could usefully be provided by the United Nations and its specialized agencies. Within developing countries, regional associations would be an effective vehicle for dealing with technology transfer problems.

68. The representative of WIPO, speaking in accordance with rule 80 of the rules of procedure, referred to existing co-operation between WIPO and UNCTAD as regards the transfer of technology and said that WIPO wished to continue to contribute to the work of UNCTAD. Patents played a part in the creation, transfer and public disclosure of new technology; the improvement of the national and international patent

systems for the purposes of economic development was a primary concern of WIPO to which its technical assistance programme, including training, was directed. Referring to proposals for a study concerning the review of international patent legislation and for the elaboration of bases for new international arrangements, he declared WIPO's readiness to co-operate in both. The second, however, was likely to lead to quicker and more fruitful results. Current work relating to the Patent Co-operation Treaty, to the Committee of Governmental Experts on the proposal of the Government of Sweden for the establishment of a Patent Licensing Convention, to a proposal of the Government of Brazil for negotiations on patented technology and to the initiative of the Government of Austria in instituting an International Patent Documentation Centre could form a basis for WIPO's contribution to the work of UNCTAD.

69. The representative of the United Nations Advisory Committee on the Application of Science and Technology to Development said the Advisory Committee was impressed by the manner in which UNCTAD had developed its activities concerning the transfer of technology. The Advisory Committee had been consulted by UNCTAD during the preparation of UNCTAD's programme of work and welcomed the establishment of the Intergovernmental Group on Transfer of Technology. The Advisory Committee was particularly pleased that the efforts of the Intergovernmental Group had opened the way for effective international action on those problems of urgent concern to the developing countries, and noted with satisfaction the concordance between the directions of work followed by UNCTAD and the Advisory Committee's own ideas in this field.

70. The representative of the Secretary-General of UNCTAD said that the secretariat had taken note of the suggestions and ideas expressed by the members of the Working Group and would take full account of them in pursuing its programme of work.

71. At the conclusion of its general debate the Working Group agreed to establish a Contact Group, composed of 18 members to ensure balanced geographical representation, to consider a draft resolution on the transfer of technology submitted on behalf of the Group of 77 (TD/III/WG.III/L.2)<sup>3</sup> and a draft resolution on outflow of trained personnel from developing to developed countries submitted by Algeria, Chile, Cuba, Guinea and the People's Democratic Republic of Yemen (TD/III/WG.III/L.3).<sup>3</sup> As a result of the deliberations of the Contact Group, the Chairman of the Working Group submitted a draft resolution (TD/III/WG.-III/L.5)<sup>4</sup> together with a proposal of his own concerning paragraph 2 of that draft (TD/III/WG.III/III/L.6).<sup>4</sup> The Working Group was unable to agree on the adoption of the draft resolution (TD/III/WG.III/L.5) as a whole, and decided to refer it to a plenary meeting of the Conference.

72. The spokesman for the developing countries commented only on paragraph 9 of draft resolution TD/III/WG.III/L.5. He stated that the developing

countries could accept that paragraph at the present level of discussion on the understanding that the reference to related commercial and legal aspects of the transfer referred to restrictive business practices in licensing and other agreements related to the transfer of technology, as had been elaborated in the Declaration of Lima. The developing countries had hoped to accomplish much through the present session of the Conference and were still hoping that the Conference would come to a satisfactory decision concerning legislation governing the transfer of technology. One representative expressed concern about the fact that draft resolution TD/III/WG.III/L.5 seemed to draw conclusions concerning some substantive and institutional aspects of UNCTAD's continuing activities concerning the transfer of technology before the necessary technical work as agreed upon in the Intergovernmental Group had been carried out.

73. The representatives of many developed market-economy countries commented on specific paragraphs of the draft resolution and some of them expressed reservations on certain points. They noted that resolution 74 (X) of the Trade and Development Board had stated clearly that the Intergovernmental Group on Transfer of Technology should meet for two substantive sessions, after which the institutional arrangements within UNCTAD would be considered. With regard to paragraph 2 of draft resolution TD/III/WG.III/L.5, therefore, the representatives considered that the agreement reached in resolution 74 (X) should be followed and that the Conference should not take a decision on institutional arrangements within UNCTAD.

74. On paragraph 1 of the draft resolution the representatives of some developed market-economy countries stated that although they had welcomed in General Assembly resolution 2821 (XXVI) the work programme prepared by the Intergovernmental Group, they were unable to endorse it in full because they had not participated in its elaboration. The representative of one developed market-economy country said that his country was prepared to participate in the work of the Intergovernmental Group but that that did not imply complete endorsement of the work programme. Others noted that their countries were not members of the Intergovernmental Group and that they could not, because of that consideration, endorse the work programme. The United Kingdom representative stated that his delegation had supported Board resolution 74 (X), although it was not a member of the Intergovernmental Group. At its eleventh session the Board had taken note of the work programme<sup>5</sup> and subsequently, at the General Assembly, it had been welcomed; but it had not been the subject of any detailed discussion either in the Trade and Development Board or at the Conference. His delegation had some specific difficulties about it; it was over-ambitious, it did not establish priorities to which the secretariat should devote its limited resources, and it lacked balance in some aspects.

75. Referring to paragraph 4 of the draft resolution, the United States representative said that the purpose

<sup>3</sup> See appendix II below.

<sup>4</sup> See appendix I below.

<sup>5</sup> See *Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 15 (A/8415/Rev.1)*, para. 296.

of that paragraph, as well as of certain preambular paragraphs, was to underline the importance of creating a good climate and demand for technology in the developing countries. Those countries sometimes adopted policies which encouraged costly technology and discouraged competition. The weak internal markets in those developing countries also often limited demand for new technology. He noted that many countries which had encouraged private investments from abroad had been successful in attracting technology at reasonable cost. In regard to paragraphs 5 (b), 5 (d) and 15 (b) of the draft resolution, his Government interpreted "endeavouring to provide possible incentives" to include measures to encourage foreign investment projects, including those that establish training programmes for technicians and that transfer specifications and technological processes. On paragraph 7 (b) he said that the United States Government had a general objection to voluntary contributions outside UNDP, which should be free to place technical assistance funds where they were most needed. As far as paragraph 16 of the draft resolution was concerned, the reservations his country had made on paragraph 63 of the International Development Strategy were still valid.

76. The representative of Australia, referring to the provisions of resolution 74 (X) relating to future discussions in the Trade and Development Board on the question of the transfer of technology, stated that those discussions should not be prejudged by the Conference resolution. In that context, his country could not agree to endorse the work programme of the Intergovernmental Group at the present stage—paragraph 1 of the draft resolution—since it had not been fully discussed in the Trade and Development Board. His country had similar qualifications regarding paragraph 7 (a) of the draft resolution, which requested the Secretary-General of UNCTAD to implement the work programme. He also said in relation to paragraph 63 of the International Development Strategy, that his country's position on the question of targets remained the same as that expressed at the time the Strategy was adopted by the General Assembly.

77. The question of an advisory service, mentioned in sub-paragraph 7 (b) of the draft resolution, also posed problems for many developed market-economy countries. The representatives of developed market-economy countries recognized the principle of the need for the provision of advisory services by UNCTAD, but they were not sure that the best way of doing it was to establish an advisory service within UNCTAD for that purpose.

78. The representatives of several developed market-economy countries expressed their misgivings with the proposal contained in paragraph 9 of the draft resolution. It was not appropriate for UNCTAD to be involved in studies of possible new legislation in that field, in view of the activities of appropriate and competent organizations such as WIPO, and those representatives considered also that the purpose of any new initiative should be to improve the transfer of technology rather than to regulate it.

79. The representative of one developed market-economy country stated that he attached great importance to the concluding paragraph of the draft resolution, dealing with the question of duplication of work. He felt that the secretariat should take great care to avoid duplication and that it was his hope that the secretariat would ensure that the provisions of that paragraph were closely followed.

80. The representatives of many developed market-economy countries stated that they had reservations concerning the statement of financial implications (TD/III/WG.III/Misc.1/Add.1) of the text of the agreement reached by the Drafting Group on the draft resolution on the transfer of technology (TD/III/WG.III/Misc. 1). It was not entirely clear that those financial implications reflected the true requirements of the draft resolution. They stressed the need for the secretariat to re-examine the financial implications before the plenary meeting of the Conference considered the report of the Working Group.

81. The spokesman for several socialist countries of Eastern Europe noted that those countries were prepared to accept the draft resolution, since it incorporated their amendments.

82. The representative of the Secretary-General of UNCTAD stated that the secretariat would pay great attention to the general observations which had been made during the discussion and would take full account of them in pursuing its work on the basis of any resolution which the Conference might adopt.

83. The Working Group decided to accept the Chairman's proposal that the informal drafting group which had been established to consider the draft resolution submitted by the developing countries should continue its efforts, under his guidance, to arrive at an agreed text, taking into account all the draft resolutions and proposals which were before the Working Group. The results of its consideration would be submitted to the President of the Conference.

## APPENDICES

### *Appendix I*

- (a) **Draft resolution on the transfer of technology submitted to Working Group III by the Chairman (Australia) as a result of deliberations in the Contact Group, and referred by the Working Group to the plenary for further consideration (TD/III/WG/III/L.5)**

*The United Nations Conference on Trade and Development, Convinced that scientific and technical co-operation consti-*

tutes one of the main factors of economic and social development and contributes to the strengthening of peace and security of all nations,

*Bearing in mind the importance of the transfer of adequate technology to all countries, and in particular to the developing countries,*

*Considering the recognition given to promoting the transfer of technology to developing countries in the International Development Strategy for the Second United Nations Development Decade, in particular in paragraph 64,*

Recalling General Assembly resolution 2658 (XXV) of 7 December 1970, particularly its paragraph 7, recommending to UNCTAD and other organizations to continue and intensify within their competence efforts for transfer of operative technology to the developing countries,

Drawing attention to the special functions of UNCTAD, as decided in Trade and Development Board resolution 74 (X), to be pursued on a continuing basis and the establishment within UNCTAD of an Intergovernmental Group on Transfer of Technology,

Noting that the General Assembly, in its resolution 2726 (XXV), endorsed Trade and Development Board resolution 74 (X), establishing the Intergovernmental Group on Transfer of Technology within UNCTAD, and requested States members of UNCTAD to give their fullest support to the Intergovernmental Group, including provision of budgetary support,

Welcoming the unanimous approval by the Intergovernmental Group of a comprehensive programme of work for UNCTAD in this field,<sup>a</sup>

Noting further the unanimous welcome by the General Assembly of this work programme in resolution 2821 (XXVI),

Recalling Economic and Social Council resolution 1621 B (LI) which created a Standing Committee of the Council on the application of science and technology to development, which will take into account the specific competence of UNCTAD as defined in resolution 74 (X) of the Trade and Development Board of 18 September 1970,

Noting further the Declaration adopted by the Second Ministerial Meeting of the Group of 77,<sup>b</sup> held in Lima from 25 October to 7 November 1971,

Noting also the views expressed in the course of the third session of the Conference,

## I

### *Institutional arrangements within UNCTAD*

1. Endorses the programme of work, to be pursued on a continuing basis, approved unanimously by the Intergovernmental Group on Transfer of Technology at its organizational session;<sup>c</sup>

2. [Decides that the continuing nature of UNCTAD's functions in this field be reflected in the institutional arrangements in UNCTAD through the transformation of the Intergovernmental Group, after two substantive sessions, into a Standing Committee on the Transfer of Technology];

2. [Decides that, in accordance with paragraph 6 of resolution 74 (X) of the Trade and Development Board, the work done by the Intergovernmental Group on the Transfer of Technology will be the subject of a major review after two substantive sessions and, in the light of that review the Board will decide about further work in the field of the transfer of operative technology to developing countries, including the question of institutional arrangements in UNCTAD];

## II

### *Improving the access to technology*

3. Invites the developing countries to establish institutions, if they do not have them, for the specific purpose of dealing with the whole range of complex questions connected with the transfer of technology from developed to developing countries,

tries, and takes note of the wishes of the developing countries that these institutions should, *inter alia*:

(a) Be responsible for the registration, deposit, review and approval of agreements involving transfer of technology in the public and private sectors;

(b) Undertake or assist in the evaluation, negotiation or renegotiation of contracts involving the transfer of technology;

(c) Assist domestic enterprises in finding alternative potential suppliers of technology in accordance with the priorities of national development planning;

(d) Make arrangements for the training of personnel to man institutions concerned with the transfer of technology;

4. Invites the developing countries to take the specific measures they deem necessary to promote an accelerated transfer of adequate technology to them under fair and reasonable terms to developing countries, *inter alia*, by:

5. Recommends that developed market-economy countries facilitate an accelerated transfer of technology on favourable terms to developing countries, *inter alia*, by:

(a) Providing capital and technical assistance and developing scientific and technological co-operation;

(b) Endeavouring to provide possible incentives to their enterprises to facilitate an accelerated transfer of their patented and non-patented technology to developing countries on fair and reasonable terms and conditions and by assisting these countries in using effectively imported techniques and equipment;

(c) Assisting developing countries to absorb and diffuse imported technologies through the provision of necessary information and technical assistance, such as training in planning and management of enterprises and in marketing, as well as other forms of scientific and technological co-operation;

(d) Endeavouring to provide their enterprises and their subsidiaries located in developing countries with possible incentives to employ, wherever possible, local labour, experts and technicians as well as to utilize local raw materials, to transfer specifications and technological processes used in production to local enterprises or competent organizations and also to contribute to the development of know-how and expertise by training staff in the developing countries;

(e) Designating institutions able to provide information to developing countries concerning the range of technologies available;

(f) Assisting through their over-all co-operation programmes in the application of technology and its adaptation to the production structures and economic and social requirements of developing countries at their request;

(g) Taking steps to encourage and promote the transfer of the results of the work of research institutes and universities in the developed countries to corresponding institutions in developing countries;

(h) Participating actively in the identification of restrictive business practices affecting the transfer of technology to developing countries with a view to alleviating and, where possible, eliminating these practices in accordance with paragraph 37 of the International Development Strategy for the Second United Nations Development Decade;

6. Recommends that the socialist countries of Eastern Europe, in accordance with their economic and social systems, undertake to facilitate the accelerated transfer of technology on favourable terms to developing countries *inter alia* through agreements on trade, economic and scientific and technical co-operation;

7. Requests that the Secretary-General of UNCTAD:

(a) Implement the programme of work for UNCTAD in the field of transfer of technology approved by the Intergovern-

<sup>a</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Annexes*, agenda item 7, document TD/B/365, annex, appendix.

<sup>b</sup> TD/143 see annex VIII, F below).

<sup>c</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Annexes*, agenda item 7, document TD/B/365, annex, appendix.

mental Group of Transfer of Technology, and undertake the studies necessary for the formulation of concrete policies to be applied at the national, regional and international levels;

(b) [Establish an Advisory Service within UNCTAD] [provide advisory services] to be financed through the United Nations Development Programme within the framework of specific projects and/or any voluntary contributions, in co-operation as appropriate with other bodies, with a view to providing at the request of the developing countries, especially the least developed among them, experienced personnel to assist, within UNCTAD's competence, in the transfer of technology to developing countries;

(c) Initiate and participate in through the United Nations Development Programme, and in accordance with its procedures, and in co-operation with other competent bodies within the United Nations system and the World Intellectual Property Organization, training programmes concerning transfer of technology for personnel from developing countries, especially from the least developed among them;

(d) Assist the Board in reviewing and implementing within UNCTAD's field of competence the provisions in paragraphs 37 and 64 of the International Development Strategy for the Second United Nations Development Decade;

8. *Decides* that UNCTAD should co-operate with other bodies in the United Nations system, and with other competent international organizations, including the World Intellectual Property Organization, in order to:

(a) Assist developing countries in the application and adaptation of technology to their production structures and economic and social requirements;

(b) Explore the possibility of setting up multilateral institutions, such as technology transfer centres, patent banks and technological information centres;

(c) Explore proposals for bilateral and multilateral arrangements to facilitate the transfer of technology on reasonable terms and conditions without causing strain to the balance of payments of developing countries;

(d) Study possible international mechanisms for the promotion of the transfer of technology to developing countries and particularly take the necessary steps for co-ordinating action with the World Intellectual Property Organization on studies to be carried out in this field;

9. *Resolves* to request the Secretary-General of UNCTAD and the Director-General of the World Intellectual Property Organization, in co-operation with other competent bodies of the United Nations system, to carry out jointly a study of possible bases for new international legislation regulating the transfer from developed to developing countries of patented and non-patented technology, including related commercial and legal aspects of such transfer, for submission to the Trade and Development Board and the Economic and Social Council;

10. *Recommends* that the international community, in recognition of the special position of the least developed among the developing countries, should:

(a) Assist such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;

(b) Furnish on easier terms the specialized institutions of such countries with the results of research relevant to their economic development;

(c) Give special consideration to the terms, conditions and costs of transfer of technology to such countries;

11. *Urges* that international organizations and financing programmes, in particular the United Nations Development Programme and the International Bank for Reconstruction and Development, should give high priority to providing technical

and/or financial assistance to meet the needs as defined by developing countries in the field of transfer of technology, particularly for the purpose defined in operative paragraphs 3, 7 and 8 above.

### III

#### *Improving the scientific and technological infrastructure*

12. *Recommends* that urgent measures be taken by the developed countries, as well as by competent international organizations, at the national, regional and international levels, to improve the scientific and technological infrastructure of the developing countries;

13. *Invites* the developing countries at the national level:

(a) To apply the provisions of paragraph 61 of the International Development Strategy for the Second United Nations Development Decade;

(b) To develop an efficient infrastructure geared to the specific socio-economic needs of each country as a solid basis for the adoption and/or adaptation of imported technology, the creation of national technology and the application thereof, and the strengthening of the domestic, scientific and technological capabilities;

(c) To readapt their education and training systems to the needs and demands of a technologically progressive developing economy and society;

14. *Invites* further the developing countries at the regional and inter-regional level to consider action:

(a) To assist the transfer of technology to themselves by exchanging information concerning their experience in acquiring, adapting, developing and applying imported technology and, in this regard, to set up regional sub-regional information centres;

(b) To make appropriate institutional arrangements for the training and exchange of technical personnel;

(c) To establish joint technological research centres for projects of regional interest and for exchanging between developing countries within the region, or between different regions, adapted or recently developed imported technology;

(d) To promote the study of scientific and technological projects between developing countries with common technological requirements arising from similarities in their sectoral structure of production;

(e) To set up machinery to facilitate the dissemination and exchange of technologies originating in the developing countries, so that the comparative advantages and specialization offered by each sector of activity may be fully utilized;

(f) Endeavour to co-ordinate their policies with regard to imported technology, including its adaptation to domestic conditions;

15. *Recommends* that the developed countries:

(a) Give urgent consideration to the possibility of taking prompt measures to move towards fuller implementation of the provisions of paragraph 63 of the International Development Strategy for the Second United Nations Development Decade;

(b) Endeavour to provide possible incentives to encourage their national enterprises to transfer to their associated enterprises in developing countries a substantial and increasing volume of their research activities;

16. *Takes note* of the wishes of the developing countries that the developed countries should:

(a) Devote 0.05 per cent per annum of their gross national product to the technological problems of developing countries;

(b) Allocate at least 10 per cent of their research and development expenditure to programmes designed to solve problems

of specific interest to developing countries generally and, as far as possible, devote that expenditure to projects in developing countries;

17. *Calls* on the socialist countries of Eastern Europe, in accordance with their social and economic systems, to increase further their assistance to the developing countries, taking into account their own possibilities and to continue transferring adequate technology to the developing countries on favourable terms;

18. *Recommends* that bodies in the United Nations system, including UNCTAD and the specialized agencies, within their respective fields of competence, should:

(a) Bring to an acceptable conclusion the United Nations World Plan of Action for the Application of Science and Technology to Development;

(b) Assist the developing countries to create the necessary infrastructure, as regards both institutions and personnel, for the development and transfer of technology;

(c) Co-ordinate their efforts and programmes for the support of science and technology at the regional and international level in order to facilitate the transfer of technology to developing countries;

(d) Support the regional economic commissions and the United Nations Economic and Social Office in Beirut in order to enable them to carry out fully their role in the application of science and technology to development within their respective regions;

19. *Recalls* that, as recognized in the preamble to Trade and Development Board resolution 74 (X), none of the existing United Nations bodies deals exclusively with the specific question of operative technology in developing countries and that, therefore, as decided in operative paragraph 2 of the same resolution, UNCTAD would perform its functions in this field in co-operation and co-ordination with other bodies in the United Nations system and other international organizations, with the aim of avoiding any overlapping and unnecessary duplication of activities in this field, in conformity with the responsibilities of the Economic and Social Council, particularly those of co-ordination, and with the agreements governing the relationship between the United Nations and the agencies concerned.

(b) **Amendment submitted by the Chairman (Australia) to document TD/III/WG.III/L.5 (TD/III/WG.III/L.6)**

As members of the Working Group may note, agreement could not be reached in the Contact Group on the text of paragraph 2 of the draft resolution on the transfer of technology (TD/III/WG.III/L.5). The Chairman would therefore suggest the following text for that paragraph in the hope of arriving at a full consensus:

"2. *Instructs* the Board to ensure that the continuing nature of UNCTAD's functions in this field be reflected in the institutional arrangements in UNCTAD."

## Appendix II

(a) **Draft resolution on the transfer of technology submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (TD/III/WG.III/L.2)**

*The United Nations Conference on Trade and Development, Convinced* that science and technology constitute one of the main factors of economic and social development,

*Bearing in mind* the importance of the transfer of adequate technology to all countries, and in particular to the developing countries;

*Considering* the recognition given to promoting the transfer of technology to developing countries in the International Development Strategy for the Second United Nations Development Decade, and in particular, in paragraph 64,

*Recalling* General Assembly resolution 2658 (XXV) particularly paragraph 7 recommending to UNCTAD and other organizations to continue and intensify, within their competence, their efforts for the transfer of operative technology to the developing countries,

*Drawing* attention to the special functions of UNCTAD as decided in Trade and Development Board resolution 74 (X) and the establishment of an Intergovernmental Group on Transfer of Technology within UNCTAD to implement these functions on a continuing basis;

*Noting* that the General Assembly, in its resolution 2726 (XXV), endorsed Trade and Development Board resolution 74 (X), establishing the Intergovernmental Group on Transfer of Technology within UNCTAD, and requested States members of UNCTAD to give their fullest support to the Intergovernmental Group, including provision of budgetary support,

*Welcoming* the unanimous approval by the Intergovernmental Group of a comprehensive programme of work for UNCTAD in this field,

*Noting further* the endorsement by the General Assembly of this work programme in resolution 2821 (XXVI),

*Taking into account* the Declaration adopted by the Second Ministerial Meeting of the Group of 77, held in Lima from 25 October to 7 November 1971,

## I

### *Institutional arrangements within UNCTAD*

1. *Endorses* the programme of work, to be pursued on a continuing basis, approved unanimously by the Intergovernmental Group into a Standing Committee on the Transfer of Technology session;

2. *Decides* that the continuing nature of UNCTAD functions in this field be reflected in the institutional arrangements in UNCTAD through the transformation of the Intergovernmental Group into a Standing Committee on the Transfer of Technology.

## II

### *Improving the access to technology*

3. *Invites* the developing countries to establish institutions, if they do not have them, for the specific purpose of dealing with the whole range of complex questions connected with the transfer of technology from developed to developing countries, and that these institutions should, *inter alia*:

(a) Be responsible for the registration, deposit, review and approval of agreements involving transfer of technology in the public and private sectors;

(b) Undertake or assist in the evaluation, negotiation or re-negotiation of contracts involving the transfer of technology;

(c) Assist domestic enterprises in finding alternative potential suppliers of technology in accordance with the priorities of national development planning;

(d) Make arrangements for the training of personnel to man institutions concerned with the transfer of technology;

4. *Decides* that developed market-economy countries should:

(a) Encourage national and multinational enterprises, by providing them with fiscal and financial incentives, to facilitate an accelerated transfer, on favourable terms, of their patented and non-patented technology to developing countries, *inter alia*, by exempting the recipients of royalties in developed

countries from taxation, and to assist developing countries in using effectively imported techniques and equipment;

(b) Assist developing countries to absorb and diffuse imported technologies through the provision of necessary information and technical assistance, such as training in planning and management of enterprises and in marketing;

(c) Encourage their enterprises and their subsidiaries located in developing countries by providing them with fiscal and financial incentives to employ local labour, experts and technicians as well as to utilize local raw materials, transferring its specifications and technological processes utilized in their production, to national technicians and appropriate organizations in charge of industrial development, and also to contribute to the development of know-how and expertise by training staff in developing countries;

(d) Designate institutions to provide information to developing countries concerning the range of technologies available;

(e) Assist in the application of technology and in its adaptation to the production structures and economic and social requirements of developing countries;

(f) Take steps to encourage and promote the transfer of the results of the work of research institutes and universities in the developed countries to corresponding institutions in developing countries;

(g) Promote the elimination of all restrictive business practices in accordance with paragraph 37 of the International Development Strategy for the Second United Nations Development Decade;

5. *Recommends* that the Governments of the socialist countries of Eastern Europe should, in accordance with their economic and social systems, undertake to facilitate the accelerated transfer of technology on favourable terms to developing countries through agreements on trade and economic co-operation;

6. *Requests* that the Secretary-General of UNCTAD should:

(a) Implement the programme of work for UNCTAD in the field of transfer of technology approved by the Intergovernmental Group on Transfer of Technology and undertake the studies necessary for the formulation of concrete policies to be applied at the national, regional and international levels;

(b) Establish an Advisory Service within UNCTAD, in co-operation as appropriate with other bodies, with a view to providing the developing countries, especially the least developed among them, at their request, with experienced personnel to assist in the preparation, negotiation and implementation of projects involving the transfer of technology;

(c) Initiate, through the United Nations Development Programme and in co-operation with the United Nations Industrial Development Organization and the World Intellectual Property Organization and other competent bodies, the establishment of training programmes concerning transfer of technology for personnel from developing countries, especially from the least developed among them;

(d) Review and implement the directives contained in paragraphs 37 and 64 of the International Development Strategy for the Second United Nations Development Decade.

7. *Decides* that UNCTAD, with the collaboration of other competent international organizations, particularly the United Nations Industrial Development Organization and the World Intellectual Property Organization, should:

(a) Assist developing countries in the application and adaptation of technology to their production structures and economic and social requirements;

(b) Set up multilateral institutions such as technology transfer centres, patent banks, a world bank for technology, and technological information centres;

(c) Devise bilateral and multilateral arrangements to facilitate negotiations concerning the transfer of technology on reasonable terms and conditions, without causing strain on the balance of payments of developing countries;

(d) Study mechanisms for multilateral rounds of negotiations on technology and especially the proposal in document PC/EC/VII/16 submitted to the 1971 annual session of the Executive Committee of the Paris Union, which is intended to allow developing countries to complete a knowledge as possible of the supply side of the international market for technology;

8. *Resolves*, in order to eliminate restrictive business practices in the field of transfer of technology, including the practices adopted in this respect by multinational companies, to request the Secretary-General of UNCTAD to carry out, in co-operation with the World Intellectual Property Organization and other competent bodies, a study concerning the revision of international patent legislation, and to elaborate the bases for a new international legislation regulating the transfer from developed to developing countries of patented and non-patented technology, including related commercial and legal aspects of such transfer, for submission to the thirteenth session of the Trade and Development Board;

9. *Decides* that the international community, in recognition of the special position of the least developed among the developing countries, should:

(a) Assist such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;

(b) Furnish the specialized institutions of such countries with the results of research relevant to their economic developments;

(c) Give special consideration to the terms, conditions and costs of transfer of technology to such countries;

10. *Decides* that international organizations and financing programmes, in particular the United Nations Development Programme and the International Bank for Reconstruction and Development, should give the highest priority to providing technical and financial assistance to meet the needs as defined by developing countries in the field of transfer of technology, particularly for the purpose defined in operative paragraphs 3, 6 and 7 of this resolution.

### III

#### *Improving the scientific and technological infrastructure*

11. *Urges* that measures be taken by the developed countries, as well as by competent international organizations at the national, regional and international levels, to improve the scientific and technological infrastructure of the developing countries;

12. *Invites* the developing countries at the national level to:

(a) Apply the provisions of paragraph 61 of the International Development Strategy for the Second United Nations Development Decade;

(b) Develop an efficient infrastructure geared to the specific socio-economic needs of each country as a solid basis for the adoption and/or adaptation of imported technology, the creation of national technology and the application thereof, and strengthening the domestic, scientific and technological capabilities;

(c) Readapt their education and training systems to the needs and demands of a technologically progressive developing economy and society;

13. *Invites further* the developing countries at the regional and international level to:

(a) Assist the transfer of technology to themselves by exchanging information concerning their experiences in acquiring, adapting, developing and applying imported technology, and in this regard, set up regional or sub-regional information centres;

(b) Make appropriate institutional arrangements for the training and exchange of technical personnel;

(c) Establish joint technological research centres for projects of regional interest and for exchanging between developing countries within the region or between different regions, adapted or recently developed imported technology;

(d) Promote the study of scientific and technological projects between developing countries with common technological requirements arising from similarities in their sectoral structure of production;

(e) Set up machinery to facilitate the dissemination and exchange of national technologies originating in the developing countries, so that the comparative advantages and specialization offered by each sector of activity may be fully utilized;

(f) Endeavour to co-ordinate their policies with regard to imported technology, including its adaptation to domestic conditions;

14. *Recommends* that the developed countries:

(a) Take urgent measures to implement fully the provisions of paragraph 63 of the International Development Strategy for the Second United Nations Development Decade;

(b) Devote 0.05 per cent per annum of their gross national product to the technological problems of developing countries;

(c) Allocate at least 10 per cent of their research and development expenditure to programmes designed to solve problems of specific interest to developing countries generally, and as far as possible devote that expenditure to projects in developing countries;

(d) Provide fiscal and other incentives to encourage their national enterprises to transfer to their associated enterprises in developing countries a substantial and increasing volume of their research activities;

15. *Recommends* that the United Nations system of organizations and in particular UNCTAD should:

(a) Bring to an acceptable conclusion and thereupon implement the United Nations World Plan of Action for the Application of Science and Technology to Development;

(b) Assist the developing countries to create the necessary infrastructure, as regards both institutions and personnel, for the development of national technology;

(c) Co-ordinate their efforts and programmes for the support of science and technology at the regional and international level;

(d) Place more resources at the disposal of the United Nations Economic and Social Office in Beirut and the regional economic commissions in order to enable them to carry out fully their role in the application of science and technology to development within their respective region.

(b) **Draft resolution on the outflow of trained personnel from developing to developed countries submitted by Algeria, Chile, Cuba, Guinea and the People's Democratic Republic of Yemen (TD/III/WG.III/L.3)**

*The United Nations Conference on Trade and Development,*

*Recalling* General Assembly resolutions 2083 (XX), of 20 December 1965, on the development and utilization of human resources; 2090 (XX), of 20 December 1965, and 2259 (XXII), of 3 November 1967, on the training of national technical personnel for the accelerated industrialization of the developing countries; 2320 (XXII), of 15 December 1967 and 2417 (XXIII), of 17 December 1968, on the outflow of trained personnel from the developing countries,

*Bearing in mind* the report by the Secretary-General of UNCTAD (TD/106 and Corr.1, paragraph 51), which points out that "an acceleration of the rate of economic growth of the developing countries and a rapid improvement of their social structures through eradication of mass poverty, inequality and illiteracy requires, *inter alia*, a large-scale transfer from the vast fund of technological knowledge accumulated mainly in the advanced market-economy and socialist countries",

*Considering* the vital importance for the developing countries of the availability of technically and scientifically qualified local personnel as it enables them to:

(a) Take advantage of any possibilities of access to the technology of the developed countries;

(b) Make good use of such technology by adapting it to national conditions;

(c) Develop appropriate techniques for their structures of production; and

(d) Create national technologies of their own,

*Taking into account* the fact that not only has such a large-scale transfer from the pool of technological knowledge failed to take place, but what has actually been happening in recent years is precisely the reverse, that is, the fund of technological knowledge in the developing countries has been steadily depleted by the outflow of technical and scientific personnel, most of whom emigrate to some of the market-economy countries, thus seriously impairing the ability of the developing countries to tackle the tasks of development with trained national personnel,

*Recognizing* that the root causes of the outflow of trained personnel from the developing countries are to be found in under-development itself, and that whatever measures are adopted to prevent it must take that fact into consideration, as well as the fact that some of the industrialized countries encourage the outflow in question by various means,

1. *Decides* to request the Secretary-General of UNCTAD taking due note of the report of the Secretary-General of the United Nations on the outflow of trained personnel from developing to developed countries, and of the work in the field of transfer of technology to the developing countries done by the United Nations Institute for Training and Research, the Advisory Committee on the Application of Science and Technology to Development and other organizations and bodies concerned in the United Nations system:

(a) To carry out a study:

(i) On the outflow of trained personnel from developing countries which affects their technological development, indicating its adverse effects in those countries and the benefit derived by the industrialized countries, and identifying the mechanisms which determine that outflow and the countries to which it goes;

(ii) To pay special attention, in assessing the adverse effects of that phenomenon in developing countries to the way in which such outflow hampers the establishment of necessary technical and scientific infrastructures and impairs the ability of those countries to take advantage of imported technology and to create their own technologies;

(b) To prepare, in co-operation with the other organs of the United Nations, a Programme of Action aimed at preventing the outflow of trained personnel from developing countries, indicating feasible steps which the latter might take to that end and, especially, practical and effective measures which the Governments of industrialized countries should adopt in order to put an end to that phenomenon;

2. *Requests* the Secretary-General of UNCTAD to submit the said report and Programme of Action to the Trade and Development Board at its thirteenth session.

## J. REPORT OF THE CREDENTIALS COMMITTEE

1. At its 83rd plenary meeting, on 13 April 1972, the United Nations Conference on Trade and Development, in accordance with rule 14 of its rules of procedure, appointed a Credentials Committee for its third session consisting of the following member States: Australia, Colombia, France, Ireland, Liberia, Mongolia, Somalia, Union of Soviet Socialist Republics and United States of America.

2. The Credentials Committee met on 12 May 1972.

3. In the absence of the President of the Conference, who was unable to attend, the meeting was convened by Mr. Djavad Vafa (Iran), Vice-President of the Conference.

4. Mr. Cornelius C. Cremin (Ireland) was nominated as Chairman of the Committee by the representative of the Union of Soviet Socialist Republics, and was elected.

5. The secretariat informed the Committee that formal credentials issued by the Head of State or Government or by the Minister for Foreign Affairs, as required under rule 13 of the rules of procedure of the Conference, had been submitted to the Secretary-General of the Conference in respect of the representatives of all but seven member States participating in the session. The delegations concerned had given assurances that credentials in due and proper form under rule 13 would be submitted at the earliest possible date.

6. The Chairman suggested that the Committee should take note of the information provided by the secretariat, and, in connexion with the credentials of representatives which had not yet been submitted in due form, he proposed that the Committee accept provisionally the assurances given, on the understanding that credentials, in conformity with rule 13, would be promptly submitted to the Secretary-General of the Conference.

7. The Committee agreed to this procedure.

8. The representative of the Union of Soviet Socialist Republics stated that his delegation did not recognize the validity of the credentials of the representatives of South Korea and South Viet-Nam, in view of the fact that they represented the puppet régimes and could not act as lawful representatives of the Korean people and the people of South Viet-Nam. He further stated that the true representative of the Korean people could be only the Government of the Korean People's Democratic Republic. He also stated that the true representative of the South-Vietnamese people was the Provisional Revolutionary Government of the Republic of South Viet-Nam.

9. The representative of Somalia supported the position of the representative of the Union of Soviet Socialist Republics and added that his own delegation could not

accept the credentials issued by the South African Government, which could not be taken as being representative of the South African people, the majority of whom were subjected to slave labour and denied civil and political rights under its *apartheid* régime.

10. In reply to a question, the secretariat stated that the representatives of the seven member States referred to in paragraph 5 above would be entitled, under rule 15 of the rules of procedure, to participate provisionally in the Conference, and in the work of its committees and sessional bodies, pending the receipt of their credentials in good and due form.

11. The representative of Mongolia supported the position of the delegations of the Union of Soviet Socialist Republics and Somalia.

12. The representative of the United States of America stated that the allegations of the representatives of the Union of Soviet Socialist Republics and Mongolia were spurious and he therefore rejected the views expressed by the Union of Soviet Socialist Republics, Somalia and Mongolia. He then drew attention to the terms of General Assembly resolution 1995 (XIX) which governed the membership of UNCTAD. The Republic of Viet-Nam, the Republic of Korea, and South Africa were members of UNCTAD and hence their credentials, being in good and due form, were in order.

13. The representative of France stated that the Committee's function was to address itself only to the validity of credentials according to the provisions of paragraph 1 of General Assembly resolution 1995 (XIX) and not to concern itself with any political considerations. The representative of Australia agreed with this view.

14. The representative of Liberia, while recognizing that the internal politics of some countries were repulsive to others, proposed the acceptance of the credentials submitted by the Republic of Viet-Nam, the Republic of Korea and South Africa. The representative of Colombia supported this proposal.

15. The Chairman stated that all reservations expressed in the Committee would be recorded in the Committee's report. He proposed the adoption of the following draft resolution:

*"The Credentials Committee,*

*"Having examined the credentials of the representatives to the third session of the Conference,*

*"Recalling the different views expressed during the debate,*

*"Accepts, under the terms of rule 14 of the rules of procedure, the credentials of all representatives to the third session of the Conference and recommends to the Conference that it approve the report of the Credentials Committee."*

16. The Committee adopted the draft resolution. The representatives of the Union of Soviet Socialist Republics, Mongolia and Somalia stated that they did not wish to be associated with the resolution for the above-mentioned reasons.

**Recommendation by the Credentials Committee**

17. The Credentials Committee therefore recommends to the Conference the adoption of the following draft resolution:

*"Credentials of representatives to the third session of the Conference*

*"The United Nations Conference on Trade and Development*

*"Approves the report of the Credentials Committee."<sup>1</sup>*

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<sup>1</sup> The representative of Somalia stated that he was unable to associate himself with this recommendation.

## ANNEX VII

### Texts of proposals referred by the Conference to the Trade and Development Board

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#### **Examination of recent developments and long-term trends in world trade and development in accordance with the aims and functions of UNCTAD (agenda item 8)**

At its 118th plenary meeting, on 19 May 1972, the Conference decided, in connexion with this agenda item, to transmit the draft resolution contained in document TD/L.72 to the Trade and Development Board for consideration. The text of the draft resolution is given below:

*Draft resolution submitted by Bulgaria, the Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, Guinea, Hungary, Mongolia, Poland, Romania, Syrian Arab Republic, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics*

*The United Nations Conference on Trade and Development, Guided by the Declaration on the Granting of Independence to Colonial Countries and Peoples (General Assembly resolution 1514 (XV)),*

*Recalling UNCTAD General Principle Fourteen, which states that: "Complete decolonization, in compliance with the United Nations Declaration on the Granting of Independence to Colonial Countries and Peoples and the liquidation of the remnants of colonialism in all its forms, is a necessary condition for economic development and the exercise of sovereign rights over natural resources",<sup>1</sup>*

*Recalling also other UNCTAD Principles governing international trade relations and trade policies conducive to deve-*

lopment, which place particular emphasis on the sovereign right of every country freely to trade with other countries and freely to dispose of its natural and other resources in the interest of the economic development and well-being of its own people, and also on the inadmissibility of discrimination on the basis of differences in socio-economic systems,

*Concerned at the unfavourable trends and continuing discrimination in the foreign economic policies and practice of developed market-economy countries and their impact on world trade and development, particularly on the economies and foreign trade of developing countries,*

*Considering that international trade is being adversely affected by the continuance of many manifestations of colonialism and neo-colonialism, and above all by:*

*The maintenance of colonial régimes in a number of countries and territories,*

*The key positions still held by foreign capital in a number of sectors of the economies and foreign trade of many countries of Asia, Africa and Latin America,*

*The acquisition and expropriation of unduly high profits by foreign companies from the exploitation of enterprises, mineral resources and land in developing countries,*

*The continuing domination of the developing countries' shipping and insurance industries by foreign companies,*

*The application of political and economic pressure, trade and economic sanctions and other measures with a view to encroaching on the sovereign right of countries freely to dispose of their natural resources in the interests of the economic development and well-being of their peoples, including the right to change their system of ownership,*

*The extension of the practice whereby the developed market-economy countries obtain reciprocal trade-policy concessions from developing countries, thereby hindering the establishment*

<sup>1</sup> See *Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), annex A.I.1 to the Final Act.

and development of their national industries and the development of their trade and economic relations with third countries,

The activities of foreign monopolies, especially those of a multinational character, which slow down the development of the economies and foreign trade of the developing countries,

*Noting* that the continuance of manifestations of colonialism and discrimination is having an adverse effect on international trade, particularly that of developing countries, with the result *inter alia* that their share of world trade is continuing to diminish, the exports of the vast majority of the developing countries are agricultural and monocultural, their external indebtedness is increasing and the gap between the levels of economic development in the developing and developed market-economy countries is widening,

1. *Proclaims* that the elimination as soon as possible of all forms of discrimination, the consequences of colonialism and the manifestations of neo-colonialism in international trade is the most important objective of all countries and an essential pre-requisite for the transformation of foreign economic relations into an instrument for the economic and social progress of all countries, particularly developing countries;

2. *Calls upon* all States to refrain from any use of force or other action which deprives peoples, particularly those still under colonial domination or any other form of foreign domination, of their right to self-determination, freedom and independence and of the possibility of disposing freely of their national resources. No State should use, or encourage the use of, economic, political or other measures in regard to other States in order to restrict the exercise of their sovereign rights or to obtain advantages of any kind;

3. *Calls upon* all States to respect the national unity, political independence and territorial integrity of every State, to refrain from the use or threat of force and fully to observe the principle that the territory of a State may not be subjected to military occupation as a result of the use of force in violation of the provisions of the Charter and the principle of the inadmissibility of the acquisition of territory by force;

4. *Stresses* the paramount importance of the implementation by all countries of the UNCTAD Principles governing international trade relations and trade policies conducive to development with a view to the elimination of discrimination and manifestations of colonialism and neo-colonialism in international trade;

5. *Calls upon* the Governments of all countries to take measures for the earliest possible removal of barriers to the expansion of international trade and for the elimination of all forms of discrimination on political or other grounds;

6. *Reaffirms* the right of the countries of Asia, Africa and Latin America to take measures for the elimination of the legacies of colonialism and neo-colonialism in their economies and their foreign trade and for the establishment of control over their natural resources and enterprises that are in the hands of foreign companies, including the nationalization of foreign property;

7. *Considers* that it is inadmissible that a small group of developed market-economy countries should continue the practice of taking decisions on important economic matters which affect the interests of the other countries in the world as well;

8. *Calls upon* the Governments of developed market-economy countries:

(a) To renounce any unilateral concessions or advantages which they enjoy in developing countries;

(b) To extend the practice of granting concessions to all developing countries on a non-reciprocal basis, having particular

regard to the interests of the least developed among the developing countries;

(c) To take measures to ensure that the activities of the companies of these countries in the countries of Asia, Africa and Latin America are pursued in conformity with the laws of those States and are subordinated to the objectives of development, the implementation of national plans and programmes and the establishment and strengthening of independent national economies in the countries of Asia, Africa and Latin America;

(d) To take measures to ensure the earliest possible abolition of tariff and non-tariff barriers to the import of agricultural products, commodities and manufactures from developing countries;

9. *Requests* the Secretary-General of UNCTAD to submit periodic reports to the Trade and Development Board on the implementation of the present resolution, the first report to be submitted to the Board at its thirteenth session.

**Review of the implementation of the policy measures within UNCTAD's competence, as agreed upon in the International Development Strategy; implementation of the recommendations, resolutions and other decisions of UNCTAD; guidelines for UNCTAD's work programme (agenda item 8 (a))**

At its 119th plenary meeting, on 20 May 1972, the Conference decided to transmit the draft resolution contained in document TD/L.78/Rev.1 to the Trade and Development Board for further examination. The text of the draft resolution, as orally amended by the sponsors, is given below:

*Draft resolution submitted by Ceylon, Ethiopia, Ghana, Guinea, India, Indonesia, Ivory Coast, Liberia, Malaysia, Netherlands, Nigeria, Pakistan, Senegal, Sierra Leone, Yugoslavia and Thailand*

*The United Nations Conference on Trade and Development, Having in mind* the objectives of the International Development Strategy for the Second United Nations Development Decade, in particular, its paragraph 16,

*Having heard* the statement of the President of the International Bank for Reconstruction and Development that the exports of manufactured products by the top half of the developing countries must rise by 15 per cent annually in order to meet the objectives of the Second Development Decade,<sup>2</sup>

*Aware* of the handicaps to the achievement of this aim originating from insufficient acquaintance of the developing countries with the particular requirements of developed countries' markets and from the lack of commercial infrastructure of developing countries in developed countries,

*Noting with approval* the ideas put forward by the Netherlands Government to remedy these structural shortcomings,<sup>3</sup>

1. *Supports the idea* of establishing developing countries' trade centres in developed countries for the promotion of imports from developing to developed countries,

2. *Requests* the Secretary-General of UNCTAD, together with the Director-General of GATT, to create a working party of government experts in the field of trade promotion in co-ordination with the UNCTAD/GATT International Trade Centre, to make proposals for the implementation of this idea on the

<sup>2</sup> For the statement of the President of the International Bank for Reconstruction and Development, see *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one.

<sup>3</sup> *Ibid.*

basis of an initial study by the secretariat and to report to the Trade and Development Board.

**Impact of regional economic grouping of the developed countries on international trade relations including the trade of developing countries (agenda item 8 (c))**

At its 116th plenary meeting, on 19 May 1972, the Conference decided to transmit the draft resolution contained in document TD/L.66 and Corr.1-3 to the Trade and Development Board for consideration. The text of the draft resolution is given below:

*Draft resolution submitted by Afghanistan, Argentina, Bhutan, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jordan, Khmer Republic, Kuwait, Laos, Lebanon, Lesotho, Malaysia, Mexico, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Sierra Leone, Swaziland, Thailand, Trinidad and Tobago, United Arab Emirates, Uruguay, Venezuela and Yugoslavia.*

*The United Nations Conference on Trade and Development,*

Recalling General Principle Nine which states that "Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries and, in particular, from developing countries, either individually or collectively"<sup>4</sup> and which was adopted at the first session of the Conference and unanimously supported by developing countries,

Recalling the Charter of Algiers,<sup>5</sup> in particular part two, paragraph A.2 (c), which stipulates that the abolition of preferences requires that the developed countries grant equivalent advantages to the countries which at present enjoy such preferences, and paragraph B.1 (g), which provides as follows:

"The new system of general preferences should ensure at least equivalent advantages to developing countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences, for the developed countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences",

Recalling further that the Charter of Algiers in its paragraph E.3 declares that:

"(a) Regional economic groupings of developed countries should avoid discrimination against the export of developing countries of manufactures, semi-manufactures and of primary products, particularly temperate and tropical agricultural commodities;

"(b) The expansion of these groupings should not increase the incidence of any discrimination;

"(c) Regional economic groupings of developed countries should take measures with a view to ensuring freer access of the exports of developing countries,"

Noting that the African Ministers at their meeting at Addis Ababa on 8-14 October 1971, "reaffirmed the principles con-

tained in the Charter of Algiers, which was intended as a frame of reference and a guide for very long-term action, and to propose the essential elements for real and sincere international co-operation";<sup>6</sup>

Noting that developed countries have, in the intensification of regional groupings, pursued certain policies which have adversely affected the trade and development of the developing countries,

Recalling that developing countries have been urging developed countries to accord to them no less favourable treatment than that which developed countries accord to each other in their regional economic groupings,

Bearing in mind the possible negative effects which the process of enlargement of regional groupings of developed countries could have on international commodity markets of vital interest to developing countries,

Urges that:

1. Developed countries members of regional groupings, in their regional organizations as well as in their enlargement, should adopt rational, equitable and outward looking industrial and trade policies governed by the principles of preferential, non-reciprocal, and non-discriminatory treatment towards all developing countries with the purpose of safeguarding and avoiding injury to the interests of these countries;

2. Developed countries should accede, in the cases in which they have not done so, to existing international commodities agreements;

3. Regional groupings of developed countries should take into account part two, paragraph E.3 of the Charter of Algiers in defining their trade and industrial policies designed to operate in favour of trade with the developing countries;

4. Whenever regional groupings of developed countries are established, consolidated or enlarged, the interests of all developing countries should be safeguarded and promoted. In accordance with the principle of standstill accepted by the international community, such establishment, consolidation or enlargement should not adversely affect the economies of developing countries and should in particular avoid any increase in the existing discrimination against them;

5. In conformity with paragraph 4 above, the developed countries concerned should, when enlarging their regional groupings, observe the following guidelines:

(a) The process of tariff harmonization should not result in the deterioration of the trading position of developing countries in the markets of the acceding countries and current member countries through the increase of the rates of duty and/or the imposition of any other restrictive measure;

(b) The harmonization of the schemes of the generalized system of preferences of acceding countries and of the existing regional grouping should result in a scheme more favourable to developing countries;

6. In any case, whenever as a consequence of the enlargement of regional groupings of developed countries a deterioration of the trading position of a developing country occurs either in the market of the acceding country or in the market of the regional grouping, the developed country or the regional grouping concerned should compensate fully and adequately such developing country;

7. Developed countries should undertake concomitant obligations in their regional groupings by adopting the following measures:

(a) A time-bound programme for providing adequate and improved access for the products of all developing countries;

<sup>6</sup> See "Report of the African Ministerial Meeting preparatory to UNCTAD III," Addis Ababa, 8-14 October 1971 (E/CN.14/545), part II, "Action Programme," paragraph 7 of preamble.

<sup>4</sup> See *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report...*, annex A.I.1 to the Final Act.

<sup>5</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), p 431.

(b) Mechanisms for protecting the interests of all developing countries in any process of enlargement or intensification of their regional groupings;

(c) A non-discriminatory policy towards all developing countries in the field of trade, keeping in view the principle of non-reciprocity;

(d) In their policy of financial assistance, they should be governed by rational economic considerations in favour of all developing countries irrespective of the region to which they belong.

*Decides that:*

8. Whenever any policy of regional economic groupings of developed countries threatens the interest of developing countries, the Secretary-General of UNCTAD should convene upon request by Governments of member States concerned consultations among interested countries.

**Access to markets and pricing policy, including international price stabilization measures and mechanisms; marketing and distribution systems of primary commodities (agenda item 13 (a))**

At its 119th plenary meeting, on 20 May 1972, by virtue of adopting resolution 83 (III), the Conference decided to refer to the Board for consideration at its twelfth session two draft resolutions on which no agreement had been reached (TD/III/C.1/L.11 and TD/III/C.1/L.13). The texts of the two draft resolutions are given below:

**ACCESS TO MARKETS, PRICING POLICY, MACHINERY, AND INTERNATIONAL PRICE STABILIZATION MEASURES AND MECHANISMS**

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group (Document TD/III/C.1/L.11)*

*The United Nations Conference on Trade and Development,*

*Recalling* the International Development Strategy for the Second United Nations Development Decade, particularly its paragraphs 21 to 30 (General Assembly resolution 2626 (XXV)), and the relevant resolutions of UNCTAD,

*Decides* to establish the following programme of action with regard to access to markets and pricing policy for primary commodities of special interest to developing countries, within the target dates set out in the International Development Strategy:

*A. Access to markets*

**(1) Standstill**

Developed countries should strictly observe the principle of standstill, in accordance with the provisions of paragraph 25 of the International Development Strategy. No new tariff or non-tariff barriers should be introduced by the developed countries nor existing barriers increased, and where tariff and non-tariff barriers have been introduced or increased since the second Conference, these should be eliminated. Accordingly, the Trade and Development Board, at its thirteenth session, should adopt the necessary provisions for keeping under constant review the observance of the principle of standstill.

**(2) Liberalization of trade: Tariff and non-tariff barriers**

(i) All tariffs applied by developed countries to primary commodities, including processed and semi-processed primary commodities originating exclusively in developing countries, should be removed, taking account of paragraph 6 of part II of recommendation A.II.1 of the first Conference;

(ii) In the case of other primary products, including processed and semi-processed primary commodities of interest to developing countries, imported from developing countries, substantial reductions in and, wherever possible elimination of, all tariffs should be implemented;

(iii) Developed countries should reduce and ultimately eliminate internal taxes, fiscal charges and levies on all primary products, including semi-processed and processed primary products imported from developing countries. Pending such action, developed countries should institute a programme for the full refund of such taxes, fiscal charges and levies to developing countries;

(iv) Developed countries should include all products, including all processed and semi-processed agricultural and primary products, in BTN chapters 1-24 in their schemes of generalized preferences. All products in BTN chapters 25-99 excluded from the present arrangements should be similarly included in their schemes; at the same time, developing countries which will be sharing their existing advantages in some developed countries as the result of the introduction of the generalized system of preferences expect the new access in other developed countries to provide export opportunities at least to compensate them;

(v) Developed countries should agree:

(a) To take advance unilateral or joint action (in the case of groups of developed countries) for the reduction or elimination of tariffs and non-tariff barriers on a preferential, non-discriminatory and non-reciprocal basis in favour of developing countries prior to any multilateral negotiation;

(b) To eliminate differential treatment between primary products in their natural, processed and semi-processed forms;

(c) To eliminate the incentives for uneconomic domestic production of primary products in which developing countries are competitive, and to that end they should reduce their domestic price-support and change policy measures for subsidizing their production and exports;

(d) To continue and intensify intergovernmental consultations with the aim of reaching concrete and significant results early in the Decade and in any case before 31 December 1972, according priority through international joint action or unilateral action to reducing or eliminating duties and other barriers to imports of primary commodities, including those in processed or semi-processed form, of export interest to developing countries, with a view to ensuring that developing countries have improved access to world markets and to market growth for products in which they are presently or potentially competitive;

(e) Developed countries should abolish any measure taken to limit the access to their markets of a primary product originating in a specific developing country or processed product utilizing this primary product, by reason of the country's economic and social system;

(f) That negotiations for the phasing out and eventual elimination of existing quantitative restrictions and other non-tariff barriers should take place within UNCTAD.

**(3) Market sharing**

(i) Where products of developing countries compete with the domestic production of developed countries, each developed country should allocate a defined percentage of its consumption of such products to exports from developing countries. This allocation should be arrived at on a commodity-by-commodity basis through multilateral negotiations. In any case, developed countries should allocate a substantial share of any increase in their domestic demand for primary commodities to the exports of developing countries;

(ii) Socialist countries of Eastern Europe should announce specific targets for imports from developing countries as their contribution to these efforts.

### B. Pricing policy

(1) The main objective of pricing policy for commodities produced by developing countries should be to secure remunerative, equitable and stable price levels in order to contribute to the achievement of the over-all targets for economic development of developing countries as set by the General Assembly and by UNCTAD. For these purposes the following requirements should be met:

(a) The prices of commodities should not be allowed to deteriorate further and should, where possible, be improved;

(b) Excessive fluctuations in prices should be eliminated;

(c) The prices of commodities should lead to a satisfactory margin of remuneration for the producer so as to enable him to increase his productivity and to maintain fair labour standards while achieving higher standards of consumption and savings;

(d) The prices of commodities should provide to the Governments of the producing countries the financial resources that will enable them to implement an economic policy, including a commodity policy, that contributes to the promotion of over-all development;

(e) The prices of commodities should contribute to the attainment of export earnings that maintain and increase the purchasing power of the products exported by developing countries in relation to their essential imports from developing countries.

(2) Requests the Secretary-General of UNCTAD to continue studies with a view to making recommendations on the measures necessary to avoid the adverse economic effects on the prices of minerals exported primarily by developing countries which the exploitation of the sea-bed and the ocean floor and the subsoil thereof beyond the limits of national jurisdiction may have.

### C. Machinery

(i) A round of intensive intergovernmental consultations should be undertaken not later than 31 December 1972 on primary commodities of special export interest to developing countries, with the principal objective of providing tangible and early trade benefits in favour of all developing countries;

(ii) For this purpose, a special machinery should be established in UNCTAD in order to organize the round of consultations, setting up such *ad hoc* consultative groups on selected commodities or groups of commodities as may be appropriate. This machinery could also keep under review the observance of the principles of standstill on trade barriers referred to in part A, paragraph (1) above;

(iii) The commodities which should receive priority attention should include: *[List to be added later]*

(iv) Where products of developing countries compete with the domestic production of developed countries, each developed country should allocate a defined percentage of its consumption of such products to exports from developing countries. This allocation should be arrived at on a commodity-by-commodity basis through multilateral negotiations. In any case, developed countries should allocate a substantial share of any increase in their domestic demand for primary commodities to the exports of developing countries;

(v) The developed countries concerned should, in the context of the multilateral consultations provided for above, determine and announce the specific proportions of their consumption requirements for each commodity to be reserved, in the remaining years of the 1970s, for developing supplying countries. In any case, developed countries should allocate to developing countries a substantial share of any increase in their domestic demand for such primary commodities;

(vi) In instances in which market-sharing arrangements are found not to be feasible, and in which other ways of improving access are employed, special measures should be taken where necessary in order to ensure that developing countries receive a more-than-proportionate share of the increase in imports;

(vii) The socialist countries of Eastern Europe should make specific commitments concerning the sharing of their consumption requirements between domestic sources and developing exporting countries, and should announce increased quantitative import targets for more competitive commodities.

### D. International price stabilization measures and mechanisms

#### (a) International commodity arrangements

(i) As a matter of urgency, the international community should make greater efforts to pursue international action in the field of commodities, within time-bound targets, for the conclusion, where appropriate, of international agreements or arrangements, especially those in respect of commodities mentioned in Conference resolution 16 (II) and other commodities which may be identified from time to time for that purpose;

(ii) The Secretary-General of UNCTAD should continue, in co-operation with the international bodies concerned, and in particular with the Governing Councils and the secretariats of the Agreements, and in the light of the experience of the operation of existing international commodity agreements, a study on their effectiveness, seeking the views and suggestions of these bodies in connexion with measures designed to maximize possible benefits therefrom for all participating countries, especially the developing countries;

(iii) The Trade and Development Board should adopt a set of generally acceptable principles and guidelines with a view to promoting a rational international commodity policy and formulating a general agreement on commodity arrangements;

(iv) In view of the adverse impact on the export earnings of developing countries as a result of the deterioration of the terms of trade, the Trade and Development Board should examine ways and means whereby unit prices of imports of manufactures from developed countries and the unit prices of exports from developing countries could be linked, with a view to finding suitable means of increasing the export earnings of developing countries.

#### (b) Buffer stocks and stabilization reserve schemes

(i) Developed consuming countries should agree to share responsibility in the financing of buffer stocks and stabilization reserve schemes in any international commodity arrangement;

(ii) It is recommended that the International Monetary Fund review its facilities for financing buffer stocks, with a view to relaxing and, if necessary, modifying their conditions in order to enable developing countries to derive maximum benefits therefrom;

#### (c) Disposal of surplus and strategic reserves

Developed countries making disposals from surpluses or strategic reserves should ensure that such disposals will not adversely affect the economies of developing countries. Disposals from surplus and strategic reserves and other government-held non-commercial inventories of primary products not covered by the FAO Principles on Surplus Disposals should be kept under review in UNCTAD, with a view to ensuring implementation of decision 4 (V) of the Committee on Commodities;

#### (d) Consultation and co-operation among developing countries

Developing countries are recommended to reinforce co-operation among themselves and to select specific commodities for initiating new efforts. In particular, commodity-export-

ing developing countries should, in relation to both agricultural and mineral commodities, establish appropriate mechanisms of co-ordination and co-operation;

(e) *Intergovernmental consultation on commodity matters*

Gives to the Secretary-General of UNCTAD the necessary flexibility to convene intergovernmental consultations on commodity matters.

ACCESS TO MARKETS AND PRICING POLICY

*Draft resolution submitted by: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland (document TD/III/C.1/L.13)*

*The United Nations Conference on Trade and Development,*

Noting that the work of the Second Conference did not lead to adequate results in the field of trade liberalization and pricing policy,

Recognizing, however, that since then the Trade and Development Board and the Committee on Commodities have examined the draft resolutions which had been remitted to them by the Conference and that the Board has adopted resolution 73 (X) on trade liberalization and pricing policy,

Recognizing that resolution 73 (X) represents the outcome of lengthy, serious and concerted efforts and that, as adopted, it represents a solid, realistic and balanced compromise with a view to appropriate and concrete action on a case-by-case basis,

Noting that multilateral and comprehensive negotiations are scheduled to begin in the framework of GATT in 1973 with a view to the expansion and liberalization of world trade, improvement of the international framework for the conduct of world trade and commercial relations, and improvements in the standard of living of the peoples of the world, and that in these negotiations special attention will be given to the problems of developing countries,

1. *Recommends* that all States members of UNCTAD should continue to recognize that resolution 73 (X), as adopted, is a valuable and reasonable policy instrument, and that it should continue to serve as the basis for concrete actions in the areas of trade liberalization and pricing policy, either through multinational endeavours or unilaterally, or both;

2. *Urges* that the principles and objectives contained in resolution 73 (X) on trade liberalization and pricing policy be observed fully by countries members of UNCTAD in any future policy action involving these matters;

3. *Recommends* strongly that all developing countries members of UNCTAD, including those not members of GATT, participate actively in the broadly-based multilateral negotiations scheduled for 1973, according to agreed modalities to be determined by the Contracting Parties;

4. *Invites* the Contracting Parties to GATT to make adequate arrangements in practical terms for the full and active participation of all developing countries in those negotiations;

5. *Recommends* strongly that developed countries give special attention to the problems of developing countries in the preparation for, and in the course of, these negotiations;

6. *Invites* the Secretary-General of UNCTAD to report to the Trade and Development Board at each regular session on progress made in accordance with this resolution.

Diversification (agenda item 13 (c))

At its 119th meeting, on 20 May 1972, the Conference decided to remit to the Trade and Development Board for its consideration the draft resolution contained in document TD/III/C.1/L.4, together with suggestions made relating thereto,<sup>7</sup> on which agreement had not been reached. The texts of the draft resolution and of the suggestions are given below:

*Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group*

*The United Nations Conference on Trade and Development, Bearing in mind paragraphs 28, 75 and 76 of the International Development Strategy (General Assembly resolution 2626 (XV)), in which diversification is recognized as one of the principal means of accelerating the economic and social development of the developing countries,*

*Reaffirming* decisions 2 (III) and 5 (VI) of the Committee on Commodities of UNCTAD,

*Reaffirming* also that horizontal diversification of the production and export of commodities, and vertical diversification of the production and export of manufactures and semi-manufactures, constitute an integral and dynamic process,

*Recognizing* the importance of diversification of the economies of the developing countries and the extent to which adjustment and restructuring of the economies of developed countries can contribute to this purpose and accepting that the responsibility for diversification lies primarily with the developing countries, and that the developed countries should assist developing countries in their diversification efforts by a comprehensive commitment to enable the developing countries to undertake appropriate policies,

1. *Urges* the developed countries:

(a) To adopt an adequate policy of access to their markets and an adequate price policy which will facilitate the complete execution of diversification programmes;

(b) To undertake to introduce structural adjustments of their economies in order to facilitate the expansion of imports from developing countries, particularly in respect of countries heavily dependent on the export of commodities facing structural marketing problems;

(c) To enlarge their system of generalized preferences to cover, in particular, processed and semi-processed primary commodities;

(d) To facilitate the transfer of technology;

(e) To support diversification funds established or to be established in developing countries and, jointly with the developing countries, to invite international financial institutions to support diversification funds;

2. *Requests* the Secretary-General of UNCTAD to prepare, in consultation with international financial organizations, a study on the creation of a fund for the support of national programmes for the diversification of exports, to be constituted with additional financial resources for development;

3. *Further requests* the Secretary-General of UNCTAD to carry out, from funds available to the United Nations Development Programme for regional projects, a preliminary survey of the existing infrastructure of developing countries, in order to identify the minimum that is necessary to enable developing countries to benefit from any programme of diversification;

4. *Invites* the International Bank for Reconstruction and Development and other international and regional financial

<sup>7</sup> See annex VI, A above (report of the First Committee), paras. 110 and 111 and appendices II and III.

institutions, through the appropriate channels, to consider giving due priority in their lending policies to assistance:

(a) To improve the competitive position of natural products facing competition from synthetics;

(b) To improve the quality and yields of basic food crops in the developing countries;

(c) To utilize the results of modern science and technology to assist the specific vertical and horizontal diversification of developing countries.

*Text containing suggestions by Group B for discussion in connexion with document TD/III/C.1/L.4<sup>8</sup>*

*The United Nations Conference on Trade and Development,*

*Bearing in mind* paragraphs 28, 75 and 76 of the International Development Strategy (General Assembly resolution 2626 (XV)), in which diversification is recognized as one of the principal means of accelerating the economic and social development of the developing countries,

*Reaffirming* decisions 2 (III)<sup>9</sup> and 5 (VI)<sup>10</sup> of the Committee on Commodities,

*Reaffirming* also that horizontal diversification of the production and exportation of commodities, and vertical diversification of the production and exportation of manufactures and semi-manufactures, constitute integral and dynamic parts of the development process,

*Recognizing* the importance of the diversification of the economies of the developing countries and accepting that the responsibility for diversification lies primarily with the developing countries, and further that an important role can be played by other countries and the international institutions in assisting developing countries in their diversification efforts,

*Aware* that to be fully effective, diversification on the one hand would have to include a wide range of complementary measures in the commodity field, such as promotion activities (e.g. market research), product adaptation activities (e.g. quality control, standardization), measures promoting consumption (e.g. new end-use research) and trade policy measures on the part of other countries, including to the extent possible and, as appropriate, access to markets and pricing policy; and on the other hand, would have to include adequate and close co-ordination among all concerned so that, e.g. assistance measures required in the commodity diversification process will be carried out with due account taken of trade policy aspects and of the characteristics and market situations and prospects of the commodities concerned,

*Acknowledging* that a fuller exchange of relevant information on market developments and diversification activities in the commodity field is an essential element in the promotion and harmonization of diversification programmes,

1. *Invites* the international organizations concerned with economic development and diversification to consider jointly the need and possible scope for additional regular collection and dissemination of data relevant to decision-making, and requests the UNCTAD secretariat to follow, and report on progress in, these endeavours;

2. *Urges* the appropriate agencies of the United Nations to make concerted efforts to strengthen the statistical systems of developing countries, in co-operation with, and with the consent of, such countries;

3. *Endorses* the intensification of efforts by the United Nations agencies concerned to assist developing countries facing particularly serious and urgent diversification problems by carrying out at the latter's invitation, studies in depth in the field of commodities, in connexion with the development of long-term diversification strategies, and requests the secretariat to follow, and report on the progress of, such activity falling within the particular field of interest of the Committee on Commodities;

4. *Invites* the intergovernmental commodity groups and other specialized international governmental commodity bodies to aim, as part of their regular work, and within their field of competence and existing terms of reference, to review the problems of, and progress in, horizontal diversification in the commodities with which they are concerned and include this subject in their annual statements to the Committee on Commodities;

5. *Requests* the UNCTAD secretariat to include to the extent feasible, in its annual review of recent developments in the commodity field, a report on achievements in the commodity diversification area;

6. *Requests* the UNCTAD secretariat to pursue with the International Bank for Reconstruction and Development the establishment of liaison to permit staff-level consultation on market forecasts for commodities which are covered by the secretariat's ongoing work programme;

7. *Urges* donor and recipient Governments considering bilateral assistance for commodity production projects to consult to the extent possible with the international organizations concerned with economic development and with commodity matters on the national and international implications of such projects, with a view to promoting the global harmonization of diversification programmes;

8. *Recommends* that in their bilateral assistance for economic development, donor countries make an effort to promote diversification programmes within the framework of the national policies of recipient countries, especially in those countries whose export earnings depend to a large degree on one or several commodities which: (a) show structural surpluses, (b) face especially severe competition from synthetics and substitutes, and (c) confront unsatisfactory demand for other reasons;

9. *Urges* developing countries to give appropriate priority in their diversification programmes to the training of personnel in the techniques of programme and project evaluation and administration, including the collection and evaluation of intelligence studies, and other material pertinent to the successful execution of their responsibilities;

10. *Invites* developing countries to undertake other necessary measures to promote a rapid diversification of their economies.

<sup>8</sup> Taken from appendix II,E to the report of the First Committee (see annex VI, A above).

<sup>9</sup> See *Official Records of the Trade and Development Board, Eighth Session, Supplement No. 3 (TD/B/202/Rev.1)*, annex I.

<sup>10</sup> *Ibid.*, *Eleventh Session, Supplement No. 4 (TD/B/370)*, annex I.

## ANNEX VIII

### Other basic documents

#### A. ADDRESS DELIVERED BY MR. SALVADOR ALLENDE GOSENS, PRESIDENT OF CHILE AT THE INAUGURAL CEREMONY ON 13 APRIL 1972 \*

1. Let me begin by thanking you, on behalf of the people and the Government of Chile, for the great honour you have done us by choosing Santiago as the venue for this third session of the United Nations Conference on Trade and Development. We appreciate it all the more as you will be discussing the world's most serious problems: the sub-human condition of more than half its population. You have been convened to rectify the unfair international division of labour, based on a dehumanized concept of mankind.

2. The presence of so many leaders of economic affairs from every part of the world, including Ministers and high-ranking officials, enhances the significance of this honour. It is encouraging that all the organizations in the United Nations system are represented here, besides the intergovernmental and non-governmental bodies concerned with development problems, and the information media of all five continents.

3. With me are the representatives of the Chilean nation: the Presidents of the Senate, the Judiciary and the Chamber of Deputies, comrades Ministers of State and Members of Parliament and civil, military and ecclesiastical authorities, accompanied—in representation of the people—by workers and students.

4. Accordingly, in the name of our people and of its representatives present at this ceremony, I offer our guests a very warm welcome, and wish them a pleasant stay in a country that receives them with cordial friendship and understandable anticipation. I also extend my respectful greetings to the resident Diplomatic Corps.

5. To Mr. Kurt Waldheim, Secretary-General of the United Nations, we owe a very special debt of gratitude. In taking the trouble to attend this opening meeting so soon after assuming his high office, his intention has doubtless been to show that he accords this Conference the priority it deserves; that for him the development of the third world and the expansion and improvement of trade are matters of as much urgency and importance as the most explosive political questions; and that he fully realizes that economic stability and development are, as established in the Charter of the United Nations, essential and interdependent factors of international peace, security and good will.

6. To my good friend, Mr. Manuel Pérez Guerrero,

Secretary-General of UNCTAD, I should like to express our deep appreciation of his selflessness and efficiency in the discharge of his functions, and of the outstanding quality of the preparatory work for the present meeting.

7. Lastly, to Mr. Langman, Minister for Economic and Financial Affairs of the Kingdom of the Netherlands, I would offer the sincere gratitude of the Government and people of Chile for his country's generous contribution of the transmitting and amplifying equipment for the conference rooms in this building.

#### *UNCTAD and the future of the third world*

8. In the third session of the Conference I hail an assembly of the world community of nations—in effect, of almost all mankind. Unfortunately, not yet quite all. For us, the peoples of the third world, UNCTAD should constitute the chief and most effective of the instruments available for negotiation with the developed countries.

9. The basic mission of this third session which is starting today is to further the replacement of an outdated and essentially unjust economic and trade order by an equitable one based on a new concept of man and of human dignity, and to promote the reformulation of an international division of labour which the less advanced countries can no longer tolerate, inasmuch as it obstructs their progress while it favours only the affluent nations.

10. From the standpoint of our countries this is a crucial test. We refuse to go on giving the name of international co-operation for development to a mere travesty of the concept enshrined in the Charter. The results of the Conference will show whether the commitments assumed in the International Development Strategy for the Second United Nations Development Decade reflected a genuine political will or were simply delaying tactics.

#### *Preliminary observations*

11. If the analyses and decisions of the Conference at its third session are to be realistic and pertinent, we must face the world as it is, defending ourselves against illusions and mystifications, but at the same time throwing wide the gates of imagination and creativeness to new solutions for our old problems.

12. The first point to be noted is that our community is not homogeneous, but divided up into peoples that have grown rich and peoples that have remained poor.

\* The text of this address was circulated to the Conference as document TD/150.

Yet more important is it to recognize that among the poor nations themselves there are, unfortunately, some that are even poorer than others; and many that exist under unbearable conditions. Their economy is dominated by foreign powers; outsiders hold all or part of their territory; they still endure the yoke of colonialism; or a majority of their population is exposed to the violence of racial prejudice and of *apartheid*. Worse still, in many of our countries deep social disparities oppress the masses and benefit only the privileged few.

13. Secondly, the toil and the resources of the poorer nations subsidize the prosperity of the affluent peoples.

14. Manifest, too, is the validity of the Declaration made at Lima by the Ministers of the third world.<sup>1</sup> Between 1960 and 1969, our countries' share in world trade dropped from 21.3 per cent to 17.6 per cent. During the same period, our annual *per capita* income increased by only \$40, while that of the affluent nations rose by \$650.

15. Over the last 20 years, the ebb and flow of foreign capital into and out of the third world has meant a net loss for us of many hundreds of millions of dollars, besides leaving us in debt to the tune of nearly \$70 thousand million.

16. Direct investment of foreign capital, often presented as an instrument for progress, has almost always proved negative in its effects. For example, between 1950 and 1967, according to data furnished by the Organization of American States, Latin America received \$3,900 million and disbursed \$12,800 million. We paid out four dollars for every dollar we received.

17. Thirdly, this economic, financial and trade order, so prejudicial to the third world precisely because it is so advantageous for the affluent countries, is defended by most of these with bulldog tenacity, through their economic might, through their cultural influence, and, on some occasions, and by some powers, through almost irresistible forms of pressure, through armed interventions which violate all the commitments assumed under the Charter of the United Nations.

18. Another development of unquestionably vital importance, which cuts across and embraces the present structure of international economic relations, and which in practice makes a mock of international agreements, is the expansion of the great multinational corporations.

19. In economic circles, and even at meetings like this, trade and development facts and figures are often bandied to and fro without any real attempt to consider how they affect the human being, how they affect his basic rights, how they strike at the very right to life, which implies the right to full self-realization. The human being should be the object and the goal of all development policies and of all desirable forms of international co-operation. This is a concept which must be borne in mind in every discussion, in every decision, in every policy measure which aims at fostering progress, whether at the national or at the multilateral level.

20. If the present state of affairs continues, 15 per cent of the population of the third world is doomed to die of starvation. Since, moreover, medical and health services are seriously deficient, the expectation of life is only half as long as in the industrialized countries, and a high proportion of the population can never make any real contribution to the progress of thought and creative activity. Here I may repeat something of which our people are painfully aware. In Chile, a country with about ten million inhabitants, where levels of diet, health and education have been higher than the average for developing countries, there are 600,000 children who, for want of proteins in the first eight months of their life, will never attain the full mental vigour for which they would have been genetically fitted.

21. There are more than 700 million illiterates in Asia, Africa and Latin America, and as many million more have got no farther than the stage of basic education. The housing deficit is so colossal that in Asia alone there are 250 million persons without a proper roof over their heads. Proportional figures are recorded for Africa and Latin America.

22. Unemployment and under-employment have soared to a terrifying pitch and are still increasing. In Latin America, for example, 50 per cent of the economically active population are out of work, or have jobs which are nothing but forms of disguised unemployment, their earnings from which, especially in the rural areas, fall far short of their vital needs. This is the logical outcome of a well-known fact: the developing countries, in which 60 per cent of the world's population is concentrated, have at their disposal only 12 per cent of the gross product. There are scores of countries in which annual *per capita* income does not exceed \$100, while in several others it amounts to about \$3,000 and in the United States it reaches \$4,240.

23. Some can look forward to a livelihood which will bring everything within their reach. Others are born to starve. And even in the midst of plenty, there are millions who lead a handicapped and poverty-stricken life.

24. It is incumbent upon us, the underprivileged, to strive unflinchingly to transform an archaic, inequitable and dehumanized economic structure into one which will not only be fairer to all, but will be capable of counteracting the effects of age-old exploitation.

#### *Ways out of under-development*

25. The question is whether we poorer nations can meet this challenge from our present subordinate or dependent positions. First we must acknowledge long-standing weaknesses on our own part which have done much to perpetuate the disparate trade patterns that have led the peoples of the world to develop along equally disparate lines: for example, the connivance of some national ruling groups with the causes of under-development. Their own prosperity was based precisely on their role as agents of foreign exploitation.

26. No less important has been the alienation of the national consciousness. It has absorbed an idea of the world worked out in the great dominant centres and

<sup>1</sup> Declaration and Principles of the Action Programme of Lima (see section F below).

presented in scientific guise as the explanation of our backward state. Such theories ascribed the inevitable stagnation of the developing continents to supposed natural factors such as climate, race or racial mixtures, or attachments to indigenous cultural traditions. But they paid no heed to the real causes of backwardness, such as foreign colonial and neo-colonial exploitation.

27. Another respect in which we are to blame is that the third world has not yet achieved full unity, wholeheartedly backed by every single one of our countries.

28. The correction of these mistakes must be accorded priority. The same view is expressed in the Charter of Algiers<sup>2</sup> and in the Declaration of Lima drawn up by the Group of 77.

*The internal effort of the developing countries themselves*

29. The Governments of the countries of the third world have now formulated a philosophy much more consciously in keeping with the realities of today. For example, the Declaration of Lima, besides endorsing the emphatic assertion in the Charter of Algiers that the primary responsibility for our development rests on us, pledged its signatories to carry out the reforms in their economic and social structures required to ensure the full mobilization of their basic resources and to guarantee their people's participation in the process of development and in its benefits. The Declaration likewise condemned dependence in any shape or form which might help to aggravate under-development.

30. Not only do we support this philosophy in Chile, but we are putting it fully into practice. We are doing so with profound conviction, consistently with our socio-economic and political situation.

31. The people and the Government are committed to a historical process designed to bring about fundamental and revolutionary changes in the structure of Chilean society. We want to lay the foundations for a new society which will offer all its members social equality, welfare, freedom and dignity.

32. Experience, often a hard taskmaster, has taught us that in order to meet our people's needs and provide everyone with the means of full self-realization, it was essential to leave behind the capitalist régime of dependence and forge ahead along a new road. This new road is the socialism we are starting to build.

33. In line with our history and tradition, we are conducting this process of revolutionary change while taking steps to make the system more truly democratic, with due respect for the pluralism of our political organization, within the legal order and using the legal instruments which the country has adopted for itself; not only maintaining but extending civic and social, individual and collective liberties. In Chile there is not a single political prisoner, nor the least restriction on oral or written freedom of speech. All creeds and forms of

worship are unconditionally permitted, and are treated with the greatest respect.

34. In this country the forces of the opposition can exercise the right granted them by the Law and the Constitution to voice their protests and organize marches, and it is precisely on a legal foundation that this attitude is based. Moreover, the Government guarantees the right in question through its own security forces.

35. Chile's process of change has been launched under a multi-party régime, with a highly-developed body of law and a judicial system that is absolutely independent of the other State powers. The opposition has the majority in Parliament.

36. By releasing pent-up dynamic forces in the economic system, we propose to do away with the traditional growth model which was based almost entirely on the expansion of exports and on import substitution. Our strategy implies assigning priority to popular consumption and relying upon domestic market prospects. We do not advocate economic self-sufficiency, but utilization of the immense potential represented by our people and our resources as active agents of development.

37. One of the primary objectives of the People's Government is the recovery of the country's basic sources of wealth for its own use.

38. We have nationalized iron, steel, coal and nitrate, which now belong to the Chilean people. We are nationalizing copper through a constitutional reform that has been unanimously approved by a Parliament in which the Government does not have the majority. We have taken over the copper industry and have achieved high production, overcoming immense technical and administrative difficulties, and remedying serious defects imputable to those who were drawing the profits of these mines.

39. The recovery of our basic resources will now enable us to use for our own benefit the surpluses formerly sent abroad by the foreign companies. We shall thus improve our balance of payments.

40. The nationalization of copper was an inevitable step which could brook no delay. To assess the harm that was being done to our economy, suffice it to quote only a few figures: according to their book values, the copper-mining companies made a net initial investment of \$30 million in Chile 42 years ago, and since then, without having subsequently brought in any fresh capital, have withdrawn the enormous sum of over \$4,000 million—a sum almost the equivalent of our current external debt. They have also bequeathed us credit commitments totalling over \$700 million, which the State will have to pay off. According to the 1968 balance sheet, the Anaconda Company had placed only 17 per cent of its total world investment in our country. Yet it obtained 79 per cent of its profits from Chile.

41. I will refer to only two other aspects of my Government's socio-economic action: one is its policy of broad and radical income redistribution, and the other the speeding-up of the agrarian reform, with the aim of ensuring that by the end of this year not a

<sup>2</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I. and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), p. 431.

single latifundium will be left in Chile. This reform includes a dynamic and realistic agricultural development strategy. Thus, in but a few years we hope to make up the food deficit which nowadays compels us to import foodstuffs to a value of over \$300 million, a sum out of proportion to our resources.

#### *The regional effort*

42. All that has been done at the national level has been complemented by a determined policy of economic integration with the Latin American countries. In particular, the Andean Pact (whose members are Bolivia, Chile, Colombia, Ecuador and Peru) is a living example of the immense possibilities that exist for co-operation between underdeveloped countries, when there is a firm political will to take action.

43. In less than three years we have trebled our reciprocal trade, and we are applying instruments for co-ordinating the economic strategies of the individual countries. To this end, we have agreed upon a Common Treatment for Foreign Investment, which puts an end to our suicidal competition to tap external resources and corrects unfair practices that have long been in use. We are fully convinced that integration among countries like ours cannot derive solely from the mechanical interplay of market forces; joint planning must be undertaken for the key sectors of the economy, with a view to determining the lines of production that each country will be called upon to undertake.

44. The Andean Pact—authentically Latin American—is of vital importance not only because of the technical pragmatism with which we are tackling problems as they arise, but also because we are conducting an indigenous experiment in integration, based on the most absolute respect for ideological pluralism and for each country's legitimate right to adopt whatever internal structures it may deem most appropriate.

#### *The structure of international economic relations and underdevelopment*

45. The task assigned to the third session of the United Nations Conference on Trade and Development is to design new economic and trade structures, precisely because those established in the post-war period, which are seriously prejudicial to the developing countries, are on the verge of complete collapse.

46. The concepts formulated at Bretton Woods and Havana, which brought into being IBRD, IMF and GATT, were characterized by exchange, trade and development financing systems based on the interests of a few dominant countries. They evolved at a time when war between the industrial countries of the West and the socialist world was deemed inevitable. As always, economic interests and political interests joined forces to overbear the countries of the third world.

47. The systems in question established the rules of the trade game. They closed markets to the products of the third world through the establishment of tariff and non-tariff barriers, through their own anti-economic and unfair production and distribution structures. They

set up pernicious financing systems. Furthermore, they determined shipping practices and norms, fixed freight rates and thus secured a virtual monopoly of cargo. They also left the third-world countries to watch the march of science as outsiders, and exported to us technical know-how which in many cases simply constituted an instrument of cultural alienation and of increased dependence. We poorer countries cannot allow this situation to continue.

48. Moreover, the systems conceived at Bretton Woods and Havana have proved incapable of raising the level of living of more than half the human race, or even of maintaining the economic and monetary stability of their own creators and administrators, as has been demonstrated by the dollar crisis which precipitated the collapse.

#### *New world conditions facilitating the work of the Conference at its third session*

49. Since the second session of the Conference, at New Delhi, which was so great a disappointment to the developing countries, world events themselves have transformed the whole political and economic scene, and today there are better possibilities for the Conference at its third session to take important steps in the direction proposed.

50. It is clear to all that the financial conceptions of the post-war period are tottering; that the new or strengthened centres of political and economic power are generating striking changes of front among the industrialized countries themselves. Peaceful co-existence between the capitalist and socialist countries has finally carried the day. After twenty years of injustice and violation of international law, the exclusion of the People's Republic of China from the world community has come to an end.

51. Furthermore, in our countries the growing resistance to imperialist supremacy and likewise to internal class domination is daily increasing in strength; a healthy nationalism is gaining renewed vigour. Possibilities are opening up, embryonic as yet although promising, for the less developed countries to make their efforts at self-improvement under a lesser degree of external pressure and at a less heavy social cost. Among these hopeful signs is the awareness which the poorer nations are acquiring of the factors responsible for their backwardness. On occasion, their conviction is so profound that no foreign power and no native privileged group can sway it, as is shown by the invincible heroism of Viet-Nam. Few still dare to expect all the countries of the world to adopt the same socio-economic models. What is compulsory, on the other hand, is the mutual respect which makes it possible for nations with different socio-political systems to live side by side and trade with one another. The present time is witnessing the emergence of specific possibilities for constructing new international trade patterns, which may at last open up prospects of equitable co-operation between rich and poor nations.

52. These prospects rest upon two bases. Firstly, the decisions which substantially affect the destiny of

mankind are increasingly influenced by world opinion, including that of the countries which uphold the *status quo*. Secondly, conditions are arising which make it advantageous for the central countries themselves (although not for all their enterprises) to establish new patterns for their specifically economic relations with the peripheral countries.

53. Obviously, the forces of restriction are not yet beating a general retreat. The new hopes that promise liberation may lead only to new forms of colonialism. They will crystallize in one shape or the other according to our clarity of thought and capacity for action. Hence the exceptional importance and timeliness of this third session of the Conference.

54. Just as in the last century the forces unleashed by the Industrial Revolution metamorphosed the customs, ways of life and modes of thought of all countries, so today the world is being swept by a tide of new technical and scientific discoveries which have the power to bring about still more radical changes, in conflict with pre-existing social systems.

55. We should make sure that the march of pure and applied science is not so conditioned by inflexible social and political structures—both national and international—as to militate against the liberation of mankind. We know that the Industrial Revolution and the wave of change it brought represented for many countries a mere transition from colonial to neo-colonial status and, for others, direct colonization. For example, in the international telecommunication system a formidable danger is implicit. Seventy-five per cent of it is in the hands of the developed countries of the West, and of this proportion, more than 60 per cent is controlled by the big United States private corporations.

56. Both to the Secretary-General, and to the delegations present, I wish to point out that in less than ten years our community institutions and our homes will be flooded by information and publicity which will be directed from abroad by means of satellites of high transmission power, and which, unless counteracted by timely measures, will serve only to increase our dependence and destroy our cultural values. This danger must be averted by the international community, which should demand that control be exercised by the United Nations.

57. Another factor, that should be regarded as more favourable, stems from the increasingly obvious conflicts between the public interests of the wealthy nations (those which are of real benefit to their peoples) and the private interests of their great international corporations. The over-all cost (military, economic, social and political) of operating through multinational enterprises exceeds their contribution to the central economies and becomes more and more burdensome to the taxpayer.

58. We should also take into account the depredations of these consortia, and their powerful corruptive influence on public institutions in rich and poor countries alike. The peoples affected oppose such exploitation, and demand that the Governments concerned should cease to leave part of their external economic policy in the hands of private enterprises, which arrogate to themselves the role of agents promoting the progress of

the poorer countries, and have become a supranational force that is threatening to get completely out of control.

59. This undeniable fact has profound implications for the proceedings of the present Conference. There is a serious risk that even if we arrive at satisfactory understandings among the representatives of sovereign States, the measures upon which we agree may have no real impact, inasmuch as *de facto* these companies quietly handle the practical application of the agreements in conformity with their own interests.

60. They have their objectives, their own policies with regard to trade, shipping, international affairs and economic integration, their own view of things, their own activity, their own world.

61. We spend our time at international meetings discussing the visible features of the third world's structure of dependence, while its underlying determinants slip by us unseen, like the submerged three quarters of an iceberg.

62. UNCTAD should look very carefully into this threat. This flagrant intervention in the internal affairs of States is more serious, more subtle and more dangerous than that of Governments themselves, which is condemned in the Charter of the United Nations. The corporations actually seek to upset the normal functioning of the government and institutions of other nations, to start world-wide campaigns against the prestige of a Government, to make it the victim of an international boycott and to sabotage its economic relations with the rest of the world. Recent and well-known cases, which have shocked the world, and by which we are directly affected, sound the alarm for the international community, which is under an imperative obligation to react with the utmost vigour.

#### *Reflections on some crucial problems*

63. I now want to turn to other problems. It is for the delegations attending this Conference to put forward whatever solutions they may deem appropriate. Not only is there abundant documentation prepared by the United Nations, but also—and of particular importance—the Declaration and Principles of the Action Programme of Lima. This document constitutes “the unified expression of the shared hopes and aspirations of mankind, as expressed by the representatives of the vast majority of mankind”, which should “go a long way in evoking favourable response from the international community and, in particular, from the peoples and Governments of the developed world”. It is for you to meet all the legitimate demands which the Action Programme embodies.

64. They are all of vital importance. I would stress the problems relating to primary commodities because they are of basic interest to the great majority of the participants.

65. For my own part, I only want to place before the meeting some of the points that concern me, as Chief of State of one of the third-world countries, with respect to certain items on the agenda.

66. It is impossible for all the industrialized countries to respond alike. Their resources and means of action are different, nor have they all had the same share of responsibility in the creation and maintenance of the existing international order. For example, neither the socialist countries nor all the small and medium-sized countries have contributed to the generation of this irrational division of labour.

#### *Reforms of the monetary and trade systems*

67. The first of my anxieties relates to the danger that the restructuring of the international monetary and trade systems may once again be carried out without the full and effective participation of the countries of the third world.

68. In connexion with the monetary system, and particularly since the crisis of August 1971, the developing countries have recorded their protest in all world and regional meetings. They had no responsibility whatever for the breakdown of monetary and trade machinery in whose management they had taken no part. Time and again they have urged that a monetary reform must be jointly prepared by all the countries of the world; that it must be based on a more dynamic concept of world trade; that it must recognize the new requirements of the developing countries; and that never again must it be handled exclusively by some few privileged countries.

69. It is of vital importance that the Conference should unhesitatingly and unreservedly reaffirm these objectives.

70. True, the details of a new system can be completed in other more specialized gatherings. But so close is the connexion between monetary problems and trade relations, as the crisis of August 1971 testified, that it is the duty of UNCTAD to discuss the subject in depth and to see that the new monetary system, studied, prepared and administered by the whole of the international community, will also serve to finance the development of the third-world countries, alongside the expansion of world trade.

71. In respect of the trade reform which has become indispensable, there are some grounds for alarm. A few weeks ago the United States and Japan, on the one hand, and the United States and the European Economic Community, on the other, sent respective memoranda to GATT.<sup>8</sup> These two almost identical documents declare that the sponsors pledge themselves to launch and actively support the conclusion and implementation of integral agreements under GATT as from 1973, with a view to the expansion and liberalization of international trade. They add that, furthermore, their aim is to improve the level of living of all peoples, and that ways of achieving this include, among others, the progressive lowering of trade barriers, and endeavours to improve the international framework within which trade is carried on.

72. It is, of course, satisfactory that three great centres of power should decide to subject their inter-

national economic relations to a thorough overhaul, taking into account the improvement of the levels of living of all peoples. It is also laudable that they should mention the need to reorientate trade policy through international or regional agreements making for market organization. But it does not escape our observation that the liberalization of trade among the industrialized countries of the West wipes out at a stroke of the pen the advantages of the general system of preferences for the developing countries.

73. And what we find most disquieting is that the three great economic powers are proposing to implement this policy not through UNCTAD but through GATT. The General Agreement on Tariffs and Trade has always been essentially concerned with the interests of the powerful countries; it has no reliable linkage with the United Nations and is not obliged to adhere to its principles, and its membership is at odds with the concept of universal participation.

74. I think that the developed countries should put an end to these continual onslaughts against UNCTAD, which is the world community's most representative body in this field, and affords exceptional opportunities for negotiating major economic and trade questions on a footing of legal equality. The developing countries, in contrast, wish to perfect the existing institution and broaden its authority. It is essential that UNCTAD should acquire full autonomy and become a specialized agency of the United Nations system, so that it can exercise greater freedom of action, greater influence, greater capacity to solve those crucial problems which fall within its province. We peoples of the third world, who did not speak out at Bretton Woods or at the later meetings where the financial system now in force was drawn up, who do not participate today in the decisions of the Ten on the financial strategy of the great Western Powers; we who have no voice in discussions on the restructuring of the world monetary system; we need an efficacious instrument to defend our threatened interests. At the present time, this instrument can only be UNCTAD itself, converted into a permanent organization.

#### *The overburdening of the developing countries by debt*

75. My second concern relates to the external debt. We developing countries already owe more than \$70,000 million, although we have contributed to the prosperity of the wealthy peoples from time immemorial, and more particularly in recent decades.

76. External debts, largely contracted in order to offset the damage done by an unfair trade system, to defray the costs of the establishment of foreign enterprises in our territory, to cope with the speculative exploitation of our reserves, constitute one of the chief obstacles to the progress of the third world. The Declaration and Principles of the Action Programme of Lima and resolution 2807 (XXVI) of the General Assembly of the United Nations dealt with the question of indebtedness. That resolution took into consideration, *inter alia*, the increasingly heavy burdens imposed by debt servicing on the countries of the third world, the weakening of gross transfers of resources to the

<sup>8</sup> See GATT documents L/3670 and L/3669.

developing countries and the deterioration of the terms of trade. It emphatically requested the competent financial institutions and the creditor countries concerned to give sympathetic consideration to requests for rescheduling or consolidation of their debts with appropriate periods of grace and amortization, and reasonable rates of interest. It also invited the same countries and institutions to examine more rational ways of financing the economic development of the third world. All this is highly satisfactory for us.

77. I believe it is indispensable to make a critical study of the way in which the third world's external debt has been contracted and the conditions required to rescue it from this position without impairing its efforts to combat under-development. Such a study might be undertaken by the Secretary-General of UNCTAD and presented to the General Assembly of the United Nations.

78. At the present time Chile exemplifies the seriousness of the situation. Our total annual income is \$1,200 million. This year we are due to pay \$408 million. It is inconceivable that out of every \$100 that flow into its coffers a country should have to earmark \$34 for the servicing of its external debt.

*Pressures to prevent the exercise of the right to dispose freely of natural resources*

79. My third concern is directly connected with the second. It relates to the real and potential pressure exerted to restrict the sovereign right of peoples to dispose of their natural resources for their own benefit. This right has been proclaimed in the International Covenants on Human Rights, in several resolutions of the General Assembly and in the General Principle One adopted by the Conference at its first session.

80. In the Lima Declaration the Group of 77 very clearly formulates an additional principle for the defence of our countries against threats of this kind. We need to raise it from the status of a principle to that of a ruling economic practice. It reads as follows: "The recognition that every country has the sovereign right freely to dispose of its natural resources in the interests of the economic development and well-being of its own people; any external, political or economic measure or pressure brought to bear on the exercise of this right is a flagrant violation of the principles of self-determination of peoples and of non-intervention, as set forth in the Charter of the United Nations, and, if pursued, could constitute a threat to international peace and security".<sup>4</sup>

81. Why did the developing countries wish to be so explicit? The history of the past fifty years abounds in examples of direct or indirect coercion, military or economic—cruel for those who suffer it and degrading for those who inflict it—designed to prevent the under-developed countries from making free use of their basic resources which represent the daily bread of their inhabitants. Mexico, Central America and the Caribbean have known it. The case of Peru, in 1968, elicited

an uncompromising retort from the Latin American countries at a meeting of the Special Committee on Latin American Co-ordination—as witness the Latin American Consensus of Viña del Mar.<sup>5</sup>

82. Chile has nationalized copper, the basic resource which accounts for over 70 per cent of its exports. Little weight has been carried, however, by the fact that the nationalization process with all its implications and consequences has been the clearest and most categorical expression of the will of its people, and has been conducted in full accordance with the exact dictates of provisions established in the nation's Constitution. Little weight has been carried by the fact that the foreign companies which exploited the mines have drawn profits many times greater than the value of their investments. These companies which amassed huge fortunes at our expense, and assumed that they had the right to burden us indefinitely with their presence and their abuses, have stirred up forces of every kind, including those of their own State institutions, in their country and elsewhere, to attack and injure Chile and its economy.

83. I am unwilling to leave this unpleasant subject without singling out, among the forms of pressure to which we have been subjected, two whose impact transcends the violation of the principle of non-intervention.

84. One is designed to prevent Chile from obtaining new terms and new time-limits for the payment of its external debt. I imagine our creditors will not countenance it. Friendly countries are not likely to lend themselves to forcing down still further our people's low level of living. It would be an injustice, a tragic injustice.

85. The other type of pressure seeks, by virtue of a law on foreign aid adopted by one of the biggest contributors to IBRD and IDB to make those Banks' financial assistance to Chile conditional upon our applying policies which would infringe constitutional principles governing the nationalization of copper. Of these two Banks, one is linked to the United Nations and the other to the Organization of American States, whose official principles and objectives forbid them to accept terms such as these.

86. If policies like these were implemented, they would deal a death-blow to international co-operation for development and would destroy the very basis of the multilateral financing systems to which many countries, in a co-operative effort, contribute as far as they can. Such policies imply the downfall of conceptions which embodied a sense of world-wide solidarity, and spotlight the naked fact of ulterior motives of a sheerly commercial order. This would set the clock back a hundred years.

*Remarks on access to technology*

87. I would also draw the attention of this meeting to the urgent need for the third world to have access

<sup>4</sup> See section F below, part two, section G, third paragraph.

<sup>5</sup> Signed on 17 May 1969.

to modern science and technology. The obstacles we have encountered hitherto are determinants of our under-development.

88. Industrialization, as an essential part of the over-all development process, is closely related to a country's scientific and technical creative capacity, whereby industrial development can be adjusted to the real characteristics of each region, whatever its present stage of economic growth.

89. Today, our capacity for the creation of technology is far from adequate, as the result of our history of dependence. For example, our research projects follow the theoretical models of the industrialized world. They are inspired more by the real conditions and needs of the developed countries than by those of our own. And with steadily increasing frequency, thousands of scientists and professionals leave their native lands to work in the affluent countries. We export ideas and skilled personnel; we import technology and dependence.

90. To find a solution for this basic problem that would enable us to finish with technological subordination is a difficult, slow and costly process. We are faced with two possibilities.

91. On the one hand, we can continue to base our industrial development on foreign investment and technology, intensifying more and more the dependence which is threatening to turn us back into colonies. Latin America has enjoyed a long period of buoyant optimism deriving from the policy of industrial development through import substitution. In other words, the installation of factories for local production of what had formerly been imported, an operation which was subsidized with costly fringe benefits: exchange facilities, customs protection, loans in local currency and government guarantees for financing from abroad. Experience has shown that this type of industrialization—promoted mainly by international corporations—has proved to be a new instrument of recolonization. Its harmful effects include the establishment of a technician-manager stratum which has grown increasingly influential, and has become a defender of the foreign interests which it has identified with its own. Still more serious have been the social effects. The big industrial plants, using advanced techniques, give rise to serious unemployment and underemployment problems, and bankrupt small- and medium-scale domestic industries. We should also mention the tendency to concentrate on industries producing consumer goods which are of use to only a limited group of privileged persons, and indirectly create conspicuous consumption tastes and patterns, to the detriment of the values characteristic of our culture.

92. The other possibility consists in creating or strengthening our own scientific and technological capacity, resorting in the meantime to a transfer of knowledge and methods firmly supported by the international community, and prompted by a humanistic philosophy which sets up the human being as its major objective.

93. At present, this transfer takes the form of trade in a merchandise which appears under different guises: technical assistance, equipment, production processes, etc. This trade is conducted on certain explicit and

implicit terms which are extremely unfavourable to the buyer country, especially if it happens to be underdeveloped. In 1968, for instance, Latin America disbursed over \$500 million under the head of purchase of technology alone.

94. These conditions must be abolished. We must be able to select technology in relation to our own needs and our own development plans.

#### *Towards solidarity in the world economy*

95. What can be done in these circumstances? The world as it is, with all its injustice towards the underdeveloped countries, cannot be changed overnight. We have no choice but to continue the struggle to mitigate the negative effects of this state of affairs and lay the foundations for constructing what I would call a solidary world economy.

96. The present international conjuncture is favourable for endeavouring to change the economic order. Perhaps this is an over-optimistic appraisal, but the truth is that international events in the last few decades have resulted in a gradual accumulation of factors which have finally crystallized into a new opportunity. The most striking feature is the possibility offered to the world of more self-respecting international relations, free from submission and despotism alike. There is understanding between the capitalist world powers; there is co-existence and dialogue between these and the socialist countries.

97. Could something similar develop between the former colonizing and imperialist countries on the one hand, and the dependent peoples on the other? The future will tell whether we peoples of the third world will gain recognition for our rights through the restructuring of international trade and the establishment of relations that are fair to each and all. The latter, it must be emphasized, may be the more delicate and thorny question.

98. It is for the delegations present at the third session of the Conference to ask themselves on what bases it would be possible to organize a new form of human co-existence, founded at last on solidarity, after the long-drawn-out history of oppression through which we have lived and are still living. Let me say, however, that in my own opinion, one of these bases might be disarmament on lines that would lay the foundations for a solidary economy on a world scale, although some believe that this is beyond the bounds of possibility.

99. For the socialist economies, the prospect of peaceful development is a fundamental historical aspiration. Once peace has been firmly established, they will be able to play a more active part in multilateral co-operation and to supply the world market with technical and productive resources which would play a decisive role in their own prosperity and would make an effective contribution to the success of the third world in overcoming the distorting effects of centuries of exploitation.

100. In view of the experience of recent years, I do not think that the capitalist countries should seek to

perpetuate such ideas as colonialism and neo-colonialism, and to persist in the maintenance of an economy for war in order to ensure full employment. Only the third world, with its immense needs, can constitute a new economic frontier for the developed countries. Only such a new frontier is capable—more so than a war economy—of absorbing the production capacity of the large companies and giving employment opportunities to the whole of the labour force. I should like to believe that enlightened leaders, aware of the radical changes that lie ahead, are beginning to give serious thought to new solutions, in which the third world and the socialist countries will participate fully.

#### *Fund for homogeneous human development*

101. It is essential to make a determined search for an economically viable equation between the vast needs of the poorer nations and the immense production capacity of the richer countries. The solution might be found in a strategy of pacification, through a disarmament plan under which a high percentage of the expenditure hitherto allocated to munitions and warfare would be assigned to a fund for homogeneous human development. This fund could be available primarily for long-term loans to enterprises in the same countries that set it up.

102. As the amount spent every year on war and armaments nowadays exceeds \$220 thousand million potential resources exist that would be more than enough to start shaping a solidary world economy.

103. The objectives pursued would be to turn a war economy back into a peace economy and, concurrently, to contribute to the development of the third world. The fund would finance major projects and programmes for these countries, of a kind that would absorb the manpower released by the reduction of expenditure on armaments, would produce enough to cover their costs, and, above all, would be set up as autonomous national companies capable of sustained growth. At the same time, it would launch a new era of continuing economic development; of full employment of the factors of production, including the whole of the labour force; and, above all, of progressive bridging of the gulf between the prosperous nations and the despoiled peoples.

104. This is not a utopia. In the world of today, which must co-operate or perish, new ideas, prompted not only by justice but invariably by reason, may result in worth-while solutions for the human race.

105. To the delegations here present I would say that I wish them every success in their work. Chile will do all it can to contribute to that end, taking advantage of all the opportunities afforded it by its position as host to facilitate contacts and create a climate favourable to understanding. Its representatives will not seek unnecessary clashes of opinion, but fruitful agreements.

#### *A new reality in international relations*

106. The passionate fervour that an entire people has put into the construction of this building is a symbol of the passionate fervour with which Chile desires to contribute to the construction of a new humanity, so that in this and in the other continents, hardship, poverty and fear may cease to be.

107. I dare to believe that this Conference will give positive answers to the anguished questionings of millions of human beings. Not in vain has the long journey to this distant country been made by the most distinguished economic leaders of almost all the countries of the world, including those that have most power to turn the course of events.

108. Of one thing at least you can be certain: as was said at Lima, the peoples of the world will not allow poverty and affluence to exist indefinitely side by side. They will not accept an international order which will perpetuate their backward state. They will seek and they will obtain their economic independence and will conquer underdevelopment. Nothing can prevent it: neither threats, nor corruption, nor force.

109. Upon the urgently-needed transformation of the world economic structure, upon the conscience of nations, it depends whether the vast underdeveloped world, in its quest for progress and liberation, will choose the path of co-operation, based on solidarity, justice, and respect for human rights; or whether, on the contrary, it will be forced to take the road of conflict, violence and suffering, precisely in order to impose the principles of the United Nations as set forth in the Charter.

### **B. ADDRESS DELIVERED BY THE SECRETARY-GENERAL OF THE UNITED NATIONS AT THE INAUGURAL CEREMONY ON 13 APRIL 1972 \***

1. I should like first of all to offer my warmest thanks to the Government and people of Chile for the cordial and generous hospitality extended to the United Nations for the third session of the United Nations Conference on Trade and Development. In so doing, I am certain that I speak for all of us. Anyone who is aware of the difficulties involved in organizing a Conference of this

magnitude cannot fail to be impressed by what has been achieved here in such a relatively short time. It was only 13 months ago that the Trade and Development Board recommended Santiago as the site of this Conference. The very rapid construction of this imposing building complex, together with the other facilities provided to participants, clearly reflects the admirable resourcefulness and teamwork of numerous Chileans, at all levels, who have been engaged in the preparations for this Conference. Here is eloquent testimony indeed

\* The text of this address was circulated to the Conference as document TD/151.

to the strong support that Chile has continuously given to the United Nations and to UNCTAD from the outset.

2. I also wish to pay tribute to the Secretary-General of UNCTAD, Mr. Pérez Guerrero, for his dedication and the most valuable assistance he has extended to all parties concerned in preparing this Conference.

3. This is my first official visit to Latin America and I am keenly aware of the important role which the region and many of its distinguished statesmen, jurists and economists have played in the evolution of the United Nations. In this rapidly changing world, the countries of Latin America are, each in its own way, undergoing profound transformations in their political, economic and social structures. Change is a phenomenon which today is shared by all regions of the world. So is the inescapable fact of interdependence and the need to develop every possible instrument of international co-operation to cope with our increasingly global problems.

4. The material conditions necessary for the success of this Conference are plentiful. It is now incumbent upon all present here to show concretely the political will to come to grips with these problems and arrive at truly meaningful agreements which may lead to concerted action of benefit to the entire international community and particularly to those countries and peoples with the greatest needs.

5. These problems are clear: we must give a voice to all countries, large or small, from East or West, from North or South in the building of orderly and just international economic relations; we must help the poor countries to attain higher standards of living and thus remove an important cause of tension in world affairs.

6. In the United Nations Conference on Trade and Development almost all countries of the world, with very few exceptions, have a voice. The presence in your midst, for the first time, of the representatives of the People's Republic of China is a fact of great historical importance. It makes UNCTAD the largest and most nearly universal intergovernmental body in the world concerned with trade and development. For the developing countries which have been recognized as the first priority of UNCTAD, this means that the problems of their trade with the entire rest of the world can now be taken up in that body. And, while fully recognizing the priority of the poorer nations, we must not forget that trade between all countries of all economic and social systems is of concern to the United Nations. For trade is a means of communication, a means of progress and consequently a means of peace and *rapprochement* between the peoples of this earth.

7. We should not forget, however, a fact which I often underline with regard to the United Nations in general, especially in the political field: the United Nations is not a world government; it has no executive powers; UNCTAD has no power whatsoever to enforce its recommendations and decisions. The executive power is elsewhere. It rests with Governments. UNCTAD can be perfectly successful in reaching the right decisions but Governments might be unwilling or unsuccessful in implementing them. This does not mean that our organizations are not useful. Quite the contrary. The United

Nations is a great moral force in the world. It is a voice of the poor who otherwise would have no voice. It is a ground where statesmen and officials from all parts of the world meet each other, get to know each other better, exchange their experiences, understand better the aspirations of the human society, study together the global problems with which we are confronted and discover that despite our differences in colour, in language, in nationality and in beliefs we are all brothers on the same small but highly explosive planet.

8. And nobody can say either that in the absence of executive powers, the decisions of the United Nations usually remain unimplemented. This is just not true. Quite the contrary. In innumerable cases, Governments have implemented what its collective organization has found good and did recommend. Let me remind you of a few examples of UNCTAD's own success, and there would be many more to mention in the economic field in which the Economic and Social Council and the General Assembly persevere every year to improve economic and social conditions in the world:

(a) UNCTAD has recommended that for the first time in history there should be a common development strategy, in which all countries, rich and poor, would make their firm commitments. The idea was found utopian and impossible just a few years ago. But an International Development Strategy to which the great majority of countries have committed themselves was solemnly adopted by the General Assembly at its twenty-fifth anniversary session by resolution 2626 (XXV);

(b) UNCTAD has recommended a system of preferences for the importation by the rich countries of manufactured products of the poor countries, so that the latter can earn a living in the world with their own work. The proposal when it was made was also considered utopian and very few people thought that it would ever be put into practice. Well, the system today exists, and has been accepted by a large number of industrial countries, even though there may be exceptions unsatisfactory to the developing countries;

(c) UNCTAD recommended the creation of an industrial development organization, to which many countries had at first been opposed. Well, we have today the United Nations Industrial Development Organization, a very useful agency which is making progress every year.

9. These are only a few obvious examples which are known to me personally. I am sure that there are many others that will come to the minds of those who have been working hard on UNCTAD matters during the last few years.

10. Of course, there are enormous gaps to be filled, there have been failures, there are delays, there are important countries which have not accepted certain decisions and there are divergencies between groups of countries. In the two crucial fields of monetary reform and of primary commodities, in particular, the interests of the poorer countries have not yet been duly taken into account. They rightly want a voice in world monetary decisions which otherwise could be very detrimental to them. And since the greatest part of their foreign income comes from the sale of their

primary products, it is obvious that they consider this to be the most important field where action would bring immediate and substantial results. It is only natural, therefore, that in such conditions, to which must be added the crisis in international aid, the developing countries should come to Santiago in a rather doubtful mood. But we must be realistic, not only in the political but also in the economic field. There are certain issues which require time, patience, perseverance and preparation of national public opinion. There are also countries which are passing through economic difficulties. Since we are living in a world of national sovereignties, such difficulties have immediate adverse repercussions on foreign aid. This should not be so, and UNCTAD must make a great effort to obtain a better enlightenment of public opinion in this regard. Last but not least, there is still much statesmanship and work required to bring different economic groups and social systems closer together for the benefit of peace in general and for the economic development of the poorer countries in particular.

11. This requires time and hard work, for the problems and the differences in outlook are still enormous and there is not as yet sufficient political will. Co-operation and the necessary sense of world solidarity are also lagging. But we are in the right direction, thanks to the United Nations and to organizations like UNCTAD.

12. In this regard, it is necessary to define correctly the notions of success and failure in international affairs. UNCTAD considered as a whole is certainly a great achievement. If UNIDO had been created at the first session of the Conference and the generalized system of preferences and the International Development Strategy had been adopted at the second, the two sessions would have been called a resounding success. But because the results, which needed time to mature, were obtained in the interval, people speak more of failures than of success. This is not right, and I would beg the news media so well represented here to redress this situation and to explain correctly to public opinion the shortcomings of international organizations, the immense problems with which they are confronted and the real results obtained against such enormous odds.

13. It would indeed be surprising if on all or even on a majority of the items before you, this Conference achieved immediate results. It would not be a success, it would be a miracle. But even in those cases where there will be no immediate success or agreement, I am sure that there will be progress in the longer run. There will be new ideas which will mature in a few years from now, as others did in the past. I am glad, for example, to see that problems of the environment have been related to trade and are on the agenda for this session of the Conference. This opens up new possibilities for a better distribution of industrial activities and of a better management of our planet's resources. We are still shipping around the world each year billions of tons of unprocessed raw materials which sometimes endanger the seas and add to the pollution of the highly industrialized centres of the North. Processing of such materials in the country of origin, usually a devel-

oping country, would reduce total pollution and give the developing countries a chance of earning their way towards development. There arises thus for the first time a joint interest in the developed and in the developing countries for a more rational management of our resources.

14. It is no less important for international organizations to dispel old ideas which are no longer correct in a rapidly changing world. The United Nations, and particularly UNCTAD, have had a remarkable record in this regard. For example, long after the Second World War, the belief still persisted that the prosperity of the rich countries would spontaneously radiate and spread its effects to the rest of the world, and that the developing countries would automatically benefit from it. This proved to be incorrect. We have seen in the last two decades a spectacular growth of the developed countries accompanied by an extraordinary increase in trade between them. The developing countries, however, have been lagging behind in a most discouraging way. UNCTAD has shown that the most urgent problem of world development was to integrate the developing countries into this new pattern of world trade, especially with regard to manufactures, in order to accelerate their growth. This is one of the fundamental roles of UNCTAD and it is part of a global set of problems where new forms of transfer of financial resources and of technology should be adequately integrated. In addition, it will be discovered that developing countries offer a tremendous potential for an increase in world trade. No one can deny that this is of fundamental importance for the prosperity of the northern hemisphere.

15. In all such matters, the role of the United Nations is central. The United Nations is ideally situated and equipped to look at these problems from a long-term point of view, in the interest of the entire international community. Without a long-term perspective it would be impossible to solve the tremendous problems which advances in science and technology bring with them. The world has not yet shown a great degree of foresight. Short-term views have frequently prevailed. It is for the United Nations to co-operate with Governments and public opinion, to look ahead, to anticipate the shape of things to come and to contribute to the creation of a new consciousness. The prevalence of short-term thinking has been responsible for the delay in recognizing the problems of the environment and the problems of the sea-bed and, I do not hesitate to say, the problems of developing countries. I clearly see a spirit of foresight in the creation and evolution of UNCTAD which, almost a decade ago, put forth ideas that are progressively taking concrete form.

16. It is no less important that in this search for a correction of imbalances and injustices in the world, the United Nations and its Conference on Trade and Development should constantly be looking for global solutions which will avoid the fragmentation of the world into zones of influence. All less developed countries, whatever their geographical location, must be helped. I hope that in the review of the present system of world economic relations which Governments are now envisaging, most serious attention will be paid to

this matter. In such a review, the developing countries must be allowed to play an active role, as they should also in the current review of international monetary reform.

17. After what I have said you could probably turn to me and say: "If we are to succeed in this considerable task, we must receive the necessary help from the political leaders, from the political side. If conflicts were solved, if political relations were better, if Powers, especially the great Powers, would draw closer together, above all in the United Nations, then perhaps some of the resources spent on armaments could be saved and used for development." You would be entirely right. I am perfectly aware that \$200 billion are being spent each year on armaments, a sum equal to the total national incomes of all the developing countries on this earth or to total world expenditures on education and health in all countries, developed and developing. The two problems have been linked in the United Nations by having side by side a Development Decade and a Disarmament Decade. Alas, in disarmament and in the political field, the difficulties are even greater than in the economic field.

18. But there are signs of hope. Europe, which has been torn by two terrible wars in less than half a century is today one of the most peaceful continents. If all goes well, there may be increasing relations and further *détente* between Eastern and Western Europe. Africa is consolidating its independence and becoming rapidly an important political force in the world. In Asia, the People's Republic of China has now joined the community of nations and contacts have been established with the United States of America at the highest level. Between the Union of Soviet Socialist Republics and the United States further *détente* is noticeable: the SALT talks are in progress, new co-operative agreements have been arrived at and an encounter at the highest level is impending.

19. These are all signs of hope in international relations. But there remain many areas of grave concern. A cruel war is going on in South-East Asia and has flared up dangerously again. No peace has been achieved in the Middle East and several other conflicts are unresolved around the world.

20. I want to assure you that I am gravely concerned with these conflicts which are a danger for world peace and for the *détente* which we need so much in order to

increase the chances of aid and of economic development. I will spare no effort to help. I will not cease to lend my good offices and the services of the United Nations whenever they are needed. I shall repeat this readiness, even if Governments may not wish to avail themselves of these offers.

21. But in this task, I need your help, too. We need progress in economic development in order to increase the political stability of the developing countries and reduce the dangerous North-South tensions. We need the contributions to peace and good co-operation of all. I have already mentioned the role of Latin America in the world. That continent has been the most peaceful for a long time. It has produced ideas concerning international law and economic development which were great contributions to the world community. It has been largely instrumental in creating the United Nations and its various agencies. The Latin American countries have been a major factor in bringing about the independence of countries in Africa, Asia and the Far East. With its long record of peace, Latin America has a special role to play in the world. It must continue to develop new ideas and new forms of co-operation: it can give much-needed leadership in good international relations, while countries in other parts of the world may need time to emerge from their present difficulties. There is great need in the world to find new paths and new peaceful forms of political, economic and social action to respond to the challenge of new problems in our rapidly changing human society on a more and more interdependent planet.

22. If war is avoided, if violence is avoided, if understanding is developed, then I am sure the world will become a better place to live in for all.

23. Nobody can claim to know what tomorrow will look like. There will be many adaptations, many changes, much need for reciprocal learning. Great new problems unknown today will emerge and old beliefs will be shattered or deeply modified. But we all know very clearly what we want: we want peace, we want progress, justice and respect for the human rights of all peoples. These objectives are inscribed in the Charter of the United Nations which still remains the best chance for humanity.

24. May this Conference be another corner-stone in the efforts of all nations to build together a better world.

### C. STATEMENT MADE BY THE SECRETARY-GENERAL OF UNCTAD AT THE 84TH PLENARY MEETING ON 14 APRIL 1972 \*

1. In these first days of the third session of the United Nations Conference on Trade and Development we have already been able to appreciate and enjoy both the traditional hospitality of the Government and people of Chile and the excellent material and organizational

arrangements made by the Chilean Government. The spirit in which so many individuals and sectors have co-operated has been most stimulating, and I am convinced that the same spirit will prevail throughout the Conference. The admirable work carried out by Chile is an example of what can be achieved when, alongside technical capacity, the material resources, the will and the motivation are forthcoming. In addition, we have

\* The text of this statement was circulated to the Conference as document TD/152 and Corr.2.

listened with special attention to the stirring address, full of substance, delivered by the President of Chile, Mr. Salvador Allende.

2. The general debate which begins today will set the tone for the Conference and bring into focus the chief topics which will be dealt with in its deliberations. I have attempted to contribute to the debate with my report "The International Development Strategy in Action" (TD/99 and Corr.2) and the documentation prepared by the secretariat. The Secretary-General of the United Nations, in his statement during the inaugural ceremony yesterday,<sup>1</sup> contributed ideas and guidelines which will certainly be very useful and enlightening for the work we are now beginning. At the moment expectations are centred on the statements by Heads of delegation, who will put forward approaches and suggestions which reflect the positions of the countries members of this Organization and foreshadow the possible results of the Conference.

3. Within the context of an international situation which is rather confused and in many respects disconcerting, two considerations of equal importance can be advanced.

4. First, the problem of development has now been put in its true perspective, namely, as the central and common concern of all the peoples of the world. Today, no problem is conceivable that has greater implications for the developing countries or for the world as a whole; and trade is a problem which looms large in the context of development.

5. Secondly, the problems of development and other related problems cannot be solved without the active participation of the third world.

6. UNCTAD is the most appropriate forum for discussing those problems and seeking, with the participation of all, to solve them. The universal nature of UNCTAD has now been further highlighted by the welcome incorporation in it of the People's Republic of China and of several new member States which I am sure will all make a valuable contribution to the achievement of our common objectives; and there is no doubt that other member States will soon be added to our Organization.

7. The third session of the Conference is at once a challenge and an opportunity. It is the challenge to face up to the precarious state of present-day international economic relations and the opportunity to adopt practical and significant measures within the very broad mandate of UNCTAD that give a new dynamic force to those relations. At the end of the next five weeks it will be seen whether we have accepted the challenge and grasped the opportunity.

8. This is all the more urgent in view of the fluid nature of the current world situation, one of whose chief manifestations is the present international monetary crisis, which has most severely affected the developing countries and which still awaits a permanent solution, and a just one as it must be if it is to be permanent. Precisely because it is fluid, the situation offers an

opportunity for constructive action, not confined to palliatives, but seeking solutions in depth which will meet both present and future requirements. There has been, and to some extent still is, a danger of leaving the developing countries out of account when decisions are being prepared and adopted that have a powerful effect on each and every people. This danger also arises alarmingly in the preparation of new international trade negotiations of world-wide significance. GATT, with which we have been co-operating to an increasing extent, will carry out its appointed task. It is vital, however, that UNCTAD should play an active part in this work, in the interests not of the third world alone but of all its members.

9. Nobody doubts the usefulness of restricted groupings and the contribution they can make during the preparatory stage of the search for solutions which will eventually have to be harmonized in a wider context. The International Monetary Fund is the United Nations body with specific functions in this field. But there are two basic objectives which must be attained, and UNCTAD can make a positive contribution to their attainment. In the first place, there must be active and substantive participation by the developing countries in the pre-decision-making stages and, of course, in the decision-making stage itself. It is a matter not of protecting but of promoting the interests of the countries of the third world, and this cannot be achieved unless they themselves play an effective part. We have already seen, both at the Second Ministerial Meeting of the Group of 77 at Lima—which prepared the position of the developing countries for the present Conference—and on other occasions, that the countries in question are determined to make their voice heard. Secondly, the new monetary system must be well balanced, with broad and substantial underpinning, and to that end it must effectively meet development requirements and ensure that the repercussions of any structural disequilibrium do not end by undermining its foundations, against the interests of the international community. In any event, it must through its own operation provide additional funds for development. If the transfer of resources to the countries of the third world were to lead the industrialized countries to moderate somewhat their urge for development, and if the recipient countries were to make use of them to produce a greater and better yield from their own resources, it would mean a definite gain for both groups of countries. This would encourage a more balanced development in the light of the world's economic and social needs.

10. UNCTAD has a key role to play in international trade and development. Naturally, however, the International Development Strategy covers a great diversity of closely interrelated fields. Consequently, its implementation will require not only political will on the part of Governments but also close co-operation between the various international organizations in which this political will should find expression and the common objective of which is the promotion of world economic and social development.

11. We are now at a particularly critical pass. The fluid situation to which I have referred is superimposed

<sup>1</sup> See section B above.

on persistent and often increasing inequalities and a world characterized by glaring contrasts. Profound changes are occurring on the world stage but, as things stand, the transformations now taking place are likely, if the truth be told, to be of much greater benefit to a few rich countries already enjoying to differing extents abundance and well-being, even though they are undoubtedly facing domestic problems of varying degrees of magnitude and seriousness.

12. There are powerful groups of nations and countries whose influence on the world economy is such that it not only enables them to enjoy prosperity, but also gives them important responsibilities which they cannot evade. However, these countries sometimes seem to be obsessed with their own problems, thus tending to ignore the interests of third world countries and of third countries in general. In the last analysis, there can be no lasting solution to the problems of the under-privileged—perhaps even marginal—sectors in the developed countries so long as no solution is found to the much more alarming situation of the countries where poverty prevails. Furthermore progress must rest on solid bases because, if prosperity is to last, it must be shared.

13. The great majority of the countries of the world—the third world—are striving to extricate themselves from the circle of under-development by confronting the various forces and interests which are at play in and outside their frontiers. Most, though not all, of the benefits of modern technology are still unknown to them. Side by side with their absolute or relative poverty, we have the exuberant gigantism of the multinational corporations which have spread into many fields of production, trade, finance and services and which have acquired proportions incommensurate with the economic resources of many of these fields.

14. The decline in the relative position of the third world in world trade continues. In recent years the dangerous phenomenon of the importation of inflation from the industrialized countries to the developing countries has become more acute; and this, together with the shaky situation in prices of the majority of primary commodities, is further accentuating the deterioration of their terms of trade. This has coincided with fresh threats of protectionism and economic recession, with the grave danger that the world scourge of unemployment, overt or covert, may spread, and that it may be more difficult to achieve a sound and just balance in the international trade and payments system.

15. It is not surprising that the past decade has given rise to so many understandable feelings of frustration; and this is why the present decade—the Second United Nations Development Decade—holds forth so many justifiable hopes for a reality which we can and must remodel in accordance with our aspirations. A retrospective view should prevent us from making the same errors and mistakes as in the past. But the most important thing is to look towards the future in a constructive spirit and with breadth of vision.

16. There are many injustices which have been committed, are being committed and will in future be committed with regard to the third world if there is no

change in attitudes, if structures are not transformed and if problems are not tackled vigorously and boldly.

17. Without going very far for example, the exploitation of the natural resources of Latin America has traditionally been riddled with abuses and there have been many obstructions to the diversification and, consequently, to the economic independence of this continent, as of other developing regions.

18. Fortunately, the situation here has been changing for some time, and, naturally, this process must not be arrested. It must, on the contrary, be intensified.

19. In fact, new forms of co-operation must be applied, especially in the utilization of natural resources. These forms must be genuine if they are to last and they must take account of the different interests concerned, particularly those of the developing countries.

20. Only a decisive effort will make it possible to close the enormous gap between the great prosperity of the few and the poverty of the rest. It is not a question of giving to some countries and taking away from others. It is a matter of providing equitable remuneration for the efforts of the peoples of the third world, who want to work more and better. Up to now, many of them have been denied a real opportunity. They must all be given that opportunity. Within the third world itself, too, the gap must be narrowed by giving special attention to the least advanced countries and the land-locked countries.

21. This effort must be based on mutual aid and on confidence in one's own efforts at national, sub-regional and regional levels and throughout the third world in general; but does not absolve the industrialized countries from their responsibility to assist in this process by providing an increasing—though bearable—proportion of their ample financial, commercial and technical resources.

22. When all is said and done, the development of the third world cannot be merely a pale reflection of the rapid progress of the rich countries. It must be the result of joint and deliberate efforts.

23. The interdependence of countries is acquiring increasing importance, and it must be further increased and strengthened with proper guidance and incentives, at a time when the old systems of hegemony are disappearing from our polycentric world. This is undoubtedly a positive course, but it must be actively pursued, and all trade flows, regardless of economic and social systems, including East-West trade, but more especially trade with the most needy countries, must be expanded without causing the latter to feel that their security or progress is put in jeopardy. This concept of interdependence, if accepted and promoted consciously and conscientiously by all, is the best guarantee of peace and of the independence of all countries, large, medium-sized and small. That is why the developing countries, in every region of the world, are so deeply engaged in movements of economic integration as one of the best formulas for accelerating their industrialization and expanding trade between themselves and with other areas.

24. There is not really any dilemma between development based on self-reliance and development hinged on international co-operation. Both courses are necessary, and indeed complementary. Outward-looking development should strengthen and provide additional dynamism to inward-looking development.

25. Converging measures on a wide front and by all countries have become indispensable now more than ever.

26. Between the second session of the Conference and the present one, some of these measures have been adopted, their purposes being defined in the International Development Strategy. The system of preferences has been established. It still requires, in particular, the active and effective participation of the United States of America, and it will be the subject of successive revisions and improvements; but there is no doubt that it is a new and highly significant factor in trade relations. In fact the establishment of this system implies recognition of the need for preferential treatment for the developing countries in both existing and future circumstances, so long as the present disparities subsist. We have moved closer to the concluding phase of the International Cocoa Agreement, which has involved extremely difficult and protracted efforts and has turned into a veritable test of international co-operation. This process should reach a successful conclusion during the current year.

27. Before this, the International Sugar Agreement, 1968 was concluded—an outstanding achievement for UNCTAD—and the Tin and Wheat Agreements were re-negotiated in 1970 and 1971 respectively. Similarly, and for the first time, at meetings specially convened for this purpose, UNCTAD looked into the problems of trade in mineral products such as iron-ore, manganese and phosphates, on which so many countries depend. One of the most significant and gratifying events has been the final crystallization of UNCTAD's role in the transfer of technology. A concrete work programme has already been set up which will enable the Intergovernmental Group on Transfer of Technology to make a start in the near future with its substantive task, on this extremely important matter, which is the third pillar of development. In a sense this work had already started with the identification of the existing problems. Substantial progress has also been made in certain aspects of shipping and in clearing the way for effective action in favour of the least advanced countries.

28. Along with these positive steps in the establishment of norms, mention must also be made of the advances in UNCTAD's operative phase, which have their roots in policy definitions and in turn have a positive effect on them. Noteworthy in this respect are the technical assistance for export promotion and the achievements of the relevant instrument, the UNCTAD/GATT International Trade Centre. Success here naturally requires that the major importing countries open up their markets more and more to the export products of the developing countries, thus leading to the greater measure of complementarity which must come about between nations.

29. These are significant achievements, and there

are others as well; but they are very far from being adequate and in addition UNCTAD has met with some frustrations. The Conference at its present session can and must give a decided impetus to the advances made by the permanent machinery during the last four years by taking important decisions, some of which should be translated into practice immediately. Others might channel specific efforts towards the adoption of effective measures within given though flexible time-limits. It will therefore be necessary to take definite steps towards stabilizing commodity prices and also to use greater foresight in offering the exports of the third world countries increased access to the markets of the developed countries through progressive elimination of tariff and non-tariff barriers. In financial affairs a solution must be found, *inter alia*, to the urgent problem of alleviating the heavy burden of external debt borne by a large part of the peoples of the third world without prejudice, of course, to the need for continuing to stress the quantitative and qualitative aspects of official aid. We must act quickly if the corresponding objectives are to be attained opportunely during the Decade. All these measures, normative and regulatory, and others too, in the fields of shipping, finance and technology, would become part of an increasingly coherent and dynamic scheme within the International Development Strategy.

30. Only thus will it be possible to arrest the negative trend affecting external aid and the terms of trade of the developing countries, and thus curb the social unrest caused by unemployment and under-employment which adversely affect the scope and nature of development.

31. A basic prerequisite, if action at the international level is to have the desired success, is the transformation of internal structures through reforms which go to the very root of the present inequalities—in all countries, and not only in the developing countries, in other words throughout the international community. Moreover, it is tragic that, at a time when needs are so pressing and there is so much want in the world, there should continue to be so much needless and costly waste. This occurs in practically all kinds of countries, and varies from country to country, but those which have the most often tend to waste the most. It is imperative that increasingly effective use should be made of natural and human resources and that waste should be reduced.

32. Fortunately, there is a growing awareness that this must be done in order to lay firm foundations for the industrialization and advancement of all nations. Otherwise it would be impossible to attain a more rational and just international division of labour from which all the countries of the third world would benefit, whatever their degree of development.

33. Within the structural reforms, a high degree of discipline must be introduced in economic, financial and trade policies. This is essential particularly in the developed countries, whose distortions adversely—and painfully—affect the developing countries. There is also a need for understanding of the problems of others and respect for the individual criteria which each country

legitimately adopts within the framework of international co-operation. In this respect, private foreign investment can perform a useful function under certain circumstances and subject to rules that should be realistic, rational and stable. The legitimate interests of the beneficiary countries must come first, but the legitimate interests of the investors must also be taken into account.

34. For the qualitative aspects of development to attain full force and value, heed must be paid, as the Secretary-General of the United Nations emphasized, to the demands for curtailment of excessive outlay on armaments and on the conquest of space until such time as basic problems have been solved on our planet Earth, which has first claim on our endeavours.

35. Particularly complex and important is the demographic situation, which must be envisaged as an integral part of the over-all development question. The population-food equation represents an over-simplified approach to the problem; nor are drastic mass solutions either feasible or appropriate. Population growth is not, after all, an endemic disease which can be cured by the injection of a vaccine, and each country will have to be left to apply the policy most in keeping with its circumstances and special characteristics.

36. At least as expensive and as burdensome as any other form of over-population, as well as costly and prejudicial to the environment, is the proliferation of motor-cars—the automotive explosion. This civilization might perhaps be described as the civilization of the car, the focal point of so many people's lives and ambitions. We now know that unless we take care, this excess of motor-vehicles may end by polluting the entire world almost irreversibly, apart from the squandering of liquid fuels which it may come to involve.

37. The task that lies ahead is by no means easy, but it is not beyond our capacity. What is needed is to take urgent and timely action. There is of course no point in setting unattainable goals, but neither can we content ourselves with what is being done or throw away opportunities of doing more, much more.

38. The course of history cannot be changed in a few years. But within a few years it has become evident—thanks in part to the efforts of UNCTAD—that the situation of inferiority in which the greater part of the human race is placed, as a result of the diversion of third-world resources for the benefit of other areas, cannot and must not persist. This is the cry raised over and over again not only by the countries of the third world but also by important sectors of opinion, particularly young people, in the more privileged countries, whose aims, desires and in some cases qualms of conscience are evoking an increasing response from their governments. There is reliable evidence of this in a number of developed countries. Unfortunately, other interests intervene. But in the long run they will be persuaded or induced to give way. In the last analysis,

this is the point at issue. There must be an end to all that still remains of the exploitation of man by man and of some nations by others. The existence of agencies such as UNCTAD testifies to the growing awareness of this need, and to the fact that formulas of agreement can be constructed, within their framework, to further this lofty intention. The third session of the Conference affords an opportunity for reaffirming the will to pursue and activate the task already in hand.

39. Neither under-development nor the pollution of the environment should be accepted as a constant or as a necessary evil, since both these are ills which would wipe out the possibility of material and cultural progress. It is inconceivable for one to be remedied without the other. Both are world-wide in scope and, for that very reason, call for the co-operation of all. However, the task of development yields precedence to no other. This, then, is the challenge which faces the human race in the present phase of its evolution.

40. As the Secretary-General of the United Nations observed yesterday, this Conference cannot solve all problems once and for all. However, now is the time for action. This is only a single stage, but a decisive one, on the road which we have been travelling, and in the course of which so outstanding and effective a role has been played by my predecessor and friend, Mr. Raúl Prebisch, whose experience and advice are always a valuable source of inspiration. At the second session of the Conference, attention was drawn to the need for the International Development Strategy. The efforts made at various quarters culminated in the adoption of the Strategy by the General Assembly. And here now, in Santiago, we must help to set this Strategy in motion with the dynamic impetus that the circumstances demand. This means, of course, that we must steadily improve the efficacy of UNCTAD, including the evaluation machinery in its field of competence, to fit it for the essential task with which it is faced, and must put it to better and better use.

41. The third session of the Conference at Santiago must be remembered as an occasion when vigour and efficacy was instilled into the third world's development enterprise, and when the way was paved for us to witness, towards the end of this decade, a world in genuine process of transformation, a world of greater justice, a world steering a steady course towards peace and progress for all its peoples.

42. The world is awaiting the outcome of this Conference for the significance it can and must have for the destiny of mankind. It is for Governments to ensure that UNCTAD has a universal and positive impact and that this third session of the Conference achieves the success for which we all hope.

43. I am confident that under the skilful guidance of the President and with the co-operation of all concerned, this will be achieved.

**D. STATEMENT MADE BY MR. RAÚL PREBISCH, UNDER-SECRETARY-GENERAL OF THE UNITED NATIONS, DIRECTOR-GENERAL OF THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING AND FORMER SECRETARY-GENERAL OF UNCTAD, AT THE 103RD PLENARY MEETING ON 26 APRIL 1972 \***

1. First and foremost I should like to express my most sincere appreciation of the invitation with which the President of the United Nations Conference on Trade and Development has honoured me, at the proposal of a number of delegations. Obviously, I had not a moment's hesitation in accepting the honour and taking advantage of the opportunity it affords me of commenting on some of UNCTAD's ideas.

2. I could not take my place at this third session of the Conference without calling to mind the two previous sessions, especially the first. Each of them was the scene of a confrontation of ideas. Many of these—strongly opposed and rejected at that time—have been gaining ground. They are now accepted universally, I would say, as can be seen from the Pearson report<sup>1</sup> and the statement made at the 85th plenary meeting by the President of IBRD.<sup>2</sup> Nevertheless, the extent to which they have been put into effect is still very meagre, and UNCTAD will have to go on striving to clear the way so that they can find expression in practical action.

3. But it is not enough to follow up the ideas mooted ten years ago, when the preparations for the first session of the Conference began. The world has changed since then, and the more one reflects on its problems, the more the conviction grows that progress must be made in the light of an all-round, world-wide concept of development and international co-operation in which economic, technological and political factors are combined to meet the ineludible needs for internal reform in the developing countries.

4. The changes in the world situation lie not only in what has been happening in international economic relations as a result of the monetary crisis—a crisis due to lack of foresight—but also in something much deeper and more lasting. The whole world is slowly opening its eyes to the ambivalence of scientific and technical progress. Environmental pollution and the irresponsible use of exhaustible natural resources are positively alarming. Their implications are far-reaching, and will have a considerable impact on economic policy and on the action brought to bear on existing conditions. All this will entail a second look at the theoretical interpretation of the economic process and recognition of the need to exert a conscious and deliberate influence on that process.

5. Free rein can no longer be given to the tremen-

dous power of technology or the so-called spontaneous interplay of the forces that guide it. It is a problem of vital importance for mankind to channel those technological and economic forces, to learn to master them, and to exploit their immense human welfare potential while combating their disturbing effects.

6. Those effects also make themselves felt, of course, on the periphery of the world economy, but it is a different type of problem that technology has been bringing to the developing countries for a long time past, both in their relations with the great industrialized centres and in their own internal development. If they have been unable to keep up with the major world trade flows, is not technology to blame? It is technology that with its never ending innovations has fed the massive flow of trade in manufactures in which the developing countries have participated hardly at all. Is it not owing to technology that natural products are being superseded by synthetics? Is it not technology that has brought about the "green revolution" in the agriculture of the developed countries, to the detriment of the exports of many developing countries?

7. A glance at the immediate past shows that no serious and systematic measures have been adopted to counteract these developments. Indeed, at the internal level, the adverse effects of scientific and technological progress on the economic growth of the peripheral economies are becoming increasingly palpable. Can it be said that the higher capital-intensive level, especially in industry, is not the product of technology? Is not the population explosion likewise attributable to the advance of science and technology? Has not the desire to imitate the not always recommendable consumption patterns of the developed countries been fostered by the amazing development of mass communication media? We have been experiencing all these detrimental effects, which seriously militate against the capital formation required to speed up development. This explains why the Latin American economy as a whole has been palpably incapable of coping with them over the past 20 years. As the system operates at present, it has been impossible for the steady increase in the labour force to be absorbed in productive activities. Generally speaking, the rate of unemployment is rising; there is a growing body of manpower ostensibly employed but basically redundant; and the disparity in income distribution is appallingly great. These are truths that we have long been proclaiming, and I am glad to see that they were taken up by the President of IBRD.

8. Possibly some 40 per cent of the population of Latin America has been excluded, at least to a large extent, from the benefits of economic progress. This is the basic problem we have to solve, and I hope you will forgive me if for obvious reasons I concentrate on the Latin American countries. We are trying out

\* The text of this statement was circulated to the Conference as document TD/156.

<sup>1</sup> *Partners in development: report of the Commission on International Development* (London, Pall Mall Press, 1969).

<sup>2</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IA, part one.

new formulas, blazing new trails. Naturally, mistakes are made, which necessitate a change of course. How could they fail to be made when things are happening that humanity has not witnessed since the beginning of the industrial revolution? There is a manifest desire to call a halt to these developments, and this calls for a new approach to the hard facts of the situation, different from that of the past. Under whatever banner they appear, the doctrines inherited from earlier days are not in line with those facts. Decades ago, no one could have predicted the stupendous advance of technology or the grave consequences it is bringing in its train. The keenest minds could not have foreseen the future or assessed its possibilities. A century ago, Engels, the loyal friend of Marx, wrote in his *Anti-Dühring*, shortly after the Franco-Prussian War, that military technique had reached a stage of perfection in that war that could not conceivably be surpassed. Technological development has indeed been unforeseeable, and it compels us to seek new lines of action. Hence the need to tackle all these problems in a vigorously experimental spirit, clearly realizing that experiment is inevitable if we are to arrive at new solutions. We do not yet know what will be the final mould in which these experiments will take shape, if they ever do. That we do not know; but there is one thing of which I am certain, and I want to say it with strong conviction: under whatever banner these experiments are carried out in Latin America, whatever the guiding principles behind the economic and social system it is desired to set up, it will be extremely difficult to build a new order of things or reform the existing one, so as to attain the major objectives of economic and social development, unless there is a clearly-defined and energetic policy of international co-operation and sweeping changes in the nature of relations between the industrial centres and the developing countries of the periphery. This is an imperative of technological development and of the growing spirit of independence of our peoples. And I affirm it categorically, whether events carry us forward by gradual and progressive stages or by way of really revolutionary changes expediting the process by intensifying it to the maximum.

9. This is, in my opinion, the basic problem that UNCTAD has to face: how to seek a new type of relations no longer dictated by the requirements of a standstill that makes no sense in the developing world, but by the latter's inescapable and pressing need for changes and reforms. Therein lies UNCTAD's cardinal role. It is by no means a simple matter, to be sure, as we have learned from past experience and likewise during the decades immediately following the Second World War, when new institutions were constantly brought into being. If they have a common denominator, I would say that it is the geocentric approach of the developed countries. All that institutional machinery has grown up as the expression of their ideologies and their interests.

10. Take the case of GATT. Was there any clear-cut, vigorous notion of the interests and requirements of the developing countries at the time of its conception? Was there not a strong recrudescence of that geocentric approach in the Kennedy Round? Everyone recognizes

that it was an extremely effective operation for the developed world, but it did little for the developing countries, with whose problems GATT has been unable to deal justly and equitably.

11. This geocentric approach also applies to the institutions set up at Bretton Woods. The interests of the developing countries were not taken duly into account, although I must acknowledge the efforts made in recent years by the Managing Director of IMF and the President of IBRD to meet the requirements of the peripheral countries. Nevertheless, in many cases their hands are tied by a charter drawn up without a vision of the future. Has it been possible to obtain financing for buffer stocks under commodity agreements? Can it be said that due heed has been paid to the external vulnerability problems of the developing countries, as compared with the careful attention given to those of the developed countries? It is a regrettable but incontrovertible fact that the supplementary financing projects have melted into thin air. The European Economic Community—one of our century's great achievements—has also failed to take account of the problems of the developing countries as a whole. Quite the contrary. There are still some very harsh features in the Community's policy, and I fervently hope that they may be smoothed out.

12. Furthermore, in the advanced countries the idea has now arisen of slowing up the rate of growth, explicably enough in view of the sometimes merciless criticism levelled in the great centres at their way of life and the true patterns of life itself. Which reminds me of that other philosophy of controlling population growth in the peripheral countries in the interests of their peoples' welfare, without stopping to think that this is only one measure to be combined with others in a wise development policy. Grave difficulties of course exist, but let us not be carried away by the sibylline imaginings of some prophecy-mongers. In any event, such lucubrations do not usually reflect the nature of the third world's problems, or the elementary truth that developing countries need to accelerate their own rate of growth in order to overcome their basic difficulties, although not perhaps by the same means as the advanced countries.

13. Lastly, what has happened in respect of the reform of the international monetary system? Once again the geocentric approach of a small number of advanced countries has led them to agree upon reform among themselves, without the participation of other developed countries, of the developing countries, or of the socialist countries. Can such a course be followed in a reform of such vital importance? Signs of change are, I think, already apparent, and are attributable to the persistence of the third world countries since the Second Ministerial Meeting of the Group of 77 at Lima and even before it.

14. Actually, monetary reform has already ushered in a veritable silent revolution culminating in the creation of the special drawing rights. This is a conscious and deliberate act on the part of the international community—incomplete, to be sure—to create new monetary resources instead of allowing the needs of world trade

to continue to be a prey to the vicissitudes of gold production or to the production of dollars at the discretion of a single country. This is a great step forward, and it illustrates how the political will to solve problems is forthcoming when the interests of the major countries are at stake, especially as the result of a crisis such as the one we are now experiencing. From many of the statements made at this Conference, it appears that the idea of the link is gaining ground, the idea of using the new international monetary resources to increase loans to developing countries with a view to reaching the 1 per cent and the 0.7 per cent targets in the not too distant future. Delegations from major developed countries have supported this idea, but in the light of past experience I greatly fear that nothing will emerge from this Conference except ambiguous statements on the subject. Nevertheless, recent conversations I have had have made it quite clear to me that there is no longer any doubt as to the theoretical bases of this proposal by the developing countries, nor as to its actual desirability. Why the delay, then? Why adopt a slow and tortuous approach rather than take advantage of the present opportunity? Why not recognize that the decision must be taken, without entering into technical details, merely stating that it is vitally important not only for the operation of the international monetary system which will emerge from the reform to stimulate the development of our countries by means of extra financing? Why not do so at the present session of the Conference? Why not at once reap the fruits of years of concern with this subject and restore to the developing world its faith in the capacity of this meeting, and of others held under United Nations auspices, to do something constructive?

15. In all this, the 77 are exerting, have exerted and are bound to exert tremendous weight. No solid achievements will emerge from the UNCTAD programme unless the unity and cohesion of the developing countries are safeguarded and strengthened. Obviously there are differences among them; there have been in the past and there will be in the future. But are there not differences in the most vigorous and best-organized political parties in the world? Is a monolithic approach the best way of proceeding in such cases? Differences will arise, and hence considerable efforts must be made to smooth them out and to reach a compromise. If we are asking the developed countries to compromise, why not do so among ourselves? In the face of the whole range of current problems, the common denominators linking the developing countries are more significant than the differences separating them and due largely to their relative degree of development and, above all, to the varying extent to which they are capable of making use of certain methods of co-operation such as generalized preferences. I am sure that there will be a convergence of views on all the essential points and that it will then be possible to adopt special measures. This will call for great constructive vision, inspired and backed up by the growing solidarity of this group of countries. I greatly hope and trust that this will materialize, because I believe that it is a key element in the gradual solution of the problems which we have raised and which must be very decisively resolved.

16. The chief role of UNCTAD since 1964 has

been to throw light on the nature of the changes in this world of ours and to bring out their relationship with domestic changes. But we must go beyond 1964. We must interweave a new warp thread of practical ideas and proposals combining the economic and technological with the social and the political, since, when all is said and done, they are merely different aspects of a single phenomenon.

17. In this more advanced concept of the role of UNCTAD, will there be new confrontations? Yes, of course there will; they are inevitable. But they will be confrontations leading to a positive outlook, and to negotiation, so as to avoid head-on collisions calculated to divert us from our fundamental objectives.

18. And this raises a major question. Will such a positive outlook emerge in the central countries from these confrontations and make them clearly aware of their world responsibility? In recent years there has been much talk of lack of political will, which it is customary to explain as due to lack of support from public opinion. This point was eloquently made a few days ago in this very forum. What is being done to inform public opinion? What is being done to arouse a sense of responsibility? Very little so far; among the scanty examples, I cannot fail to mention the effort along these lines which I happened to witness recently at The Hague, during a very lively and instructive meeting organized by the Netherlands Government in preparation for this third session of the Conference.

19. Thus we must tackle all the problems of development. In its studies and activities, UNCTAD must embrace other fields in addition to those with which it began, such as exports, shipping, the transfer of technology and development financing; for, as I said before, they are all in the final analysis different aspects of the same general phenomenon. For that reason, I venture to express an elementary truth familiar to all of us but worth repeating. Development—through inevitable changes—is a phenomenon whereby the life-forces of a country are intensified; and this intensification necessitates at the domestic level, social mobility and the participation of the masses of the people, while in relations with the central countries it requires independent decision-making, with all the variety and complexity that such decisions entail. It is a phenomenon of national identification. At a meeting on foreign private capital which I attended, I heard an eminent businessman say that, in this world of interdependence, it was necessary to cede a portion of sovereignty in order to arrive at mutually advantageous formulas. I then explained that the problem of the Latin American countries, and I think, of the third world generally, is above all to achieve that sovereignty in a full sense, to establish it on solid foundations and then to pass from the present relationship of dependence—which is unacceptable in view of the political maturity of our peoples—to interdependent relationships which involve new forms of co-operation.

20. Since I have mentioned foreign capital, permit me to make a relevant digression. In this field, other formulas different from the current ones are urgently needed, new rules of the game, to supersede some

unfortunate vestiges of the past characterized by the reckless exploitation of natural resources or of abundant and ill-organized manpower. For the first time in history, new opportunities are opening up whereby it is perfectly possible to reconcile interests and exploit the enormous potential of technology for the benefit of all.

21. The portent of the international corporation has arisen. A "portent", in the ordinary sense of the word, is a cause for both wonder and concern. The cause for wonder is not only its production technology, but also its organizational and commercial expansion techniques throughout the world. It is a cause for concern since we must ask ourselves: what will our countries' position be within that multinational framework? Does a multinational corporation really reflect the interests of all? Or, to paraphrase a well-known saying: can it be said that what is good for the corporation is good for the whole world, of which the peripheral countries are also a part?

22. In truth, it is indispensable to draw up new rules of the game. I think it is possible to achieve fruitful relationships of living side by side and co-operating whatever the economic and social system involved, whether it be co-operation between a foreign private enterprise and a private or public enterprise in a developing country, or between a socialist enterprise in a developed country and a private or public enterprise in a developing country.

23. But that is not all. Events of capital importance are taking place in the field of international politics. Progress is being made towards coexistence and towards a multipolar organization of life on this shrinking planet. We are at a great turning-point in history whose implications are profound and where the course of events could either throw up new concepts of zones of influence from north to south, or else help to fulfil the noble aim of bringing the developing countries economic and political independence. Much will depend—and I emphasize this—on whether those countries strengthen rather than weaken their cohesion and unity and maintain a great tenacity of purpose so as to achieve this and their other paramount objectives.

24. Under this concept of economic independence, we must respect the desire of each country to go its own way until it attains the economic and social organization it considers suitable. This is indeed a very difficult task and one which often causes friction with the interests of the central countries, since a type of relationship compatible with the legitimate requirements of development has yet to be devised. It is of prime importance that such compatibility should be arrived at so that legal principles and standards can be established to ensure the rights and obligations of various parties within the sacrosanct concept of economic independence.

25. Moreover, that independence will be jeopardized unless we are capable of eliminating one of the direct effects of the cold war—the risk that, in the ideological effervescence inherent in the quest for independent solutions of their own, the developing countries should become mere pawns on a vast international chessboard, moved from outside at the bidding of economic, political

and strategic interests alien to their own and from which all of us increasingly desire to be freed.

26. It will also depend, to a very large extent, on the unity of purpose of the developing countries whether this multipolar coexistence is accompanied by a new vision of international co-operation, a vision based not only on immediate considerations but also on long-term considerations where there is a basic coincidence of interests between the central industrial countries and the peripheral countries. Such a coincidence should affect not only the economic sector but any matter likely to have a profound impact on the basis of coexistence itself, which cannot possibly evolve independently of what is happening in the developing world.

27. I do not wish at this point to refer solely to Latin America—although its problems concern me more directly—because these matters embrace the whole of the third world. Domestic tensions are growing, and if the First United Nations Development Decade was a decade of frustration—as the President of Mexico described it at the 92nd plenary meeting<sup>3</sup>—the Second Development Decade threatens to be one of social explosion. There are already clear symptoms of this. Let me put the matter in a philosophical perspective. I am concerned at the cost in human terms of the inevitable changes, but I am concerned most of all about what will come afterwards; about what can be established to replace the order of things which it is desired to transform or which has already been destroyed. Hence, an international framework and a vigorous co-operation policy are vital if new formulas are to be found reflecting the legitimate interests of the various political systems which have to live together on our planet.

28. I have just read rapidly through the document submitted to this Conference by the socialist countries of Eastern Europe.<sup>4</sup> There is a very interesting concept in its penultimate paragraph, which states—in rather more precise words, perhaps—that co-operation in the economic, technological and financial fields will have a great effect on political relationships. I fully agree, and think that it is of basic importance since the multipolar relationships I mentioned could be greatly affected thereby.

29. I repeat that unless there are radical changes in international relations at the economic, technological and political levels, it will be impossible firmly to establish a new order. If we are to embark on a long period of unrest, upheaval and violence, will that be compatible with the policy of coexistence between the great Powers which everybody would like to see solidly established? Will it be possible for the fires kindled by social pressures and political passion to be circumscribed and kept within the actual areas where they have broken out, without endangering that policy of coexistence?

30. I am determined not to be a prophet of doom, nor do I wish to draw an apocalyptic picture

<sup>3</sup> *Ibid.*

<sup>4</sup> See section G below.

of events. No. My position is different. I am evoking a world very different from the one in which we live, a world now attainable by means of technology, provided that we succeed in mastering it, provided that we succeed in subordinating economic forces and using them to attain definite human objectives but without degrading man himself, without damaging his personality and sense of initiative, while guaranteeing basic human and political rights to all the peoples of the earth, and extending them where they do not exist or are very precarious, to the great strata of the populations

of the peripheral countries which have been left behind not only in economic development but also in political and social evolution. This is the great problem we have to face, and the problem that must be solved. The road is a difficult one but it must be trodden boldly, imaginatively and thoughtfully, with both the emotional impulse which is needed to form great currents of opinion and the rational approach and foresight essential for constructive effort and for transforming the Utopias of today into the living reality of tomorrow.

## **E. MESSAGES FROM HEADS OF STATE AND GOVERNMENT AND FROM THE CHIEF EXECUTIVE OFFICERS OF INTERGOVERNMENTAL BODIES**

### **Message from the Government of Bahrain**

The Government of Bahrain apologizes for not being able to attend the third session of the United Nations Conference on Trade and Development being held in Santiago from 13 April to 17 May 1972. The Government wishes the Conference the best of success.

### **Message from Mr. Chou En-lai, Premier of the State Council of the People's Republic of China**

On the occasion of the convocation of the third session of the United Nations Conference on Trade and Development, I wish to express congratulations to the Conference on behalf of the Chinese Government and people.

We hope that the present session of the Conference will make contributions to the efforts of the people of the world, particularly the people of the developing countries, in safeguarding national independence, developing national economy, opposing the economic plunder and monopoly by imperialism, colonialism and neo-colonialism, establishing international economic and trade relations based on equality and mutual benefit and in other respects. May the Conference achieve positive results.

### **Message from His Holiness Pope Paul VI \***

As the third session of the United Nations Conference on Trade and Development opens in Santiago, Chile, we wish to express to you our profound desire to see the labours of this important assembly reach a successful outcome in conformity with the hopes that they have rightly inspired.

We know that this desire, which is shared by the individuals and the peoples of the entire world, is mingled with disquiet in the face of the complexity and vastness of the problems upon your agenda, as well

as in the face of the differing and at times divergent positions represented. For our part, we wish with you to place reliance above all upon the aspiration for justice and the sense of brotherhood which are inscribed in the heart of man: your Conference would offer, in its own field, an opportunity to these sentiments to find authoritative, mature and effective expression.

As at New Delhi in 1968, this Conference is being held against the background of an international crisis in currency, exchange rates and even co-operation for development. The resistance inspired by national interests seems to have grown further. Many economic structures that produce domination have not been corrected through the achievement by nations of political independence; inequalities of income and social conditions are tending to increase both between nations and within certain countries.

Your Conference is aware of the scope and also the limits of the aims to which it so nobly aspires. You are well aware that neither the reform of international trade nor the improvement of aid and co-operation are capable by themselves of ensuring a more united and more human development among peoples. In many cases it is the very structures of power and decision-making that must be altered, in order to bring about everywhere, on the political and economic as also on the social and cultural levels, a better sharing of responsibility. Does not justice demand that all peoples, whatever their degree of economic power, should have a real participation in all negotiations of world-wide importance?

It is natural that the great Powers and the multi-national communities should arouse the special expectations of the countries with the least share in the world's wealth. But it is the particular aim of your Conference to provide a forum in which all voices may make themselves heard in the search for solidarity between nations, realism in solutions and fairness in sharing the goods of the earth. We have not failed to note that your programme accords special attention to the lot of the least favoured among the developing countries. It is indeed desirable that UNCTAD should devote itself to the abolition of systems in which the privileged become steadily more privileged, the rich

\* The message from his Holiness was addressed personally to Mr. Pérez Guerrero, Secretary-General of UNCTAD.

increasingly engage in trade among themselves and international aid itself often benefits only very imperfectly the most poverty-stricken people.

In this regard we would wish a hearing to be given to the voice of the most deprived, those millions of men, women and children living on the margin of the modern economy, people who are often the victims of sickness, malnutrition, bad housing and working conditions, under-employment, illiteracy and all the other ills that prevent them from sharing fully in one same human condition.

We send you this message, aware of our own responsibilities at the head of a universal Church which desires to march with mankind and to share mankind's lot in the midst of history. The declaration of the latest Synod of Bishops witnesses to this desire and calls for commitment to the service of greater justice both within national communities and on the international level. Be assured that all Catholics and all those who share our common aspiration for an equitable world will follow your deliberations, in the conviction that today, to a certain extent, the peace of the world is in your hands.

As we invoke abundant divine blessings upon all those taking part in the third session of the United Nations Conference on Trade and Development in Santiago, we pray Almighty God to bring to a successful conclusion their work for the benefit of the whole of mankind.

**Message from Mr. Yu Tsendenbal, Chairman of the Council of Ministers of the Mongolian People's Republic**

On behalf of the people and Government of the Mongolian People's Republic and on my own behalf, I extend cordial greetings to the participants in the third session of the United Nations Conference on Trade and Development, which is being held at Santiago, the capital of Chile.

The Mongolian Government attaches great significance to the present session of the Conference, which is called upon to play an important role in the development of international trade, in promoting the social and economic progress of peoples and in expanding mutual understanding and co-operation between States.

The Mongolian People's Republic has always stood for the normalization of international trade and economic relations on the basis of equitable and democratic principles, and for the development of mutually beneficial co-operation between all States irrespective of their social and political systems and their levels of development.

It is our belief that the elimination of artificial barriers and all forms of discrimination in the field of international trade and the elaboration of practical measures for the effective development of such trade, together with improvements in the activities of UNCTAD, will undoubtedly help to strengthen mutual understanding and friendly co-operation between peoples and to reduce international tension.

I take this opportunity to extend to all participants in the session our sincere wishes for success in solving the vital problems on the agenda of the Conference.

**Message from Mr. Nicolae Ceausescu, President of the Council of State of the Socialist Republic of Romania**

It is with particular pleasure that I address to you, and to all participants in the third session of the United Nations Conference on Trade and Development, cordial greetings on behalf of the Council of State of the Socialist Republic of Romania and on my own behalf.

In view of the very special importance of the United Nations Conference on Trade and Development, the Socialist Republic of Romania is taking an active part in its work, prompted by the desire to see the Conference make a substantial contribution to the intensification of world exchanges, to the promotion of collaboration and co-operation among States, to the development of international trade and to the economic and social progress of all countries, particularly the developing countries.

Romania shares the concerns of all States which have embarked on the course of creating a strong and independent economy and are endeavouring to transform international relations—economic, scientific, technical and cultural—into a factor for multilateral progress and for harmony and understanding among peoples. The basic requirements for the achievement of this objective are the untrammelled development of international trade, the expansion of industrial co-operation and the rapid elimination of all the barriers, restrictions and artificial discriminations which still exist in world trade.

One of the most difficult problems awaiting solution in the present-day world is the bridging of the economic, technological and scientific gap between the industrialized countries and the developing States—that gap which is becoming an obstacle to development and co-operation between nations and which is a source of mistrust and tension in the world.

The solution of this problem, which should become a major concern of the whole international community, calls for the mobilization of all the efforts of the peoples to accelerate their own economic and social progress and close the gap, and it also calls for practical measures to support such efforts, to which the developed countries should make a substantial contribution.

Romania, a socialist country which has itself embarked on the course of development, is making extensive efforts to bring about a profound transformation in all fields of activity, to accelerate its own economic and social growth and to catch up with the developed countries in the shortest possible time. While concentrating its efforts on the creation of a strong economy and a new society, our country is deeply interested in developing its relations with all States—irrespective of their social systems—in a spirit of peaceful coexistence.

The progress and economic and social development of all peoples require that new relationships be promoted in international life—relationships based on the principles of complete equality of rights, respect for

national independence and sovereignty, non-interference in internal affairs, and mutual advantage. These are the only foundations on which normal and lasting relationships between States can be built, and on which extensive and fruitful co-operation among all the nations of the world can be achieved.

Romania considers that it is essential for action to be taken to exclude the use or threat of force from international relations and to abolish policies of *diktat* and pressure of all kinds, so that colonialism and neo-colonialism and the exploitation of peoples in any form can be liquidated once and for all. We also think it is necessary for all the peoples of the world to unite their efforts and take resolute action to bring about general disarmament, beginning with nuclear disarmament. The implementation of practical measures to halt the arms race and to reduce military budgets would release extensive resources which could be used to support the efforts of the developing countries to achieve economic and social growth.

I am convinced that the work of the Conference will open up new prospects for fruitful international collaboration and co-operation, which will benefit all States and further the cause of progress and peace in the world.

I wish the Conference every success in its work.

**Message from Mr. A. Kosygin, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics**

I should like to extend the greetings of the Government of the Union of Soviet Socialist Republics and my personal greetings to the participants in the third session of the United Nations Conference on Trade and Development.

World trade and development issues have an important place in the present system of international relations. The desire of the peoples of the world for more rapid economic and social progress is viewed with sympathy and understanding by the Soviet people, which by its self-sacrificing efforts has in a short space of time transformed a formerly backward country into a highly developed State.

An essential condition of economic and social progress and trade expansion at the present time is universal peace and the security of peoples. The Soviet Government has consistently advocated the creation of the most favourable conditions for peaceful development, the cessation of the war of aggression in Indo-China and the elimination of the dangerous source of tension in the Middle East.

During the years of its existence, UNCTAD has made a useful contribution to the normalization of international trade, to the task of ridding it of discriminatory features and vestiges of colonialism, and to the promotion of mutually-beneficial international economic co-operation on a basis of equality between all countries in the world, irrespective of their social systems and levels of economic development.

The present session should take further steps to enhance the role of international trade, based on a fair and efficient international division of labour, as a means of promoting peace and the economic and social progress of all peoples.

We hope that the Conference will help to normalize and develop trade and economic relations between countries with different social systems, and to strengthen the economic independence of the newly-liberated countries.

The fact that the Conference is being held in Chile—one of the developing countries which has chosen the path of progressive social and economic reform—is deeply symbolical as evidence of the important changes taking place in the present-day world.

The Soviet Union will continue to advocate the strengthening and development of international economic co-operation, the elimination of all forms of discrimination from economic relations, and due consideration for the interests of all groups of countries in the solution of world trade problems. It will give the fullest support to measures designed to enhance the role and authority of the United Nations Conference on Trade and Development, to strengthen the democratic principles underlying its work and to make the organization truly universal.

The Soviet Government wishes the participants in the third session of the United Nations Conference on Trade and Development every success in the accomplishment of their important mission.

**Message from Mr. Josip Broz Tito, President of the Socialist Federal Republic of Yugoslavia**

On behalf of the people of the Socialist Federal Republic of Yugoslavia and in my own name, I take pleasure in greeting the third session of the United Nations Conference on Trade and Development and in expressing the conviction that the occasion will be utilized for adopting decisions to accelerate the economic advancement of the developing countries and establish greater equality in international economic relations.

Yugoslavia attaches exceptional significance to the Conference in Santiago and the problems it confronts. Today, when the world is turning to the future with greater courage in many spheres of international relations and making a greater attempt than ever before to find elements of cohesion, it is even more necessary in solving economic problems to show increased determination in surmounting hesitancy and resistance so that the fruits of science and technology might be harnessed to serve the advancement of all countries. As long as two thirds of all mankind is not in a position to pursue its efforts for economic advancement under more equitable terms, it will not be possible to create a firm foundation for world peace and security.

The General Assembly of the United Nations has adopted the International Development Strategy which raised hopes that the international community, and the developed countries in particular, would take a more

determined approach to implementation of measures and actions in the area of development.

The outbreak of the international monetary crisis simply confirms the urgent need for action in all fields that are of crucial importance for surmounting the present economic difficulties, with special reference to the spheres of international trade, financing and more rapid application of modern science and technology for purposes of economic advancement. In this respect, the special measures in favour of the least developed among the developing countries hold a place of special importance.

The world expects the third session of the United Nations Conference on Trade and Development to give powerful impetus to accelerated implementation of the development strategy and in that manner to make it possible for the developing countries, under more favourable international conditions, to develop their creative energies and consolidate their independence and autonomous socio-economic development.

I take this opportunity to lay stress on the important role and contribution of the Group of 77 in terms of the endeavour to establish more equitable relations in international economic co-operation, and should like at the same time to emphasize that Yugoslavia will continue to take an active part in its work.

In the conviction that the third session of the Conference will help render UNCTAD even more capable of discharging its important mission in the field of international economic co-operation, I send the Conference participants my very best wishes for success in their work.

#### **Message from the Executive Secretary of the Economic Commission for Europe**

I regret I am unable personally to be present at the third session of the United Nations Conference on Trade and Development due to my responsibilities here in connexion with the twenty-fifth anniversary session of the Economic Commission for Europe but I would ask you to convey to the Conference my best wishes for a productive session.

The ECE secretariat looks forward to continued close co-operation with the UNCTAD secretariat in efforts to help Governments carry out their agreed programmes for economic and trade development.

#### **Message from the Director-General of the International Labour Office**

May I assure the third session of the United Nations Conference on Trade and Development of the fervent good wishes of the International Labour Organisation for the full success of its labours.

We in the International Labour Organisation seek to promote full, productive and freely-chosen employment and improved conditions of work and life throughout the world.

We know that these ends can be achieved only if your efforts to secure a fairer distribution of the world's

wealth in the interest of all its peoples by vigorous policies for the liberalization of world trade and promotion of economic development are fully successful.

We believe that we can make a major contribution to the success of your efforts by vigorous ILO action to promote greater social justice in countries at every stage of development.

A policy statement on trade, development co-operation, employment and labour in the Second United Nations Development Decade, which has been approved by the Governing Body of the International Labour Office and is accompanied by an indication of various views expressed in the Governing Body, is being circulated to the Conference. May I venture to commend it to your attention and to assure you that we in the ILO look forward to ever-closer co-operation with the United Nations Conference on Trade and Development in achieving our common objectives?

#### **Message from the Director-General of UNESCO**

ON OCCASION THIRD SESSION UNITED NATIONS CONFERENCE TRADE AND DEVELOPMENT REQUEST YOU TRANSMIT TO CONFERENCE MY BEST WISHES FOR SUCCESS. AM ANXIOUS TO KNOW CONCLUSIONS OF DISCUSSIONS PARTICULARLY WITH REGARD TO THE TRANSFER OF TECHNOLOGY, A FIELD IN WHICH UNCTAD AND UNESCO HAVE COMPLEMENTARY RESPONSIBILITIES. INTEND FOR MY PART TO CONTINUE AND EXPAND UNESCO ACTIVITIES CONTRIBUTING TO THE ESTABLISHMENT AND CONSOLIDATION OF INFRASTRUCTURES AND TO THE DEVELOPMENT OF HUMAN RESOURCES TO PROMOTE THE ENDOGENOUS DEVELOPMENT OF SCIENCE AND TECHNOLOGY AND ITS INCORPORATION IN AND ADAPTATION TO THE NEEDS OF THE DEVELOPING COUNTRIES IN THE BEST POSSIBLE CONDITIONS.

#### **Message from Mr. Leopold Sedar Senghor, current President of the African, Malagasy and Mauritian Common Organization**

The Conference of Heads of State and Government of OCAMM, meeting at Lomé from 24 to 27 April 1972, having been informed of the items included in the agenda of the third session of the United Nations Conference on Trade and Development now taking place in Santiago, Chile, expresses the complete solidarity of the States members of OCAMM in the negotiations currently taking place and their desire to see practical measures taken to promote the development of all developing countries. Emphasizes the great importance which the member States attach to the conclusion of international arrangements that will lead to an organization of the markets for the commodities which they export. Stresses the need to decide on special measures in favour of the least developed countries and the land-locked countries and in that connexion supports the relevant provisions of the Declaration and Principles of the Action Programme of Lima.<sup>1</sup> Points out that the

<sup>1</sup> See section F below.

member States attach particular importance to the regional groupings to which they belong and emphasize that they cannot forgo the advantages they derive from such groupings unless at least equivalent advantages or compensation can be granted to them. Wishes the Conference every success in its work.

**Message from Mr. Galo Plaza, Secretary-General of the Organization of American States \***

PLEASE TRANSMIT DELEGATIONS THIRD SESSION UNITED

\* The message from Mr. Galo Plaza was addressed personally to Mr. Pérez Guerrero, Secretary-General of UNCTAD.

NATIONS CONFERENCE ON TRADE AND DEVELOPMENT MY DEEP REGRET THAT MY RESPONSIBILITIES OAS HEADQUARTERS IN CONNEXION ANNUAL SESSION GENERAL ASSEMBLY OF ORGANIZATION PREVENT MY TRAVELLING TO SANTIAGO TO ATTEND EAGERLY AWAITED SESSION WHICH WILL DEAL WITH QUESTIONS OF VITAL IMPORTANCE FOR LATIN AMERICA AND WHOLE DEVELOPING WORLD. CAREFUL PREPARATORY WORK UNDER ABLE LEADERSHIP AND EXCELLENT FACILITIES OFFERED BY HOST GOVERNMENT AUGUR SUCCESS OF CONFERENCE. ASSURE YOU THAT OAS SECRETARIAT WILL CO-OPERATE CLOSELY WITH UNCTAD IN IMPLEMENTING ITS RECOMMENDATIONS.

**F. THE DECLARATION AND PRINCIPLES OF THE ACTION PROGRAMME OF LIMA \***

Adopted by the Group of 77\*\* at the Second Ministerial Meeting on 7 November 1971

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\* Circulated to the Conference by a note by the Secretary-General of UNCTAD (TD/143).

\*\* Afghanistan, Algeria, Argentina, Bahrain, Barbados, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Costa Rica, Cuba, Cyprus, Dahomey, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Khmer Republic, Kuwait, Laos,

Lebanon, Lesotho, Liberia, Libyan Arab Republic, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, People's Republic of the Congo, Peru, Philippines, Qatar, Republic of Korea, Republic of Viet-Nam, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somalia, Sudan, Syrian Arab Republic, Swaziland, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zaire, Zambia.

**PART ONE**

**Joint statement of the Second Ministerial Meeting of the Group of 77**

We, the representatives of the 96 developing countries, comprising the vast majority of the human race, assembled at the Second Ministerial Meeting of the Group of 77, in the city of Lima in Peru, from 25 October to 7 November 1971, to harmonize our positions with a view to the third session of the United Nations Conference on Trade and Development to be held in Santiago, Chile, in April-May 1972, thank the Government and people of Peru for their warm hospitality and the efficient arrangements which have made this Meeting a success.

We have considered the Bangkok Declaration of the Ministerial Meeting of the Asian Group,<sup>1</sup> the Addis Ababa Declaration of the Ministerial Meeting of the African Group<sup>2</sup> and the Lima Consensus of the Ministerial Meeting of the Latin American Group.<sup>3</sup> And as the result of our consideration of these important documents, and of our substantive agreement concerning the trade and development problems of the world today,

<sup>1</sup> See MM/77/II/Misc.1.

<sup>2</sup> See "Report of the African Ministerial Meeting preparatory to UNCTAD III," Addis Ababa, 8-14 October 1971 (E/CN.14/545), part II, "Action Programme".

<sup>3</sup> The Consensus of Lima, adopted at the Twelfth Meeting of CECLA (MM/77/II/Misc.3—CECLA/XII/DC/29/Rev.1).

We invite the attention of the international community and of the peoples and governments of the developed countries of the world to:

1. The *Declaration*<sup>4</sup> containing our assessment of the present world situation, our approach to international endeavours for accelerating the development process in the developing countries, and the basic principles designed to establish a new structure of international economic relations based on a more just and dynamic international division of labour between developing and developed countries; and

2. The *Programme of Action*<sup>5</sup> in which we have outlined concrete and specific proposals aimed at solving, through international co-operation, the urgent problems of trade and development so that our countries can achieve self-sustaining growth and attain true economic independence, thereby contributing to the balanced growth of the world economy.

We firmly believe that these objectives cannot be achieved without the full and effective participation of our peoples in the processes and benefits of development.

We are conscious that we are witnessing a profoundly revolutionary movement in the history of the world. The significance of this moment is made more profound by the fact that we have met on one of the continents which are in a state of ferment in its search for social and economic justice.

During the years which have elapsed since the First Meeting of the Group of 77 in Algiers, the process of social, economic, technological and political transformation has been further accelerated, thereby imparting a new and challenging dimension to the problems confronting this world; it has provided unprecedented opportunities for man as a result of his increasing domination of nature and space.

In a world which has achieved such prodigious advances in so short a span of time, the persistence and aggravation of the under-development afflicting our countries constitute a growing challenge to the international community. Such a situation, anguishing as it is in itself, has been further aggravated by the gap resulting from, on the one hand, the increasing awareness and aspirations of our peoples for the benefits of modern civilization, and, on the other, the means and possibilities for satisfying them.

This state of affairs—so acute a contrast between two worlds that are geographically so close and yet so far apart in their standard of life—fills us with concern and dismay, and obliges us to act without delay to carry our peoples forward to higher levels of social justice and human dignity. We have been disappointed by the shortcomings of international co-operation. It has shown a progressive deterioration during the past years and has now, in our opinion, reached a state of extreme gravity, the most eloquent manifestations of which are the breakdown of the international monetary system and also the resurgence

of protectionist policies which are closing markets, at the very moment when we have the right to expect wider access to them.

The hopes which we had entertained when the Charter of Algiers<sup>6</sup> was adopted in 1967 have been frustrated. Once again, therefore, we confront the conscience of world opinion with facts, figures, arguments and programmes. We trust that the understanding of the statement of the developed world will become more responsive and will generate the necessary political will to lend vigour to international co-operation. On such co-operation will depend not only the success of the efforts to raise the standards of living of a vast majority of humanity, but also the progress and prosperity of all peoples. Indefinite coexistence between poverty and affluence is no longer possible in the world of today.

We have, by meeting for the second time, strengthened the unity and solidarity of the Group of 77 as an instrument for achieving a more rational and equitable pattern of international economic relations, and for increasing the self-reliance of developing countries in organizing their own economic and social progress.

We, however, notwithstanding our adversities reaffirm our collective faith in international co-operation for development as enshrined in the Charter of the United Nations, the practical expression of which is UNCTAD, the main form of the United Nations system for trade and development. We express our conviction that the forthcoming third session of the United Nations Conference on Trade and Development to be held in Santiago, Chile, in April-May 1972, will provide a fresh opportunity for the developing as well as the developed countries of the world to make a collective and determined endeavour to correct effectively the adverse situation confronting the developing countries. We therefore believe that the unified expression of the shared hopes and aspirations of mankind, as expressed by the representatives of the vast majority of mankind, would go a long way in evoking favourable response from the international community and, in particular, from the peoples and Governments of the developed world.

Finally, we must express our gratitude to the President of the Second Ministerial Meeting, General Edgardo Mercado Jarrín, for the impartiality and efficiency with which he has guided the deliberations of this historic meeting.

## PART TWO

### Declaration

The Ministers of the Group of 77, assembled at their Second Meeting in Lima from 25 October to 7 November 1971,

<sup>4</sup> See part two below.

<sup>5</sup> See part three below.

<sup>6</sup> See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), p. 431.

*Inspired by their common desire to:*

Harmonize positions of the developing countries on the course of action to be undertaken by the international community in assisting the promotion of economic and social progress of developing countries, particularly at the forthcoming third session of the United Nations Conference on Trade and Development,

Devise ways and means for reviewing the implementation of the policy measures already agreed upon and for seeking new areas of agreement in the dynamic context of the International Development Strategy and evolve new concepts, principles and additional measures for furthering international co-operation for development,

Enable the least developed among the developing countries and the land-locked developing countries to benefit fully and equitably from international economic measures,

Invite the international community to take urgent action commensurate with the development requirements of the developing countries to assist them in accelerating the pace of their economic development and significantly improving the standard of living of their peoples,

Strengthen the unity and solidarity of the Group of 77 as the main instrument for achieving a more rational and equitable pattern of international economic relations and for increasing the self-reliance of developing countries in organizing their own economic and social progress, thus securing the full economic independence of these countries;

#### A

Reaffirm the principles and objectives contained in the Charter of Algiers, which retains its full relevance and must continue to serve on an enduring basis as a guide for seeking positive international co-operation;

Recognize the basic identity of interests and problems of the developing countries of various regions and the paramount importance of maintaining and cementing their unity and solidarity for defending their common interests and for securing early and just solutions to their problems;

Affirm that this unity must be based on an equitable sharing of rights and obligations, and benefits from measures of international co-operation for economic and social development, by all regions and all countries members of the Group of 77.

#### B

Having reviewed the world trade and economic situation and in particular the situation of the developing countries, and having assessed and critically examined policies pursued since their First Meeting in Algiers in October 1967, bearing in mind that the objectives set forth in the Charter of Algiers have not been achieved except to a minimal extent, and having determined their requirements in relation to the goals and objectives and policy measures of the International Development

Strategy for the Second United Nations Development Decade,

*Deem it their duty:*

To invite the attention of the international community and the peoples and the Governments of the developed countries to the following:

(a) The standard of living of the hundreds of millions of people of the developing countries is extremely low and the raising of their standard of living to a level consistent with human dignity constitutes a real challenge for international co-operation and contributes to the creation of conditions of stability and well-being for all humanity.

(b) In spite of an over-all improvement in international trade and the world economy, as a whole, the relative position of the developing countries continues to deteriorate:

- (i) While during the 1960s the *per capita* income in developed countries increased by over \$650, that in developing countries increased only by about \$40;
- (ii) Their share of world trade in exports declined from 21.3 per cent in 1960 to 17.6 per cent in 1970;
- (iii) Their external debt burden is growing at such an alarming rate that it stood at about \$60 billion at the end of 1969;
- (iv) The financial flows from developed to developing countries are declining in terms of the percentage of the gross national product of the former along with their component of official development assistance;
- (v) The technological gap between the developed and developing countries is steadily widening.

(c) The present international monetary crisis and the intensification of protectionism by developed countries jeopardize vital trade and development interests of the developing countries and threaten the very basis of international economic co-operation at the very outset of the Second United Nations Development Decade.

(d) The gap in the standard of living between the developed and the developing countries has widened as a result of all these unfavourable trends; since their meeting in Algiers in 1967, the poor countries have become relatively poorer and the rich countries richer.

#### C

*Convinced that:*

The fundamental causes of the low rate of the economic growth of the developing countries are:

The contradictions inherent in the present structure of international economic relations based on an anarchistic and irrational international division of labour which does not respond to the needs of present world economic conditions nor contribute to accelerating the development processes in developing countries;

The failure of developed countries to adopt trade and monetary policies fully responsive to the development needs and interests of the developing countries and the

lack of political will on the part of the Governments of developed countries even to fulfil obligations and commitments assumed by them so far in UNCTAD and other international forums;

The maintenance of certain undesirable trends and policies such as the armaments race, colonialism, racial discrimination, *apartheid*, occupation of the territories of any State, and in a general way any dependence whatever in a form that would contribute to the aggravation of social and economic underdevelopment.

*Notwithstanding the foregoing:*

Reaffirm their faith in international co-operation for development and express their belief that the forthcoming third session of the United Nations Conference on Trade and Development to be held in Santiago, Chile, in April-May 1972, provides a fresh opportunity to make a collective and determined endeavour to correct effectively the adverse situation confronting the developing countries;

Recall that the Governments of developed and developing countries have reaffirmed, when adopting the International Development Strategy for the Second United Nations Development Decade, their common and unswerving resolution to seek a better and more just and rational world economic and social order whereby the prevailing disparities in the world may be banished and prosperity secured for all;

Believe that the unified expression of shared hopes and aspirations by Ministers representing the overwhelming majority of mankind should result in more positive and long overdue responses from the international community and in particular from the peoples and the Governments of the developed countries.

**E**

*Stress:*

That the primary responsibility for the economic development of the developing countries rests upon themselves and to that end they are determined to make all efforts to solve their problems, to carry out the necessary reforms in their economic and social structures, to mobilize fully their basic resources and ensure participation of their peoples in the process and the benefits of development;

The need to foster mutual co-operation among developing countries so as to contribute to each other's economic and social progress by an effective utilization of the complementarities between their respective resources and requirements;

The imperative necessity for the international community to fulfil its obligation to build a more just international social and economic order within a time-bound action programme through the adoption by the developed countries of such favourable economic and commercial policies, and through increased financial support so as to attain the goals and objectives set forth in the International Development Strategy.

*Reaffirm:*

The fundamental role of UNCTAD in matters relating to trade and development, to review and appraise the progress achieved in the implementation of the International Development Strategy, within its field of competence, and to seek new areas of agreement and the widening of existing ones as well as to evolve new concepts and seek agreement on additional measures as envisaged in the International Development Strategy.

*Urge the international community:*

To use international machinery to bring about a rapid transformation of the world economic order, particularly in the fields of trade, finance, shipping, invisibles and technology through:

(a) The achievement of a more rational international division of labour carried out through necessary structural readjustments in the economies of developed countries in order to enable developing countries to diversify their economies, to increase the access of their products to the markets of developed countries and thus accelerate the rate of growth of the developing countries. For this purpose, developed countries should adopt and implement specific programmes of adjustment, including anticipatory adjustment in their production structures.

(b) The adherence by the developed countries to certain basic principles in the field of international trade and development, such as:

Observing strictly the standstill in regard to tariff and non-tariff matters; according trade concessions to all developing countries on a strictly non-reciprocal basis; and extending to developing countries preferential treatment in all trade and development matters;

The recognition that every country has the sovereign right freely to dispose of its natural resources in the interests of the economic development and well-being of its own people; any external, political or economic measures or pressures brought to bear on the exercise of this right is a flagrant violation of the principles of self-determination of peoples and of non-intervention, as set forth in the Charter of the United Nations and, if pursued, could constitute a threat to international peace and security;

The implementation by the international community of the programme of special measures in favour of the least developed among the developing countries as well as the land-locked developing countries with a view to enabling them to benefit fully and equitably from the Second United Nations Development Decade;

The responsibility of the international community to eliminate any impediments to the growth and development of the developing countries and thus contribute to the creation of a world economic environment conducive to progress, prosperity and the attainment of collective economic security;

The full participation of developing countries on the basis of equality with other members of the international community in any prior consultations and decision-making in the reform of the world trade and monetary system, developed countries not taking unilaterally any decisions which directly or indirectly affect the social

and economic development of developing countries;

The promotion of a massive transfer of operative technology to developing countries on favourable terms and conditions in order to contribute to their rapid industrialization; making available to developing countries freely and on a non-discriminatory basis among them all scientific and technological information relating to their development requirements;

The reservation by the developing countries of an increasing and substantial share in all invisible operations relating to their foreign trade, including shipping and insurance;

The assurance that the developed countries, in dealing with the balance-of-payments problems, observe the principles of international economic co-operation and fulfil the commitments undertaken by them to that end;

The recognition by the developed countries of the right of the developing countries to dispose of marine resources within the limits of their national jurisdiction, the establishment of which must take duly into account the development and welfare needs of their peoples, and ensure their participation in the substantive benefit that may derive from the international management of the sea-bed, the ocean floor and the subsoil thereof beyond the limits of national jurisdiction, giving particular consideration to the needs of the land-locked States;

The recognition of the relationship between environmental problems and development, and of the need for the developed countries in adopting any environmental policies and pollution control measures, to take into account the development needs of the developing countries and to ensure that their economies are not adversely affected;

The utilization for the promotion of the economic and social progress of developing countries of a substantial proportion of the savings from the progressive measures towards general and complete disarmament.

## H

*Adopt the following programme of action:*

### PART THREE

#### Programme of action

##### A. GENERAL POLICY ISSUES

##### I. *Impact of the present international monetary situation on world trade and development, especially of the developing countries*

##### *The present situation and its effects on developing countries*

1. The current international monetary crisis is the result of an imbalance among developed market-economy countries and has severely undermined the international monetary system, adversely affecting the international environment and prospects for trade and development of developing countries. The developing countries have fully co-operated in efforts to preserve the stability of the international monetary system. They

are in no way responsible for the balance-of-payments imbalances among developed market-economy countries. On the contrary, they have deliberately refrained from aggravating the situation by moving their currency reserves. However, they are now being made to carry a heavier burden in the adjustment process than the developed market-economy countries, as a result of the larger proportion of foreign currencies in their reserves.

2. The restrictions imposed by the developed market-economy countries on international trade, as a result of payment imbalances, particularly the 10 per cent surcharge imposed by the United States, are prejudicial to the economies of the developing countries in view of the great importance of their exports as a source of income and foreign exchange. The crisis in the international monetary system also threatens to have serious effects on the flow of external assistance to developing countries, as already shown by the recent decision of the United States to cut its foreign assistance programme by 10 per cent.

3. The present situation could lead to a "trade war" among the developed market-economy countries which will have disastrous effects on all countries and particularly on developing countries.

4. As a general principle, balance-of-payments difficulties among developed market-economy countries should not be used as a justification for the adoption of any measures which restrict the trade of developing countries, delay the liberalization of trade by developed countries in favour of developing countries, or result in a reduction in the flow of development assistance to these countries.

5. The uncertainty surrounding the international monetary situation warrants immediate and urgent action in order to eliminate the adverse consequences it has already created for the whole world, especially for the developing countries.

6. It is entirely unacceptable that vital decisions about the future of the international monetary system which are of concern to the entire world community are sought to be taken by a limited group of countries outside the framework of the International Monetary Fund.

7. The Board of Governors of the International Monetary Fund at its meeting in Washington in September 1971 urged member countries to collaborate with the Fund and with each other for the purpose of establishing, as soon as possible, a satisfactory structure of exchange rates maintained within appropriate margins for the currencies of members, together with a reduction of restrictive trade and exchange practices, and facilitate resumption of the orderly conduct of the operations of the Fund and requested the Executive Directors of the Fund to consider, prepare reports on and propose any amendments necessary to resolve existing international monetary problems, including all aspects of the international monetary system. This decision, though it recommends a reform of the international monetary system, does not refer to special problems faced by developing countries.

8. Any reform of the international monetary system must be geared to a more dynamic concept of world trade based on a recognition of the emerging trade

requirements of the developing countries. Accordingly, the objectives of any future reform of the international monetary system should be adapted to the needs of the international community as a whole. The new system must create conditions appropriate for a continuing expansion of world trade taking into account especially the needs of the developing countries and facilitate, *inter alia*, the transfer of additional development financing to developing countries, in line with the objectives and commitments of the International Development Strategy.

9. The member countries of the Group of 77 endorse the declaration of the Group of 31 developing countries at the eleventh session of the Trade and Development Board on the international monetary situation (document TD/B/L.281)<sup>7</sup> as well as resolution 84 (XI) of the Board on international monetary problems.

#### *Programme of action*

10. As a preliminary step, all the restrictive measures affecting developing countries adopted in the context of the international monetary crisis should be eliminated. Specifically, the Government of the United States of America is urged to exempt imports from all developing countries from the 10 per cent surcharge and to eliminate all other measures adversely affecting the trade of developing countries. The other developed market-economy countries are also urged to refrain from taking any measures to restrict trade of developing countries. Developing countries strongly demand that all developed countries implement the generalized system of preferences in favour of developing countries in 1971. The Government of the United States of America is also urged to reconsider its decisions to cut its foreign aid programme by 10 per cent so as to exempt therefrom all the member countries of the Group of 77.

11. Any contemplated changes in the international monetary system must take into consideration particularly the interests of the developing countries. In searching for a solution to the international monetary crisis, the whole international community should fully participate in the process of decision-making, so as to ensure the steady and continuous growth of trade and financial flows, particularly of the developing countries. In this regard, the role and the authority of the International Monetary Fund should be re-established and strengthened in all matters that concern the whole international community, as an effective means of safeguarding the interests of all countries, especially of the developing countries.

12. The following considerations and guidelines, among others, should be taken into account in the exploration of solutions to the crisis:

(a) It is indispensable to the restoration of stability and confidence in the world monetary system that a satisfactory structure of exchange rates maintained within narrow margins should be established;

(b) The new system must provide a mechanism for creating additional international liquidity, through truly collective international action, in line with the requirements of an expanding world economy and the special needs of developing countries, and with such safeguards as will ensure that the total supply of international liquidity is not unduly influenced by the balance-of-payments position of any single country or group of countries;

(c) The creation of a link between SDRs and additional resources for financing development should be made an integral part of the new international monetary system;

(d) The adherence of the developing countries to a new international monetary system necessarily presupposes the existence of a permanent system of guarantees against exchange losses affecting the reserves of these countries. In any case a mechanism should be worked out to compensate developing countries against involuntary losses they have suffered because of currency speculations in certain currencies of developed countries;

(e) The voting power of the developing countries in IMF should be increased by introducing provisions in the Articles of Agreement of IMF in order to increase the number of votes allocated to these countries.

13. The members of the Group of 77, with a view to ensuring full participation of the developing countries in searching for a solution to the present international monetary crisis and to safeguard the interests of the developing countries, invite the President of the Second Ministerial Meeting of the Group of 77 to consult with the Governments of the Group of 77 to consider the establishment of an intergovernmental group as suggested below.

14. It is also suggested that the intergovernmental group shall, *inter alia*, perform the following functions:

(a) Keep under review the course of the international monetary situation, take due cognizance of the studies entrusted to the Executive Directors of IMF at the recent meeting of the Board of Governors, and keep the countries members of the Group of 77 informed;

(b) Evaluate events in the monetary field, as well as any decisions which might be taken by a single country or group of countries within the framework of IMF, relating to the interests of the developing countries;

(c) Recommend within the field of its competence to the Governments of the Group of 77 co-ordinated positions in the third session of the United Nations Conference on Trade and Development, as well as in other forums, and consider any other action as might be necessary, including the convening of a world monetary conference within the framework of the United Nations.

15. In the implementation of the aforesaid provisions, the President of the Second Ministerial Meeting of the Group of 77 is also asked to inform the member Governments whether a consensus has been reached. If so decided, the President of the Second Ministerial Meeting shall invite the member Governments to have the intergovernmental group meet as soon as possible.

<sup>7</sup> See *Official Records of the General Assembly, Twenty-Sixth Session, Supplement No. 15 (A/8415/Rev.1)*, part three, annex II.

### *Composition and membership of the intergovernmental group*

(a) The proposed intergovernmental group would consist of 15 members of ministerial rank or senior monetary or financial authorities, 5 each from the African, Asian and Latin American groups.

(b) One nominee, each representing the 15 members of the intergovernmental group and the Executive Directors of IMF representing exclusively the developing countries, would act as Deputies to the group.

(c) Any member country of the Group of 77, if it so decided, could have the right to participate fully in all meetings and deliberations of the intergovernmental group, or of its subsidiary organs provided, however, that at least equivalent levels of representation were made.

### *II. Implementation of the policy measures within the competence of UNCTAD*

1. The Ministerial Meeting stressed that:

(a) UNCTAD should be action-oriented and its negotiating role strengthened.

(b) UNCTAD should be oriented towards the implementation of the provisions of the International Development Strategy so as to enable it to lay down the necessary guidelines for future action and for the formulation of principles and policies on international trade and related problems of economic development.

(c) The review and appraisal functions entrusted by the International Development Strategy should continue to be vested in the Trade and Development Board which may discharge this responsibility through the main Committees in order to promote negotiations connected with the search for new areas of agreement and the extension of existing ones within the framework of the International Development Strategy.

(d) Such negotiations should first and foremost be directed towards enabling Governments to withdraw the reservations or restrictive interpretations which are still being applied to many of the most important provisions of the Strategy and to implement these provisions fully and effectively within the time-limits specified in the Strategy.

(e) The system of the review of the implementation of the recommendations of the Conference should be broadened so as to take within its stride the review and appraisal of the objectives and policies of the Second Development Decade which fall within the competence of UNCTAD.

### *Review, appraisal and implementation*

#### *Procedure*

2. Greater attention should be given in future reviews of implementation of the recommendations of the Conference to individual country performance, both developed and developing, in order to assess the progress achieved and to highlight the obstacles encountered in the implementation of individual measures; for this purpose, a review, appraisal and implementation procedure related to the fulfilment of the policy mea-

asures of the International Development Strategy should be established with the following terms of reference:

(a) To carry out an analysis of the measures taken by developed countries, of the progress made or the difficulties encountered in the carrying out of the policy measures designed to assist the developing countries, especially the least developed among them, taking account of the reports and studies made by other intergovernmental organs;

(b) To make suggestions for adequate means of overcoming those difficulties or accelerating progress;

(c) The United Nations Conference on Trade and Development at its third session should instruct the Trade and Development Board to define and keep under constant review the indicators for assessing progress in the implementation of policy measures relating to the matters within its sphere of competence.

3. The process of review and appraisal implies continuing efforts within UNCTAD for securing implementation of the measures agreed upon within the context of the Strategy; reaching agreement in more specific terms on issues which have not been fully resolved in the Strategy, seeking new and broadening existing areas of agreement in the dynamic context of the Strategy.

4. The Board should meet in a special session once in two years, at an appropriately high level, to consider the detailed reports to be prepared by the Secretary-General of UNCTAD on the progress made on the application of these recommendations.

5. A sessional committee of the Board could be established to formulate appropriate recommendations for the consideration of the Board.

### *Third session of the United Nations Conference on Trade and Development*

6. In accordance with the aims set forth in General Assembly resolution 2725 (XXV), the attention of the United Nations Conference on Trade and Development should be drawn at its third session, in pursuing the functions falling within its competence and its role in the implementation of the International Development Strategy for the Second United Nations Development Decade in a dynamic concept, to the importance of:

(a) Reviewing the progress made in and seeking further implementation of the policy measures as agreed upon within the context of the International Development Strategy;

(b) Reaching agreement in more specific terms on issues which have not been fully resolved in the International Development Strategy and which have an important bearing on its implementation;

(c) Seeking new areas of agreement and widening existing ones;

(d) Evolving new concepts and seeking agreement on additional measures.

### *III. Review of the institutional arrangements of UNCTAD*

1. UNCTAD should be action-oriented and its

negotiating role should be strengthened, including technical assistance activities.

2. The review of institutional arrangements of UNCTAD would be most appropriate at the third Conference.

3. In order to strengthen the negotiating role of UNCTAD and give a more operational character to its recommendations, special efforts should be made:

(a) By the Conference to avail itself of the prerogative set forth in paragraph 3 (e) of General Assembly resolution 1995 (XIX) which authorizes the Conference "to initiate action, where appropriate, in co-operation with the competent organs of the United Nations for the negotiation and adoption of multilateral legal instruments in the field of trade, with due regard to the adequacy of existing organs of negotiation and without duplication of their activities"; and to that end, prepare and submit draft conventions and related multilateral legal instruments, within its field of competence, for the consideration of member Governments;

(b) To utilize the procedures provided for in paragraph 25 of resolution 1995 (XIX) in cases where such procedures are likely to facilitate agreement on substantive matters concerning which it seems advisable to make additional efforts at negotiation in order to avoid a vote.

#### *Board and main Committees*

4. The permanent machinery of UNCTAD should be made more representative of and responsive to the membership of the Conference.

5. The membership of the Board should be suitably enlarged to reflect the increased membership of the Conference.

6. The membership of the main Committees and other subsidiary organs of the Board should likewise be suitably increased and their size be made uniform.

7. The Board, the main Committees and all other subsidiary organs of the Board should be open-ended. Non-members should have all the rights and privileges of members except the right to vote. In the case of the main Committees or the subsidiary organs, the possibility of their being converted into committees or subsidiary organs of the whole should also be considered.

(a) *The Board* should, whenever considered desirable:

- (i) Hold meetings at the Ministerial level;
- (ii) Convene in special session, as provided for in the rules of procedure and in Board decision 45 (VII), to consider emergency situations adversely affecting the substantial interests of developing countries in international trade and related problems of economic development.

8. The terms of reference of the main Committees and the subsidiary organs should be reviewed with a view to strengthening their competence and effectiveness.

(b) *The main committees and subsidiary organs* of the Board should:

- (i) Meet normally only twice between Conferences, unless the interests of the work of the Organization require more frequent meetings;

- (ii) Meet at such appropriate level as would enable them to take substantive decisions;
- (iii) Meet after intensive preparations including, wherever necessary, the setting up of expert and/or *ad hoc* working groups.

(c) *Other subsidiary bodies of the continuing machinery*

- (i) The conversion of the Intergovernmental Group on Transfer of *Technology*, after its second substantive session, into a permanent committee of the Board should be considered;
- (ii) The Ministerial Meeting recommended that an intergovernmental group within UNCTAD be set up with a specified frame of reference. For details see part VIII of section H on special measures for the least developed among the developing countries.

#### *Secretary-General*

9. The Secretary-General of UNCTAD should be given greater flexibility to initiate consultations between States members concerned, at their request, or to convene intergovernmental working groups and expert groups, whenever any policy of regional economic groupings threatens the interest of developing countries or when there are specific problems that may affect developing countries in matters of trade and development within the competence of UNCTAD.

10. The Secretary-General of UNCTAD, when preparing the documentary material for items on the provisional agenda for the third session of the Conference, should include a report on the institutional difficulties hitherto encountered by UNCTAD.

#### *Public information*

11. Appropriate arrangements should be made for promoting more effectively the objectives and activities of UNCTAD in the public opinion of its member States.

#### *Further evolution in the institutional arrangements of UNCTAD*

12. The Ministerial Meeting took note of the recommendations of CECLA resolution 12/XII<sup>8</sup> and a memorandum<sup>9</sup> circulated by the Brazilian delegation, both on the questions of future institutional arrangements in UNCTAD.

13. The Ministerial Meeting considers the subject matter of such great importance that particular attention is drawn to paragraphs 30, 31 and 32 of General Assembly resolution 1995 (XIX) on the matter of future institutional arrangements. Moreover, the Ministerial Meeting recalls that, after the first Conference held in Geneva in 1964, the developing countries then known as the Group of 75 jointly declared that:

Furthermore, the developing countries would stress the need for continuing evolution in the institutional field, leading not merely to the progressive strengthening of the machinery that is now contemplated, but also to the ultimate emergence of a comprehensive international trade organization.<sup>10</sup>

<sup>8</sup> MM/77/II/Misc.3. See footnote 3 above.

<sup>9</sup> MM/77/II/WG/CRP.1. Circulated to the Conference as document TD/L.48.

<sup>10</sup> See MM/77/I/Misc.2, para. 6.

The Ministerial Meeting therefore decides

(a) To instruct the Group of 77 in Geneva to consider the above-mentioned documentation;

(b) To submit a proposal on the points raised in the said documentation for circulation to and comments from member Governments of the Group of 77;

(c) To present to a pre-Conference meeting of the Group of 77 in Santiago, Chile, a proposal which could be submitted, upon approval by the Ministers of the Group of 77, to the third Conference.

#### IV. *Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries*

The regional groups of Africa, Asia and Latin America each expressed their views as follows:

##### *African group*

Regional groupings of developed countries should define trade and industrial policies designed to operate in favour of trade with all the developing countries in conformity with the Charter of Algiers, part two, paragraph E.3.

In the implementation of such policies account should be taken of the other relevant provisions of the Charter, in particular part two, paragraph A.2 (c), which stipulates that the abolition of preferences requires that the developed countries grant equivalent advantages to the countries which at present enjoy such preferences, and paragraph B.1 (g), which provides as follows:

The new system of general preferences should ensure at least equivalent advantages to developing countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences, for the developed countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences.

##### *Asian group*

*Recalling* General Principle Nine, which states that

Developed countries participating in regional economic groupings should do their utmost to ensure that their economic integration does not cause injury to, or otherwise adversely affect, the expansion of their imports from third countries, and, in particular, from developing countries, either individually or collectively

and which was adopted at the first Conference and unanimously supported by developing countries;

*Recalling* further that the Charter of Algiers declares that:

(a) Regional economic groupings of developed countries should avoid discriminating against the exports of developing countries of manufactures, semi-manufactures and of primary products, particularly temperate and tropical agricultural commodities;

(b) The expansion of these groupings should not increase the incidence of any discrimination;

(c) Regional economic groupings of developed countries should take measures with a view to ensuring freer access of the exports of developing countries.

*Noting* that the African Ministers in their meeting at Addis Ababa on 8-14 October 1971 "Reaffirm the principles contained in the Charter of Algiers, which was intended as a frame of reference and a guide for very long-term action, and to propose the essential elements for real and sincere international co-operation."<sup>11</sup>

Hereby declares:

1. Developed countries have, in the intensification of regional groupings, pursued certain policies which have adversely affected the trade and development of developing countries. Developing countries have been urging developed countries to accord to them no less favourable treatment than that which developed countries accord to each other in their regional economic groupings. Developing countries believe that the regional groupings of developed countries should foster rational and outward looking industrial and trade policies and avoid injury to trading interests of third parties, including third developing countries. The interests of most Asian developing countries have not yet been taken care of in the recent trends leading to the enlargements of the European integration movement. Developed countries should undertake concomitant obligations in their regional groupings by adopting the following measures:

(a) A time-bound programme for providing adequate and improved access for the products of all developing countries;

(b) Mechanisms for protecting the interests of all developing countries in any process of the enlargement or intensification of their regional groupings;

(c) A non-discriminatory policy towards all developing countries in the field of trade and keeping in view the principle of non-reciprocity;

(d) In the case of new regional groupings and/or the strengthening or enlargement of existing ones, they should not create any adverse effects on the economies of the Asian developing countries in accordance with the principle of standstill accepted by the international community;

(e) In their policy of financial assistance, they should be governed by rational economic considerations in favour of all developing countries irrespective of the region to which they belong.

2. Whenever any policy of regional economic groupings of developed countries threatens the interest of developing countries, the Secretary-General of UNCTAD should convene consultations among interested countries.

##### *Some Latin American countries*

Regional groupings of developed countries in the process of enlargement should adopt equitable and outward looking industrial and trade policies governed by the principles of preferential non-reciprocal and non-discriminatory treatment towards all developing countries

<sup>11</sup> See E/CN.14/545, part two, "Action Programme", preambular section, para. 7.

with the purpose of safeguarding the interests of these countries.

In this respect, and bearing in mind the possible negative effects which this process of enlargement could have on international commodity markets of vital interest for developing countries, developed countries should accede, in the cases in which they have not done so, to existing international commodity agreements.

#### *V. Trade expansion, economic co-operation and regional integration among developing countries*

##### *Action by developing countries*

##### 1. Developing countries should:

(a) Intensify current efforts and initiate new efforts to negotiate and put into effect long-term and meaningful commitments among themselves within the sub-regional and other frameworks of their choice, in order to expand their mutual trade and to extend their economic co-operation in other fields;

(b) Within each subregion to which they belong, as an expression of political will, take further steps to overcome the difficulties that have so far stood in the way of trade expansion, economic co-operation and regional integration among them. Specifically, they should aim at bringing to fruition within the Second United Nations Development Decade the plans already agreed upon, namely to form where needed single multinational organizations in each subregion charged with the task of promoting trade expansion, economic co-operation and regional integration among component States as a preliminary and preparatory step towards the larger and final goal of trade expansion, economic co-operation, and regional integration among developing countries;

(c) Apply the principle of equivalent concessions in order to enable developing countries, including those who conduct a substantial part of their foreign trade through public and State-owned enterprises, to participate in regional groupings;

(d) Avail themselves of the facility offered by paragraph 6 of Trade and Development Board resolution 53 (VIII) to seek international support for their concrete schemes in the field of trade expansion, economic co-operation and regional integration;

(e) Make further efforts to intensify and widen economic co-operation among themselves. To that end, they should:

- (i) Promote and encourage expansion of intra-regional trade and establishment of suitable payments arrangement among themselves;
- (ii) Encourage and promote appropriate commodity action and, particularly, the protection of the interests of primary producers of the region through intensive consultations among producer countries in order to encourage appropriate policies, leading to the establishment of producers' associations and understandings;
- (iii) Further the establishment of mutually agreed regional, subregional and interregional preferential trade agreements;

(iv) Undertake steps further to liberalize their mutual trade, including the reduction or elimination of tariff and non-tariff barriers;

(v) Encourage regional and subregional groupings in which they are members to identify action to be taken in relation to the research, production, trade promotion and marketing of commodities;

(vi) Promote where mutually agreed upon the establishment of association and joint marketing arrangements among primary producing developing countries with a view to taking concerted action in third-country markets, particularly in developed-country markets;

(vii) Render fullest support to industrial development in the countries of the region by optimal use of the resources, including technical skill and know-how, available within the region;

(viii) Stimulate export production and intensify measures for export promotion in countries of the region through mutual regional and subregional co-operation;

(ix) Further plans for mutual monetary co-operation;

(x) Promote mutual consultations among countries in the region in order to find satisfactory solutions to common problems relating to shipping and ocean freight rates;

(xi) Encourage travel and tourism among their nationals by co-operating in schemes for promotion of tourism on a joint basis;

(xii) Endeavour to widen the number of participating countries and the product coverage in the Trade Negotiations Committee of developing countries in GATT which is open also to non-members of GATT and in which UNCTAD is fully collaborating;

(xiii) Undertake schemes related to the building of transport and communication infrastructure;

(xiv) Promote within a regional and subregional framework the exchange of information and consultations among themselves on their trade and development policies as well as on their objectives with respect to economic co-operation so as to assist them in determining their priorities and in harmonizing their development programmes and policies.

(f) Developing countries should devise, within the framework of their respective regional, subregional and interregional organizations, effective formulae for industrial co-operation in such fields as industrial harmonization and complementation allocation of specific industries, and the sharing of benefits from such multinational industries and the ownership and control of such industries in accordance with their national development needs.

2. Regional and subregional organizations should take measures to provide more favourable treatment to the less developed among their members. Economic co-operation provides a suitable framework in which to cater for the interests of the least developed and land-locked States. In such matters as access to the sea, diversification of their economies, including the

establishment of integrated industries with strong economic linkages, the required range of special measures in their favour could be sustained where countries belong to the same economic grouping.

3. Regional economic commissions and regional and subregional groupings and their members should give high priority to the development and utilization of human resources. They should undertake measures towards joint utilization of training facilities available in the region and subregion, specially in the scientific and technological fields.

4. The organization of regional and subregional groupings should be rationalized in order that administrative and other costs are minimized.

#### *Action by developed market-economy countries*

5. Developed market-economy countries, in pursuance of their declaration of support contained in Concerted declaration 23 (II) of the Conference and resolution 53 (VIII) of the Trade and Development Board, should:

(a) Expand their bilateral and multilateral financial and technical assistance programmes for supporting trade expansion, economic co-operation and regional integration efforts of developing countries;

(b) In particular, take measures with a view to facilitating the transfer of foreign technology appropriate to the needs of developing countries on fair and reasonable terms;

(c) Adjust their aid to developing countries, with a view to giving assistance in:

- (i) Building the necessary infrastructure for the expansion of intraregional trade;
- (ii) Supporting the creation of regional payment arrangements by financing debit balances in such schemes;
- (iii) Compensating the least developed members of groupings for handicaps and/or losses they might sustain in co-operative partnership schemes.

(d) For the purpose of assessing area origin criteria, under their general system of preferences, permit developing countries belonging to subregional or regional groupings to adopt the cumulative treatment principle in order to enable the members of such groupings to derive full benefits from the system;

(e) Prevail upon those of their firms which have joint ventures, associations or fully-owned subsidiaries in developing countries to eliminate all restrictive practices which may hamper the growth of industry and expansion of trade among member countries belonging to subregional or regional groupings;

(f) In order to enable the less developed of the developing countries to derive fuller benefits from economic co-operation and integration arrangements, grant assistance to enable these countries to participate fully in and profit from these arrangements. Developed countries, members of IMF, should support moves for the establishment by the Fund of a special facility to enable developing countries members of regional or subregional groupings to overcome balance of payments

problems arising from their trade liberalization commitments;

(g) As soon as possible take measures for further untying of aid to enable procurement from among developing countries and other measures to enable the developing countries to take the fullest advantage of the opportunity for the expansion of their mutual trade. In the context of any measures for untying of aid allowances for procurement in developing countries, developed countries should take steps to facilitate the effective participation of enterprises of developing countries in international bidding;

(h) Give greater assistance in the training of personnel of economic co-operation institutions of developing countries, especially those in the field of trade expansion.

#### *Action by socialist countries of Eastern Europe*

6. The socialist countries of Eastern Europe should:

(a) In accordance with the relevant provisions of Conference resolution 15 (II), raise the priority accorded within their individual aid policies and programmes of bilateral and multilateral financial and technical assistance to trade expansion, economic co-operation and regional integration among developing countries. In this connexion, particular attention should be directed to:

- (i) Multinational infrastructure and industrial projects;
- (ii) Technical assistance in areas related to trade expansion and co-ordinated development activities, such as co-ordination of planning, location of industries and use of State trading agencies in support of trade expansion commitments.

(b) With the consent of the developing country concerned, take steps to multilateralize their payment arrangements so as to permit balances in their mutual trade to be used for financing of trade with any of the socialist countries and with regional and subregional groupings of developing countries to which that developing country belongs as well as to develop facilities for effecting payment through internationally acceptable banking practices in mutually acceptable currencies;

(c) Be requested to give direct assistance to economic co-operation groupings.

#### *Action by multilateral organizations*

7. Regional and subregional development banks and other international organizations concerned should render maximum assistance to developing countries in furthering their schemes of regional and subregional co-operation. Development banks and other international organizations should give due priority to the financing and furthering of multinational projects prepared by developing countries;

8. IMF should consider the possibility of establishing a special facility to support trade expansion efforts among developing countries members of regional or subregional groupings, in the event that in these countries there should be balance-of-payments problems.

9. Regional and subregional development banks as well as the specialized agencies of the United Nations should exchange their information and experience in

order to contribute better to schemes of regional and subregional integration efforts in the developing countries.

## VI. Export promotion

### 1. Developed countries should:

(a) Together with action for the removal of tariff and non-tariff barriers to trade of developing countries, take other special measures to promote exports of developing countries through the provision of technical and financial assistance to developing countries:

- (i) To carry out studies and research including exchange of commercial information on a continuous basis on the export prospects for products from developing countries;
- (ii) To formulate appropriate schemes for standardization, packaging, design and quality control of exports from developing countries;
- (iii) To organize international trade fairs with a view to securing increased export opportunities for products from developing countries;
- (iv) To formulate and implement programmes for training of executives and experts at all levels in the field of trade promotion;

(b) Adopt positive measures to establish national centres for the promotion of imports from developing countries;

(c) Substantially increase their financial and other support to the joint UNCTAD/GATT International Trade Centre.

### 2. Developed countries and international organizations concerned:

(a) Should lend their technical and financial support to the work programmes of regional and subregional trade promotion centres to enable them, in co-operation with other agencies, to collect and disseminate commercial information on a continuing basis, and to assist and supplement export efforts of developing countries to promote trade with developed countries and among themselves. Where necessary, developed countries and international organizations concerned should also assist in creating national centres and associations thereof to achieve these objectives. Developing countries should co-operate among themselves in order to intensify the export promotion of their products in third-country markets, particularly the developed-country markets;

(b) UNCTAD, in co-operation with UNIDO and the UNCTAD/GATT International Trade Centre should set up a full and co-ordinated programme of technical assistance in the field of export promotion. Moreover, the UNDP Special Fund Project on the generalized system of preferences<sup>12</sup> should direct its special attention to the needs of the least developed among the developing countries;

(c) Regional trade promotion centres should assist developing countries in actively participating in schemes for regional trade and monetary co-operation to enable

these countries to take advantage of export opportunities resulting from untying of aid;

(d) Special market situations prevailing in developing countries and the special needs of the developing countries for adopting certain export promotion measures, including export incentives as part of their efforts to achieve diversification and promotion of their exports, should be recognized;

(e) In view of the limited financing facilities at the disposal of developing countries, regional development banks should assist these countries in financing exports and re-financing export credits.

## VII. The impact of environmental policies on trade and development

1. The United Nations Conference on the Human Environment should adopt a positive approach to environmental problems in relations to development, along the following general lines:

(a) The relation between environmental problems and development should be the common concern of all mankind;

(b) No environmental policy should adversely affect the possibilities for development, either present or future, of developing countries;

(c) Moreover, no environmental policy of the developed countries should adversely affect the flow, terms and criteria of financial assistance to developing countries, nor give rise to new types of unfavourable conditions in their international trade, nor create additional obstacles such as new non-tariff measures, nor obstruct any efforts towards the sustained economic development of developing countries;

(d) All environmental measures already imposed by developed countries obstructing the trade of developing countries should be removed immediately;

(e) The environmental policies of the developed countries should facilitate, as far as possible, the development of developing countries.

## VIII. Economic effects of the closure of the Suez Canal<sup>13</sup>

### The Ministerial Meeting:

1. Supports firmly the current efforts taking place within the framework of the United Nations and the Organization of African Unity aiming at the opening of the Suez Canal in accordance with the United Nations Security Council resolution 242 (1967);

2. Requests the inclusion of the economic effects of the closure of the Suez Canal as an item on the agenda of the third session of the Conference to be held in Santiago, Chile, in April-May 1972.

## IX. Marine resources<sup>14</sup>

### The Ministerial Meeting decided:

<sup>12</sup> UNCTAD/UNDP Project on Training and Advisory Services on the Generalized System of Preferences (INT 27).

<sup>13</sup> For the full text of resolution adopted on this subject see the annex below.

<sup>14</sup> *Ibid.*

1. To affirm as a common aim of the Group of 77 recognition by the international community that coastal States have the right to protect and exploit the resources of the sea adjacent to their coasts and of the soil and subsoil thereof, within the limits of their national jurisdiction, the establishment of which must take duly into account the development and welfare needs of their peoples;

2. To support, among the measures designed to permit the mobilization of the internal resources of the coastal developing countries, those which favour the full disposal of the resources existing in the seas adjacent to their coasts, within the limits of their national jurisdiction, in order that it may contribute to foster their economic and social development and to stop the drain of capital required for accelerating their progress;

3. To reaffirm also the principle that the area of the sea-bed and the subsoil thereof beyond the limits of national jurisdiction, as well as the resources of that area, are the common heritage of mankind and should be managed by a régime which will enable the peoples of all States to enjoy the substantive benefits that may be derived therefrom, with due regard for the special interests and needs of both coastal and land-locked developing countries;

4. To support the understanding that, in establishing the provisions for the management of the said area, appropriate measures should be taken to foster the healthy development of the world economy and balanced growth of international trade and to minimize any adverse economic effect caused by the fluctuation of prices of raw materials resulting from such activities;

5. To maintain periodical consultations among the States members of the Group of 77 concerning the exploitation of the marine resources within and beyond the limits of national jurisdiction, with a view to coordinating positions which may be of common interest to the developing countries.

## B. COMMODITY PROBLEMS AND POLICIES

### I. Access to markets and pricing policy

1. (a) *Standstill*: In accordance with the provision of paragraph 25 of the International Development Strategy, developed countries should strictly observe the principle of standstill. No new tariff or non-tariff barriers should be introduced by developed countries nor existing barriers increased, and where tariff and non-tariff barriers have been introduced or increased since the second Conference, these should be eliminated. Appropriate arrangements should be made within UNCTAD for keeping under constant review the observance of this principle.

#### (b) *Liberalization of trade*

##### *Tariff and non-tariff barriers:*

(i) All tariffs applied by developed countries to primary commodities, including processed and semi-processed primary commodities originating exclusively in developing countries, should be removed taking account of paragraph 6 of part II of recommendation A.II.1 of the first Conference;

(ii) In the case of other primary products, including processed and semi-processed primary commodities of interest to developing countries, imported from developing countries, substantial reductions in and, wherever possible, elimination of all tariffs, should be implemented;

(iii) Developed countries should reduce and ultimately eliminate internal taxes, fiscal charges and levies on all primary products, including semi-processed and processed primary products imported from developing countries. Pending such action, developed countries should institute a programme for the full refund of such taxes, fiscal charges and levies to developing countries;

(iv) Developed countries should include all products including all processed and semi-processed agricultural and primary products in BTN chapters 1-24 in their schemes of generalized preferences. All products in BTN chapters 25-99 excluded from the present arrangements should be similarly included in their schemes;

(v) Developed countries should agree:

- (1) To take advance unilateral or joint action (in the case of groups of developed countries) countries) for the reduction or elimination of tariffs and non-tariff barriers on a preferential, non-discriminatory and non-reciprocal basis in favour of developing countries prior to any multilateral negotiation;
- (2) To eliminate differential treatment between primary products in their natural, processed and semi-processed forms;
- (3) That negotiations for the phasing out and eventual elimination of existing quantitative restrictions and other non-tariff barriers should take place within UNCTAD;
- (4) To eliminate the incentives for uneconomic domestic production of primary products in which developing countries are competitive, and to that end they should reduce their domestic production of primary products in which developing countries are competitive, and to that end they should reduce their domestic price-support and change policy measures for subsidizing their production and exports;
- (5) To present at the third session of the Conference their proposals for the implementation of the provisions of paragraph 26 of the International Development Strategy;

(vi) Developed countries should abolish any measure taken to limit the access to their markets of a primary product originating in a specific developing country or processed products utilizing this primary product by reason of the country's economic and social system.

#### (c) *Market sharing*

- (i) Where products of developing countries compete with the domestic production of developed countries, each developed country should allocate a defined percentage of its consumption of such products to exports from developing countries. This allocation should be arrived at on a commodity-by-commodity basis through multilateral negotiations. In any case, developed countries should allocate a

substantial share of any increase in their domestic demand for primary commodities for the exports of developing countries;

- (ii) Socialist countries of Eastern Europe should announce specific targets for imports from developing countries as their contribution to these efforts.

(d) *Pricing policy:*

The main objective of pricing policy for commodities produced by developing countries should be to secure remunerative, equitable and stable price levels in order to contribute to the achievement of the over-all targets of economic development of developing countries as set by the General Assembly of the United Nations and by UNCTAD. For these purposes the following requirements should be met:

- (i) The prices of commodities should not be allowed to deteriorate further and should, where possible, be improved;
- (ii) Excessive fluctuations in prices should be eliminated;
- (iii) The prices of commodities should lead to a satisfactory margin of remuneration for the producer so as to enable him to increase his productivity and to maintain fair labour standards while achieving higher standards of consumption and savings;
- (iv) The prices of commodities should provide to the Governments of the producing countries the financial resources that will enable them to implement an economic policy, including a commodity policy, that contributes to the promotion of over-all development;
- (v) The prices of commodities should contribute to the attainment of export earnings that maintain and increase the purchasing power of the products exported by developing countries in relation to their essential imports from developed countries.

## II. Machinery

2. The third session of the Conference should establish the appropriate mechanisms within UNCTAD for formulating policy action in these matters and for keeping under constant review the observance of these principles.

### III. *International price stabilization measures and mechanisms*

#### 3. (a) *International commodity arrangements*

- (i) As a matter of urgency, the international community should make greater efforts to pursue international action in the field of commodities, within time-bound targets, for the conclusion, where appropriate, of international agreements or arrangements, especially those in respect of commodities mentioned in Conference resolution 16 (II) and other commodities which may be identified from time to time for that purpose. In this regard the international community should take effective measures to conclude a Cocoa Agreement before the third session of the Conference.<sup>15</sup>

<sup>15</sup> *Ibid.*

- (ii) The Secretary-General of UNCTAD should prepare for submission to the third session of the Conference, in co-operation with the international bodies concerned, and in particular with the governing councils and the secretariats of the Agreements, and in the light of the experience of the operation of existing international commodity agreements, a study on their effectiveness, seeking the views and suggestions of these bodies in connexion with measures designed to maximize possible benefits therefrom to all participating countries, especially the developing countries.
- (iii) The third Conference should adopt a set of generally acceptable principles and guidelines with a view to promoting a rational international commodity policy and formulating a general agreement on commodity arrangements.
- (iv) In view of the adverse impact on the export earnings of developing countries as a result of the deterioration of the terms of trade, the Conference at its third session should examine ways and means whereby unit prices of manufactured imports from developed countries and the unit prices of exports from developing countries could be linked with a view to finding suitable means of increasing the export earnings of developing countries.
- (v) The Secretary-General of UNCTAD should be given the necessary flexibility to convene inter-governmental consultations on commodity matters.

#### (b) *Consultation and co-operation among developing countries*

Co-operation among developing countries themselves should be reinforced and specific commodities selected for initiating new efforts. In particular, commodity-exporting developing countries should, in relation to both agricultural and mineral commodities, establish appropriate mechanisms of co-ordination and co-operation.

#### (c) *Buffer stocks and stabilization reserve schemes*

- (i) Developed consuming countries should agree to share responsibility in the financing of buffer stocks and stabilization reserve schemes in any international commodity arrangement.
- (ii) IMF should review its facilities for financing buffer stocks, with a view to relaxing and, if necessary, modifying their conditions in order to enable developing countries to derive maximum benefits therefrom.

## IV. *Marketing and distribution systems of primary commodities*

4. In order to undertake a comprehensive review of the marketing and distribution systems of primary commodities of export interest to developing countries, the Secretary-General of UNCTAD should make an urgent study, using all sources of information, including international and intergovernmental organizations and governments and non-governmental institutions concerned with trade in primary commodities. The study should aim to provide:

(a) An assessment of the proportion of earnings of developing countries from exports of selected commodities which is retained within their territories as compared with the total earnings generated by this flow of trade;

(b) An analysis of the functioning of commodity exchanges and the extent to which short-term price fluctuations are attributable to their activities;

(c) An analysis of the organization of markets, in particular to identify elements of a monopolistic or oligopolistic nature and the extent to which levels of prices may be attributable to such market forms, and the consequence to developing countries therefrom;

(d) Recommendations for corrective measures.

#### V. Impact of production from the sea-bed

5. Studies should be continued within UNCTAD with a view to making recommendations on the necessary measures to avoid the adverse economic effects on the prices of minerals exported primarily by developing countries which the exploitation of the sea-bed and the ocean floor and the sub-soil thereof beyond the limits of national jurisdiction may have.

#### VI. Competitiveness of natural products

##### 6. Synthetics and substitutes

(a) Developed countries should not take measures in the context of their national policies which will encourage production of synthetics and substitutes which will compete with natural products of developing countries. They should also eliminate tariff and non-tariff barriers on natural products facing competition from synthetics and substitutes, and should implement the provisions of Special Principle Nine, concerning dumping, of the Final Act of the first Conference, with special reference to the marketing of synthetics and substitutes.

(b) In view of the adverse impact on developing countries of the shrinking demand for certain natural products as a result of the expansion of synthetics and substitutes, the developed countries should encourage research and development in respect of natural products facing competition from synthetics and substitutes aimed at improving production techniques and increasing trade in those products through, *inter alia*, alternative or new uses and markets for such products. Developed countries producing such synthetics and substitutes should levy some measure of taxation on these in order to raise funds for research and development programmes for improving the competitive position of natural products of developing countries.

(c) The developed countries and international financial institutions should undertake to provide financial and technical assistance to support national, subregional and regional research and development projects in developing countries for natural products facing competition from synthetics and substitutes and should provide necessary assistance to enable developing countries effectively to implement their programmes for diversification and for trade promotion and marketing of their natural products.

(d) Developing countries should make efforts to increase trade among themselves in natural products threatened by synthetics and substitutes and should co-operate on research and the dissemination of results.

(e) Countries producing synthetics should co-operate with UNCTAD and other international organizations to make available all relevant information on synthetics in order to study the problems facing natural products.

#### VII. Disposals of surpluses and strategic reserves

7. Developed countries making disposals from surpluses or strategic reserves should ensure that such disposals will not adversely affect the economies of developing countries. Disposal from surpluses and strategic reserves and other government-held non-commercial inventories of primary products not covered by the FAO Principles on Surplus Disposals should be kept under review in UNCTAD with a view to ensuring implementation of decision 4 (V) of the Committee on Commodities.<sup>16</sup>

#### VIII. Diversification

8. Recognizing the importance of diversification of the economies of the developing countries and the extent to which adjustment and restructuring of the economies of developed countries can contribute to this purpose and accepting that the responsibility for diversification lies primarily with the developing countries, the developed countries should assist developing countries in their diversification efforts by a comprehensive commitment to enable the developing countries to undertake appropriate policies.

(a) The developed countries should adopt a policy of access to their markets and a price policy which will facilitate the execution of diversification programmes.

(b) They should undertake to introduce structural adjustments of their economies in order to facilitate the expansion of imports from developing countries and particularly in respect of countries heavily dependent on the export of commodities facing structural marketing problems.

(c) Developed countries should enlarge their system of generalized preferences to cover, in particular, processed and semi-processed primary commodities and facilitate the transfer of technology.

(d) Developed countries should support diversification funds established or to be established in developing countries and should, jointly with developing countries, invite international financial institutions to support diversification funds.

(e) The Secretary-General of UNCTAD should prepare, in consultation with international financial organizations, a study on the creation of a fund for the support of national programmes for the diversification of exports to be constituted with additional financial resources for development.

(f) A preliminary survey of the existing infrastructure of developing countries should be carried out from funds

<sup>16</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 3 (TD/B/317)*, annex I.

available to UNDP for regional projects, in order to identify the minimum that is necessary to enable developing countries to benefit from any programme of diversification.

## C. MANUFACTURES AND SEMI-MANUFACTURES

### I. Preferences

1. Developed countries which have not yet implemented their schemes of generalized preferences should do so "as early as possible in 1971" in fulfilment of their commitments in the International Development Strategy.

2. Preferential treatment under the generalized system of preferences (GSP) should be accorded to all developing countries members of the Group of 77 from the outset. The problem of reverse preferences should be resolved in the manner agreed to in decision 75 (S-IV) of the Trade and Development Board of UNCTAD. Those preference-giving countries which now enjoy reverse preferences and those which demand their abolition should between them work out solutions. In the meantime the implementation of the GSP should continue.

3. The socialist countries of Eastern Europe which have not yet indicated the nature of preferential treatment and have not yet specified the operational measures they intend to take for implementing the joint declaration made by Bulgaria, Czechoslovakia, Hungary, Poland and the USSR at the Special Committee on Preferences,<sup>17</sup> should do so as early as possible. The socialist countries of Eastern Europe should transmit the above information to the States members of UNCTAD through the Secretary-General of UNCTAD.

4. The Special Committee on Preferences should be established as the permanent machinery within UNCTAD with the terms of reference described in section VIII of the agreed conclusions.<sup>18</sup>

5. Developed countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences relative to the least developed among the developing countries. In addition, the third session of the United Nations Conference on Trade and Development should consider the creation of a special industrialization and technical co-operation fund derived from contributions from the developed countries. Such a transfer of resources from these countries would balance in a more equitable way the benefits accruing to various developing countries from the GSP.

6. The Special Committee on Preferences should embark as soon as possible in 1972 on consultations and negotiations aimed at improving the system. In this connexion the preference-giving countries should:

(a) Include all processed and semi-processed agricultural and primary products in BTN Chapters 1 to

24 in their schemes of generalized preferences. All products in BTN Chapters 25 to 99 excluded from the present arrangements should be similarly included in their schemes;

(b) Provide duty-free and quota-free entry to imports from all developing countries under the generalized system of preferences;

(c) Accord unrestricted and duty-free entry to hand-made handicraft products from developing countries by including them in their schemes of preferences or by adopting suitable commercial policy measures. The Customs Co-operation Council (CCC) secretariat is requested to expedite its technical study of products not included in the GSP on the basis of proposals made by the Committee on Manufactures at its fifth session;<sup>19</sup>

(d) In formulating and applying rules of origin under the GSP achieve maximum harmonization in accordance with the agreement reached in the UNCTAD Working Group on Rules of Origin.<sup>20</sup> Preference-giving countries should immediately modify, with a view to simplifying, those provisions in their existing rules of origin which would, for lack of simplicity, inhibit or hamper the growth of exports by developing countries under the GSP. Preference-giving countries should allow materials or components originating from any developing country to be included in the application of their origin requirements for the final product;

(e) Not resort to escape clause or safeguard actions except in exceptional circumstances and these should be subject to prior international consultation, approval and review;

(f) Eliminate on a preferential and non-reciprocal basis in favour of all developing countries all non-tariff barriers on products included under the GSP.

7. Developed countries should not adopt any domestic policy measures which would minimize the benefits of the GSP but should adopt further measures that would enable developing countries to derive maximum benefits from the system.

### II. Standstill

8. Developed countries should strictly observe the principle of standstill with regard to developing countries. They should respect their commitments not to increase existing tariff and non-tariff barriers or establish new barriers or adopt any measures detrimental to the exports of developing countries. In any case where tariff and non-tariff barriers have been introduced or increased since the second Conference, these should be eliminated. Appropriate institutional machinery within UNCTAD should be devised for keeping this matter under constant review and for prior consultation and approval in case of need to depart from the standstill. Any departure from the standstill due to compelling reasons should be of short duration and should be accompanied by measures to facilitate the early removal of any new restriction imposed.

<sup>17</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

<sup>18</sup> See Trade and Development Board decision 75 (S-IV), annex.

<sup>19</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 2* (TD/B/352), para. 66.

<sup>20</sup> See TD/B/AC.5/38, paras. 47-59.

### III. Liberalization of non-tariff barriers

9. Developed countries should take immediate action to eliminate all quantitative restrictions and other non-tariff barriers on products of export interest to developing countries, on a preferential and non-reciprocal basis, in favour of all developing countries, without waiting for the results of any general multilateral negotiations.

10. In order to achieve the above objectives, United Nations Conference on Trade and Development at its third session should establish as a subsidiary organ of the Trade and Development Board an *ad hoc* inter-governmental group open to all countries concerned, to perform the following functions:

(a) To promote consultations and negotiations on non-tariff barriers affecting present and potential exports of products of interest to developing countries;

(b) To propose measures, on the basis of individual products and groups of products and having regard to both the countries applying non-tariff barriers and to the countries affected thereby, for the reduction, relaxation and elimination, on a preferential and non-reciprocal basis, of non-tariff barriers affecting the exports of developing countries.

11. The Secretary-General of UNCTAD is requested to continue, for the purpose of submitting as basic documentary material to the *ad hoc* group, the following work:

(a) The identification of additional products or groups of products in accordance with the selection criteria and guidelines laid down in document TD/B/C.2/R.2<sup>21</sup> and the discussion of the Sessional Committee of the Committee on Manufactures;

(b) The preparation of a document containing an up-to-date, more precise and detailed inventory of non-tariff barriers affecting the trade of developing countries with individual developed countries, making full use of all the documentation and information available in GATT relating to its work on non-tariff barriers, in consultation with the developed and developing countries concerned;

(c) The identification, in the light of decision 1 (IV) of the Committee on Manufactures,<sup>22</sup> of those products of export interest to developing countries, which are affected by non-tariff barriers applied by socialist countries.

12. Developed countries should provide the *ad hoc* group, directly or through the UNCTAD secretariat, with any information required for the attainment of its objectives, including copies of reports and any other material on non-tariff barriers and products which they supply to the GATT secretariat and to the secretariats of other international bodies conducting studies on this

subject. The UNCTAD secretariat should seek all the information which it requires for the continuation of its work, in the developed countries themselves, from the competent authorities or from private sources such as Chambers of Commerce, importers, etc.

### IV. Adjustment assistance measures

13. Developed countries should provide suitable adjustment measures and evolve programmes for adaptation and adjustments, including anticipatory adjustment, in specific industries in order to encourage expansion of imports from developing countries and to deal with problems that might arise for their industries and workers.

### V. Restrictive business practices

14. In accordance with Conference resolution 25 (II) and resolution 51 (VIII) of the Trade and Development Board, and paragraph 37 of the International Development Strategy, UNCTAD should expedite the identification and analysis of restrictive business practices adversely affecting the trade of developing countries and the consideration of appropriate corrective measures with a view to achieving concrete and significant results early in the Second United Nations Development Decade.

### VI. International sub-contracting

15. Governments of developed countries should encourage their firms, especially those which have subsidiaries in developing countries or collaborating arrangements with firms in developing countries, to make the maximum use of sub-contracting in order to stimulate the expansion of trade in parts and components from developing countries.

16. The UNCTAD secretariat and the UNCTAD-GATT International Trade Centre should assist developing countries by undertaking, on a country-by-country basis, surveys for the identification of components and production processes, and the industries concerned, that are suitable for international sub-contracting to developing countries. In undertaking this task due account should be taken of the activities of other international organizations in this field and in particular UNIDO.

17. To the same end, the Governments of developed countries should encourage their firms to extend technical assistance to firms in developing countries.

## D. FINANCIAL RESOURCES FOR DEVELOPMENT

### (a) Total inflow of public and private resources

- (i) Each developed country should provide annually, by 1972, to developing countries financial resource transfers of a minimum net amount of 1 per cent of its gross national product at market prices in terms of actual disbursements.
- (ii) The 1 per cent target should exclude non-aid elements including private direct investment, and should net out reverse flows of interest.
- (iii) Pending the acceptance of the proposed revision of the development assistance target, each

<sup>21</sup> "An analysis of the effects of non-tariff barriers in developed market-economy countries on selected products or product-groups of export interest to developing countries: report by the UNCTAD secretariat".

<sup>22</sup> See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 2 (TD/B/295)*, annex I.

- developed country should progressively increase its official development assistance to developing countries so as to attain, by the middle of the Decade, a minimum net amount of 0.7 per cent of its gross national product at market prices.
- (iv) Stability and continuity in the flow of assistance are important in enabling developing countries to plan their development ahead. It should therefore be recognized that domestic and international fluctuations should not be regarded as justification for reducing the volume of assistance. It should also be accepted that official development assistance should be programmed over the long term, so as to provide a firm basis for planning in developing countries.
- (b) *Volume, terms and conditions of the flow of public capital to developing countries*
- (v) The share of resources channelled through the multilateral financing institutions should be increased to the fullest extent possible. The World Bank should be converted into a development bank for the exclusive service of the developing countries.
- (vi) The developing countries welcome the somewhat greater flexibility of the World Bank in relation to non-project lending and invite the Bank to expand programme lending, without prejudice to project lending, as a way of assisting developing countries in their over-all development programmes.
- (vii) Multilateral institutions are urged to increase their financing of the local costs of investment projects and programmes, and should examine ways and means of ensuring that a greater portion of procurement takes place in recipient countries. These institutions should be prepared to finance projects and programmes that may not be considered financially remunerative in the narrow sense but where the socio-economic impact on national development is clearly recognized.
- (viii) International institutions and developed countries should grant direct financial and technical assistance to those developing countries which might be encountering for reasons beyond their control, stubborn and protracted economic and financial difficulties which hamper their economic development.
- (ix) Developed countries are requested to increase their contributions to IDA. The third replenishment of IDA should be completed without any further delay. The existing mechanisms for replenishment of IDA should be reviewed so as to bring about a progressive expansion in the amount of resources available to IDA on a more stable and secure basis to ensure greater continuity and certainty in its operations. The lending policies of IDA should be more flexible and equitable. [IDA is requested to increase its financial support to the least developed among the developing countries.]
- (x) In order to make possible their increased participation in the financing of small and medium-sized projects, multilateral institutions should channel a greater proportion of their funds through national development banks, by employing flexible conditions and taking other measures to strengthen these institutions.
- (xi) The multilateral lenders should also refrain from discriminating in any way against the public sector of the developing countries, and should endeavour to grant adequate financing for technical assistance and for export promotion.
- (xii) The Administrator of UNDP should use the powers given to him by paragraph 16 of the annex to General Assembly resolution 2688 (XXV), on the capacity of the United Nations development system, to scrutinize in the light of existing criteria for the allocation of resources and to adjust, where necessary, the indicative planning figures of the least developed countries and of newly independent countries whose lack of an adequate administrative structure has prevented them from taking proper advantage of the programme assistance. The Administrator should also implement Economic and Social Council resolution 1615 (LI) on financial contributions to UNDP in such a way as to reflect the new increased projection figures in the country programmes. Some flexibility should also be given to developing countries in the administration and allocation of UNDP funds within their country programming procedures.
- (xiii) UNDP should take steps to avoid situations arising in which developing countries, especially the least developed among them, lose resources through their inability to prepare acceptable projects. It should apportion its grants and technical assistance in such a way as to raise their absorptive capacity and assist in project preparation and should accordingly increase the resources made available to these countries. The Group of 77 also urges Governments of developed countries to increase their financial contributions to the Programme, so as to enable it to use as fully as possible its improved capacity to assist developing countries in reaching the objectives of the Second United Nations Development Decade.
- (xiv) Urgent measures are required to soften further the terms and conditions of external assistance. The heavy burden of servicing the external debt of many developing countries is a matter of grave concern. In principle all official development loans should be provided on IDA terms. In any case there should be an immediate international agreement to accept the target for the terms of assistance suggested in decision 29 (II) of the Conference. Alternatively, interest rates on official development loans should not exceed 2 per cent per annum, maturity periods of such loans should be at least 25 to 40 years and grace

periods should not be less than 7 to 10 years; the proportion of grants in total assistance of each developed country should be progressively increased.

- (xv) Agreement should be reached on an early establishment of a multilateral interest equalization fund with a view to softening further the terms of development loans provided by multilateral financial institutions.
  - (xvi) The developing countries consider that immediate action is required to implement the principles regarding untying of development assistance contained in decision 29 (II) of the Conference. Developed countries should lay down a firm time-table for the complete untying of aid. Such complete untying in respect both of contributions to multilateral institutions and bilateral assistance should be achieved by 1975 at the latest. As an immediate measure, all developed countries should permit unrestricted procurement in all developing countries. Repayment of existing tied loans should be tied to purchases within the debtor country concerned. In addition action should be taken to eliminate the requirements sometimes imposed on developing countries to import from developed countries specified values of certain goods as a condition for the utilization of development assistance funds. Measures should also be taken to ensure that the underlying purpose of untying is not frustrated by indirect or informal tying.
- (c) *Foreign private investment in its relationship to development*
- (xvii) [Developing countries find a matter of concern not only the total amount of the financial outflow brought about by private foreign investment but also its excessive utilization of local financial resources as well as the effects of certain marketing contracts among foreign companies that disrupt competition in the domestic or foreign markets and their possible effects on the economic development of the developing countries. Private foreign investment, subject to national decisions and priorities, must facilitate the mobilization of internal resources, generate inflows and avoid outflows of foreign reserves, incorporate adequate technology, and enhance savings and national investment.]
  - (xviii) Noting that some developing countries have experienced a net capital outflow, developed countries should therefore take the necessary steps to reverse this tendency by fiscal and/or other appropriate measures such as tax exemption on reinvestments of profits and other earnings accruing to private capital investors.
- (d) *Special aspects of development finance: proposals regarding the question of a link between the allocation of special drawing rights and the provision of additional development finance to developing countries: supplementary financing*
- (xix) A link should be established between special drawing rights and additional development finance, as envisaged in the International Development Strategy. Developing countries consider this to be the most appropriate way of injecting new liquidity into the international monetary system. Such a link between the creation of liquidity and the transfer of real resources must benefit all developing countries equitably. These flows should take place [through IDA and regional development financing institutions.] A decision on the link between the increased international liquidity resulting from the creation of the SDRs and the provision of additional development finance for the developing countries should be reached in 1972.
  - (xx) IMF should create a special facility designed specifically to cover deficits resulting from the implementation of measures intended to liberalize trade among developing countries, providing that the drawing rights under this facility for this special purpose would be distinct from the ordinary drawing rights.
  - (xxi) A plan and a time target for the introduction of a scheme for supplementary financing should be adopted. Additional resources for that purpose should be made available in accordance with resolution 60 (IX) of the Trade and Development Board.
  - (xxii) IMF should give serious consideration to the suggestions of developing countries contained in Conference decision 31 (II) for the liberalization of the compensatory financing facility. In addition the compensatory financing facilities should be extended so as to enable developing countries to offset shortfalls in export earnings from groups of commodities or individual commodities.
- (e) *Problems of mobilization of internal resources of developing countries*
- (xxiii) The developed countries should refrain from taking any steps which may interfere, either directly or indirectly, with the full and efficient mobilization of the domestic resources, both land and marine, of developing countries. There must not be any external interference in the programme and priorities of the developing countries designed to achieve such mobilization.
- (f) *Outflow of financial resources from developing countries, including debt servicing*
- (xxiv) The criteria and procedures of rescheduling of external debts of developing countries particularly those with serious debt-servicing problems, should be reviewed and revised so as to ensure that the rescheduling of debts does not interfere with the orderly process of development planning in debtor countries and should be systematically designed to prevent both disruption of long-term development plans and need for repeated rescheduling. Where the indebtedness problems reflect structural imbalance, grace periods, interest rates and maturity periods in

respect of rescheduled debts should be the same as those considered appropriate for basic development finance. Loan agreements should invariably contain a clause for postponement of debt repayments in situations of serious balance of payments difficulties such as those brought about either by an unexpected severe fall in exports or an unexpected increase in imports.

- (xxv) Developed countries should accept the principle of assuming the responsibility for suppliers' credits from companies registered in their territories and spread the repayment on easy terms, whenever necessary, in order to reduce the adverse effect of such credits on the balance of payments of developing countries.
- (xxvi) Developed countries should ensure that export credits be granted to developing countries according to the criteria compatible with the objectives of planned development.
- (xxiii) A special body should be created within the machinery of UNCTAD to find practical solutions to the debt-servicing problems of developing countries. Consultations should be held within such a body between representatives of debtor and creditor countries and international experts serving in personal capacity.

#### E. INVISIBLES, INCLUDING SHIPPING

##### SHIPPING

1. Action is required for the early achievement of the following objectives:
  - (i) The development and expansion of merchant marines of developing countries so that they acquire a larger share in the world fleet commensurate with their share in world trade;
  - (ii) The achievement by the merchant marines of developing countries of an increasing, substantial and equitable participation in the carriage of maritime cargoes, and in earnings therefrom and the conclusion of maritime agreements for this purpose;
  - (iii) The promotion of the earnings of developing countries from maritime transport in order to reduce the outflow of foreign exchange from those countries arising from maritime transport;
  - (iv) The reduction of maritime transport costs and freight rates, which should be fixed at as low a level as is feasible to increase the exports of developing countries;
  - (v) Preparation and application of a code of conduct for the liner conference system which shall safeguard adequately the interests of shippers and national and/or multinational shipping lines of developing countries;
  - (vi) The elimination of any type of measure which would limit the access of developing countries to the use of means of maritime transportation which they may find appropriate.

#### I. Development of merchant marines

2. Developing countries should aim at establishing and expanding national and/or multinational merchant marines. The share of developing countries in the world merchant marine fleet has been declining instead of increasing and is insignificant as compared to their share in world trade. The aim should be that, at the end of the Second United Nations Development Decade, developing countries own at least 10 per cent of the world fleet as compared to 7.6 per cent in 1970. For this purpose the following steps have to be taken:

##### (A) Acquisition of ships by developing countries

###### (i) Availability of finance

Developed countries and international financial institutions should substantially increase their financial and technical assistance to developing countries for the acquisition by these countries of new and second-hand ships for their national and/or multinational merchant marines.

###### (ii) Terms and conditions of credit

(a) Developed countries signatories to the OECD Understanding on Export Credits for Ships, signed in May 1969, should review and modify the Understanding with a view to liberalizing the terms and conditions on which bilateral aid and commercial credits are made available by them to developing countries.

(b) Bearing in mind the economic problems of developing countries and their limited resources, ships should be sold to them by developed countries on the following minimum terms and conditions:

- i. New vessels should be sold to the developing countries on deferred payment terms involving repayment over a period of 10 years after delivery of the vessels, with a suitable period of grace;
- ii. Suitable second-hand vessels should be sold to the developing countries on deferred payment terms extending up to 8 years;
- iii. The cash down payment up to the time of delivery of vessels sold to developing countries should not exceed 15 per cent of the price of the ship in the case of new vessels and 15 to 20 per cent of the price in the case of second-hand vessels;
- iv. The rate of interest for such deferred payment should not exceed 5 per cent per annum.

(c) The Governments of developed countries should accept the guarantees given by the national financial institutions of the developing countries as adequate cover for the deferred portion of payments for vessels, both new and second-hand, purchased by developing countries.

###### (iii) Preferential sale of ships to developing countries

In order to ensure the availability of new ships for the fleets of developing countries, so that they could acquire at least 10 per cent of the total world fleet by the end of the Second United Nations Development Decade, an adequate portion of the shipbuilding capacity of developed countries should be earmarked for sale of ships to developing countries on a preferential basis.

**(B) Membership of liner conferences, including way-port trades**

3. Developed countries should take necessary action to ensure that liner conferences operating in the national maritime trade of developing countries admit national and/or multinational shipping lines of the developing countries concerned as full members and also consider favourably, fairly and on equal terms applications of the national and/or multinational shipping lines of developing countries for admission as full members on way-port trades subject to the rights and obligations of conference membership. National shipping lines of developing countries should be granted a fair and appropriate share of the full money and cargo pool and sailing rights in order to ensure that these lines operate economically, and the conclusions of suitable maritime agreements to this effect should be accepted by developed countries.

**(C) Development of tanker and bulk carrier fleets**

4. Since tankers and bulk carriers constitute the main growth points of the world fleet, developing countries may give special attention to the establishment and expansion of bulk carrier and tanker fleets in order to realize their desired level of participation in world shipping. To assist developing countries in this task, special preferences should be given to tankers and bulk carriers owned by developing countries for the transportation of cargo exported to or imported from developed countries and for chartering by industrial companies in developed countries. Governments of developed countries should also urge other charterers to lay a special emphasis on granting charters to tramps, bulk carriers and tankers owned by developing countries on equal terms with all other ships.

**(D) Economic implications of terms of shipment**

5. Developed countries generally buy on f.o.b. terms and sell on c.i.f. terms in trade transactions with developing countries, owing to which importers or shippers in developed countries are in a position to nominate the carrier. The terms of shipment should be fixed in such a manner that developing countries are not placed at a disadvantage because of their operation.

**(E) Assistance, promotion and protection**

6. It is recognized that in order that developing countries may have an increasingly substantial participation in the carriage of maritime cargoes, especially those generated by their own foreign trade, they have the right to assist, to promote and to protect their merchant marines through the adoption of such measures as may bring them to a stage when they will be able to compete in the international freight market.

**(F) Multinational shipping enterprises**

7. Groups of developing countries should examine the feasibility of establishing multinational merchant marines, possibly on a regional or subregional basis, with a view, *inter alia*, to securing increasing participation in the carriage of maritime cargoes and in earnings therefrom.

**(G) Development and expansion of shipbuilding industries in developing countries**

8. Developed countries and international and regional financial institutions should grant financial assistance on favourable terms and give technical assistance for development and expansion of the shipbuilding industry in developing countries.

**II. Freight rates, conference practices and consultation machinery****(a) Freight rates**

9. Recent widespread and frequent increases in freight rates by liner conferences have put serious strains on the exports of the developing countries. Progress in providing promotional freight rates, for non-traditional products from developing countries, has also been very slow. The increases in freight rates have been mainly due to inflation and sharp rises in port costs and cargo-handling expenses in the developed countries.

10. Developed countries should urge their shipping lines that, when considering any freight increases, they should ensure that to the fullest extent possible the sensitive items in the trade of the developing countries are insulated from those increases. For this purpose, the feasibility of introducing f.i.o. rates and the implications thereof should also be investigated. In the determination and adjustment of liner freight rates, priority should be given to:

- (i) The need to review, adjust and revise freight rates, which shippers and other interested parties, including public authorities, of developing countries consider to be high, bearing in mind the importance of as low a level of freight rates for the exports of developing countries as is commercially possible and the feasibility of providing special freight rates to promote exports from developing countries of non-traditional items and/or to non-traditional markets;
- (ii) The need to avoid freight rates set at levels which cannot be justified by the normal criteria for freight rate structures and also to avoid freight rates and conference practices which have the effect of frustrating the export of a product from a developing country while encouraging the export of the same product from another country served by the same conference;
- (iii) Port improvements, including improvements in port management, leading to a reduction of the cost of shipping operations in ports;
- (iv) Technological developments in maritime transport;
- (v) Improvements in the organization of trade.

**(b) Action by liner conferences on freight rates**

11. The liner conferences and equivalent bodies should:

- (i) Give adequate prior notice of a minimum of six months when proposing general freight increases, and a minimum of three months' notice for increases in freight on individual commodities; for this purpose, if the exports of a country largely

consist of a commodity, the freight rate increase for such a commodity should be regarded as a general increase. In all events, a minimum period of two months must elapse between the conclusion of an agreement on a freight rate increase and the date when it is brought into force; in the case of disagreement, a period of at least six months should elapse before the increase in freight rates is effected;

- (ii) Provide all relevant information, including the data on costs revenues on individual trade routes for the member lines;
- (iii) Give adequate opportunities for full and detailed discussions with shippers, shippers' councils and equivalent bodies, on all matters of common interest, including freight increases, adequacy of shipping services, and economic operation of shipping services;
- (iv) Ensure that Governments of the developing countries concerned are fully involved in consultations and decisions on all matters affecting freight rates and conditions of the carriage of cargo in their respective trades;
- (v) Work out freight rates and resolve other difficulties of shippers in a manner compatible with the export interests of the developing countries concerned;
- (vi) Ensure stability in freight rates, avoiding general increases in freight rates at intervals of less than two years;
- (vii) Liner conferences should institute promotional freight rates after due consultations for exports from developing countries of non-traditional items and/or to non-traditional markets.

(c) *Consultation machinery*

12. Every effort should be made to encourage the institution and operation of shippers' councils or equivalent bodies, and the establishment of effective consultation machinery. In particular, such machinery should provide for consultation by liner conferences with shippers' organizations and government authorities in developing countries well before the public announcement of changes in freight rates.

13. Furthermore, it is necessary that representatives of liner conferences in developing countries should be appointed and given sufficient powers to negotiate and make decisions upon appropriate matters within their competence; in this way consultations concerning the trade of developing countries can be held as often as practicable in the developing countries concerned. In this regard, it is observed that many liner conferences have not yet designated any adequately empowered representatives, even though many developing countries have established shippers' councils for holding consultations.

14. Efforts should be directed to the establishment of national, regional and subregional shippers' councils which can further stimulate the development of national shippers' councils and also play a useful part in consultation with shipowners at the regional and subregional level. The United Nations regional economic commissions, other regional organizations and UNCTAD

can play an important role in promoting the development of regional and subregional associations of this kind. In this connexion, each regional economic commission or the relevant regional organization may convene a regional conference of shippers' organizations and other shippers' interests which could consider what form of regional and subregional machinery would be appropriate.

15. During the process of consultation special attention should be given to the need to promote inter-regional trade of developing countries.

16. The UNCTAD secretariat should study the establishment of a model "note of understanding" between liner conferences and national, subregional and regional shippers' councils of developing countries, with general guidelines and possible variations. The secretariat should also collect information about the efforts made by developing countries on a national, regional or subregional level to establish consultation machinery and the response of liner conferences and developed countries in this respect.

III. *Code of conduct for the liner conference system*

17. It is necessary that further improvements be made in the liner conference system and that all unfair and discriminatory practices, where such exist, be eliminated. Detailed information about costs and methods of freight rate fixing is essential for the efficient functioning of negotiations between liner conferences, shippers and other interested parties. Furthermore, it is essential that liner conferences observe and be seen to observe known principles of fair practice, particularly in the trades of developing countries, which should take full account of the needs of suppliers and users of shipping services and in particular of the needs of economic development.

18. It is noted that the Governments of some developed countries, at the meeting of Western European and Japanese Ministers of Transport held at Tokyo in February 1971, have directed their conference lines to undertake preparations of a code of practice. It is a cause for concern that such a code prepared without direct involvement of the developing countries will not fully meet their needs and interests. Member States of UNCTAD should undertake the preparation of a "code of conduct" which particularly takes into account the trade and development needs of the developing countries and is designed to enable the shipping lines of the developing countries to have an increasing and substantial participation in the carriage of maritime cargoes.

19. Developing countries participating in the third session of the UNCTAD Working Group on International Shipping Legislation should fully take into account the report by the UNCTAD secretariat entitled *The regulation of liner conferences (a code of conduct for the liner conference system)* (TD/104)<sup>23</sup> and also consider, where appropriate, the code currently being elaborated at the request of the meeting of the Western European and Japanese Ministers of Transport.

<sup>23</sup> United Nations publication, Sales No. E.72.II.D.13 and corrigendum (TD/104/Rev.1 and Corr.1).

20. It is recommended that the UNCTAD Working Group on International Shipping Legislation, during its consideration of conference practices at its third session, should prepare for consideration by UNCTAD at its third session a draft code of conduct which will take into account the interests of developing countries and which will be universally acceptable to liner conferences.

21. The code of conduct for the liner conference system should provide for the restructuring of conference agreements in such a manner that the decision-making procedures fully reflect the share, the role and the interest of the national shipping lines of developing countries in their national trade. It should also be recognized that, for the purpose of evaluating the cost of operations of liner conferences, the round voyage of ships from and to the developing countries concerned should be viewed in an integrated manner so as to ensure that the value of goods is adequately reflected in the process of freight rate fixation.

22. It is further recommended that the code should be adopted by the Governments of all countries in a manner that is binding on them and can be suitably enforced.

#### IV. Development of ports

23. A concerted national and international effort should be evolved to promote the development and improvement of ports. As part of this effort, there should be a considerable enlargement of financial and technical assistance to developing countries both for increasing the capacity and degree of sophistication of port facilities and for improving the organization, management and operation of their ports.

24. Shipowners and liner conferences should co-operate closely with port authorities, especially in developing countries, so as to make effective use of port improvements. Port improvements should benefit the country in which the port is located, by being reflected in lower freight rates.

25. The regional economic commissions, relevant regional organizations and regional financial institutions should be enabled through adequate funding to assist in port and related inland transport development in an appropriately integrated fashion, with support, as necessary, from the UNCTAD secretariat. Such assistance should be directed towards:

- (i) Convening regional and subregional seminars and conferences on the problems of port development and organization;
- (ii) Establishing, in co-operation with the ILO and UNCTAD and Governments, subregional or zonal training institutions for all levels of port labour and management;
- (iii) Forming zonal and sub-zonal associations of ports and harbours and promoting the concept of sister ports, in order to combine their efforts to facilitate further development and improvement of ports.

#### V. International shipping legislation

26. The economic and commercial aspects of inter-

national legislation and practices in the field of shipping should continue to be reviewed within the machinery of UNCTAD with the object of securing a balance of interests between the cargo-owner (shipper) and the carrier (shipowner) and from the standpoint of their conformity with the needs of economic development, in particular of the developing countries, in order to identify areas where modifications are needed. Recommendations for such modifications should be submitted to the United Nations Commission on International Trade Law (UNCITRAL) for the drafting of new legislation, amendments or other appropriate action. The subjects to be considered in this review shall include bills of lading, liner conference practices, charter parties, general average, marine insurance and such other matters as the Committee on Shipping or the Working Group on International Shipping Legislation itself may decide to consider.

27. Furthermore, the third session of the United Nations Conference on Trade and Development shall take account of the report of the Working Group on International Shipping Legislation on its third session, as agreed by the Trade and Development Board at its eleventh session.

#### VI. Technological progress in shipping

28. Recent technological developments in shipping, particularly the trend towards cargo unitization, could have significant effects on the conditions under which imports and exports of the developing countries are transported. There is still uncertainty as to the most appropriate form of cargo unitization in different trades. It is therefore difficult for the developing countries to know which type of ship should be adopted in the programme of fleet expansion or replacement. At the same time, the developing countries will be required to make heavy investments in improving port facilities and even for adapting their inland transport, rail and road communications. This trend would also affect development of shipping and trade within the region. There are also important social implications of introducing labour-saving cargo-handling methods.

29. Developed countries and international financial institutions and other organizations concerned should extend financial and technical assistance to developing countries in order to enable these countries to benefit from technological progress in the field of shipping.

30. Developed countries, in encouraging or assisting technological development in the field of shipping, should keep fully in view the possible implications of these developments for developing countries in order to minimize adverse effects of such technological developments on the trade and development efforts of developing countries.

31. Thorough study should be made through the regional economic commissions and the UNCTAD machinery of all economic, technological and organizational progress in shipping, with particular reference to developing countries, before final decisions are made by national authorities.

### VII. *Inter-modal transport operations*

32. A thorough study should be made of the economic implications of the proposed TCM Convention, particularly in relation to the developing countries, in accordance with paragraph 6 of Economic and Social Council resolution 1568 (L), and the study should be fully considered by the Committee on Shipping of UNCTAD.

33. A convention on this subject should not be adopted until the developing countries have acquired the necessary experience for inter-modal transport, until this form of transport has been extended to a substantial number of world maritime trade routes and until all the implications as regards the needs of maritime transport, trade and economic and social development are known to the developing countries.

### VIII. *Manpower requirements and training facilities*

34. Technical and financial assistance should be given to developing countries by developed countries and international organizations, so that developing countries may study their maritime training requirements in order that their personnel may receive required training, including training in the management of shipping enterprises and ports, and/or that the countries concerned may develop required training facilities at national, regional or subregional levels.

### IX. *Implementation*

35. In order to achieve these objectives and facilitate necessary action by Governments, shipowners and shippers, Governments of both developed and developing countries should:

- (i) Ensure by legislative and other appropriate means that UNCTAD decisions are carried out by all interests concerned, namely national authorities, shippers and shipowners;
- (ii) Ensure that UNCTAD resolutions and recommendations are effectively brought to the notice of all interests concerned;
- (iii) Keep the agreed objectives in shipping and ports under review within the machinery of UNCTAD in the context of the measures recommended in this programme of action. Additional measures to attain the objectives should also be considered by UNCTAD and the regional economic commissions in due course.

36. It is essential that this programme of action be incorporated in a comprehensive statement on shipping and ports to be adopted at the third session of the United Nations Conference on Trade and Development, which shall lay down the strategy for future developments in this field and which shall supersede the Common Measure of Understanding adopted at the first Conference.

### INSURANCE

37. The principle is affirmed that developing countries have the right to take steps to facilitate the absorption by their domestic insurance markets of an increas-

ing and substantial part of insurance operations generated by their economic activities, including their foreign trade. To this end:

*Developing countries* should take, when necessary, appropriate measures:

(a) Adopt necessary measures to reduce the cost of and reinsurance markets at the national, regional and/or subregional levels, including the establishment and development of insurance and reinsurance institutions and the application and improvement of systems of insurance legislation and supervision;

(b) To ensure that their national insurance companies absorb the demand for insurance generated by their economic activities, including foreign trade, which is at present absorbed by foreign insurance companies;

(c) To ensure that a substantial part of the technical reserves of insurance and reinsurance companies remains in the countries in which their premium income originates for the purpose of reinvestment in those countries;

(d) To establish closer co-operation between their reinsurance institutions on a regional and/or subregional basis.

38. *Developed countries* should:

(a) Adopt necessary measures to reduce the cost of insurance and reinsurance services to developing countries and to provide better insurance and reinsurance terms, while maintaining the cover normally offered;

(b) Urge their nationals, when they invest in developing countries, to use the insurance services of those countries' national companies as a first priority;

(c) Accept guarantees given by the governments of developing countries for the repayment of loans received by either private sector or government organizations as sufficient and requiring no additional guarantees by the insurance companies of the lending countries;

(d) Utilize the national insurance companies of recipient countries for insurance on goods transported under loan procurement;

(e) Urge their insurance and reinsurance institutions to retain a substantial part of their technical reserves in the countries in which their premium income originates for the purpose of reinvestment in those countries;

(f) Extend all possible financial and technical assistance to developing countries to build up their insurance and reinsurance facilities and to achieve the other objectives of this programme of action, including assistance for evolving appropriate insurance legislation, for developing systems of supervision, for training of insurance personnel and for research;

(g) Refrain from adopting any measures which might limit or hamper the achievement of the objectives of this action programme and urge their insurance and reinsurance institutions to co-operate fully in the achievement of these objectives.

39. *International and regional financial institutions* should provide assistance to developing countries in their efforts to build up their national, regional and/or subregional insurance and reinsurance facilities.

40. *The UNCTAD secretariat* should:

(a) Provide, within the framework of UNDP, technical assistance, including training, to developing countries upon request for the purpose of implementing this programme of action;

(b) Carry out a study regarding the basis on which reinsurance funds might be established at the regional level among the reinsurance institutions of developing countries so that an ever-increasing proportion of the reinsurance generated by regional imports can be absorbed by the reinsurance facilities of the region.

#### TOURISM

41. Earnings from tourism can constitute an important item in the developing countries' balance of payments. The availability of financial resources and technical assistance to enable these countries to develop their tourism infrastructure constitutes a highly favourable area for international co-operation.

42. The developed and developing countries and appropriate international organizations should take co-ordinated action in the following areas of particular importance to developing countries:

(a) Simplification of travel formalities and encouragement of travel to developing countries;

(b) Provision of technical and financial assistance to developing countries including grants and credits on easy terms for specialized tourist services, particularly the hotel industry, and for building the infrastructure vital to the development of tourism;

(c) Studying the possibility of establishing preferential reduced rates on air routes to developing countries in order to increase the flow of tourism to these countries, duly taking into account the need to ensure an adequate yield to international carriers of developing countries and bearing in mind the substantial saving in travel costs resulting from the introduction of high capacity and faster aircraft;

(d) Training of personnel for the planning of tourist facilities and the management of tourist industries.

43. The developing countries should prepare a common strategy, particularly on a regional or subregional basis, in the formulation of long-term plans for development of tourism. Developed countries for their part should facilitate the travel of their residents to developing countries by promoting publicity campaigns to this end, by eliminating foreign exchange restrictions on tourism and by granting duty-free entry for local products, handicrafts and traditionally produced goods acquired by their residents in the course of travel abroad for the purpose of tourism.

44. Developed countries should recognize the need for the developing countries to develop their airlines and to that end should make available financial and technical assistance which would strengthen the viability of those airlines.

45. This programme of action shall not prejudice any conclusions which may be reached on the subject of tourism by the UNCTAD Committee on Invisibles and

Financing related to Trade at its fifth session (Geneva, December 1971).

#### F. TRADE RELATIONS AMONG COUNTRIES WITH DIFFERENT ECONOMIC AND SOCIAL SYSTEMS

The socialist countries of Eastern Europe should:

(a) Devise positive measures in favour of all developing countries to implement Conference resolution 15 (II) and the joint declaration made by the socialist countries of Eastern Europe in the Special Committee on Preferences and establish a firm and definite timetable for the implementation of these measures;

(b) Take positive action to specify the operational measures to be adopted and the products covered under their lists of preferential treatment for products from developing countries;

(c) Intensify the dissemination of information on the possibilities of imports from the developing countries, notably by the organization of seminars, symposia and training courses, as well as assist the export promotion efforts of the developing countries;

(d) Take into account in their economic development plans the existing and potential production and exports of the developing countries, as well as the diversification projects of the developing countries;

(e) Intensify the economic, financial, scientific, technical and other forms of co-operation with the developing countries, aiming at developing the industrial structure and increasing the exports of the developing countries, especially the least developed among them, in such a manner that the greatest possible number of developing countries could benefit from such co-operation;

(f) Implement measures adopted by the United Nations organizations, particularly UNCTAD, to stimulate the transfer of technology to developing countries on fair and reasonable terms;

(g) Upon the request of the developing countries concerned, take steps to extend industrial co-operation in trade with these countries with a view to concluding industrial co-operation arrangements, such as co-production, sub-contracting deliveries in the framework of licensing arrangements and supplementing of production capacities;

(h) Accept manufactured goods from the developing countries in repayment of credits;

(i) Take positive action to offer more favourable terms of trade to products from developing countries, especially in respect of terms of payments and trade equalization, e.g., by setting up mutually agreed multi-lateral payments arrangements with developing countries, with a view to facilitating trade settlements;

(j) Take positive measures not to re-export products from developing countries without the consent of the latter;

(k) Ensure that any efforts for the development and expansion of their trade with developed market-economy countries will not adversely affect the trading possibilities and trade expansion of developing countries.

## G. THE TRANSFER OF TECHNOLOGY

### I. Action at the third session of the Conference

The third session of the United Nations Conference on Trade and Development should take action, to be carried out jointly with, and as part of, the International Development Strategy, to facilitate the adequate transfer of technology to developing countries on reasonable terms and conditions and to create the necessary infrastructure for the technological development of developing countries.

### II. Imported technology

#### (a) Identification of the appropriate technology

1. Developed countries and competent international organizations should assist developing countries when requested in identifying the technologies best suited to their economic and social circumstances and requirements, in particular by placing at their disposal all the information relating to the range of technologies available for each sector. To this end, every developed country should, *inter alia*, designate an institution to provide information services on the subject, to supplement arrangements of an institutional nature which may be adopted by the developing countries.

#### (b) Access to appropriate technology

2. Developed countries should provide the greatest possible access to the available range of patented and non-patented technologies on fair and reasonable terms and conditions, without any restrictions likely to hamper the expansion of industry or exports, without discrimination between developing countries, and on a preferential basis.

3. Governments of developed market-economy countries should:

(i) Make every effort to persuade their enterprises to transfer their technology to developing countries on favourable terms, and should provide to those enterprises the necessary fiscal and financial incentives to facilitate such a transfer;

(ii) Promote the elimination of restrictive practices in the sharing of markets and the fixing of prices;

(iii) Take steps to encourage and promote the transfer of the results of the work of research institutes and universities in the developed countries to the corresponding institutions in the developing countries.

(iv) Encourage their enterprises:

(a) To allow the use of patents on the best possible terms, in order to enable manufactures from developing countries to compete effectively on world markets;

(b) To employ local labour, experts and technicians as well as to utilize local raw materials when technology is transferred by the establishment of wholly-owned subsidiary enterprises, or by general licensing agreements or contracts involving large sums and completely at the contracting party's risk or turn-key contracts, and also to contribute to the development of know-how and technical expertise by training staff in

the developing countries, so that foreign staff may be replaced as soon as possible and by transferring the specifications of the raw materials and technological processes utilized in their production to national technicians and appropriate organizations in charge of industrial development.

4. Governments of developed socialist countries of Eastern Europe should in accordance with their economic and social system make the necessary efforts to achieve the same ends.

5. Competent international organizations should facilitate the transfer of technology to developing countries by setting up appropriate multilateral institutions such as technology transfer centres, patent banks, a world bank for technology, and technological information centres.

6. In order to improve the conditions under which developing countries have access to technological know-how and processes and to eliminate restrictive business practices in the field of transfer of technology, including the practices adopted in this respect by multinational companies, the Secretary-General of UNCTAD should:

(i) Carry out a study concerning the review of international patent legislation;

(ii) Elaborate the bases for new international legislation regulating the transfer from developed to developing countries of patented and non-patented technology, including related commercial and legal aspects of such transfer.

#### (c) Cost of transfer

7. Developed countries should encourage the adoption of measures to reduce the cost of transferring technology to the developing countries *inter alia* by exempting the recipients of royalties in developed countries from taxation.

8. Developed countries and competent international institutions should devise bilateral or multilateral arrangements to facilitate negotiations concerning the transfer of technology on reasonable terms and conditions without causing strain on the balances of payments of developing countries.

9. Competent international organizations such as UNCTAD and UNIDO and the World Intellectual Property Organization (WIPO) should give effective implementation to their pledge to co-operate with one another as regards action to the benefit of developing countries. In this connexion, the secretariats of UNCTAD and UNIDO should co-operate with the WIPO secretariat in its studies of mechanisms for multilateral rounds of negotiations on technology, and especially in the study of the proposal in document PC/EC/VII/16 submitted to the Executive Committee of the Paris Union at its seventh ordinary session, in 1971,<sup>24</sup> which is intended to allow developing countries as complete a knowledge as possible of the supply side of the international market for technology.

<sup>24</sup> "Proposal for a patent licensing convention: further observations by Brazil."

(d) *Application of technology*

10. *Developed countries and competent international organizations* should:

- (i) Assist developing countries to operate effectively imported techniques and equipment;
- (ii) Provide the supplementary information and technical assistance required for their operations, such as training in the planning and management of enterprises and in marketing.

(e) *Adaptation of technology*

11. *Developed countries* should:

- (i) Assist in the application of technology and in its adaptation to the production structures and economic and social requirements of developing countries;
- (ii) Encourage private enterprises, by providing them with appropriate incentives, to undertake similar activities;
- (iii) Take immediate steps, in addition to other measures contained herein, to draw up and implement a special programme, upon request, for the adaptation of imported technology to the needs of developing countries, employing for this particular purpose any unutilized capacity in their research facilities.

(f) *The least developed among the developing countries*

12. The special position of the least developed among the developing countries shall be taken into account. To this end, the international community shall:

- (i) Co-operate with such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;
- (ii) Furnish the specialized institutions of these countries with the results of research applicable to their economic development;
- (iii) Give special consideration to the terms, conditions and costs of transfer of technology to the least developed among the developing countries.

III. *National technology*

13. Measures to create technology in the developing countries should be taken at the national, regional and international levels.

(a) *Action by the developing countries at the national level*

14. At the national level, the developing countries should:

- (i) Apply the provisions of paragraph 61 of the International Development Strategy for the Second United Nations Development Decade;
- (ii) Readapt their education and training systems to the needs and demands of a progressively developing economy and society;
- (iii) Create the necessary infrastructure for development in the fields of science and technology;
- (iv) Develop an efficient infrastructure geared to the specific socio-economic needs of each country as

a solid basis for the adoption and/or adaptation of imported technology, the creation of national technology and the application thereof.

(b) *Action by developing countries at the regional and international levels*

15. At the regional level, the developing countries should:

- (i) Make appropriate institutional arrangements for exchanging experience in the field of the transfer of technology, including arrangements for the training and exchange of technical personnel;
- (ii) Endeavour to co-ordinate their policies with regard to imported technology, including its adaptation;
- (iii) Establish joint technological research centres for projects of regional interest and for exchanging between developing countries within the region, adapted or recently developed imported technology;
- (iv) Facilitate exchange of information by the establishment of regional or subregional information centres.

At the international level, the developing countries should:

- (i) Assist the transfer of technology by exchanging information concerning their experiences in acquiring, adapting, developing and applying imported technology;
- (ii) Set up machinery to facilitate the dissemination and exchange of national technologies originating in the developing countries, so that the comparative advantages and specialization offered by each sector of activity may be fully utilized;
- (iii) Promote the study of scientific and technological projects between developing countries with common technological requirements arising from similarities in their sectoral structure of production.

(c) *Action by developed countries at the international level*

16. At the international level, the developed countries should:

- (i) Take urgent measures to implement fully the provisions of paragraph 63 of the International Development Strategy for the Second United Nations Development Decade;
- (ii) Devote 0.05 per cent per annum of their gross national product to the technological problems of developing countries;
- (iii) Allocate at least 10 per cent of their research and development expenditure to programmes designed to solve specific problems of general interest to the developing countries, and as far as possible devote that expenditure to projects in developing countries;
- (iv) Apply fiscal and other incentives to encourage their national private enterprises to transfer to their associated enterprises in developing countries a substantial and increasing volume of their research activities;
- (v) Strengthen efforts to develop national technologies in developing countries, by creating the necessary

infrastructure for development in the field of science and technology.

(d) *Action by international organizations*

17. International organizations, particularly UNCTAD, should prepare and implement programmes to promote the transfer of technology to the developing countries, in accordance with paragraph 64 of the International Development Strategy for the Second United Nations Development Decade.

18. The United Nations and its system of organizations and agencies and in particular UNCTAD should help in the achievement of these objectives and in particular should:

- (i) Bring to an acceptable conclusion and thereupon implement the World Plan of Action of the United Nations;<sup>25</sup>
- (ii) Assist the developing countries to create the necessary infrastructure, as regards both institutions and personnel, for the development of national technology;
- (iii) Co-ordinate their efforts and programme for the support of science and technology at the regional and international level;
- (iv) Place more resources at the disposal of the United Nations Economic and Social Office in Beirut (UNESOB) and the regional economic commissions of those regions which deem it necessary to enable them to carry out fully their role in the application of science and technology to development within the regions.

19. International organizations, in particular UNCTAD, UNIDO, WIPO, the regional economic commissions, UNESOB, and specialized agencies should, when requested, provide technical assistance to developing countries in matters concerning the negotiation of contracts for the transfer of technology.

20. International organizations and financing programmes, in particular UNDP and IBRD, should give the highest priority to economic assistance to meet the needs as defined by developing countries in the field of technology, particularly in connexion with the development of a basic infrastructure including the training of personnel and the establishment or strengthening of extension services for the application of science and technology to production units.

#### H. SPECIAL MEASURES FOR THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES AND LAND-LOCKED DEVELOPING COUNTRIES

##### IDENTIFICATION AND GENERAL CONSIDERATIONS

1. The identification of the least developed among the developing countries is the prerequisite for the formulation of any concrete action programme in favour of them in order to overcome their particular disabilities and to enhance their capacity to benefit fully and equitably from the policy measures adopted for all developing countries.

<sup>25</sup> World Plan of Action for the Application of Science and Technology to Development.

2. The Second Ministerial Meeting of the Group of 77 confirms, without prejudice to future consideration, the list of countries identified as the hard-core least developed countries approved by the Trade and Development Board at its eleventh session,<sup>26</sup> which should provide useful guidance for action by governments and international organizations concerned. This initial list of hard-core least developed countries should be reviewed in the light of future work on this matter.

3. In this connexion, the Ministerial Meeting of the Group of 77 takes note of the arrangements made within UNCTAD under Trade and Development Board resolution 82 (XI) for the review of criteria now being used for the identification of the least developed countries and for work on criteria for the identification of the relatively disadvantaged countries in the context of a geographic region and taking into account the existence of critical major economic sectors.

4. In further work in the field of identification of the relatively disadvantaged countries, for whom appropriate measures should be promptly formulated in accordance with Conference resolution 24 (II), account should also be taken, through consultations with the corresponding regional secretariats, of the studies and recommendations of the regional economic commissions, taking into account the special treatment that may already be accorded to these countries under regional and subregional agreements.

5. Any special measure taken in favour of the least developed countries would be supplementary to the general measures applicable to all developing countries.

6. Action or special measures taken in favour of the least developed countries must not result in injury or prejudice to the interests of other developing countries but should ensure due and equitable benefits in favour of the least developed among them.

7. While every effort should be made to evolve further satisfactory criteria for the identification of the least developed countries and to identify such countries, urgent action should be taken, bearing in mind the provisions of resolution 24 (II), to formulate and implement special measures in favour of the countries so far identified to ensure the sustained economic and social progress of those countries and to enhance their capacity to benefit fully and equitably from the policy measures of the International Development Strategy and particularly in the following areas:

##### ISSUES IN SPECIFIC FIELDS

##### I. *Commodities*

##### (a) *Commodity agreements*

8. Special consideration should be given to the least developed among the developing countries with regard to the operation of commodity agreements within their respective frameworks in such matters as allocation of quotas and exemption from quota cuts and in the payment of dues and subscriptions, bearing in mind the

<sup>26</sup> See Trade and Development Board resolution 82 (XI).

characteristics of each commodity and taking into account the interests of the other parties concerned.

9. In pre-financing of buffer stocks, the least developed countries should be exempted and their contribution should be provided by developed countries and/or international financial institutions on the basis of grants.

(b) *Diversification*

10. Measures should be taken by the developed countries and organizations and bodies of the United Nations system to encourage the establishment of industries for the processing of the locally produced food-stuffs and raw materials.

(c) *Access to markets*

11. Any action or special measures taken in favour of the least developed countries should ensure that the trade interests of the other developing countries are not injured or prejudiced in any manner.

12. The highest priority should be accorded to the solution of problems affecting primary commodities, including processed and semi-processed products of the least developed countries. In the current and future multilateral negotiations on liberalization of tariff and non-tariff barriers such preferential treatment should be given to the least developed countries, bearing in mind paragraph 6 of section II of recommendation A.II.1 of the first session of the United Nations Conference on Trade and Development.

13. Revenue duties and other fiscal charges on the consumption of tropical products of developing countries, especially those of special interest to the least developed countries, should be eliminated or reduced and at the same time special financial assistance should be provided to the least developed countries based on a certain proportion of the proceeds derived from revenue duties still in force.

14. Developed countries are requested to abandon domestic support policies adversely affecting the interests of the least developed countries.

15. Intensive technical and financial assistance should be provided to help remove the internal institutional and structural obstacles to industrialization and to the promotion of both import substitution and the establishment of export-oriented industries.

16. Eliminate urgently the quantitative restrictions and other non-tariff barriers (e.g. border taxes, customs procedures, public health and administration regulations) affecting the processed and semi-processed products of the least developed countries.

17. The scheme of the generalized system of preferences (GSP) should be extended for a long enough period for the least developed countries to derive equitable benefits.

18. The scheme should include all processed and semi-processed agricultural and mineral and handicraft products of export interest to the least developed countries.

19. Escape clauses should not apply to the least developed countries.

20. In the application of all criteria of rules of origin

for the implementation of the generalized system of preferences, the special situation and the low level of industrialization of the least developed countries should be taken fully into account.

21. Developed countries should take fully into account section V of the agreed conclusions of the Special Committee on Preferences relative to the least developed among the developing countries.

22. It is specially necessary in respect of the least developed countries to apply the principle accepted at the first Conference that at least equivalent advantages must be granted to developing countries that lose their special preferences in certain developed country markets.

II. *Restrictive business practices*

23. Identification and elimination of all restrictive business practices adversely affecting the interests of the least developed countries.

III. *Development finance and technical assistance*

24. The developed countries should fulfil the commitments undertaken in the International Development Strategy and other instruments with regard to the volume and modalities of financial aid, in order better to meet the needs of the least advanced countries.

25. The international community should ensure that within the general aid strategy the needs of the least developed countries are given special attention, either by the acceptance of specific targets for contributions to their development supported by a machinery for implementation or by the establishment of programmes in terms of specific objectives to be achieved which donors should agree to underwrite.

26. In extending technical assistance to the least developed countries special attention should be given to difficulties experienced by these countries in meeting counterpart requirements. Bilateral and multilateral agencies should consider as a matter of high priority granting complete exemption of those requirements in respect of the least developed countries.

27. The developed countries are urged to increase their contribution to UNDP as envisaged in General Assembly resolution 2688 (XXV).

28. High priority should be given to an immediate revision of the system of allocation of UNDP resources with a view to enabling the least developed countries, which for historical reasons have started late in their national planning and programming, to derive equitable benefit from the resources of the programme.

29. While technical assistance has an especially crucial role to play, financial assistance stands out as one of the basic requirements for the accelerated growth of the least developed countries. Being at a very early stage of development, they require large-scale investments in costly infrastructure of all types. As a consequence, their need for financial assistance on concessional terms as provided in the International Development Strategy is far greater than can be assumed from the size of their population. Urgent attention

should therefore be given to increasing substantially the flow of resources from IDA to the least developed countries, and the developed countries are invited to keep this purpose in mind when making contributions to IDA.

30. Developed countries should ensure stability of prices of their exports to developing countries, especially the least developed among them. In the event of increases of prices the developed countries should agree to compensate the developing countries, particularly the least developed ones, for any losses resulting from such price increases.

31. In general, all forms of financial and technical assistance to the least developed countries should be tested by the criterion whether they contribute to fuller mobilization of indigenous resources so as to ensure that it does not simply reinforce the enclave nature of so much foreign investment and even foreign aid.

This could be achieved by:

- (a) Larger contributions towards local costs;
- (b) Use of indigenous facilities and training of local counterparts;
- (c) Development of enterprises that finally will transfer ownership and management;
- (d) Ensuring that the assistance is not guided solely by financial criteria, but that consideration is given to the long-term social rate of return, including secondary effects, from development projects;
- (e) Improving the level of productivity, especially that of food-stuffs;
- (f) Ensuring that the least developed among the developing countries should receive a substantial contribution from existing IDA resources and from those of UNDP.

32. All financial assistance should be stable and cover the requirements of development plans of the least developed countries. Consortia of donors should be set up in order to review the financial needs of each least developed country with a view to meeting those needs.

33. In the light of the relevant decisions of UNCTAD at its second session, financial assistance will, in principle, be untied. While it may not be possible to untie assistance in all cases, developed countries will rapidly and progressively take what measures they can in this respect both to reduce the extent of tying of assistance and to mitigate any harmful effects for all developing countries, with special attention to the least developed among them.

#### IV. Creation of a special fund

34. With a view to assisting the least developed among the developing countries to benefit equitably from the general measures taken or envisaged within the framework of the International Development Strategy for the Second United Nations Development Decade in favour of all developing countries, the Group of 77 decides to recommend to the General Assembly of the United Nations to create as soon as possible a special fund in favour of the least developed among

the developing countries to enable them *inter alia* to:

A.1. Take specific measures to encourage the establishment of industries for the processing of the locally produced food-stuffs and raw materials;

2. Diversify their range of products and raise their productivity through research and the use of modern techniques of production and distribution so as to improve the quality, grading, packaging and marketing of their commodities;

3. Assist these countries to make appropriate changes in their economic structure through diversification of existing structures of production and trade;

4. Assist these countries to start and accelerate their process of industrialization and in particular the establishment and development of industries likely to further the export of products included in the generalized system of preferences so as to ensure that all developing countries will benefit equitably from the GSP.

B. The resources of the fund will be derived from voluntary contributions from developed countries and international financial institutions.

C. Requests the Secretary-General of UNCTAD to submit to the third Conference a statute on the institutional arrangements for the administration of the fund.

#### V. Transfer of technology

35. In the fields of:

- (a) Identification of the appropriate technology;
- (b) Access to appropriate technology;
- (c) Cost of transfer;
- (d) Application of technology;
- (e) Adaptation of technology;

the state of development and the special position of these countries shall be given special consideration. To this end, the international community shall:

- (i) Co-operate with such countries, for instance by the establishment and/or consolidation of information centres and applied technology institutes;
- (ii) Furnish the specialized institutions of these countries with the results of the research applicable to their economic development;
- (iii) Give special consideration to the terms, conditions and costs of transfer of technology to the least developed among the developing countries.

#### VI. Shipping

36. Developed countries and competent international institutions should devote special attention to the needs of these countries in the field of shipping and ports in extending development finance on concessional terms. Owing to poor port facilities in many of the least developed countries, technical and financial assistance on concessional terms in this field should be accorded special priority.

37. Liner conference freight rates should be set at levels not detrimental to the interests of least developed countries. For this purpose governments of developing and developed countries shall request participants in

the consultation machinery between shipowners and shippers to pay special attention to the problems of the least developed countries and to accord them special treatment in the fixing of rates and conditions for transport.

38. High priority should be accorded to the application of promotional freight rates for non-traditional exports of interest to the least developed countries. Consideration should also be given, after necessary studies, to making deeper cuts in freight rates for such exports.

#### VII. Trade promotion

39. Developed countries should undertake specific import promotion measures favouring the least developed countries; e.g., by subsidizing the organization and running of, and participation in, trade fairs, advertising campaigns, the exchange of trade missions and the establishment of direct business contacts and other measures designed towards export promotion. Adequate technical and financial assistance should be provided for the strengthening of national, subregional and regional promotional institutions.

40. Technical and financial assistance should be provided to promote research aimed at finding new end-uses for primary products, particularly those facing competition from synthetics and substitutes.

#### VIII. Institutional arrangements

41. The Secretary-General of UNCTAD should present to the third session of the United Nations Conference on Trade and Development a detailed and comprehensive action programme for the Second United Nations Development Decade in favour of the least developed among the developing countries, and in this connexion take into account the work of other United Nations bodies and the suggestions made in this programme of special measures.

42. An intergovernmental group with appropriate secretariat services should be established within UNCTAD to be entrusted with the formulation, development and review and appraisal of policies and projects in favour of the least developed countries with the following terms of reference:

(a) To carry out a methodical analysis, section by section and where necessary country by country, of the progress and the difficulties encountered in the carrying out of the policy measures designed to assist the least developed countries;

(b) To make suggestions for adequate means of overcoming these difficulties and accelerating progress;

(c) To seek new and broaden existing areas of agreement in the dynamic context of the Strategy.

#### IX. Other measures

*Measures in the field of economic co-operation and regional integration*

43. In regional economic groupings of the developing countries the following aspects should be studied with a view to facilitating the association of the least developed countries;

(a) Permission to impose quantitative restrictions;

(b) Temporary exemption from alignment of tariffs with the common external tariffs;

(c) Granting of greater fiscal incentives for new investment;

(d) Preferential allocation of financial resources of the regional financial institutions and funds;

(e) First choice in the location of industries;

(f) Extension of regional commodity agreements and their coverage.

44. The following actions need to be taken at the multinational level:

(a) Multinational projects in the fields of industry, transport communications, energy, manpower development and natural resource surveys;

(b) The building up of the necessary regional and subregional institutions;

(c) The creation of regional and subregional payment arrangements;

(d) Interim support to the needs of the least developed countries arising from obligations which they have to undertake in connexion with their participation in arrangements for economic co-operation. In particular, IMF should permit members to make special drawings exclusively designed to overcome deficits resulting from trade liberalization commitments. Drawings under such a special facility should be independent of original drawing rights;

(e) The General Assembly should draw the attention of organs of the United Nations system to the course of action taken in UNCTAD with a view to initiating similar programmes in their respective areas of competence;

(f) Countries members of UNCTAD, especially the developed countries, should be asked to contribute effectively to the United Nations Capital Development Fund, and this Fund should be devoted first and foremost to the financing of projects of the least advanced of the less developed countries;

(g) Countries members of UNCTAD, especially developed ones, should study measures they might take in favour of the least developed among the developing countries, including means by which such measures might be implemented, and report their findings at the third session of the United Nations Conference on Trade and Development.

#### OTHER SPECIAL MEASURES RELATED TO THE PARTICULAR NEEDS OF THE LAND-LOCKED DEVELOPING COUNTRIES

45. The position of the land-locked developing countries, in particular, because of the high costs of transportation, the poor development of their infrastructure, inadequate and inconvenient transport, storage and port facilities in most transit countries, the lack of opportunity or arrangements to use their own transport equipment and to establish their own transport facilities and, in general, the unfavourable trend of transport tariffs and charges, is a factor seriously

inhibiting the expansion of their trade and economic development.

46. Basic policy issues are well defined and formulated in Conference resolution 11 (II) and Board resolution 69 (X), particularly in relation to the specific economic problems derived from the geographical position of the land-locked developing countries. The report of the UNCTAD Expert Group on these problems<sup>27</sup> describes in more detail concrete measures to be adopted in favour of these countries. Furthermore, as repeatedly mentioned in the resolutions adopted by UNCTAD and other United Nations bodies, the geographical position of the land-locked developing countries "should be considered as a factor in determining the criteria for the further identification of the least developed among the developing countries".

47. To assist in remedying the difficulties affecting the land-locked developing countries, and bearing in mind the relevant provisions of resolution 69 (X), action is required in the following areas:

#### I. *Administrative and other measures*

48. The Governments of land-locked developing countries and their transit neighbours should continue to make joint efforts to conclude bilateral agreements or, if mutually agreed, multilateral arrangements with respect to:

(a) The appointment of representatives to assist in the clearance of goods of the land-locked countries in transit;

(b) The establishment of procedures for intergovernmental consultation to ensure that the needs and problems of both land-locked and transit countries are kept under review;

(c) Further simplification of customs and other procedures and formalities and the limitation of documentation;

(d) Familiarizing the officials concerned with the spirit of transit agreements.

49. Agreements should be sought between land-locked countries and their transit neighbours covering transport facilities in order to:

(a) Facilitate the circulation of the road vehicles of parties to the agreement across frontiers, if necessary, on a reciprocal basis;

(b) Facilitate the movement of rolling stock of parties to the agreement which have inter-connected railway systems.

#### II. *Transport infrastructure*

50. Technical and financial assistance should be provided by the developed countries and the competent international organizations, at the request of the countries concerned, for feasibility studies, installation, improvement and maintenance of facilities for:

(a) Road transport in both land-locked developing countries and their transit neighbours in order to produce all-weather through transport routes for heavy vehicles;

(b) Railways and rolling stock and, where economically feasible, the extension of the rail system of transit countries into land-locked countries;

(c) Inland waterways to raise the standard of navigability so that continuous year-round use is possible;

(d) Air transport to ensure that each land-locked developing country has at least one airport fully equipped to international standards;

(e) Postal and telecommunications systems to raise them to modern standards;

(f) The establishment of alternative transport routes to the sea from land-locked countries where economically feasible, specific attention being given in this connexion to establishing trunk routes of use to all countries within a region or a subregion;

(g) Special studies should be made of the possibilities of equalizing the total transport costs related to their international trade with those of their transit neighbours, thus making their export products equally competitive and their imports not more expensive.

51. Technical and financial assistance should be given by the developed countries and competent international organizations for the investigation and the establishment, where economically feasible, of new forms of transport, with particular reference to pipelines for oil, natural gas and other suitable products.

52. Liner conferences should take into account the special problems of the land-locked countries and grant promotional freight rates to their merchandise.

#### III. *Economic structure*

53. Technical and financial assistance should be provided by the developed countries and competent international organizations to the land-locked developing countries for feasibility studies and investment with a view to assisting their economic development, thus making it suitable to their particular geographical situation, including:

(a) The development of import substitute industries, particularly of industries producing high-bulk low-value goods;

(b) An increase in the value of potential exports by the processing of raw materials and by the careful grading, packing and presentation of products;

(c) Thorough exploration to determine the resource endowment of minerals and other energy resources, together with measures, including the investigation of new forms of transport, to make their exploitation possible;

(d) Development of the economies of the land-locked developing countries along two lines, namely complementarity with their neighbours and the production of high-value low-bulk goods to reduce the adverse effects of transport costs;

<sup>27</sup> See *Official Records of the Trade and Development Board, Tenth Session, first, second and third parts, Annexes, agenda item 13, document TD/B/308.*

(e) Investigation of the possibilities of developing tourism with the necessary infrastructure of hotels and improved internal transport;

(f) Thorough consideration of the possibilities of using air transport to penetrate markets abroad for high quality products.

#### IV. Institutional arrangements

54. Special regional or subregional bodies should be established where similar bodies or other arrangements do not exist to make suggestions for the purpose of implementing the recommendations adopted in UNCTAD and other United Nations bodies in regard to the problems of the land-locked countries.

55. As was requested by the Trade and Development Board at its eleventh session,<sup>28</sup> the Secretary-General of UNCTAD should prepare a comprehensive action programme within the competence of UNCTAD and within the framework of the International Development Strategy for the Second United Nations Development Decade and of the relevant provisions of Board resolution 69 (X) in favour of the land-locked developing countries and present it to the third session of the United Nations Conference on Trade and Development.

56. The United Nations Development Programme, specialized agencies, international financial institutions and developed countries, should take into account the special needs of land-locked developing countries, particularly in the field of transport, and should give favourable consideration to requests from these countries for financial and technical assistance on soft terms for fulfilment of the aims and objectives contained in the International Development Strategy.

57. The Secretary-General of UNCTAD should include in his proposal for an action programme for the development of land-locked countries the feasibility of creating a special fund for subsidizing the additional transport costs of land-locked developing countries.

58. The Secretary-General of UNCTAD should, in consultation with the countries concerned, organize studies of the existing transit procedures applied in different regions and also should study port and transport facilities available for the land-locked developing countries with a view to enabling them and their transit neighbours to conclude agreements for the improvement of such facilities and procedures.

#### SPECIAL PROBLEMS OF DEVELOPING ISLAND COUNTRIES

59. Developing island countries are faced with a number of specific problems linked to their geographical nature arising out of difficulties of communication with neighbouring countries and the distance from market centres and out of frequent natural catastrophes such as monsoons and cyclones, all of which hamper their economic development to a large extent.

60. As a first step, the secretariats of the regional

economic commissions and UNESOB and UNCTAD should carry out studies with a view to identifying in depth the above and related problems and making recommendations on the best means of solving these problems within the framework of the Second United Nations Development Decade.

#### PART FOUR

#### Future activities of the Group of 77

##### I. Organization of the Group of 77 for effective participation at the third session of the Conference

1. The Ministerial Meeting is firmly and unequivocally resolved to maintain and further strengthen the unity and solidarity of the Group, and so to organize themselves as to be able to ensure the maximum impact and effect at the third session of the United Nations Conference on Trade and Development.

2. To achieve this desired impact, the Group has decided to appoint a Working Party in Geneva which will prepare the required documentation and draft resolutions and co-ordinate the appropriate activities of the members of the Group as they bear on the goals to be achieved at the Conference. Accordingly, the membership of the Working Party will be kept open-ended so that any member of the Group of 77 may have unimpeded access to its deliberations without affecting its efficient functioning.

3. Necessary steps will be taken immediately through the Second Committee of the General Assembly of the United Nations in order to request the regional economic commissions of the United Nations, and other organs and offices of the United Nations, to assist the Working Party as is appropriate and feasible.

##### II. Organizational aspects of the third session of the Conference

4. The Ministerial Meeting examined and endorsed the proposals on the organizational structure of the third session of the Conference which are referred to in paragraph 92 of the report of the Trade and Development Board on its eleventh session (TD/B/385)<sup>29</sup> and described in pages 21-22 of annex I of that report.<sup>30</sup>

5. The Meeting noted also that the Trade and Development Board had requested the Secretary-General of UNCTAD to submit detailed proposals on organizational, administrative and procedural matters to the pre-Conference Meeting which will be held at Santiago de Chile on 11 and 12 April 1972.

6. The Meeting in particular recommended that Governments should endeavour to send as Heads of delegation to the third session of the Conference persons who are of ministerial rank.

<sup>29</sup> *Ibid.*, part three.

<sup>30</sup> *Ibid.*, annex 1, "Other decisions", "Organizational structure of the third session of the Conference".

<sup>28</sup> See *Official Records of the General Assembly, Twenty-sixth, Session Supplement No. 15 (A/8415/Rev.1)*, part three, para. 400.

### III. Consideration of means of informing the international community

7. The Ministerial Meeting recommended that member States should instruct their national ambassadors accredited to the various developed countries to use all means at their disposal to place before high political and senior government officials the conclusions of the Meeting, and to promote their cause as necessary so as to create the most favourable climate possible for negotiations on the programme of action at the third session of the Conference.

8. The Ministerial Meeting recognized that, while the host country had over-all responsibility in publicizing the meeting, it was equally incumbent on all its members to share this responsibility through their respective national communications media: press, radio, television, etc.

9. The President of the Ministerial Meeting was requested to present the final document of the Meeting to the current session of the General Assembly of the United Nations, and to the Secretary-General of the United Nations. The President of the Ministerial Meeting, in his turn, invited the Rapporteur General of the Ministerial Meeting and the representatives of the three regional groups to accompany him on this mission.

### IV. Measures for strengthening the co-operation among members of the Group of 77 within UNCTAD and with respect to other problems affecting their economic and social development

10. For strengthening the co-operation among countries members of the Group of 77 within UNCTAD and with respect to other problems affecting their economic and social development, the Ministers decided that it is desirable:

(a) To establish in Geneva a small "Service Bureau" for purposes of documentation and archives for the work of the Group of 77;

(b) That the Group of 77 in Geneva should consider the possibility of establishing appropriate arrangements to prepare whatever documentation may be necessary for the Group's participation in the work of all bodies within the permanent machinery of UNCTAD.

11. The Ministers decided that the Group of 77 in Geneva should undertake a study of each of these proposals in all their aspects and on the modalities relating to these two measures and submit a report to the Group of 77 for final action at the third session of UNCTAD in Santiago.

## ANNEX

### Resolutions adopted by the Second Ministerial Meeting of the Group of 77

#### 1. INTERNATIONAL COCOA AGREEMENT

*The Second Ministerial Meeting of the Group of 77, assembled in Lima, Peru, from 25 October to 7 November 1971,*

*Bearing in mind* the importance of cocoa for the economy of several developing countries,

*Taking into account* all efforts that have been pursued in the past within UNCTAD for the conclusion of an International Cocoa Agreement,

*Having examined* the results so far achieved in the consultations which have been taking place, under the auspices of the Secretary-General of UNCTAD, between developing cocoa exporting countries and developed importing countries,

*Reaffirms* the need to conclude, before the third session of the Conference, an International Cocoa Agreement,

*Invites* the Secretary-General of UNCTAD, in the light of these consultations, to convene a negotiating conference aimed at achieving such an agreement on cocoa.

#### 2. ECONOMIC EFFECTS OF THE CLOSURE OF THE SUEZ CANAL

*The Second Ministerial Meeting of the Group of 77, assembled in Lima, Peru, from 25 October to 7 November 1971,*

*Fully aware* that the Suez Canal is a vital world waterway for promoting international trade and for joining the East to the West,

*Concerned* that the closure of the Suez Canal has affected the economy of many countries by increasing sea transport costs, as well as the over-all costs of international trade,

*Taking into account*—with deep concern—the harmful effects of the closure of the Suez Canal in the field of economic development and balance of payments, specially with regard to developing countries, among which are many least developed countries,

*Taking note* of the special study prepared by the UNCTAD secretariat in this respect<sup>a</sup> and submitted to the African Ministerial Meeting held in Addis Ababa from 8 to 14 October 1971, and the Second Ministerial Meeting of the Group of 77 in Lima, 25 October-7 November 1971,

*Mindful of the fact* that the continued closure of the Suez Canal is linked to the occupation by Israel of Arab territories,

*Recalling* the United Nations Security Council Resolution 242 of November 1967, as well as the resolution 2628 (XXV) adopted by the General Assembly,

*Recalling* also the resolution adopted by the African Ministerial Meeting on 14 October 1971, concerning the economic effects of the closure of the Suez Canal,

*Convinced* that a quick re-opening of the Suez Canal is of crucial importance for the normal channelling of the international trade, and the maximization of its benefits, especially for developing countries,

*Convinced also* that the Israeli withdrawal from occupied territories is a requisite for the re-opening of the Suez Canal and its continued operation in normal and peaceful conditions,

1. *Supports* firmly the current efforts taking place within the framework of the United Nations and the Organization of African Unity aiming at the opening of the Suez Canal in accordance with the United Nations Security Council Resolution 242 (1967);

2. *Requests* the inclusion of the economic effects of the closure of the Suez Canal as an item on the agenda of the third session of the Conference to be held in Santiago (April-May 1972).

<sup>a</sup> E/CN.14/UNCTAD III/PM/3. See *Review of Maritime Transport 1971: report by the UNCTAD secretariat* (United Nations publication, Sales No. E.73.II.D.2) chap. IX, Section A.

## 3. MARINE RESOURCES

*The Second Ministerial Meeting of the Group of 77, assembled in Lima, Peru, from 25 October to 7 November 1971,*

*Considering*

That every country has the sovereign right to dispose of its natural resources in the interest of the economic development and well-being of its own people, as stated in General Principle Three adopted at the first session of the United Nations Conference on Trade and Development,

That resolution 2626 (XXV) of the General Assembly of the United Nations stated that "full exercise by developing countries of permanent sovereignty over their natural resources will play an important role in the achievement of the goals and objectives"<sup>b</sup> of the Second United Nations Development Decade,

That General Assembly resolution 2692 (XXV) went further by specially recognizing "the necessity for all countries to exercise fully their rights so as to secure the optimal utilization of their natural resources, both land and marine, for the benefit and welfare of their peoples and for the protection of their environment",

That some developed nations are availing themselves of their scientific, technological and financial advantages to exploit the resources of the sea and the soil and subsoil thereof not only off their coasts but also in the jurisdictional waters claimed by other countries,

That, without prejudice to their positions on the question of the limits of national jurisdiction, the States members of the Group of 77 have supported and should continue to support the rights of developing countries to dispose of their marine resources in the interest of progress and a higher standard of living for their populations,

That it is urgently necessary to find within the framework of General Assembly resolution 2750 C (XXV) juridical solutions which will end the present conflicts on the limits of national jurisdiction taking into account the interests of the developing countries,

That, on the other hand, General Assembly resolution 2749 (XXV), adopting the Declaration of Principles Governing the Sea-bed and the Ocean Floor, and the Subsoil thereof, beyond

<sup>b</sup> See paragraph 74 of the International Development Strategy adopted by the General Assembly in resolution 2626 (XXV).

**G. DECLARATION MADE BY THE REPRESENTATIVE OF BULGARIA, ON BEHALF OF A GROUP OF SOCIALIST COUNTRIES AND CIRCULATED AT HIS REQUEST (ON BEHALF OF THE AUTHORS) AS A DOCUMENT OF THE CONFERENCE \***

The ideas of peace and security and the development of wider comprehensive co-operation are now gaining recognition and support from an ever-increasing number of countries. Conditions have been created for international trade and economic relations to become a genuine factor in the consolidation of peace and the social and economic progress of all peoples.

The socialist countries, which are pursuing a peace-

loving foreign policy, has declared that the said area and its resources are the common heritage of mankind, and that its exploration and exploitation must be carried out for the benefit of all States, whether coastal or land-locked, and taking into particular consideration the interests and needs of the developing countries,

That the above-mentioned resolution has also stated that the management of the area and its resources shall be undertaken in such a manner as to foster the healthy development of the world economy and balanced growth of international trade, and to minimize any adverse economic effects caused by the fluctuation of prices of raw materials resulting from such activities,

*Decides*

1. To affirm as a common aim of the Group of 77 recognition by the international community that coastal States have the right to protect and exploit the resources of the sea adjacent to their coasts and of the soil and subsoil thereof within their limits of national jurisdiction, the establishment of which must take due account of the development and welfare needs of their peoples;

2. To support, among the measures designed to permit the mobilization of the internal resources of the coastal developing countries, those which favour the full disposal of the resources existing in the seas adjacent to their coasts, within the limits of their national jurisdiction, in order that it may contribute to foster their economic and social development and to stop the drain of capital required for accelerating their progress;

3. To reaffirm also the principle that the area of the sea-bed and the subsoil thereof beyond the limits of national jurisdiction, as well as the resources of that area, are the common heritage of mankind and should be managed by a régime which will enable the peoples of all States to enjoy the substantive benefits that may be derived therefrom, with due regard for the special interests and needs of both coastal and land-locked developing countries;

4. To support the understanding that, in establishing the provisions for the management of the said area, appropriate measures should be taken to foster the healthy development of the world economy and balanced growth of international trade and to minimize any adverse economic effect caused by the fluctuation of prices of raw materials resulting from such activities;

5. To maintain periodical consultations among the States members of the Group of 77 concerning the exploitation of the marine resources within and beyond the limits of national jurisdiction, with a view to co-ordinating positions which may be of common interest to the developing countries.

loving foreign policy, are endeavouring to solve the urgent problems of the normalization and development of international trade, and to strengthen and expand international economic co-operation on the basis of equality, mutual advantage, non-discrimination and respect for sovereignty. They hope that the third session of the United Nations Conference on Trade and Development will be conducted in an atmosphere of co-operation and mutual understanding, and will be an important step towards the achievement of the above-mentioned aims.

\* TD/154.

The normalization and improvement of international trade, as well as the expansion of scientific, technical and economic co-operation are closely linked to the need for strengthening peace, improving the international political atmosphere and implementing the principles of peaceful co-existence between nations with different social systems. These objectives would be considerably advanced by the convening of a world disarmament conference and an all-European conference on security and co-operation. The continuing imperialist aggression against the peoples of Indochina and the Arab States in the Middle East, which is condemned by all peoples, is doing great damage to international trade and economic development. The socialist countries call upon the participants in this Conference to make joint constructive efforts to create more favourable conditions for the development of international economic, scientific and technical relations in the interests of peace and social and economic progress.

## I

The socialist countries, on the basis of public ownership of the means of production, have within a short period of time achieved considerable progress in the development of their national economies, science and technology, and in raising the living standards and cultural level of the workers. Apart from the mobilization of national resources, one major factor in accelerating the development of the economies and equalizing the levels of development of the socialist countries has been economic co-operation among these countries based on equality, mutual advantage and socialist internationalism.

The socialist countries are continuing to expand and improve their mutual economic co-operation. The main emphasis is being placed on the qualitative aspect and on improving the effectiveness of co-operation. These are the purposes of the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by CMEA member countries, which was adopted at the twenty-fifth session of CMEA.

Socialist economic integration is of an open character. Any country which is not a member of CMEA may participate fully or partly in the implementation of the Comprehensive Programme.

While improving co-operation between them, the socialist countries are taking active steps aimed at the extensive development of international trade, and of economic, technical and scientific co-operation in the interests of all peoples.

Socialist economic integration is creating favourable conditions for the further development and improvement of the economic relations of the socialist countries with all States, particularly with the developing countries of Asia, Africa and Latin America. Under the Comprehensive Programme, special emphasis is to be placed on the further extension of trade, economic, scientific and technical co-operation with developing countries. This course of action is reflected in the long-

term and five-year plans for the development of the national economies of the socialist countries.

## II

International trade has recently been conducted against a background of new serious economic upheavals in the developed capitalist countries, the crisis in the monetary and financial system of capitalism and increasing inflation accompanied by a growth in unemployment in these countries. All this is evidence of increasing instability in the world capitalist economy.

The sharp increase in restrictive protectionist measures in connexion with the crisis in the monetary and financial system, and the creation of new trade and political barriers in a number of developed capitalist countries are causing a serious deterioration in international trade and are damaging the trade and development of other countries.

The process of the division of the capitalist world into spheres of economic influence and closed economic and trade groupings of developed capitalist countries, whose activities lead to protectionism and discriminatory policies against other countries, is a source of obstacles to the normal development of international trade and economic co-operation. The growth of agricultural protectionism—especially the unified agricultural policy of EEC (the "Common Market")—and the intensification of political and trade rivalries among a number of developed capitalist countries are introducing new elements of instability and causing a further deterioration in world trade. The enlargement of EEC may further increase the effects of these negative phenomena in world trade.

The socialist countries are prepared to expand their economic and technical co-operation with all countries which are willing to develop relations on the basis of equality, mutual advantage and non-discrimination, and which display an interest in this and create favourable conditions for it.

The position consistently adopted by the socialist countries with a view to the normalization of international trade has led to the emergence of positive trends in certain areas of economic relations between the socialist countries and those developed capitalist countries which are abandoning the outmoded policies of prohibitions and restrictions in the sphere of international trade.

The socialist countries insist on the immediate abolition of discrimination against them, and on the unconditional and complete application to them of most-favoured-nation treatment. Such a step would contribute to the development of international trade. UNCTAD must play a special role in eliminating barriers of that kind. Otherwise, the socialist countries will find it extremely difficult to participate in the fulfilment of the objectives of UNCTAD.

The extension of mutually advantageous trade between the socialist and the developed capitalist countries (East-West trade) is in the interests of these countries and in the interests of the developing countries.

### III

The transformation of the world socialist system into a decisive factor in historical development, and the active support provided by the socialist countries to oppressed peoples in their struggle for political and economic independence, have contributed to the collapse of the colonial system and to the strengthening of the positions of the peoples in their struggle against neo-colonialism.

The economic backwardness of the developing countries' refusal to pursue a trade and monetary policy in position in the system of the capitalist international division of labour, and the policy of neo-colonialism are still important problems, which require an immediate solution. The causes of the continuing economic backwardness of developing countries are: the existing structure of international economic relations in the capitalist economic system, based on an obsolete and irrational division of labour; the maintenance of monopoly capital's control over important sectors of the economies of developing States; the developed capitalist countries' refusal to pursue a trade and monetary policy in keeping with the requirements and interests of young national States; the failure of the developed capitalist countries to comply with the Principles, decisions and recommendations hitherto elaborated by UNCTAD; the continuation of such harmful phenomena as the arms race, colonialism, racial discrimination and *apartheid*.

It is a matter for concern that the progressive and objectively irreversible social, political and economic reforms which are taking place in certain regions of the world are still meeting with hostility and opposition from the imperialist States.

The socialist countries fully understand the interests of the peoples of newly liberated States. They consider that one of the major aims of their international policy is to assist and support them in building up their national economies and defending their freedom and independence from the neo-colonialist encroachments of imperialism. They support the developing countries in their firm intention to do everything possible to implement progressive reforms in their national economic and social structures, and to mobilize all their resources with a view to developing their national economies and strengthening their political and economic independence.

At the same time the socialist countries reiterate their view that it is wrong to try to adopt an identical approach is tantamount to an attempt to bury in oblivion the entire historical phase of colonial rule and exploitation, and to forget the responsibility of colonialist powers for the present economic difficulties of the developing countries and for the neo-colonialist policy pursued against them as a form of economic oppression.

The socialist countries understand the specific problems of the least developed and the land-locked countries among the developing countries of Asia, Africa and Latin America, and take these problems into account in their practical activities.

The socialist countries will adhere to the forms and methods of international economic and technical co-operation which are in keeping with their social and economic system. In rendering their assistance, they will as previously proceed on the basis of concrete and economically sound suggestions for co-operation, taking into account their own possibilities and the possibilities of the developing countries.

The socialist countries are transferring modern technology to the developing countries on favourable terms and are ready to continue to do so in future; they are taking the necessary steps for the utilization of the transferred technology in specific local conditions, thus contributing to the technological progress of newly-independent States.

The socialist countries are contributing to the creation, in newly-independent States, of national research, design, construction and assembly organizations; they are sending their highly skilled specialists to assist in planning, utilization of technological processes and production; they are engaged in various kinds of co-operation in the form of joint production, thus enabling the developing countries themselves to become creators of new production processes.

One effective means for achieving a further development of economic relations between the socialist and the developing countries might be a sectoral division of labour involving the use—on the basis of specific and economically sound proposals—of the potential possibilities existing in the various sectors of production, especially in the production of industrial products.

Long-term agreements could be one instrument for creating a new international division of labour, and an effective means for accelerating the industrialization and production and export diversification of developing countries. Further improvements in the form of long-term trade agreements and their wider implementation in practice make for stability in the development of economic relations, and for a fuller utilization of the advantages of the international division of labour. On this basis, trade between the socialist countries and the developing countries will be expanded in their mutual interests.

### IV

The socialist countries are expecting the work of UNCTAD to make a greater contribution to the normalization and extension of international trade relations, to the development of trade between countries with different social and economic systems, to the elimination of the discrimination, protectionism and tariff barriers applied by the capitalist countries, and to the prevention of any new restrictions by them.

The prestige of UNCTAD would be enhanced by the universal acceptance and application of the Principles governing international trade relations and policies, so that they become an effective regulator of the international trade relations of all countries. These Principles are widely reflected in the trade policies, treaty and legal practice of the socialist countries, and in the activities of their foreign trade organizations.

UNCTAD can and must become a universal organization. All sovereign States which are guided by the purposes and principles of the United Nations as set forth in the Charter and express their willingness to participate in the work of UNCTAD are entitled to become members of this Organization. The admission of the German Democratic Republic to UNCTAD is a problem which has long called for a solution. The socialist countries consider that this question must be solved without delay.

The socialist countries support the proposals designed to achieve stabilization of primary commodity markets, and they also support measures for convening a conference under the auspices of UNCTAD in order to elaborate intergovernmental commodity stabilization agreements which would reflect the interest both of exporting and importing countries; they are ready to give active support to the elaboration of the general agreement on commodity arrangements. UNCTAD must continue to play an increasingly important role in these matters.

In purchasing primary commodities on the world market, the socialist countries will give preference to commodities produced in the developing countries.

## **H. STATEMENT BY THE UNION OF SOVIET SOCIALIST REPUBLICS CONCERNING PROSPECTS FOR THE DEVELOPMENT OF THE USSR'S TRADE AND ECONOMIC CO-OPERATION WITH THE DEVELOPING COUNTRIES \***

The Soviet Union, guided by the Leninist principles for the peaceful co-existence of States of different socio-economic systems, is in favour of the fullest development of international trade and of economic, scientific and technical co-operation. In its foreign economic relations the USSR has adhered to the Principles governing international trade relations and trade policy, as well as to other progressive recommendations adopted by the United Nations Conference on Trade and Development.

The USSR's trade and economic co-operation with the developing countries is being expanded and strengthened. There has been particularly rapid development of the USSR's economic ties with the developing countries that have undertaken progressive socio-economic reforms. The growth targets for trade with the developing countries, announced by the Soviet delegation at the first session of the Conference, are being attained. Since the establishment of UNCTAD, the USSR's trade with those countries has more than doubled. The volume of economic and technical assistance rendered to the developing countries has more than trebled. During that period 460 industrial and other Soviet-assisted projects have been completed in countries of the developing world. The USSR's trade and economic and technical co-operation with the developing countries are helping to strengthen their national independence and promote their economic progress and

The socialist countries, like the developing countries, are urging the elimination of the negative aspects of the activities of the liner conferences of the capitalist countries (closed nature, loyalty contracts, etc.) and are in favour of equal participation in liner conferences by the shipping organizations and companies of all interested countries on a non-discriminatory basis.

The socialist countries favour the development of long-term comprehensive economic, scientific and technical co-operation, believing that this creates favourable conditions for solving urgent international political and economic problems, and ensures fuller utilization of scientific and technical achievements and of the economic potential of each country in the interests of the social and economic progress of all countries and peoples.

The socialist countries are ready to co-operate with other interested countries in elaborating constructive measures which would contribute to the full normalization and further expansion of trade and economic relations between States with different social and economic systems for the purpose of strengthening peace and the social and economic progress and well-being of all countries and peoples.

are counteracting the system of imperialist exploitation in international economic relations. This co-operation is based on equality and mutual benefit.

In order to provide the most favourable conditions for the import of goods from the developing countries, the USSR abolished Customs duties on all products imported from those countries as from 1 January 1965. Parallel with the introduction of duty-free treatment for imports, the Soviet Union has been adopting other preferential measures designed to promote the export of raw materials and manufactured goods from the developing countries.

The Directives of the XXIVth Congress of the Communist Party of the Soviet Union provide for the further development of stable foreign economic, scientific and technological ties with the developing countries of Asia, Africa and Latin America on the basis of mutual benefit and in the interests of strengthening their economic independence.

The Soviet Union will endeavour to implement UNCTAD's recommendations for the normalization and expansion of world trade, particularly Conference resolutions 15 (II) and 21 (II), and for the promotion of the economic progress of the developing countries. It will also make its contribution to the implementation of the programme for the Second United Nations Development Decade, as indicated in the proposals submitted by Bulgaria, Czechoslovakia, Hungary, Poland and the Union of Soviet Socialist Republics during the second part of the ninth session of the Trade and Devel-

\* Circulated to the Conference as document TD/163.

opment Board<sup>1</sup> and in the statements of the delegations of Bulgaria, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics at the twenty-fifth session of the General Assembly on the Second Development Decade and social progress.<sup>2</sup>

To this end the Soviet side is prepared:

To continue to work out with the Governments of the countries concerned programmes for the expansion of trade and economic co-operation on a long-term basis and in the form of appropriate treaties and agreements which take into account the needs and capabilities of the parties;

To continue to provide in its national economic plans for the implementation of its treaties and agreements with the developing countries on trade and economic co-operation;

To adopt measures for expanding economic, scientific and technological co-operation with the developing countries designed to develop their productive capacity and export potential on the basis of economically sound proposals for co-operation, with due regard for the capabilities of the USSR and the developing countries;

To continue to promote scientific and technological progress in the developing countries through access to advanced technological know-how in fields of interest to them and through training facilities for their nationals;

To adopt further measures designed to increase imports from developing countries, particularly, of manufactured goods and semi-manufactures;

To expand and improve the form and orientation of economic ties with the countries concerned, particularly through specialization and co-operation in certain branches of production; to promote the use of idle production capacity and fuller employment in the developing countries by placing orders for the manufacture of goods from Soviet materials;

To continue to accept manufactured goods, including the products of Soviet-assisted projects, in repayment of credits extended to the developing countries;

To help the developing countries to improve the quality of their export products, particularly to meet the requirements of Soviet consumers;

To expand exports to the developing countries of goods necessary for their economic development, especially machinery and equipment;

To continue to refrain from re-exporting goods from the developing countries without their consent;

To provide developing countries with fuller information on the USSR's import and export potential through seminars, symposia and training courses for business representatives from developing countries;

To help interested developing countries to plan their economies (through consultations, secondment of Soviet

experts, training facilities for nationals in their own country and in the USSR, and other forms of assistance to be agreed by the parties).

The Soviet Union will make efforts to increase trade with those countries still further to reach the targets for trade between the USSR and the developing countries announced at the first session of the Conference. Existing reciprocal trade agreements and the current rising trend in the USSR's trade with those countries justify the following estimates of the USSR's imports of certain goods from the developing countries by the end of the current five-year period, i.e. 1975 (these are compared with 1963):

	Unit	1975	1963
Cocoa-beans . . . . .	} Thousand tons	150	54
Coffee . . . . .		65	29
Citrus fruits . . . . .		330	60
Edible vegetable oil (oil seed) . . . . .		425	212
Spices . . . . .	Million roubles	20	5
Cotton fibre . . . . .	} Thousand tons	280	219
Wool (washed) . . . . .		90	20
Hides and skins, undressed . . . . .	Millions	30	22
Tea . . . . .	} Thousand tons	50	18
Non-ferrous metals, ores and concentrates (metal content) . . . . .		900	75

As they attach particular importance to the diversification of the developing countries' exports, Soviet foreign trade organizations will double their purchases of consumer goods from those countries by 1975, to a total value of 250 million roubles. Those goods will include textiles, hosiery, garments and footwear. There will also be an increase in imports of oil, natural gas and chemical, iron and steel and metal-working industry products from developing countries, as well as other products of their national industries.

The economic and technical assistance rendered by the USSR to developing countries will also grow in the current five-year period. Over 500 industrial and other projects of major importance for strengthening their national economies will be built with Soviet assistance during that period.

To attain the above-mentioned targets the developing countries, too, will have to show good will and adopt a constructive approach to the expansion of their economic ties with the USSR. The conditions of trade accorded the Soviet Union should not be less favourable than those enjoyed by developed capitalist countries. The growth of developing countries' exports to the USSR should be accompanied by increased purchases of Soviet goods by those countries.

The normalization of all the main currents of world trade is an essential condition of wider trade between the USSR and the developing countries.

The relaxation of international tension, the elimination of imperialist aggression, the adoption of general disarmament measures and the creation of an atmosphere of confidence and mutual understanding among States will undoubtedly favour the development of international trade and economic co-operation.

<sup>1</sup> See *Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 16 (A/7616)*, part four, annex III, document TD/B/L.195.

<sup>2</sup> *Ibid.*, *Twenty-fifth Session, Annexes*, agenda item 42, document A/8074.

## I. STATEMENT MADE BY THE REPRESENTATIVE OF FRANCE ON BEHALF OF THE COUNTRIES OF GROUP B CONCERNING MULTILATERAL TRADE NEGOTIATIONS \*

1. The Group B countries recognize the need to ensure effective participation by the developing countries in the forthcoming negotiations in 1973. It was in that spirit that the developed countries of Group B supported the joint declarations of February 1972, which stressed the need to pay particular attention to the interests of the developing countries.<sup>1</sup> On this occasion, Group B countries reaffirm their hopes for the success of the trade negotiations in 1973 in the framework of GATT.

2. The developed countries of Group B note that many developing countries are at present contracting parties to GATT, thus ensuring their participation in the above-mentioned negotiations. In accordance with paragraph 1, it is the firm intention of the Group B countries to take account of the interests of the developing countries from the outset of the preparation and throughout the negotiations. They are ready to examine with such countries formulas which would enable them to participate effectively in the negotiations.

3. The Group B countries hope that those developing countries which are not contracting parties to GATT will participate in the negotiations and that they would see their interests served in becoming contracting parties to GATT after the conclusion of the negotiations. To that end they will request the Contracting Parties to make adequate arrangements, in practical terms, for their full and active participation in the negotiations.

4. The Group B countries suggest that the Secretary-General of UNCTAD be requested to give assistance to those developing countries which ask for it, and especially those which are not contracting parties to GATT, to prepare for the negotiations. This assistance could, in particular, consist of:

(a) Assembling and elaborating factual data, for example, in the fields of statistics and tariffs;

(b) Up-dating the documentation prepared by the UNCTAD secretariat by virtue of decision I (V) of the Committee on Manufactures, adopted at its 74th meeting on 14 May 1971,<sup>2</sup> relating to non-tariff barriers of particular concern to the developing countries;

(c) Compiling background material for the negotiations.

5. It appears necessary to draw upon the experience of the Secretary-General of UNCTAD in the work of preparing for the coming round of negotiations. In this context, the Group B countries welcome the arrangements for co-operation already made between the secretariats of UNCTAD and GATT. They look forward to a continuation of those arrangements and suggested their further development as the need arises. In particular, they are prepared to examine further in GATT the possibility of enabling the UNCTAD secretariat to make full use of appropriate GATT documentation.

\* Circulated to the Conference as document TD/173.

<sup>1</sup> See GATT documents L/3669 and L/3670.

<sup>2</sup> See *Official Records of the Trade and Development Board, Eleventh Session, Supplement No. 2 (TD/B/352)*, annex I.

## J. STATEMENT MADE BY THE REPRESENTATIVE OF FRANCE AT THE 118TH PLENARY MEETING (ALSO ON BEHALF OF OTHER COUNTRIES IN GROUP B) CONCERNING PROPOSALS FOR A CODE OF CONDUCT FOR LINER CONFERENCES

1. I am making this statement on behalf of the following countries of Group B: Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland, and United States of America.

2. The delegations of these countries deeply regret that, in spite of the efforts made, it does not appear possible to achieve unanimity on a resolution on a code of conduct for liner conferences. They feel that the agreement already reached on the need for a universally acceptable code which would be adopted by Governments, and on the initiation of work to this end, is a considerable accomplishment of the United Nations Conference on Trade and Development at its third session. Furthermore, there have been substantive dis-

cussions on the scope and content of the code. These results, which are set forth in the summing up by the Chairman of the Fourth Committee in document TD/III/C.4/2,<sup>1</sup> have unfortunately been obscured by the failure to reach agreement on the procedure to follow in drawing up and implementing the code.

3. While these delegations recognize the importance which the Group of 77 attaches to taking an immediate decision to implement the code by means of a binding legal instrument, they must in all candour emphasize that the achievement of this goal would be time-consuming and would seem to be contrary to the urgency which they thought was attached to the adoption of a universally acceptable code.

<sup>1</sup> See annex VI, D above, chap. III, sect. A, annex.

4. In the course of this session of the Conference, the Group B countries have put forward several proposals for the preparation and adoption of a code which seemed to them to represent the most effective way of achieving positive results in the shortest time and in a form which would avoid undue rigidity. They regret that these proposals have not been accepted. The delegations of the Governments concerned can only register deep disappointment that their extensive preparations and their determination to enter into detailed discussions with the other members of UNCTAD on the provisions of the code have not borne fruit. They think that this is a loss for all and not least for the developing countries themselves.

5. It is regrettable that this Conference is ending without a clear indication as to how further progress will be made. These delegations remain ready to resume the dialogue with the aim of improving the practices of liner conferences in the interest of all nations.

6. It would seem necessary to indicate the latest wording of the various proposals of Group B which have just been mentioned.

7. According to this text, Group B was willing to agree that the Conference should decide as follows:

(1) There is an urgent need to adopt and implement a universally acceptable code of conduct for liner conferences;

(2) A special intergovernmental group should therefore be established within the machinery of UNCTAD whose task will be:

(a) To draft such a code of conduct for liner conferences;

(b) To recommend to the Trade and Development Board:

(i) The appropriate form of instrument in which to embody the code;

(ii) That it take the necessary measures to have the code adopted in the appropriate form;

(iii) That it establish the appropriate procedures for review of implementation of the code;

(3) The special group should commence its work before the end of the year 1972 with the aim of completing its task by 1973/74;

(4) It is recommended, in view of the urgent need to establish sound procedures for regulating liner conferences, that Governments of States members of UNCTAD use their best efforts to see that the code of conduct is implemented without delay after the Trade and Development Board has acted in conformity with the recommendations of the special group;

(5) Decides to transmit to the special group the draft code of conduct submitted by the Group of 77 and the summing up by the Chairman of the Fourth Committee of an informal exchange of views on this draft, as well as all other relevant documents to be taken into account in the work of the Group;

(6) The Governments of States members of UNCTAD are requested to make available to the special group information on the experience of their shipowners and shippers with regulatory systems for liner conferences, so that it can take account of this information in its work;

(7) The above-mentioned special group should be composed of representatives of the Governments of all States members of UNCTAD.

8. Such is the content of the latest proposal of Group B, a proposal which, despite its constructive character, has not proved acceptable to a certain number of countries. I would request that this statement be included in the report of the Conference.

#### **K. STATEMENT MADE BY THE REPRESENTATIVE OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AT THE 119TH PLENARY MEETING (ALSO ON BEHALF OF OTHER COUNTRIES IN GROUP B) IN EXPLANATION OF VOTE ON THE DRAFT RESOLUTION CONCERNING THE INTERNATIONAL MONETARY SITUATION**

1. I make this statement on behalf of the delegations of: Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Finland, France, Ireland, Japan, New Zealand, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and the United States of America, who support this resolution.

2. I wish to comment on behalf of these delegations on two paragraphs. The first is paragraph 7. The delegations for whom I speak consider that it should not be interpreted in any way which affects the independence of GATT or IMF, or implies the setting up of new

intergovernmental machinery. On paragraph 10, as is acknowledged in the resolution, proposals for a link must be studied in the context of the reform of the international monetary system and have due regard for the essential role of SDRs as a reserve asset. In endorsing the call made in this paragraph for studies the delegations for whom I speak do not consider that this prejudices the outcome of the studies.

3. I request that this statement be reflected in the appropriate part of the report of the Conference.

## L. DECLARATION CONCERNING THE INTERNATIONAL MONETARY SITUATION MADE BY THE REPRESENTATIVE OF ETHIOPIA ON BEHALF OF THE GROUP OF 77 AT THE 119TH PLENARY MEETING

The developing countries members of the Group of 77 wish to make the following declaration:

1. "Recalling the International Development Strategy for the Second Development Decade, and taking note of the Declaration and Principles of the Action Programme of Lima,<sup>1</sup> the Declaration by developing countries at the fifth session of the Committee on Invisibles and Financing related to Trade<sup>2</sup> and the report of the Intergovernmental Meeting of the Group of 24 on International Monetary Matters at the Ministerial level,<sup>3</sup>

2. Recalling also resolution 84 (XI) of the Trade and Development Board stating *inter alia* that all interest countries, especially the developing countries, should participate fully in the consultations and negotiations on the reform of the international monetary system,

3. Recalling furthermore resolution 2806 (XXVI) of the General Assembly declaring *inter alia* that in the reform of the international monetary system account should be taken of the full participation of all interested countries in the process of decision making with a view to achieving a steady, uninterrupted expansion of commercial and financial flows, especially those of the developing countries,

4. Recalling moreover that resolution 2806 (XXVI) mentioned above also states that in the reform of the international monetary system account should be taken of the restoration and strengthening of the operation and authority of the International Monetary Fund in all matters of concern to the international community as a means of protecting the interests of all countries, especially those of the developing countries,

5. Concerned over the unsatisfactory way in which decisions on international monetary questions have been made,

6. Taking note of the interdependence between problems of trade, development finance and the international monetary system, and

7. Acknowledging that decisions taken in any one of these fields will have repercussions on others,

8. Taking note of the consultations held between the Secretary-General of UNCTAD and the Managing Director of the International Monetary Fund and the report thereon,

9. Recalling further that in accordance with the Articles of Agreement of the International Monetary Fund all decisions with respect to the allocation of special drawing rights shall be based on the long-term global need for liquidity,

10. Noting also that recent expansion of international liquidity has been exceptional both in its distribution and in its quality,

11. Recognizing that the role of special drawing rights should be preserved and enhanced,

12. Affirming that the special drawing rights machinery should be used to channel additional development finance to developing countries, both on grounds of equity and as a means to promote the reconciliation of the trade objectives of the developed countries,

13. Noting that the formula employed at Bretton Woods to determine the magnitude of members' quotas was designed to

produce results in accordance with certain predetermined aims, and

14. Taking account of the fact that the recent currency realignment has had unfavourable consequences for the developing countries,

15. Affirm that it is essential to provide for fundamental improvements in the decision-making process regarding the international monetary system and its reform;

16. Strongly urge that any changes in the international monetary system must take into consideration particularly the interests of developing countries. In searching for a solution to international monetary problems, the whole international community should participate fully in the process of decision-making, so as to ensure the steady and continuous growth of trade and financial flows, particularly of the developing countries. In this regard, and until a more globally representative institution is evolved, the role and the authority of the International Monetary Fund should be re-established and strengthened in all matters that concern the international community, as an effective means of safeguarding the interests of its membership, and as the main forum for debate and the institution for effective decision-making on international monetary matters;

17. Consider that all member States both individually and through the co-ordinating forums created by them for this purpose should continue to examine the possibility to universalize the international monetary system and to consider any other international action that might be necessary to give effect to the provisions of paragraph 4(a) of General Assembly resolution 2806 XXVI);

18. Endorse the proposal to create a Committee of 20 of the Board of Governors of the International Monetary Fund to advise the Board on issues related to the reform of the international monetary system in order to ensure that developing countries are adequately and effectively represented. In no case should the representation of developing countries be less than that which occurs at present in the Board of Executive Directors;

19. Emphasize that no action should be taken or procedure adopted that might weaken the effectiveness of either the Board of Governors or the Executive Board of the International Monetary Fund;

20. Urge that problems in the monetary, trade and finance spheres should be resolved in a co-ordinated and convergent manner with the full participation of the developing countries and the wider international community;

21. Request therefore the Secretary-General of UNCTAD, with a view to facilitating the co-ordination and convergence mentioned in paragraph 20 above, to consider and propose, after consultation with the Managing Director of the International Monetary Fund and the Director-General of GATT, arrangements for the establishment of a permanent consultative machinery, intergovernmental or other form, to examine the interrelationships between the decisions being taken as well as courses of action which each of these three Organizations decides to pursue within its respective sphere of competence. The Secretary-General of UNCTAD will consult the Governments of member States on the proposed arrangement and on any other modalities that may be made, and will report thereon to the Trade and Development Board at its session in the latter part of 1972;

<sup>1</sup> TD/143. See section F above.

<sup>2</sup> See *Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2 (TD/B/395)*, annex IV.

<sup>3</sup> TD/III/C.3/L.14.

22. Strongly support a new allocation of special drawing rights starting as of 1 January 1973;

23. Fully endorse the establishment of a link between special drawing rights and additional development finance; and

24. Invite the International Monetary Fund to present at the next Annual Meeting of the Board of Governors the necessary technical studies required for the implementation of a link;

25. Urge the International Monetary Fund and its members to reconsider and amend the method by which Fund quotas are determined and the basis on which special drawing rights are distributed between developed and developing countries;

26. Recommend that the terms and conditions on which International Monetary Fund facilities are presently available to finance buffer stocks and to compensate reductions in export proceeds should be liberalized so as to enable developing countries to take full advantage from them;

27. Urge the International Monetary Fund to create a special facility that would cover deficiencies resulting from the implementation of measures intended to liberalize trade among developing countries."

The Group of 77 requests that the present declaration be annexed to the report of the Conference.

#### M. STATEMENT CONCERNING MULTILATERAL TRADE NEGOTIATIONS MADE BY THE REPRESENTATIVE OF ETHIOPIA ON BEHALF OF THE GROUP OF 77 AT THE 119TH PLENARY MEETING

1. On the occasion of the adoption of the resolution on multilateral trade negotiations,<sup>1</sup> the Group of 77 wishes to make the following declaration:

2. Developing countries members of the Group of 77 express their firm interest in participating in the negotiations proposed by the developed countries, if the ground rules, techniques and modalities foreseen for the negotiations take adequately into account their interests and aspirations.

3. To this end, the Group of 77 trusts the following principles, *inter alia*, will be fully taken into account in the formulation of the modalities, techniques and ground rules for the negotiations:

(a) The developing countries, collectively or individually, shall not suffer, directly or indirectly, adverse or prejudicial effects as a result of these negotiations. On the contrary, the negotiations shall provide the developing countries with additional benefits that represent a substantial and meaningful improvement of their position in international trade so that they secure an increasing share in the growth in international trade commensurate with the needs of their economic development on the basis of non-reciprocity, non-discrimination and preferential treatment;

(b) If the preferential advantages enjoyed by developing countries are adversely affected by the results of these negotiations, the developed countries shall take additional measures to compensate the developing countries so affected;

(c) Developed countries should provide more favourable and acceptable conditions of access to the products of developing countries and ensure for these products a larger share of the markets of developed countries, and where appropriate devise measures designed to attain stable, equitable and remunerative prices for their products;

(d) All developing countries shall be entitled and enabled to participate fully, effectively and continuously in these negotiations in all its stages so that their interests are fully taken into account;

(e) All the concessions which may be exchanged by developed countries among themselves should automatically be extended to all developing countries;

(f) Concessions granted by the developed countries to developing countries need not be extended to developed countries;

(g) In the negotiations among developing countries the tariff and other concessions which they may negotiate among themselves shall not be extended to the developed countries;

(h) The negotiations should as a matter of priority secure significant concessions for the products of particular interest to the least developed countries;

(i) Utmost priority shall be accorded to the removal of all barriers to the products of export interest to developing countries in the market of developed countries;

(j) Concessions agreed upon in the negotiations in favour of developing countries shall be made available to them immediately and will not be phased.

4. The Group of 77 calls upon the developed countries that will participate in the negotiations to take the necessary action to facilitate reaching decisions on modalities, techniques and ground rules that will further the interests of developing countries.

5. The Group of 77 decides to establish a co-ordinating group in Geneva which will be open to all the countries members of the Group of 77, based on the principle of self-election, and which will have, *inter alia*, the following functions:

(a) To serve as a forum through which the member countries are able to exchange points of view and co-ordinate their participation during the various preparatory stages for the multilateral trade negotiations;

(b) To prepare draft documentation for the consideration of the Governments of the member States regarding the following matters:

(i) Modalities, techniques and ground rules for the multilateral trade negotiations in accord with the principles mentioned in the resolution;

(ii) Strategy and tactics of the developing countries in the preparation of the negotiations;

(iii) Procedures to evaluate progress in the preparation of the negotiations;

(iv) Ways and means to transmit to the Governments of the member States the results of its work.

<sup>1</sup> Conference resolution 82 (III) of 20 May 1972.

6. The President of the Group of 77 in Geneva will convene the first meeting of the Co-ordinating Group in Geneva for the first fortnight of July 1972. The Co-ordinating Group will elect its own Bureau. The Group will meet whenever necessary at an appropriately high level.

7. In the light of the results of the preparatory work for the negotiations and of the elaboration of the techniques, modalities and ground rules for the negotiations, the member countries of the Group of 77 will decide upon the joint action which they consider necessary and in this case will assign appropriate additional functions to the Co-ordinating Group.

**N. STATEMENT MADE BY THE SECRETARY-GENERAL OF UNCTAD  
AT THE 104TH PLENARY MEETING \***

1. I have thought of making this statement here, in plenary, because it deals with a matter that concerns various organs of the Conference, especially the First, Second and Third Committees and Working Group I.

2. General agreement has been expressed during the debate on the need for more effective representation of developing countries both in the decision-making process in the field of international monetary reform and in the implementation of these decisions. This is an important step forward and UNCTAD has a right to feel encouraged by the contribution that we were able to make to this outcome. There appears to be widespread support for the setting up of a Committee of 20 Governors within IMF, and this would go a long way towards achieving the goals that we have all had in mind, although it would not, of course, be a means as matters now stand of associating the socialist countries with these important matters.

3. There is, however, another aspect of this matter that gives rise to some concern at the present time. It has been reported that negotiations are now taking place among the developed market-economy countries with a view to reaching agreement on a forum in which negotiations on international monetary reform could take place and within which the general lines of the trade negotiations would also be determined.

4. In my report to the Conference (TD/99 and Corr.1), I pointed to the close connexion between the problems that have arisen in international trade and in the international monetary system. I pointed to the dangers of trade conflict that continue to beset us owing to the fact that when one country attempts to achieve a larger shift in its trade balance than other countries are prepared to concede, no exchange rate realignment can simultaneously satisfy both parties. It is clear that any settlement of current international economic issues would have to involve a series of decisions in the trade and monetary fields that, taken as a whole, would be regarded as satisfactory not only as between the developed market-economy countries but also by other countries, especially developing countries.

5. No outcome of these negotiations could be regarded as satisfactory that did not include suitable arrangements for primary products of special interest to developing countries, including arrangements for access to markets and price stabilization.

6. It is also necessary that any over-all settlement should provide for full implementation of the generalized system of preferences, as well as the dynamic evolution and improvement of that system in the light of experience and of any modifications that may emerge from the tariff negotiations in GATT.

7. It is also of the highest importance to reach an international understanding on the future of world trade in products of special interest to developing countries that may be subject to quantitative controls.

8. Finally, it would appear to be necessary that the over-all objectives should include the implementation of programmes designed to achieve international goals in relation to development assistance.

9. These matters, which are of particular concern to UNCTAD, will not find their way into the forthcoming international negotiations unless some suitable way is found of putting them there. These are not matters that lie within the purview either of IMF on the one hand or of GATT on the other. Nor can they be examined exclusively in one forum only. Unless deliberate and concerted action is taken there is a danger of institutional compartmentalization which would make it impossible to resolve satisfactorily the problems that arise because one set of issues is handled in IMF, another in GATT and yet a third in UNCTAD. All these issues are intimately connected and an effort of institutional innovation is required to make it possible to consider the relationships between them in the course of the negotiations that will take place.

10. As Secretary-General of UNCTAD, I consider it my duty to bring to the attention of Governments of member States the necessity for UNCTAD to play its appropriate role in any over-all settlement by virtue of its responsibilities in the field of trade and development, and by virtue also of its universality. UNCTAD has an important contribution to make in these matters, both on trade questions and in relation to the need for giving due attention to the relationship between these questions and monetary questions. There would appear to be a need for consultative arrangements among the three agencies to ensure co-ordination in their respective fields. Of course, it is always possible for those in charge of these agencies to consult together. We have done that in the past and we shall continue doing it in future. No special authorization from this Conference is needed

\* Circulated to the Conference as document TD/160.

for that purpose. But if the consultations are to have an effective influence on the outcome of the negotiations, so that a fair balance of benefits is achieved, satisfactory to all participating countries, it is indispensable for co-ordination to be established at the inter-governmental level. The aim would be to facilitate a coherent and lasting solution to interrelated problems

which are of interest to all countries, on the basis of the respective competences of the three organizations.

11. I am convinced that the concerns that I have just voiced are shared by many delegations at the Conference, and I should be ready to contribute to efforts designed to reach the understandings that are needed on this this important subject.

## ANNEX IX

### Statement of the financial implications of actions of the Conference at its third session \*

1. The Conference was advised of a communication from the Secretary-General of the United Nations in which he expressed his conviction that in view of the continuing financial difficulties of the Organization, some measure of budgetary restraint was unavoidable. As far as 1972 was concerned, the appropriations needed to be administered in such a manner as to achieve an unexpended balance of \$4 million. In respect of 1973 the Secretary-General indicated, *inter alia*, that even in circumstances where a legitimate case could be made for strengthening particular departments, he would not seek the necessary provisions until present difficulties had been resolved and to that end solicited the support of United Nations bodies and the Secretariat. However, he did not believe that the application of a policy of financial restraint necessarily meant that new programmes and activities could not be undertaken but that the aim should rather be to do so from resources that would have become available within the Organization as a result of completion of prior tasks or assignment of lower priority to continuing activities. The Secretary-General of the United Nations trusted that the members of UNCTAD would wish to assist in attaining his objectives in the best interests of the Organization.

2. The Conference, in accordance with rule 32 of its rules of procedure, was advised at the Committee and Working Group level, in all cases where texts were being recommended to the Conference for adoption, of the financial implications of draft resolutions under consideration. In cases where agreement was not reached at the Committee level, statements of financial implications were submitted to the plenary in connexion with drafts submitted by the President of the Conference. A summary of the financial implications of the actions of the Conference is presented in tabular form in appendix I below, and more detailed statements referring to individual resolutions appear in appendix II.

3. The financial implications for 1972 will not give rise to a request for supplementary estimates, since they will be met by adjustments between chapters within the totality of the funds appropriated for section 15 (UNCTAD) of the budget, less its share of the \$4 million which the Secretary-General of the United Nations intends to save on the United Nations budget as a whole.

4. The report of the Conference, including the financial implications for 1973, will be submitted to the General Assembly through the Secretary-General of the United Nations for appropriate action by him and the competent legislative bodies of the Organization.

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\* Originally circulated as document TD/176/Rev.1. The text has been amended as appropriate in the light of the actions taken by the Conference.

APPENDICES

Appendix I

SUMMARY STATEMENT OF FINANCIAL IMPLICATIONS

Agenda item	Original document containing detailed statement of financial implications	Work programme item	Details of budget request	Budget chapter of section 15 (UNCTAD)	Cost	
					1972	1973
(1)	(2)	(3)	(4)	(5)	(6) (dollars)	(7) (dollars)
8 (a)	TD/174/Add.1 (see appendix II, F below).	Further evolution in institutional arrangements of UNCTAD	Special session of Board 100 pages pre-session documentation	X (ii)	14,000	—
		Role of UNCTAD in review and appraisal	Other services per week	(X ii)	36,000 <sup>a</sup>	—
8 (a)	TD/L.84/Add.1 (see appendix II, H below).	Charter of economic rights and duties of States	Working group of 31 government representatives 150 pages pre-session documentation	X (ii)	20,000	20,000
			2 weeks meetings services	X (ii)	30,000 <sup>a</sup>	30,000 <sup>a</sup>
13 (a)	TD/165/Add.1 (see appendix II, B below).	Marketing and distribution systems of specified commodities	Staff: P-5 and general service	III (i)	33,000	—
11 (a)	TD/170, annex II (see appendix II, A below).	Developing island countries	Panel of 6 experts Travel and <i>per diem</i> of experts — 2 weeks	II	10,000	—
			Meetings services for panel	X (i)	—	—
11 (b)	TD/L.92 (see appendix II, A below).	Land-locked developing countries	Group of 12 experts Travel and <i>per diem</i> of experts — 2 weeks	II	18,000	—
			Meetings services for group	X (ii)	<sup>a</sup>	<sup>a</sup>
11 (a)	<i>Ibid.</i>	Least developed among developing countries	Staff in respect of: Least developed, land-locked and island countries: P-4, P-3, P-2/1, 2 general service	III (i)	65,000	—
14 (d)	TD/168/Add.1, annex III (see appendix II, J below).	Restrictive business practices	Staff: P-4, P-2/1, general service	III (i) and IV	40,000	—

			Consultants (reduction of <i>Ad hoc</i> group of 14 experts. Travel and <i>per diem</i> of experts — 2 weeks	III (ii)	(40,000)	—
			Meetings services for group including pre-session documents	II	20,000	20,000
15 (c)	TD/169, annex III (see appendix II,I below).	Foreign private investment in its relationship to development	Contractual services of university team	X (ii) III (ii)	a 38,000	a —
15 (f)	TD/169/Add.1 (see appendix II, E below).	Debt servicing	Special body of 12: Travel and <i>per diem</i> of experts — 2 weeks	II	18,000	—
			200 pages pre-session documentation	X (ii)	28,000	—
			Meetings services	X (ii)	a	—
19	TD/164/Add.1-2, annex III (see appendix II,D below).	Transfer of technology	Staff: P-5, P-4, 2 P-2/1, and general service	III (i) IV	77,000	—
14 (a)	TD/L.95 (see appendix II, C below).	Preferences	To establish Special Committee on Preferences as permanent machinery within UNCTAD	X (ii)	—	—
14 (b)	<i>Ibid.</i>	Liberalization of non-tariff barriers	Establish a sessional committee of the Committee on Manufactures	X (ii)	—	—
16	TD/L.74/Add.1 (see appendix II, G below).	Draft code of conduct for liner conferences	Conference of Plenipotentiaries Two sessions of Preparatory Committee	I	b	b

a To be determined or revised in light of over-all calendar to be adopted.

b Cost estimates to be presented to General Assembly. It is possible that one session of the Preparatory Committee could be held in 1972.

NOTE: A dash(—)indicates that there are no financial implications.

## Appendix II

## DETAILED STATEMENTS OF FINANCIAL IMPLICATIONS

## CONTENTS

- A. Financial implications of resolutions 62 (III) on special measures in favour of the least developed among the developing countries, 63 (III) on special measures related to the particular needs of the land-locked developing countries and 65 (III) on developing island countries (agenda item 11 (a) and (b)).
- B. Financial implications of resolution 78 (III) on marketing and distribution systems (agenda item 13 (a)).
- C. Financial implications of resolutions 77 (III) on preferences and 76 (III) on liberalization of non-tariff barriers (agenda item 14 (a) and (b)).
- D. Financial implications of resolution 39 (III) on transfer of technology (agenda item 19).
- E. Financial implications of resolution 59 (III) on the increasing burden of debt-servicing in developing countries (agenda item 15 (f)).
- F. Financial implications of resolutions 81 (III) on further evolution in the institutional machinery of UNCTAD and 79 (III) on review of the implementation of the policy measures within UNCTAD's competence, as agreed upon in the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD (agenda items 10 and 8 (a)).
- G. Financial implications of resolution 66 (III) on a draft code of conduct for liner conferences (agenda item 16).
- H. Financial implications of resolution 45 (III) on a charter of economic rights and duties of States (agenda item 8 (a)).
- I. Financial implications of resolution 56 (III) on foreign private investment in its relationship to development (agenda item 15 (c) and (f)).
- J. Financial implications of resolution 73 (III) on restrictive business practices (agenda item 14 (d)).

- A. Financial implications of resolutions 62 (III) on special measures in favour of the least developed among the developing countries\*, 63 (III) on special measures related to the particular needs of the land-locked developing countries \*\* and 65 (III) on developing island countries \*\*\* [agenda item 11 (a) and (b)]**

## DOCUMENTS TD/170, ANNEX II AND TD/L.92

1. Paragraph 4 of the resolution on land-locked developing countries invites the Secretary-General of UNCTAD to appoint an expert group to study, in co-operation with the regional economic commissions and UNESOB, ways and means of improving the transport infrastructure of land-locked countries. It is assumed that the members of the group would serve in their individual capacity and therefore be entitled in accordance with the provisions of General Assembly resolution 1798 (XVII) to the payment of travel and subsistence.

2. Assuming further that the group would be composed of 12 experts who would meet for a period of two weeks in 1973, the sum payable in respect of their travel and subsistence is estimated to be \$18,000. The conference servicing costs for the group, which would involve an estimated 100 pages of pre-

\* Draft resolution submitted by the President of the Conference (TD/L.87), and adopted by the Conference at its 118th plenary meeting, on 19 May 1972.

\*\* Draft resolution submitted by the President of the Conference (TD/L.86) and adopted by the Conference at its 118th plenary meeting, on 19 May 1972.

\*\*\* Draft resolution recommended for adoption by the Sixth Committee (TD/170, appendix I,A) (see annex VI, F above).

session documentation and require interpretation facilities, will be presented in the light of the over-all calendar of meetings.

3. In addition to the substantive servicing of the expert group the Secretary-General of UNCTAD is called upon to keep under constant review the special economic problems deriving from the geographical situation of the land-locked developing countries; to organize in consultation with the countries concerned studies of existing port and transit procedures applied in different regions and transport facilities available for land-locked developing countries with a view to enabling them and their transit neighbours to conclude agreements for the improvement of such facilities and procedures; and to prepare on consultation with international organizations concerned a draft international convention or proposals on simplification and standardization of transit customs and trade documents.

4. Under resolution 62 (III) on special measures in favour of the least developed among the developing countries, the Secretary-General of UNCTAD is requested:

(a) To co-operate with appropriate international organizations in undertaking in-depth and comprehensive country studies in order to determine the specific problems and needs of each least developed country;

(b) To keep under constant review the progress made in the implementation of the special measures in favour of the least developed countries called for in the relevant resolutions;

(c) To pay particular attention, as part of the review and appraisal process of the Second United Nations Development Decade, to the application of the International Development Strategy to the least developed countries;

(d) To co-operate with the socialist countries of Eastern Europe and interested least developed countries, in making

studies of other possible forms of multilateral relations with the least developed countries.

5. Attention is drawn also to resolution 65 (III) on developing island countries, which requests the Secretary-General of UNCTAD to convene a panel of experts to identify and study the particular problems of these countries and to make recommendations thereon. On the assumption that six experts were to meet for a period of two weeks early in 1973, the estimated cost for their subsistence and travel would be \$10,000. On the further assumptions that the pre-session documentation would be limited to one document and that conference services would be limited to those that could be provided by the substantive secretariat of UNCTAD, the conference servicing costs would not be significant.

6. In view of the foregoing mandate in connexion with the special measures related to the particular needs of land-locked developing countries, those related to the least developed among developing countries and to developing island countries, the secretariat of UNCTAD would require the services of one P-4, one P-3 and one P-2/1, and two statistical clerks at an estimated cost of \$65,000 in 1973 and \$99,000 in subsequent years.

**B. Financial implications of resolution 78 (III) on marketing and distribution systems\* [agenda item 13 (a)]**

DOCUMENT TD/165/ADD.1

1. Under resolution 78 (III) the Secretary-General of UNCTAD is requested to have comprehensive studies made of marketing and distribution systems for commodities of export interest to the developing countries. The UNCTAD secretariat, after completing the study on cocoa, should carry out studies, *inter alia*, on the following commodities: tea, bananas, tobacco, rubber, oilseeds, oils and fats, oil cakes, cotton, manganese ore, antimony and wolfram. The comprehensive nature of the study on each commodity is indicated in paragraph 2 (a), (b) and (c). The secretariat should also make recommendations for remedial measures and suggest ways of implementing the measures recommended.

2. The addition of a P-5 supervisory staff member and a statistical clerk would enable the UNCTAD secretariat, after completing the study on cocoa, to undertake the foregoing studies on other commodities on a progressive basis. The cost would be \$33,000 in 1973 and \$51,000 in 1974.

**C. Financial implications of resolutions 77 (III) on preference\*\* and 76 (III) on liberalization of non-tariff barriers\*\*\* [agenda item 14 (a) and (b)]**

\* Draft resolution submitted by the Group of 77 (revision of TD/III/C.1/L.5) (see annex VI, A above, appendix II, "Draft resolutions submitted to the First Committee and referred to the Conference for consideration", section B.3. The draft resolution, as amended, was adopted by the Conference at its 119th plenary meeting, on 19 May 1972.

\*\* Draft resolution on preferences (TD/L.94) submitted by the President of the Conference following consultations of the Chairman of the Second Committee, and adopted by the Conference at its 118th plenary meeting, on 19 May 1972.

\*\*\* Draft resolution on liberalization of non-tariff barriers (TD/L.93) submitted by the President of the Conference following consultations of the Chairman of the Second Committee, and adopted by the Conference at its 118th plenary meeting, on 19 May 1972.

DOCUMENT TD/L.95

1. Under resolution 77 (III) on preferences the Conference would establish the Special Committee on preferences as a permanent machinery within UNCTAD and have it convened as soon as possible in 1972 or 1973. Since the budget already provides for the servicing of the Special Committee in 1972 and 1973 in the same way as for a main Committee, the Trade and Development Board, no additional cost would arise.

2. Under resolution 76 (III) on liberalization of non-tariff barriers, the Conference would establish a Sessional Committee of the Committee on Manufactures at its sixth session. If this were done within the normal structure of the Committee on Manufactures and without lengthening its normal session of two weeks, there would be no financial implications.

**D. Financial implications of resolution 39 (III) on transfer of technology\* (agenda item 19)**

DOCUMENT TD/164/ADD.1-2, ANNEX III

1. Under paragraph 7 of the resolution 39 (III), the Secretary-General of UNCTAD is requested to implement the programme of work for UNCTAD approved by the Intergovernmental Group on Transfer of Technology, to provide advice through UNCTAD's own services, to initiate and participate in training programmes, and assist the Board in reviewing and implementing the relevant paragraphs of the International Development Strategy. Under paragraphs 8, 9, 10 and 20 of the resolution UNCTAD is to co-operate with other competent bodies in the United Nations system, and with WIPO, in order to carry out certain tasks connected with the adaptation of technology, exploration of a series of proposals and possibilities for improving the access of developing countries to technology, in order to study the possible bases for new international legislation regarding transfer of technology, and the role of the patents system in the transfer process, and also in order to contribute to the studies being carried out on the outflow of trained personnel from developing countries which constitutes a reverse transfer of technology. Under paragraph 19, the Conference recommends that UNCTAD supplement the activities of competent bodies in various related activities. Other paragraphs of the resolution contain recommendations and invitations to developing and developed countries and competent international organizations and bodies for measures to be undertaken at the national, regional and international levels, the implementation of which will require to be reviewed.

2. The work programme unanimously adopted by the Intergovernmental Group on Transfer of Technology is comprehensive. Additional work should emphasize certain aspects mentioned in the resolution. The importance attached to the timely implementation of the activities of UNCTAD in this area increases the gap between the demands made on the secretariat by Governments and the staff resources available, consisting of 4 professional and 3 general service staff in the Transfer of Technology unit. Accordingly, it is considered that an adequate response to the programme of work described in the resolution would require as a minimum the addition in 1973 of 4 professional (P-5, P-4, two P-2/1) posts and one general service post at a cost of \$77,000.

\* Draft resolution on transfer of technology in the light, *inter alia*, of Board resolution 74 (X) of 18 September 1970 (TD/L.69), submitted by the President of the Conference and adopted by the Conference at its 112th plenary meeting, on 16 May 1972.

**E. Financial implications of resolution 59 (III) on the increasing burden of debt servicing in developing countries\* [agenda item 15 (f)]**

DOCUMENT TD/169/ADD.1

1. Under resolution 59 (III) the Conference invites the Trade and Development Board to create a special body within the machinery of UNCTAD in order to find practical solutions to the debt-servicing problems of developing countries and to organize consultations between representatives of developing debtor and developed creditor countries, where necessary, international experts serving in their personal capacity.

2. Assuming that the special body would involve a two-week meeting in 1973 of 12 experts serving in their individual capacity and requiring 200 pages of pre-session documentation, the estimated cost would be \$46,000 in that year, made up of \$18,000 for the travel and subsistence of the experts and \$28,000 for pre-session documentation. The meetings service costs can be determined only in the light of the overall calendar of meetings.

**F. Financial implications of resolutions 81 (III) on further evolution in the institutional arrangements of UNCTAD\*\* and 79 (III) on review of the implementation of the policy measures within UNCTAD's competence, as agreed upon in the context of the International Development Strategy, and of the recommendations, resolutions and other decisions of UNCTAD\*\*\* [agenda items 10 and 8 (a)]**

DOCUMENT 174/ADD.1

1. Under resolution 81 (III), the Trade and Development Board is instructed at its thirteenth session to establish a Sessional Committee to consider a study of the Secretary-General of UNCTAD on the establishment of the comprehensive organization referred to in paragraph 31 of General Assembly resolution 1995 (XIX).

2. Assuming that the Board would arrange its work so as to deal with this study within its usual structure and without extending the length of its session, there would be no extra cost involved in having a Sessional Committee.

3. Under resolution 79 (III), the Board, with reference to its review and appraisal functions, would meet in special session once every two years.

4. Assuming that the special session of the Board would be held in place of a regular session, there would be no financial implications. If, on the other hand, the special session were in addition to the regular session and required 100 pages of pre-session documentation, the extra cost would be about \$50,000 for a session of one week's duration and correspondingly more for a longer session.

5. It should be noted in connexion with paragraphs 1 and 2 above that the normal structure of the Board provides for meetings in plenary and in one sessional committee or working party.

\* Draft resolution referred to the President of the Conference by the Third Committee (see annex VI,C above, appendix II, 7), and adopted by the Conference at its 118th plenary meeting, on 19 May 1972.

\*\* Draft resolution recommended to the Conference for adoption by Working Group I (see annex VI,G above, appendix I, (a)), adopted by the Conference with amendments (TD/L.96) at its 119th plenary meeting, on 20 May 1972.

\*\*\* Draft resolution submitted by the President of the Conference (TD/L.99), superseding the draft resolution recommended for adoption by Working Group I (see annex VI,G above, appendix I, (b)). The financial implications were the same for both drafts, although the original draft (TD/L.57/Rev.2) called for the establishment of a sessional committee.

**G. Financial implications of resolution 66 (III) on a draft code of conduct for liner conferences\* (agenda item 16)**

DOCUMENT TD/L.74/ADD.1

1. Under resolution 66 (III), the Conference requests the General Assembly at its twenty-seventh session to convene as early as possible in 1973 a conference of plenipotentiaries to prepare a code of conduct for the liner conference system and requests further the General Assembly to establish a preparatory committee which should meet for its first session as early as possible and for its second session at least two months before the conference of plenipotentiaries.

2. The estimated costs of the conference of plenipotentiaries and the two sessions of the preparatory committee will be presented to the General Assembly when it considers the resolution of the Conference. At that time it will be possible to give fuller information concerning the duration and timing of the three meetings, as well as their organization, all of which would have a significant influence on the total cost.

**H. Financial implications of resolution 45 (III) on a charter of the economic rights and duties of States\*\* [agenda item 8 (a)]**

DOCUMENT TD/L.84/ADD.1

1. Under paragraph 1 of resolution 45 (III) the Conference would establish a working group, to be appointed as soon as possible and composed of government representatives of 31 member States, to draw up the text of a draft charter of the economic rights and duties of States, using as basic elements the material specified in paragraph 2 of the resolution. The draft prepared by the working group at its first session would be sent to member States after which the working group would reconvene to elaborate further the draft charter in the light of comments received from Governments.

2. On the assumption that each session of the group would be for a period of two weeks and would require 150 pages of pre-session documentation, the cost is estimated to be \$50,000 in 1972 and the same sum for 1973. The effect on the budget of UNCTAD can be determined only when the overall calendar of meetings has been decided upon, taking into account the establishment of other new bodies called for and the consequent effect on the timing of meetings of existing organs.

**I. Financial implications of resolution 56 (III) on foreign private investment in its relation to development\* [agenda item 15 (c) and (f)]**

DOCUMENT TD/169, ANNEX III

1. After examining the work programme on private foreign investment, it was agreed that further case studies along the

\* Draft resolution referred by the Fourth Committee to the President of the Conference (see annex VI,D above, appendix III,A and adopted by the Conference, with the revisions contained in document TD/L.74, at its 118th plenary meeting, on 19 May 1972.

\*\* Draft resolution submitted by the President of the Conference (TD/L.84), as a result of his consultations, and adopted by the Conference as amended at its 115th plenary meeting on 18 May 1972.

\*\*\* Compromise text combining draft resolution TD/III/C.3/L.5, submitted by the Group of 77, and draft resolution TD/III/C.3/L.3, submitted by Group D. The compromise text was read aloud at the 118th plenary meeting of the Conference on 19 May 1972, and the Conference then adopted it.

lines of those carried out under contract by Professor Streeten and associates were not likely to add significantly to the conclusions already reached. It was therefore decided that the consultants should explore methods of making an assessment of the effects of private foreign investment on host economies which go beyond the effects considered so far and undertake a pilot empirical investigation which would serve as a basis for a report to be presented to the Committee on Invisibles and Financing related to Trade at its sixth session in 1973.

2. The cost of extending the contract of the team of consultants to enable it to carry out the pilot investigation is estimated to be \$38,000.

**J. Financial implications of resolution 73 (III) on restrictive business practices** \* [agenda item 14 (d)]

DOCUMENT TD/168/ADD.1, ANNEX III

1. Under resolution 73 (III) the conference proposes the establishment of an *ad hoc* group of experts on restrictive business practices consisting of governmental and non-governmental experts to be nominated by the Secretary-General of UNCTAD after consultation with Governments. Since the experts would be appointed by the Secretary-General of UNCTAD, they would serve in their individual capacity rather than as representatives of Governments, and consequently would be entitled,

in accordance with the provisions of General Assembly resolution 1978 (XVII) to the payment of travel and subsistence expenses.

2. On the assumption that the group would be composed of 14 experts who would meet for a period of two weeks in 1972, the sum payable in respect of their subsistence and travel is estimated to be \$20,000. The conference-servicing costs for the group, based on the assumption that it would require approximately 200 pages of pre-session documentation, will be presented in the light of the over-all calendar of meetings.

3. The resolution calls upon the UNCTAD secretariat to pursue its studies in this field and to give urgent consideration to the formulation of the elements of a model law or model laws for developing countries in regard to restrictive business practices. Paragraph 5 of the resolution gives the terms of reference of the *ad hoc* group, which considerably expand the existing work programme on restrictive business practices of the Committee on Manufactures and of the UNCTAD secretariat, which will be required to prepare the studies called for and to service these bodies. So far, the major share of the work has been carried out by consultants who have collaborated with the two members of the regular professional staff engaged on this work. The continuation of this arrangement would not lend itself to satisfactory implementation of the work called for in the resolution and it is therefore considered that a P-4, a P-2/1 and a general service staff member would need to be added to the establishment, at a cost of \$40,000 in 1973. An offsetting reduction in the same amount could consequently be made in the provision for consultants in that year. The cost of these new posts in 1974 and subsequent years is estimated to be \$63,000.

\* Draft resolution submitted to the Conference by the Second Committee (TD/168/Add.1, annex I) (see annex VI, B above, appendix I), and adopted by the Conference at its 118th plenary meeting on 19 May 1972.

## ANNEX X

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NOTE: A roman figure, followed by an asterisk (e.g., IV\*) in the column headed "Observations and references" indicates that the document is printed in the relevant volume of the series *Proceedings of the United Nations Conference on Trade and Development, Third Session (TD/180)*.

## A. GENERAL DOCUMENTS

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/98 and Add.1	Provisional agenda for the third session of the United Nations Conference on Trade and Development: note by the Secretary-General of UNCTAD	6	Mimeographed. For the agenda as adopted, see annex V above, para. 7.
TD/99 and Corr.2	The International Development Strategy in action: the role of UNCTAD—report by the Secretary-General of UNCTAD to the third session of the Conference	8	Mimeographed. Issued under special cover.
TD/100	Report of the Trade and Development Board to the Conference: note by the UNCTAD secretariat	7	Mimeographed. For the reports of the Trade and Development Board on the sessions held since the second session of the Conference, see <i>Official Records of the General Assembly, Twenty-third Session, Supplement No. 14; ibid., Twenty-fourth Session, Supplement No. 16; ibid., Twenty-fifth Session, Supplement No. 15; and ibid., Twenty-sixth Session, Supplement No. 15.</i>
TD/101**	Major policy developments since the second Conference—report by the UNCTAD secretariat	8 (a)	IV*.
TD/102 and Corr.1	Perspectives and problems in world shipping: report by the UNCTAD secretariat	16	Mimeographed. For text see TD/177, part one.
TD/102/Add.1	Note by the UNCTAD secretariat transmitting the <i>Review of maritime transport, 1971 (TD/B/C.4/92)</i> .		Mimeographed. For the text of the report, see <i>Review of maritime transport, 1971: report by the UNCTAD secretariat (TD/B/C.4/92/Rev.1)</i> (United Nations publication, Sales No. E.73.II.D.2)
TD/103 and Corr.1	Implementation of the International Development Strategy in shipping and ports: report by the UNCTAD secretariat	16	Mimeographed. For text, see TD/177, part two.
TD/104 and Corr.1-3	<i>The regulation of liner conferences: (a code of conduct for the liner conference system)</i> —report by the UNCTAD secretariat	16	United Nations publication, Sales No. E.72.II.D.13 and corrigendum (TD/104/Rev.1 and Corr.1).
TD/105 and Corr.1	Promotional freight rates on non-traditional exports of developing countries: report by the UNCTAD secretariat	16	Mimeographed.
TD/105/Supp.1 and Corr.1	Promotional freight rates on non-traditional exports of developing countries: supplement to the report by the UNCTAD secretariat	16	Mimeographed.
TD/106 and Corr.1	Transfer of technology: report by the UNCTAD secretariat	19	III*. Will also be issued as a separate United Nations publication.
TD/107 and Corr.1	Policies relating to technology of the countries of the Andean Pact: their foundations—A study by the Junta del Acuerdo de Cartagena (Board of the Cartagena Agreement)	19	III*.
TD/108 and Corr.1	Multinational shipping enterprises: report by the UNCTAD secretariat	16	Mimeographed.

\*\* Circulated to the Conference as document TD/101/Add.1

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/108/Supp.1 and Corr.1	Multinational shipping enterprises: supplement to the report by the secretariat of UNCTAD	16	See <i>Multinational shipping enterprises: report by the UNCTAD secretariat</i> (United Nations publication, Sales No. E.72.II.D.17) (TD/108/Supp.1/Rev.1).
TD/109	International action relating to commodity diversification: report by the UNCTAD secretariat	13 (c)	II*.
TD/110	Main problems of trade expansion and economic integration among developing countries: report by the UNCTAD secretariat	17	IV*.
TD/111 and Corr.1	Review of trade in manufactures of the developing countries 1960-1970: report by the UNCTAD secretariat	14	Mimeographed.
TD/111/Supp.1	Review of the export policies for expansion and diversification of exports of manufactures and semi-manufactures from developing countries: report by the UNCTAD secretariat	14	Mimeographed.
TD/112 and Corr.1	Review and analysis of trends and policies in trade between countries having different economic and social systems: report by the UNCTAD secretariat	18	Mimeographed
TD/112/Supp.1	<i>Idem.</i> , statistical annex	18	Mimeographed.
TD/113	The development of international commodity policy: progress report by the UNCTAD secretariat	13	II*. Will also be issued as a separate United Nations publication.
TD/113/Supp.1	Problems and international action concerning commodities covered by Conference resolution 16 (II): report by the UNCTAD secretariat	13	II*.
TD/113/Supp.1/ Add.1	<i>Idem.</i> Addendum: Agricultural commodities	13	Mimeographed.
TD/113/Supp.1/ Add.2	<i>Idem.</i> Addendum: Mineral commodities	13	Mimeographed.
TD/113/Supp.2 and Corr.1	Trends in commodity trade in the 1960s and prospects for the 1960s: report by the UNCTAD secretariat	13	Mimeographed.
TD/113/Supp.3	Marketing and distribution systems for primary commodities: Progress report on a study in depth regarding cocoa: report by the UNCTAD secretariat	13 (a)	Mimeographed.
TD/113/Supp.4	Mineral production from the area of the sea-bed beyond national jurisdiction: issues of international commodity policy—report by the UNCTAD secretariat	13	II*.
TD/114 and Corr.1	The role of multinational development institutions in the promotion and financing of economic integration among developing countries: report by the UNCTAD secretariat	17	IV*.
TD/115 and Corr.1	Access to markets: report by the UNCTAD secretariat	13 (a)	II*. Will also be issued as a separate United Nations publication.
TD/116	Support by the socialist countries of Eastern Europe for trade expansion, economic co-operation and regional integration among developing countries: report by the UNCTAD secretariat	17	IV*.
TD/117 and Corr.1	The competitiveness of natural products: report by the UNCTAD secretariat	13	II*.
TD/117/Supp.1	The competitiveness of natural products: research and development efforts and needs—report by the UNCTAD secretariat	13 (b)	Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/118	Economic growth and development financing: issues, policies and proposals—report by the UNCTAD secretariat	15	III*. Will also be issued as a separate United Nations publication.
TD/118/Supp.1 and Corr.1	Mobilization of resources for development: report by the UNCTAD secretariat	15 (e)	III*. Will also be issued as a separate United Nations publication.
TD/118/Supp.2 and Corr.1	External development finance: report by the UNCTAD secretariat	15 (a) and (b)	III*. Will also be issued as a separate United Nations publication.
TD/118/Supp.3 and Corr.1	<i>Trade prospects and capital needs of developing countries during the Second United Nations Development Decade: report by the UNCTAD secretariat</i>		United Nations publication, Sales No. E.72.II.D.11 (TD/118/Supp.3/Rev.1).
TD/118/Supp.4	The link: report by the UNCTAD secretariat	15 (d)	III*. Will also be issued as a separate United Nations publication.
TD/118/Supp.5	The outflow of financial resources from developing countries: note by the UNCTAD secretariat	15 (f)	III*.
TD/118/Supp.6	<i>Debt problems of developing countries: report by the UNCTAD secretariat</i>	15 (a),	United Nations publication, Sales No. E.72.II.D.12 (TD/118/Supp.6/Rev.1).
TD/118/Supp.7	Supplementary financial measures: report by the UNCTAD secretariat	15 (d)	Mimeographed.
TD/119 and Corr.1	Problems of commodity diversification in developing countries: report by the UNCTAD secretariat	13 (c)	II*. Will also be issued as a separate United Nations publication.
TD/120 and Corr.1	Programme for the liberalization of quantitative restrictions and other non-tariff barriers in developed countries on products of export interest to developing countries: report by the UNCTAD secretariat	14 (b)	Mimeographed.
TD/120/Supp.1 and Corr.1-2	<i>Idem.</i> , detailed report by the UNCTAD secretariat	14 (b)	II*.
TD/121 and Corr.1	Adjustment assistance measures: report by the UNCTAD secretariat	14 (c)	Mimeographed.
TD/121/Supp.1	<i>Idem.</i> , report by the UNCTAD secretariat	14 (c)	II*.
TD/122	Restrictive business practices: report by the UNCTAD secretariat	14 (d)	II*.
TD/122/Supp.1	<i>Idem.</i>	14 (d)	II*. Will also be issued as a separate United Nations publication.
TD/123	Export promotion: report by the UNCTAD secretariat	12	II*.
TD/124 and Corr.1	The generalized system of preferences: report by the UNCTAD secretariat	14 (a)	II*.
TD/124/Add.1/Corr.1	<i>Idem.</i>	14 (a)	II*.
TD/125	Expansion of trade through the promotion of complementary economic structures: report by the UNCTAD secretariat	18	IV*.
TD/126	Expansion of trade and economic co-operation between the socialist countries of Eastern Europe and the developing countries (an integrated approach): report by the UNCTAD secretariat	18	IV*.
TD/127	Pricing policy, including international price stabilization measures and mechanisms: report by the UNCTAD secretariat	13 (a)	II*. Will also be issued as a separate United Nations publication.
TD/128 and Corr.1	A code of conduct for the liner conference system: communication from the Government of the Netherlands	16	Mimeographed.
TD/129 and Corr.1	Effectiveness of commodity agreements: report by the Secretary-General of UNCTAD	13	Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/130	Impact of environment policies on trade and development in particular of the developing countries: report by the UNCTAD secretariat	8 (e)	IV*.
TD/131	Impact of regional economic groupings of the developed countries on international trade, including the trade of developing countries: comparison of the major groupings—report by the UNCTAD secretariat	8 (c)	IV*.
TD/131/Add.1 and Corr.1	<i>Idem.</i> , The Western European groupings: report by the UNCTAD secretariat	8 (c)	IV*.
TD/131/Add.2	<i>Idem.</i> , The Council for Mutual Economic Assistance: report by the UNCTAD secretariat	8 (c)	IV*.
TD/132	Note by the UNCTAD secretariat transmitting the report of the Committee on Invisibles and Financing related to Trade on its fifth session (TD/B/395)	8 (f), 9 and 15	Mimeographed. For the report, see <i>Official Records of the Trade and Development Board, Twelfth Session, Supplement No. 2.</i>
TD/133	Trade and economic aspects of disarmament: note by the UNCTAD secretariat	8 (d)	Mimeographed.
TD/134	Foreign private investment in its relationship to development: report by the UNCTAD secretariat	15 (c)	III*. Will also be issued as a separate United Nations publication.
TD/134/Supp.1	Balance-of-payments effects of private foreign investment in developing countries—summary of case studies of India, Iran, Jamaica, and Kenya: report prepared by Sanjaya Lall, Institute of Economics and Statistics, Oxford	15 (c)	Mimeographed.
TD/135	Action programme submitted by the Secretary-General of UNCTAD	11 (a)	IV*. Will also be issued, with TD/136 and TD/137, as part of a separate United Nations publication.
TD/135/Supp.1	Selected data: note by the UNCTAD secretariat	11 (a)	IV*. Will also be issued, with TD/136 and TD/137, as part of a separate United Nations publication.
TD/136	Action programme submitted by the Secretary-General of UNCTAD	11 (b)	IV*. Will also be issued, with TD/135 and Supp.1 and TD/137, as part of a separate United Nations publication.
TD/137	Progress report on identification criteria by the Secretary-General of UNCTAD	11 (a)	IV*. Will also be issued, with TD/135 and Supp.1 and TD/136 as part of a separate United Nations publication.
TD/138 and Supp.1 and Snpp.1/Corr.1	Long-term changes in the terms of trade, 1954-1971: report by the UNCTAD secretariat	8	IV*. Will also be issued as a separate United Nations publication.
TD/139	Note by the UNCTAD secretariat transmitting the report of the Working Group on International Shipping Legislation on its third session (TD/B/C.4/93)	16	Mimeographed.
TD/140 and Corr.1	The international monetary situation: impact on world trade and development—report by the UNCTAD secretariat	9	See <i>The International Monetary Situation: impact on world trade and development—report by the secretariat of UNCTAD (TD/140/Rev.1)</i> United Nations publication, Sales No. E.72.II.D.18).
TD/140/Add.1	Note on consultation between the Managing Director of IMF and the Secretary-General of UNCTAD	9	Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/140/Supp.1	Changes in the value of the international reserve assets of developing countries resulting from the agreement of 18 December, 1971: note by the UNCTAD secretariat	9	See TD/140/Rev.1 above.
TD/140/Supp.2	Effects of currency realignment on the value of the external debt of developing countries: note by the UNCTAD secretariat	9	<i>Ibid.</i>
TD/140/Supp.3	Some considerations relating to the volume of SDR creation: note by the UNCTAD secretariat	9	Mimeographed.
TD/140/Supp.4	NEP in the world economy: simulation of the international transmission mechanism by L. R. Klein, C. Moriguchi and A. Van Peetersen	9	See TD/140/Rev.1 above.
TD/141 and Corr.1	Insurance and developing countries: report by the UNCTAD secretariat	8 (f)	III*.
TD/142 and Corr.1	Tourism and developing countries: report by the UNCTAD secretariat	15 (g)	III*.
TD/143	The Declaration and Principles of the Action Programme of Lima	8	I* (see annex VIII, F above).
TD/144	Note by the Secretary-General of UNCTAD transmitting a request for the inclusion of a supplementary item in the provisional agenda for the third session of the Conference	6	Mimeographed.
TD/145	Institutional evolution in a changing world: report by the UNCTAD secretariat	10	Mimeographed.
TD/146	Promotion of foreign investment in developing countries and transfer of operative technology: report submitted by the Department of Economic and Social Affairs on its work	15 and 19	Mimeographed.
TD/147 and Corr.1-2	Pre-Conference meeting held at the Conference Hall, Santiago de Chile from 11-12 April 1972: report by the Chairman	3	Mimeographed.
TD/148	Agenda as adopted	6	Mimeographed. For the agenda, see annex V above, para. 7.
TD/149	Allocation of agenda items to plenary, main Committees and other sessional bodies	6	Mimeographed. For the allocation of agenda items, see annex V above, para. 12.
TD/150	Statement by the President of the Republic of Chile, Mr. Salvador Allende Gossens, at the inaugural ceremony of the third session of the United Nations Conference on Trade and Development		I* (see annex VIII, A above).
TD/151	Statement by the Secretary-General of the United Nations, at the inaugural ceremony of the third session of the United Nations Conference on Trade and Development at Santiago on Thursday, 13 April 1972		I* (see annex VIII, B above).
TD/152 and Corr.1	Statement made by the Secretary-General of UNCTAD at the 84th plenary meeting on 14 April 1972	8	I* (see annex VIII, C above).
TD/153	Note by the UNCTAD secretariat transmitting the report on the activities of the Council for Mutual Economic Assistance	7	Mimeographed.
TD/154	Declaration made by the representative of Bulgaria, on behalf of a group of socialist countries and circulated, at his request (on behalf of the authors) as a document of the Conference	7	I* (see annex VIII, G above).
TD/155	Letter dated 26 April 1972 from the Bulgarian Vice-Minister of Foreign Trade and Head of the delegation of the Bulgarian People's Republic addressed to the President of the Conference transmitting a statement by the Government of the German Democratic Republic to the third session of the United Nations Conference on Trade and Development		Mimeographed.
TD/156	Statement by Mr. Raúl Prebisch, Under-Secretary-General of the United Nations and Director-General of the Latin American Institute for Economic and Social Planning, and former Secretary-General of UNCTAD, at the 103rd plenary meeting, on 26 April 1972	7	I* (see annex VIII, D above).

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/157	Letter dated 29 April 1972 from the leader of the delegation of Ghana addressed to the President of the Conference		Mimeographed.
TD/158	Cable from the delegation of Guinea to the Secretary-General of UNCTAD		Mimeographed.
TD/159	Statement by the Byelorussian Soviet Socialist Republic, People's Republic of Bulgaria, Czechoslovak Socialist Republic, Hungarian People's Republic, Mongolian People's Republic, Polish People's Republic, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics on the convening of a world conference on international monetary problems	9	Mimeographed.
TD/160	Statement by the Secretary-General of UNCTAD, at the 104th plenary meeting on 4 May 1972		I* (see annex VIII, N above).
TD/161 and Add.1, Add.2 and Corr.1, and Add.3	Report of the Fourth Committee		I* (see annex VI, D above).
TD/162	Effectiveness of commodity agreements: observations by the Director of the International Olive Oil Council on document TD/129	13	Mimeographed.
TD/163	Statement by the Union of Soviet Socialist Republics concerning prospects for the development of the USSR's trade and economic co-operation with the developing countries	8 (a)	I* (see annex VIII, H above).
TD/164	Report of Working Group III		I* (see annex VI, I above).
TD/164/Add.1 and 2	Report of Working Group III: annex III: Financial implications of resolution TD/L.69		For the statement of financial implications, see annex IX above.
TD/165	Report of the First Committee		I* (see annex VI, A above).
TD/165/Add.1	Financial implications of the report of the First Committee contained in document TD/165	13 (a)	For the statement of financial implications, see annex IX above.
TD/166 and Corr.1	Report of the Fifth Committee		I* (see annex VI, E above).
TD/167	Report of the Credentials Committee	5 (b)	I* (see annex VI, J above).
TD/168 and Add.1	Report of the Second Committee		I* (see annex VI, B above).
TD/169	Report of the Third Committee		I* (see annex VI, C above).
TD/169/Add.1/Rev.1	Financial implications of the draft resolution contained in document TD/169	15 (f)	For the statement of financial implications, see annex IX above.
TD/170	Report of the Sixth Committee		I* (see annex IV, F above).
TD/171	Report of Working Group II		I* (see annex VI, H above).
TD/172	Letter dated 11 May 1972 addressed to the President of the Conference by the Heads of the delegations of the Federal Republic of Germany, France, United Kingdom of Great Britain and Northern Ireland and the United States of America in connexion with document TD/155		Mimeographed.
TD/173	Statement made by the representative of France on behalf of the countries of Group B concerning multilateral trade negotiations	8 (a)	I* (see annex VIII, I above).
TD/174	Report of Working Group I		I* (see annex VI, G above).
TD/174/Add.1	Financial implications of the report of Working Group I contained in document TD/174		For the statement of financial implications, see annex IX above.
TD/175	Manufactures and semi-manufactures—adjustment assistance measures: note by the secretariat	14 (c)	Mimeographed.
TD/176 and Rev.1	Other business: summary statement of the financial implications of the actions of the Conference	21	Mimeographed. For the statement of financial implications, see annex IX above.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/177	<i>Shipping in the seventies: report by the secretariat of UNCTAD</i>		United Nations publication, Sales No. E.72.II.D.15 (comprising TD/102 and TD/103).
TD/178	Report of the United Nations Conference on Trade and Development on its third session held at Santiago, Chile, from 13 April to 21 May 1972	22	Mimeographed. For final text, see above "Report of the United Nations Conference on Trade and Development on its third session", and annexes II, III, IV, V and VII.
TD/178/Add.1	Observations and reservations by delegations on the decisions of the Conference	22	I* (see annex I, B above).
TD/179 and Corr.1	The third session of the United Nations Conference on Trade and Development, Santiago, 1972: report addressed to the Secretary-General of the United Nations by the Secretary-General of UNCTAD		Mimeographed
TD/180	<i>Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes; vol. II, Merchandise trade; vol. III, Financing and Invisibles; vol. IV, General review and special issues</i>		United Nations publications, Sales Nos. E.73.II.D.4 (vol. I); E.73.II.D.5 (vol. II); E.73.II.D.6 (vol. III); E.73.II.D.7 (vol. IV).
TD/181	Statement made by Mr. Sicco Mansholt, President of the Commission of the European Communities at the 115th plenary meeting on 18 May 1972		Mimeographed.

#### B. CONTRIBUTED DOCUMENTS

TD/CONTR/1	Most recent developments in regional co-operation and trade expansion among developing countries: note by the ECAFE secretariat	17	Mimeographed.
TD/CONTR/2	Note by the UNCTAD secretariat transmitting "Main issues in agricultural commodity trade: a review prepared by the Food and Agriculture Organization of the United Nations for submission to the third session of the United Nations Conference on Trade and Development" (ESC 72/1)	13 (c)	Mimeographed.
TD/CONTR/3	Note by the UNCTAD secretariat transmitting a summary (C 71/33) of "Agricultural commodity projections 1970-1980" provided by the secretariat of FAO	13	Mimeographed.
TD/CONTR/4	UNIDO activities in the export development field	12 (b) and 17	Mimeographed.
TD/CONTR/5	Recent work of ECE in the fields of trade, industrial co-operation, scientific and technological co-operation and standardization	8 and 18	Mimeographed.
TD/CONTR/6	Trade, development co-operation, employment and labour in the Second Development Decade: communication from the International Labour Organisation	7 and 8	Mimeographed.
TD/CONTR/7 and Corr.1	Transfer, adaptation and development of technology industry in the developing countries: paper prepared by the secretariat of UNIDO	19	Mimeographed.
TD/CONTR/8 and Corr.1 and 2	The role of export-oriented industries in the industrialization of developing countries: paper prepared by UNIDO	12 (b) and 14	Mimeographed.
TD/CONTR/9	Note by the UNCTAD secretariat transmitting "Latin America and the Third UNCTAD: report prepared by the Economic Commission for Latin America" (E/CN.12/932 and Add.1)	—	Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
<b>C. LIMITED DOCUMENTS</b>			
TD/L.38	Note by the Secretary-General of UNCTAD transmitting a note from the Permanent Mission of the Syrian Arab Republic	20	Mimeographed.
TD/L.39	Note by the Secretary-General of UNCTAD transmitting a note from the Permanent Mission of Gabon	20	Mimeographed.
TD/L.40	Note by the Secretary-General of UNCTAD transmitting a communication from the Permanent Representative of Bolivia	20	Mimeographed.
TD/L.41	Note by the UNCTAD secretariat transmitting a note from the Permanent Mission of Senegal	20	Mimeographed.
TD/L.42	Application by the Economic Co-operation Centre for the Asian and Pacific Region (ECOCCEN); note by the UNCTAD secretariat	21	Mimeographed.
TD/L.43 and Corr.1	Application by the Italo-Latin American Institute (ILAI); note by the UNCTAD secretariat	21	Mimeographed.
TD/L.44	Note by the Secretary-General of UNCTAD transmitting a note from the Embassy of Kenya to France	20	Mimeographed.
TD/L.45 and Corr.1	Note by the Secretary-General of UNCTAD transmitting a note from the Permanent Mission of Zaire	20	Mimeographed.
TD/L.46	Application by the Economic Co-operation Centre for the Asian and Pacific Region (ECOCCEN); note by the UNCTAD secretariat	21	Mimeographed.
TD/L.47	Application by the African Development Bank; note by the UNCTAD secretariat	21	Mimeographed.
TD/L.48	Suggested draft guidelines for a charter on international trade and development: memorandum presented by the Brazilian delegation	7 and 10	Mimeographed. Text originally circulated to the Second Ministerial Meeting of the Group of 77 as MM/77/II/WG/CRP.1.
TD/L.49	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of Upper Volta	20	Mimeographed.
TD/L.50	Application by the East African Community; note by the UNCTAD secretariat	21	Mimeographed.
TD/L.51	Proposed amendment of rule 22: report of the Bureau under rule 83 of the rules of procedure	21	Mimeographed.
TD/L.52	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (g)	Adopted. See resolution 40(III).
TD/L.53	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (d)	Mimeographed.
TD/L.54	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (e)	Mimeographed.
TD/L.55 and Rev.1	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (b)	Mimeographed. Replaced by TD/L.55/Rev.2.
TD/L.55/Rev.2	Revised draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (b)	Adopted as amended. See TD/SR.115 and resolution 46(III).
TD/L.56	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of Mauritius	20	Mimeographed.
TD/L.57 and Rev.1	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (a)	Mimeographed. Replaced by TD/L.57/Rev.2.
TD/L.57 and Rev.2	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (a)	I*. (For text, see annex VI, G above, appendix I, (b).)

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/L.58	Application by the Caribbean Development Bank: note by the UNCTAD secretariat	21	Mimeographed.
TD/L.59	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of China	20	Mimeographed.
TD/L.60	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of Jordan	20	Mimeographed.
TD/L.61 and Rev.1	Multilateral trade negotiations—draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8	Mimeographed.
TD/L.62	Charter of the economic duties and rights of States—draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	8 (a)	Mimeographed.
TD/L.63 and Rev.1	The role of the co-operative movement in trade and development—Austria, Colombia, Costa Rica, Chile, Denmark, Ecuador, Ethiopia, Finland, Guyana, Hungary, India, Indonesia, Iran, Iraq, Jordan, Kenya, Madagascar, Norway, Pakistan, Peru, Poland, Sweden and the United Republic of Tanzania: draft resolution	8 (a)	Adopted without change. See resolution 38 (III).
TD/L.64	Dissemination of information and mobilization of public opinion relative to problems of trade and development—Austria, Chile, Colombia, El Salvador, France, the Holy See, Iran, Italy, Lebanon, Madagascar, Mexico, Netherlands, Romania, Uruguay and Venezuela: draft resolution	8	Adopted subject to drafting changes. For final text, see resolution 43 (III).
TD/L.65	Trade and economic aspects of disarmament: draft resolution submitted by the President of the Conference as a result of his consultations	8 (d)	Adopted. See resolution 44 (III).
TD/L.66 and Corr.1-3	Afghanistan, Argentina, Bhutan, Bolivia, Brazil, Burma, Ceylon, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jordan, Khmer Republic, Kuwait, Laos, Lebanon, Lesotho, Malaysia, Mexico, Nepal, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, People's Democratic Republic of Yemen, Peru, Philippines, Republic of Korea, Republic of Vietnam, Sierra Leone, Swaziland, Thailand, Trinidad and Tobago, United Arab Emirates, Uruguay, Venezuela and Yugoslavia: draft resolution	8 (c)	I*. (For text, see annex VII above.)
TD/L.67	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of Mexico	20	Mimeographed.
TD/L.68	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of Nigeria	20	Mimeographed.
TD/L.69	Draft resolution submitted by the President of the Conference	19	Adopted. See resolution 39 (III).
TD/L.69/Add.1	Financial implications of draft resolution TD/L.69	19	For the statement of financial implications, see annex IX above.
TD/L.70	Draft resolution submitted by Cuba	8 (b)	Mimeographed.
TD/L.71 and Corr.1	Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland, and United States of America; amendments to draft resolution TD/L.57/Rev.2	8 (a)	Mimeographed.
TD/L.72	Bulgaria, Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, Guinea, Hungary, Mongolia, Poland, Romania, Syrian Arab Republic, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics: draft resolution	8 (a)	I*. (For text, see annex VII above.)

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/L.73 and Rev.1 and Add.1-3. Add.3/Corr.1 and 2, Add.4-6, Add.6(A)-(E), Add.7 and Add.7(A)-(C) and Add.8-10	Draft report of the United Nations Conference on Trade and Development on its third session	22	Mimeographed. For the report, see TD/178.
TD/L.74	Revisions to draft resolution on the draft code of conduct for liner conferences (TD/III/C.4/L.2) submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Incorporated in resolution 66 (III).
TD/L.74/Add.1	Financial implications of the draft resolution submitted in documents TD/III/C.4/L.2 and TD/L.74	16	For the statement of financial implications, see annex IX above.
TD/L.75	Note by the Secretary-General of UNCTAD transmitting a note from the delegation of the Libyan Arab Republic	20	Mimeographed.
TD/L.76	Draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of Working Group II	17	Adopted as orally amended (see TD/SR.115 and resolution 48 (III)).
TD/L.77	Draft resolution submitted by the President of the Conference as a result of his consultations	8 (e)	Adopted without change (see resolution 47 (III)).
TD/L.78	Ceylon, Ethiopia, Ghana, Guinea, India, Indonesia, Ivory Coast, Liberia, Malaysia, Netherlands, Nigeria, Pakistan, Senegal, Sierra Leone and Yugoslavia: draft resolution	8 (a)	Mimeographed.
TD/L.78/Rev.1	Ceylon, Ethiopia, Ghana, Guinea, India, Indonesia, Ivory Coast, Liberia, Malaysia, Netherlands, Nigeria, Pakistan, Senegal, Sierra Leone, Thailand and Yugoslavia: draft resolution	8 (a)	I*. (For text, see annex VII above).
TD/L.78/Rev.1/Add.1	Financial implications of draft resolution TD/L.78/Rev.1	8 (a)	Mimeographed.
TD/L.79	Note by the Secretary-General of UNCTAD transmitting a note from the leader of the delegation of Madagascar	20	Mimeographed.
TD/L.80 and Corr.1	Terms and conditions of official development assistance: draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of the Third Committee	15 (b)	Adopted. See resolution 60(III).
TD/L.81	Draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of the Fifth Committee	18	Adopted. See resolution 53(III).
TD/L.82	Note by the Secretary-General of UNCTAD transmitting a letter from the delegation of Egypt	20	Mimeographed.
TD/L.83	Additions proposed by the Chairman to the section of the report of the Second Committee pertaining to the statement by the representative of GATT	14 (b)	I*. (For text, see annex VI, B above, paras. 131-134).
TD/L.84	Charter of the economic rights and duties of States: draft resolution submitted by the President of the Conference as a result of his consultations	8 (a)	Adopted as amended. See TD/SR.115 and resolution 45(III).
TD/L.84/Add.1	Financial implications of draft resolution TD/L.84	8 (a)	For the statement of financial implications, see annex IX above.
TD/L.85	Revised calendar of UNCTAD meetings for the remainder of 1972 submitted by the UNCTAD secretariat	21	I*. (For text, see annex I, A above "Other decisions").
TD/L.86	Draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of the Sixth Committee	11 (b)	Adopted. See resolution 63(III).
TD/L.87	Draft resolution submitted by the President of the Conference as a result of his consultations	11 (a)	Adopted. See resolution 62(III).

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/L.88	Economic co-operation in merchant shipping: draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of the Fourth Committee	16	Adopted. See resolution 71 (III).
TD/L.89	Note by the Secretary-General of UNCTAD transmitting a note from the Head of the delegation of the Ivory Coast	20	Mimeographed.
TD/L.90	Note by the Secretary-General of UNCTAD transmitting a note from the Head of the delegation of Lebanon	20	Mimeographed.
TD/L.91	Draft resolution submitted by the President of the Conference as a result of the consultations of the Chairman of the Third Committee	15 (a)	Adopted. See resolution 61 (III).
TD/L.92	Financial implications of draft resolutions TD/L.86 and TD/L.87	11	For the statement of financial implications, see annex IX above.
TD/L.93	Draft resolution submitted by the President of the Conference following consultations of the Chairman of the Second Committee	14 (b)	Adopted. See resolution 76 (III).
TD/L.94	Draft resolution submitted by the President of the Conference following consultations of the Chairman of the Second Committee	14 (a)	Adopted. See resolution 77 (III).
TD/L.95	Financial implications of draft resolutions TD/L.93 and TD/L.94	14 (a) and (b)	For the statement of financial implications, see annex IX above.
TD/L.96	Amendments to draft resolution submitted by Working Group I (TD/174, appendix I)	10	Incorporated in resolution 81 (III).
TD/L.97	Multilateral trade negotiations: draft resolution submitted by the President of the Conference	8	Adopted as amended. See TD/SR.119 and resolution 82 (III).
TD/L.98	Draft resolution submitted by the President of the Conference	10	Adopted. See resolution 80 (III).
TD/L.99	Draft resolution submitted by the President of the Conference	8	Adopted. See resolution 79 (III).
TD/L.100	Intergovernmental consultations on commodities in connexion with access to markets and pricing policy; draft resolution prepared in the light of consultations with the President and the Secretary-General of UNCTAD	13 (a)	Adopted. See resolution 83 (III).
TD/L.101	The international monetary situation: draft resolution submitted by the President of the Conference following consultations with the Chairman of the Third Committee	9 and 15 (d)	Adopted as amended. See TD/SR.119 and resolution 84 (III).

#### D. DOCUMENTS IN THE NON-GOVERNMENTAL ORGANIZATION SERIES

TD/NGO/3 and Corr.1	Note by the UNCTAD secretariat transmitting comments made by the National Shippers' Councils of Europe on documents related to a code of conduct for liner conferences	16	Mimeographed.
TD/NGO/4	Note by the UNCTAD secretariat transmitting "ICC statement on a code of liner conference practice" (document No. 321/168 and 168/bis)	16	Mimeographed.

#### E. RESOLUTIONS

TD/III/RES/36-84	Resolutions and decisions of the United Nations Conference on Trade and Development, third session (TD/III/Misc.3 and Corr.1)		Mimeographed. For the texts of the resolutions as adopted, see annex I, A above.
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<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
<b>F. SUMMARY RECORDS</b>			
TD/SR.82-119	Summary records of the plenary meetings of the Conference at its third session		IA* part two (mimeographed, issued in special cover).
<b>G. DOCUMENTS IN THE STATISTICAL SERIES</b>			
TD/STAT/4	<i>Handbook on International Trade and Development Statistics, 1972</i>		United Nations publication, Sales No. E/F.72.II.D.3.
<b>H. DOCUMENTS IN THE INFORMATION SERIES</b>			
TD/INF.6 and Add.1-6, Add.6/Corr.1, and Add.7-11	Contents of pre-session basic documents before the third session of the Conference: guide prepared by the UNCTAD secretariat for the information of participants		Mimeographed.
TD/INF.7	Information for delegations		Mimeographed.
TD/INF.8	Note by the President transmitting a communication from the Secretary-General of the United Nations on the financial situation of the United Nations as it bears on United Nations intergovernmental bodies		Mimeographed.
TD/INF.9 and Corr.1	United Nations Conference on Trade and Development: list of participants—third session, Santiago de Chile, 13 April-21 May 1972		Mimeographed. Issued under special cover.
<b>I. MAIN COMMITTEE DOCUMENTS</b>			
<b>I. FIRST COMMITTEE</b>			
<i>1. Limited documents</i>			
TD/III/C.1/L.1	Organization of the work of the First Committee: note by the UNCTAD secretariat		Mimeographed.
TD/III/C.1/L.2	Timetable for the First Committee as adopted by the Committee at its third meeting on 17 April 1972		Mimeographed.
TD/III/C.1/L.3 and Rev.1 and Rev.1/Corr.1	Membership of the First Committee		Mimeographed.
TD/III/C.1/L.4	Diversification: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13 (a)	I*. (For text, see annex VI, A above, appendix II, E, 1).
TD/III/C.1/L.5	Marketing and distribution systems: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13 (a)	I*. (For text, see annex VI, A above, appendix II, B, 1).
TD/III/C.1/L.6	International cocoa agreement: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13	I*. (For text, see annex VI, A above, appendix III, A).
TD/III/C.1/L.8	Competitiveness of natural products, synthetics and substitutes: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13 (b)	I*. (For text, see annex VI, A above, appendix III, B, 1).

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/III/C.1/L.10	Statement made by the Secretary-General of UNCTAD at the 10th meeting of the Committee, held on 27 April 1972	13 (a)	Mimeographed.
TD/III/C.1/L.11	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13 (a)	I*. (For text, see annex VII above).
TD/III/C.1/L.12 and Corr.1 and Add.1-3	Draft report of the First Committee		Mimeographed. For final text, see annex VI, A above.
TD/III/C.1/L.13	Australia, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland and United Kingdom of Great Britain and Northern Ireland: draft resolution	13 (a)	I*. (For text, see annex VII above).
TD/III/C.1/L.14	The stabilization of commodity prices and in particular, the role of IBRD: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	13 (a)	Mimeographed.
TD/III/C.1/L.14/Rev.1	<i>Idem.</i>	13 (a)	I*. (For text, see annex VI, A above, appendix II, C).
TD/III/C.1/L.15	Competitiveness of natural products, synthetics and substitutes: draft resolution—text agreed in the Chairman's Contact Group	13 (b)	Mimeographed.
TD/III/C.1/L.16	The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond national jurisdiction: Chile, Kuwait and Somalia—draft resolution	13 (a)	Adopted by the Conference without change (see annex I, A above, resolution 52 (III)).
TD/III/C.1/L.17	The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction: Algeria and Peru—draft resolution	13 (a)	Adopted by the Conference without change (see annex I, A above, resolution 51 (III)).
TD/III/C.1/L.18 and Rev.1	First Committee—list of documents issued in the limited series		Mimeographed.
<i>2. Summary records</i>			
TD/III/C.1/SR.1-22	Summary records of the first to the twenty-second meetings of the First Committee		Mimeographed.
<b>II. SECOND COMMITTEE</b>			
<i>1. Limited documents</i>			
TD/III/C.2/L.1	Organization of work of the Second Committee: note by the Chairman		Mimeographed.
TD/III/C.2/L.2	Membership of the Second Committee		Mimeographed.
TD/III/C.2/L.3	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	14 (d)	Mimeographed.
TD/III/C.2/L.3/Rev.1	<i>Idem.</i>	14 (d)	I*. (For text, see annex VI, B above, appendix IV, A, 6).
TD/III/C.2/L.3/Rev.1/Add.1	Financial implications of the texts on restrictive business practices TD/III/C.2/L.3/Rev.1 and TD/III/C.2/Misc.9	14 (d)	Mimeographed.
TD/III/C.2/L.4	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	14 (c)	I*. (For text, see annex VI, B above, appendix IV, A, 5).
TD/III/C.2/L.5	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	14 (b)	I*. (For text, see annex VI, B above, appendix IV, A, 3).
TD/III/C.2/L.6	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	14 (a)	I*. (For the text, see annex VI, B above, appendix IV, A, 1).
TD/III/C.2/L.7	International sub-contracting: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	14	I*. (For text, see annex VI, B above, appendix IV, A, 7).

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/III/C.2/L.8	Statement by the Director of the Manufactures Division of UNCTAD	14 (d)	Mimeographed.
TD/III/C.2/L.9	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	12 (b)	I*. (For text, see annex VI, B above, appendix IV, B).
TD/III/C.2/L.10	Statement by the Director of the Manufactures Division of UNCTAD	14 (b)	Mimeographed.
TD/III/C.2/L.11 and Add.1-4	Draft report of the Second Committee		Mimeographed. For final text, see annex VI, B above.
TD/III/C.2/L.12	Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	14 (a)	I*. (For text, see annex VI, B above, appendix IV, A, 2).
TD/III/C.2/L.13	Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Ireland, Italy, Japan, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	14 (b)	I*. (For text, see annex VI, B above, appendix IV, A, 4).
TD/III/C.2/L.14	Draft resolution submitted by the Chairman	12	Adopted by the Conference without change (see annex I, A above, resolution 75 (III)).
TD/III/C.2/L.15	Draft resolution submitted by the Chairman of the Committee	14 (c)	Adopted by the Conference without change (see annex I, A above, resolution 72 (III)).
TD/III/C.2/L.16	Draft resolution submitted by the Chairman of the Committee	14 (d)	Adopted by the Conference without change (see annex I, A above, resolution 73 (III)).
TD/III/C.2/L.16/ Add.1	Financial implications of draft resolution TD/III/C.2/L.16	14 (d)	For the statement of financial implications, see annex IX above.
TD/III/C.2/L.17	International sub-contracting: draft resolution submitted by the Chairman of the Committee	14	Adopted by the Conference without change (see annex I, A above, resolution 74 (III)).
TD/III/C.2/L.18	Text prepared by the Drafting Group	14 (a)	I*. (For text, see annex VI, B above, appendix II, A).
TD/III/C.2/L.19	Text prepared by the Drafting Group	14 (b)	I*. (For text, see annex VI, B above, appendix II, B).
<i>2. Summary records</i>			
TD/III/C.2/SR.1-19	Summary records of the first to the nineteenth meetings of the Second Committee		Mimeographed.
<b>III. THIRD COMMITTEE</b>			
<i>1. General documents</i>			
TD/III/C.3/1	Allocation of agenda items: letter dated 15 April 1972 from the President of the Conference to the Chairman of the Third Committee		Mimeographed.
<i>2. Limited documents</i>			
TD/III/C.3/L.1	Organization of the Third Committee's work; note by the Chairman		Mimeographed.
TD/III/C.3/L.2	The international monetary situation and the link: statement by the Director of the New York Office of UNCTAD	9	Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/III/C.3/L.3	Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics: draft resolution	15 (f)	I*. (For text, see annex VI, C above, appendix II, 1).
TD/III/C.3/L.4	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (a)	I*. (For text, see annex VI, C above, appendix II, 2).
TD/III/C.3/L.4/Rev.1	Draft resolution submitted by the Chairman of the Committee	15 (a)	I*. (For text, see annex VI, C above, appendix II, 3).
TD/III/C.3/L.5	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (c)	I*. (For text, see annex VI, C above, appendix II, 4).
TD/III/C.3/L.6	Terms and conditions of official development assistance: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (b)	Mimeographed.
TD/III/C.3/L.6/Rev.1	<i>Idem.</i>	15 (b)	I*. (For text, see annex VI, C above, appendix II, 5).
TD/III/C.3/L.6/Rev.2	Terms and conditions of official development assistance: draft resolution submitted by the Chairman of the Committee	15 (b)	I*. (For text, see annex VI, C above, appendix II, 6).
TD/III/C.3/L.7	The increasing burden of debt-servicing: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (f)	Mimeographed.
TD/III/C.3/L.7/Rev.1	<i>Idem.</i>	15 (f)	Adopted by the Conference without change (see annex I, A above, resolution 59 (III)).
TD/III/C.3/L.8	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (d)	I*. (For text, see annex VI, C above, appendix IV).
TD/III/C.3/L.8/Rev.1	Draft resolution submitted by the Chairman of the Committee	15 (d)	Adopted by the Conference without change (see annex I, A above, resolution 55 (III)).
TD/III/C.3/L.9	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	15 (e)	Adopted by the Conference without change (see annex I, A above, resolution 57 (III)).
TD/III/C.3/L.10 and Rev.1	Australia, Canada and the Netherlands: draft resolution	15 (a) and (b)	I*. (For text, see annex VI, C above, appendix III).
TD/III/C.3/L.11 and Add.1-4	Draft report of the Third Committee		Mimeographed. For final text, see annex VI, C above.
TD/III/C.3/L.12	The international monetary situation: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	9, 15 (d)	Mimeographed. For the text as amended, see annex VIII, L above.
TD/III/C.3/L.13	Compensation for losses occasioned by the realignments of major currencies: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	9	Adopted by the Conference without change (see annex I, A above, resolution 58 (III)).
TD/III/C.3/L.14	Meeting of the Intergovernmental Group of 24 on International Monetary Matters, 3-7 April 1972, Caracas, Venezuela	9	Mimeographed.
3. <i>Summary records</i>			
TD/III/C.3/SR.1-24	Summary records of the first to the twenty-fourth meetings of the Third Committee		Mimeographed.
IV. FOURTH COMMITTEE			
1. <i>General documents</i>			
TD/III/C.4/1	Allocation of agenda items: letter dated 15 April 1972 from the President of the Conference to the Chairman of the Fourth Committee		Mimeographed.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/III/C.4/2	An informal exchange of views on the draft code of conduct for liner conferences contained in the annex to document TD/III/C.4/L.2 and Corr.1—a summing up by Mr. C. P. Srivastava, Chairman of the Fourth Committee		I*. (For text, see annex VI, D above, annex to chap. III, section A).
<i>2. Limited documents</i>			
TD/III/C.4/L.1	Organization of work of the Fourth Committee: note by the Chairman		Mimeographed.
TD/III/C.4/L.2 and Corr.1	Draft code of conduct for liner conferences: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Preamble and annex adopted by the Conference without change (see annex I, A above, resolution 66 (III)). For operative paragraphs, see annex VI, D above, appendix III, A.
TD/III/C.4/L.3	International combined transport of goods: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Mimeographed.
TD/III/C.4/L.4	Development of ports: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Mimeographed.
TD/III/C.4/L.5	Development of merchant marines: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Mimeographed.
TD/III/C.4/L.6	Development of tourism: draft resolution submitted by the Chairman of the Committee	15 (g)	Adopted by the Conference without change (see annex I, A above, resolution 37 (III)).
TD/III/C.4/L.7 and Add.1-5	Draft report of the Fourth Committee		Mimeographed. For final text, see annex VI, D above.
TD/III/C.4/L.8 and Corr.1	Preparation of an agreement on co-operation in merchant shipping: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics: draft resolution	16	Mimeographed.
TD/III/C.4/L.8/ Rev.1	Economic co-operation in merchant shipping: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, Mongolia, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics: draft resolution	16	I*. (For text, see annex VI, D above, appendix II).
TD/III/C.4/L.9	Freight rates: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	16	Mimeographed.
TD/III/C.4/L.10 and Corr.1	Insurance and reinsurance: draft resolution submitted by the Chairman of the Committee	8 (f)	Adopted by the Conference without change (see annex I, A above, resolution 42 (III)).
TD/III/C.4/L.11	Development of ports: draft resolution submitted by the Chairman of the Committee	16	Adopted by the Conference without change (see annex I, A above, resolution 67 (III)).
TD/III/C.4/L.12	International combined transport of goods: draft resolution submitted by the Chairman of the Committee	16	Adopted by the Conference without change (see annex I, A above, resolution 68 (III)).
TD/III/C.4/L.13	Freight rates: draft resolution submitted by the Chairman of the Committee	16	Adopted by the Conference without change (see annex I, A above, resolution 69 (III)).
TD/III/C.4/L.14	Development of merchant marines: draft resolution submitted by the Chairman of the Committee	16	Adopted by the Conference without change (see annex I, A above, resolution 70 (III)).
TD/III/C.4/L.15	Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics: amendments to draft resolution TD/III/C.4/L.2 and Corr.1		I*. (For text, see annex VI, D above, appendix III, B).

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
TD/III/C.4/L.16	Australia, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, France, Greece, Italy, Japan, Netherlands, Norway, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland and United States of America: amendments to draft resolution TD/III/C.4/L.2 and Corr.1	16	I*. (For text, see annex VI, D above, appendix III, C).
<i>3. Summary records</i>			
TD/III/C.4/SR.1-12	Summary records of the first to the twelfth meetings of the Fourth Committee		Mimeographed.
V. FIFTH COMMITTEE			
<i>1. General documents</i>			
TD/III/C.5/1	Allocation of agenda items: letter dated 15 April 1972 from the President of the Conference to the Chairman of the Fifth Committee		Mimeographed.
<i>2. Limited documents</i>			
TD/III/C.5/L.1	Organization of the work of the Fifth Committee: note by the Chairman		Mimeographed.
TD/III/C.5/L.2	List of relevant documents	18	Mimeographed.
TD/III/C.5/L.3	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	18	Mimeographed.
TD/III/C.5/L.3/ Rev.1 and Rev.1/Corr.1	<i>Idem.</i>	18	I*. (For text, see annex VI, E above, appendix).
TD/III/C.5/L.4	Opening statement by the Chairman of the Fifth Committee	18	Mimeographed.
TD/III/C.5/L.5	Statement by the Director of the Division for Trade with Socialist Countries of UNCTAD	18	Mimeographed.
TD/III/C.5/L.6 and Corr.1-2	Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics: draft resolution	18	I*. (For text, see annex VI, E above, appendix).
TD/III/C.5/L.7	Draft report of the Fifth Committee		Mimeographed. For final text, see annex VI, E above.
TD/III/C.5/L.8	List of documents issued in the limited series		Mimeographed.
<i>3. Summary records</i>			
TD/III/C.5/SR.1-9	Summary records of the first to the ninth meetings of the Fifth Committee		Mimeographed.
VI. SIXTH COMMITTEE			
<i>1. General documents</i>			
TD/III/C.6/1	Allocation of agenda items: letter dated 15 April 1972 from the President of the Conference to the Chairman of the Sixth Committee		Mimeographed.
<i>2. Limited documents</i>			
TD/III/C.6/L.1	Organization of work of the Sixth Committee: note by the Chairman		Mimeographed.
TD/III/C.6/L.2	Statement by the Director of the Research Division of UNCTAD	11 (a)	Mimeographed.
TD/III/C.6/L.3	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	11 (b)	I*. (For text, see annex VI, F above, appendix III, C).

Symbol	Title of document	Agenda item	Observations and references
TD/III/C.6/L.4	Developing island countries: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	11 (a)	Mimeographed.
TD/III/C.6/L.4/ Rev.1	<i>Idem.</i>	11 (a)	I*. (For text, see annex VI, F above, appendix III, A).
TD/III/C.6/L.5	Identification and general considerations about the special measures in favour of the least developed among the developing countries: draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	11 (a)	Mimeographed.
TD/III/C.6/L.5/ Rev.1	<i>Idem.</i>	11 (a)	I*. (For text, see annex VI, F above, appendix III, B).
TD/III/C.6/L.6	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	11 (a)	I*. (For text, see annex VI, F above, appendix II, A).
TD/III/C.6/L.7	Statement by the Director of the Research Division of UNCTAD	11 (b)	Mimeographed.
TD/III/C.6/L.8	Statement by the Executive Director of the United Nations Industrial Development Organization at the Committee's ninth meeting, on 1 May 1972	11 (a)	Mimeographed.
TD/III/C.6/L.9 and Corr.1 and Add.1-2	Draft report of the Sixth Committee		Mimeographed. For final text, see annex VI, F above.
TD/III/C.6/L.10	Developing island countries: draft resolution submitted by the Chairman of the Committee	11 (a)	Adopted by the Conference without change (see annex I, A above, resolution 65 (III)).
TD/III/C.6/L.10/ Add.1	Financial implications of draft resolution TD/III/C.6/L.10	11 (a)	For the statement of financial implications, see annex IX above.
TD/III/C.6/L.11	Draft resolution submitted by the Chairman of the Committee	11 (b)	I*. (See annex VI, F above, appendix II, B).
TD/III/C.6/L.12	Identification and general considerations about the special measures in favour of the least developed among the developing countries: draft resolution submitted by the Chairman of the Committee	11 (a)	Adopted by the Conference without change (see annex I, A above, resolution 64 (III)).
<i>3. Summary records</i>			
TD/III/C.6/SR.1-16	Summary records of the first to the sixteenth meetings of the Sixth Committee		Mimeographed.

## J. WORKING GROUP DOCUMENTS

### I. WORKING GROUP I

#### *Limited documents*

TD/III/WG.I/L.1	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	10	Mimeographed.
TD/III/WG.I/L.1/ Rev.1	<i>Idem.</i>	10	I*. (For text, see annex VI, G above, appendix II, (b)).
TD/III/WG.I/L.2	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	10	Mimeographed.
TD/III/WG.I/L.2/ Rev.1 and Corr.1	<i>Idem.</i>	10	I*. (For text, see annex VI, G above, appendix I, (a)).
TD/III/WG.I/L.4 and Corr.1, and Add.1 and Add.2 and Add.2/Corr.1	Draft report of Working Group I		Mimeographed. For final text, see annex VI, G above.

<i>Symbol</i>	<i>Title of document</i>	<i>Agenda item</i>	<i>Observations and references</i>
<b>II. WORKING GROUP II</b>			
<i>Limited documents</i>			
TD/III/WG.II/L.1	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	17	I*. (For text, see annex VI, H above, appendix).
TD/III/WG.II/L.2	Organization of work of Working Group II: note by the UNCTAD secretariat		Mimeographed.
TD/III/WG.II/L.3	Statement made by the Director of the Division for Trade Expansion and Economic Integration among Developing Countries to introduce the discussion on agenda item 17	17	Mimeographed.
TD/III/WG.II/L.4	Draft report of Working Group II		Mimeographed. For final text, see annex VI, H above.
TD/III/WG.II/L.5	Draft resolution submitted by Chile on behalf of Argentina, Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Peru, Uruguay and Venezuela	17	I*. (For text, see annex VI, H above, appendix).
<b>III. WORKING GROUP III</b>			
<i>Limited documents</i>			
TD/III/WG.III/L.1	Note by the UNCTAD secretariat	19	Mimeographed.
TD/III/WG.III/L.2	Draft resolution submitted by Indonesia, Chairman of the Group of 77, on behalf of the Group	19	I*. (For text, see annex VI, I above, appendix II (a)).
TD/III/WG.III/L.3	Outflow of trained personnel from developing to developed countries: Algeria, Chile, Cuba, Guinea and the People's Democratic Republic of the Yemen	19	I*. (For text, see annex IV, I above, appendix II, (b)).
TD/III/WG.III/L.4	Draft report of Working Group III		Mimeographed. For final text, see annex VI, I above.
TD/III/WG.III/L.5	Draft resolution submitted by the Chairman of Working Group III	19	I*. (For text, see annex VI, I above, appendix I (a)).
TD/III/WG.III/L.6	Proposal submitted by the Chairman of Working Group III (amendment to document TD/III/WG.III/L.5)	19	I*. (For text, see annex VI, I above, appendix I, (b)).

## ANNEX XI

### Check list of resolutions

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38 (III)	The role of the co-operative movement in trade and development .....	8	15 May 1972	53
39 (III)	Transfer of technology .....	19	16 May 1972	108
40 (III)	Economic effects of the closure of the Suez Canal .....	8	16 May 1972	54
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46 (III)	Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development .....	8	18 May 1972	59
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48 (III)	Trade expansion, economic co-operation and regional integration among developing countries .....	17	18 May 1972	103
49 (III)	International cocoa agreement .....	13	19 May 1972	77
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51 (III)	The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction .....	13	19 May 1972	78
52 (III)	The exploitation, for commercial purposes, of the resources of the sea-bed and the ocean floor, and the subsoil thereof, beyond the limits of national jurisdiction .....	13	19 May 1972	79
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72 (III)	Adjustment assistance measures .....	14	19 May 1972	81
73 (III)	Restrictive business practices .....	14	19 May 1972	82
74 (III)	International subcontracting .....	14	19 May 1972	83
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77 (III)	Preferences .....	14	19 May 1972	85
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\* Four printed volumes and one mimeographed volume.

<sup>1</sup> United Nations publications, Sales Nos. 72.II.D.15, 72.II.D.13 and corrigendum and 72.II.D.17 respectively.

report on policies relating to the transfer of technology of the countries of the Andean Pact.

United Nations publication, Sales No. E.73.II.D.6.

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The latter part of this volume includes three reports on special measures for the least developed among the developing countries and other special measures related to the particular needs of the land-locked developing countries.

United Nations publication, Sales No. E.73.II.D.7.

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