



SUMMARY RECORD OF THE 41st MEETING

Chairman: Mr. MURGESCU (Romania)
later: Mr. XIFRA (Spain)

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ORGANIZATION OF WORK

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The meeting was called to order at 10.40 a.m.

AGENDA ITEM 70: UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT (A/CONF.81/16)

1. Mr. da COSTA (Secretary-General of the United Nations Conference on Science and Technology for Development) said that practically all sectors were satisfied with the results of the United Nations Conference on Science and Technology for Development. The major visible result had been the Vienna Programme of Action on Science and Technology for Development (A/CONF.81/16, chap. VII), which contained a number of useful recommendations for implementation by States and intergovernmental organizations. The process of implementation had already begun, and many States saw in the Programme a welcome instrument for the development of the science and technology sector. Although no spectacular break-throughs had been achieved at Vienna with respect to the transfer of technology, the Conference had incorporated in the Programme of Action the points on which it had reached consensus, distinguishing them from the issues on which agreement had not been reached. The latter should be given priority attention by the proposed Intergovernmental Committee on Science and Technology for Development, in close co-operation with UNCTAD and the Economic and Social Council.
2. Some States had taken the view that a steady and predictable flow of resources for science and technology within the United Nations system could be guaranteed only through automatic mechanisms, while others had argued that financing should be on the basis of voluntary contributions alone. The Conference had reached a compromise recommendation, according to which initial contributions would be voluntary, while the permanent system would be considered without delay through the mechanisms suggested in the Programme of Action. What was important was not the level of financing itself, because resources, however substantial, would ultimately be inadequate. The important point was that the developed countries had recognized that science and technology for development was both a national and an international responsibility.
3. Mindful of the need to improve the unsatisfactory infrastructure for science and technology, the Conference had adopted a statement on science and technology and the future (A/CONF.81/16, annex IV). It had adopted a resolution on women, science and technology, the aim of which was to enable women to enjoy the benefits of scientific and technological advances.
4. The Conference had achieved some "invisible" results as well by, for example, promoting full awareness of the problem of science and technology for development, helping to initiate effective dialogue among Governments, the scientific and technological community and the users of science and technology, and stimulating the design or strengthening of institutional mechanisms. It had encouraged comparison and interaction at the subregional, regional, interregional and international levels with respect to national problems, experiences and aspirations. It had led to a better understanding of divergent positions and helped to clarify the very concept of development. It had improved the dialogue between developed and developing countries, showing that innovation and change

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within countries and in their mutual relations were in the common interest. It had brought about recognition of the fundamental role of science and technology in the establishment of the new international economic order and the preparation of the new international development strategy. It had secured full recognition, at all levels, both of the importance and specificity of science and technology as instruments of development and the need to determine which specific sectors in the developing countries best lent themselves to innovation and creativity.

5. The importance and specificity of science and technology as instruments for development had dictated the Conference's recommendations on institutional arrangements, which included the establishment of an Intergovernmental Committee on Science and Technology for Development (A/CONF.81/16, chap. VII, para. 100), the establishment of a specialized secretariat (para. 103) and the improvement of co-ordination among the relevant bodies of the United Nations system (paras. 104-109). Contrary to some biased interpretations, the wording of the recommendation concerning the specialized secretariat was perfectly clear and fully in harmony with the spirit and the letter of restructuring: paragraph 103 of the Programme of Action meant that a new administrative entity was required which would be directly responsible to the Director-General for Development and International Economic Co-operation and completely independent of any administrative body other than the "horizontal" structures under the Director-General. The body should operate at the highest possible level, since co-ordination needed to be exercised from above, not from below. Only if paragraph 103 was followed to the letter would the importance and specificity of science and technology for development be recognized, not only at the intergovernmental level, but also in the corresponding structure of the secretariat. There should be no cries of alarm about the proliferation of institutions and bureaucracies. The mechanisms recommended by the Conference were economical, since they would be financed mainly through resources formerly allocated to the old intergovernmental and administrative bodies.

6. The Conference had been a success because of the fruitful collaboration among all concerned. Its real significance stemmed from the fact that its recommendations did not emanate from individual experts or international bodies, but were the outcome of the very strenuous efforts of the countries themselves. Those recommendations deserved the endorsement of the General Assembly.

7. Mr. GORDAH (Tunisia), supported by Mr. BOUYOUCEF (Algeria), Mr. D'ABZAC (Chad), Mr. BA-ISSA (Democratic Yemen), Mr. KANTE (Guinea), Mr. NANJIRA (Kenya), Mr. ABDALLAH (Libyan Arab Jamahiriya), Mr. MARTIN-DEL-CAMPO (Mexico) and Mr. BUNC (Yugoslavia), said that many delegations would find it extremely difficult to make a useful contribution to the debate on item 70, which was scheduled to begin on the following Monday, because most of the relevant documents were available only in English. The debate should be postponed and the Secretariat should do its utmost to have the documents distributed in the working languages as soon as possible.

8. Mr. BAUCHARD (France), supported by Mr. KINSMAN (Canada), said that the status of documentation did not reflect the undertakings given by the Secretariat, which should give an explanation for the inadmissible delay.

9. Mr. CORDOVEZ (Assistant Secretary-General for Secretariat Services for Economic and Social Matters) said that the Secretariat simply could not cope with the volume of documentation it was required to produce. It was possible that action would be taken at the current session to reduce the volume, thus helping to ensure timely distribution. The report of the United Nations Conference on Science and Technology for Development (A/CONF.81/16) was already available to the Committee in English, Spanish and Russian; 400 copies in French were on the way. On Monday, 19 November 1979, document A/34/587 would be distributed in all languages, with the exception of one section which would be available shortly thereafter.

AGENDA ITEM 64: OFFICE OF THE UNITED NATIONS DISASTER RELIEF CO-ORDINATOR
(continued)

Draft resolution A/C.2/34/L.37

10. The CHAIRMAN drew the Committee's attention to the statement of administrative and financial implications of draft resolution A/C.2/34/L.37 (A/C.2/34/L.47 and Corr.1).

11. Mr. EHRMAN (United Kingdom), supported by Mr. ROSEN (United States of America) and Mr. ENOKI (Japan), said that some delegations would welcome an opportunity to hold informal consultations with the sponsors of draft resolution A/C.2/34/L.37 before a formal decision was taken.

12. Mr. MARKER (Pakistan) said that his delegation, which was one of the sponsors, would have no objection to deferring consideration of the draft resolution.

13. The CHAIRMAN said that if he heard no objection, he would take it that the Committee agreed to defer consideration of draft resolution A/C.2/34/L.37 with a view to approving it subsequently without a vote.

14. It was so decided.

Draft resolution A/C.2/34/L.38

15. The CHAIRMAN announced that the delegations of Angola, Austria, Botswana, Burundi, Cape Verde, Chad, Egypt, France, Guinea, Guinea-Bissau, Jordan, Madagascar, Mali, Senegal, the Syrian Arab Republic, Uganda, the United States of America and Yemen had become sponsors of draft resolution A/C.2/34/L.38.

16. Draft resolution A/C.2/34/L.38 was approved without a vote.

17. Mr. LAZAREVIĆ (Yugoslavia) expressed the deep appreciation of the people and Government of Yugoslavia for the assistance provided by the Office of the United Nations Disaster Relief Co-ordinator at the time of the earthquake. His delegation welcomed the approval of draft resolution A/C.2/34/L.38.

AGENDA ITEM 60: UNITED NATIONS ENVIRONMENT PROGRAMME (continued)

Draft resolution A/C.2/34/L.21

18. The CHAIRMAN said that the French delegation had become a sponsor of draft resolution A/C.2/34/L.21.

19. Mr. KANTE (Guinea), referring to the draft resolution introduced by the representative of India, on behalf of the Group of 77, on the Plan of Action to Combat Desertification: restoration and improvement of the Foutah-Djallon massif (A/C.2/34/L.21), said that everyone was aware of the hardships Africa had suffered as a result of drought between 1968 and 1973, particularly in the Sahelian region. The Council of Ministers of the Organization of African Unity had set up an Ad Hoc Committee in June 1974 to deal with problems caused by drought and other natural disasters in the member States of the OAU. The principal task of that Committee was to carry out comprehensive studies on the causes of the current drought in order to gain a greater understanding of the phenomenon and thus to combat it more effectively. The Committee worked in conjunction with the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS). It should be noted that in 1977/78 a recurrence of the drought had affected an area much larger than the Sahel: Guinea, Guinea-Bissau, northern Togo, northern Ghana, Benin, Nigeria, Cameroon, Tanzania, Sudan and Ethiopia had all been affected in varying degrees.

20. In his earlier statement on the item under discussion, he had outlined the results of a study made by the OAU Ad Hoc Committee of his country's water deficit. It was that study that had induced the Council of Ministers of the OAU, at its session in July 1979 at Monrovia, to request the Executive Director of UNEP to incorporate the pilot project for the improvement and restoration of the Foutah-Djallon massif into the transnational project for a green belt south of the Sahara, one of the four transnational projects endorsed by the Conference on Desertification. The purpose of draft resolution A/C.2/34/L.21 was to have the General Assembly support that request.

21. The aim of the pilot project in question was the integrated biological planning of the Foutah-Djallon catchment areas with a view to stabilizing the flow of the African rivers whose headwaters were situated in the massif. Its implementation would create a reliable safety valve against the hydrological repercussions of drought years in West Africa. The Foutah-Djallon massif was the source of all the rivers of the West African subregion and was therefore of concern not only to his country but also to Gambia, Guinea-Bissau, the Ivory Coast, Liberia, Mali, Niger, Nigeria, Mauritania and Senegal.

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22. The CHAIRMAN said that if he heard no objection, he would take it that the Committee approved the draft resolution.

23. Draft resolution A/C.2/34/L.21 was approved without a vote.

AGENDA ITEM 56: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (continued)
(A/34/15; TD/268 and Add.1)

24. Mr. XIFRA (Spain) took the Chair.

25. Mr. OLZVOY (Mongolia) said that the fifth session of UNCTAD and the nineteenth session of the Trade and Development Board had demonstrated that the just demands of the developing countries for rectification of the international economic situation were being strongly opposed by the imperialist and neo-colonialist Powers. The demand for a restructuring of international trade and economic relations had arisen from the developing countries' realization that the Western States were pursuing trade and economic policies based on inequality and neo-colonialist plundering and on transferring the burden of the economic crises of the capitalist world to the shoulders of the peoples of developing countries. It was for that reason that the socialist countries welcomed and supported the just struggle of the developing countries to establish a new international economic order based on democratic principles. At the fifth session of UNCTAD the socialist countries had demonstrated their firm support for the efforts of developing countries to gain sovereignty over their natural resources and control the activities of transnational corporations.

26. UNCTAD was important because it dealt with questions involving all trade between countries with different social and economic systems. Any attempt to revise UNCTAD's mandate would have an adverse effect on its prestige and effectiveness. It was essential to have East-West trade discussed within UNCTAD, because that trade was still being hampered by unjustifiable barriers, such as the application of protectionist practices by market-economy countries, the persistence of various restrictions on trade with socialist countries, and the use of trade as a political weapon. It was unfortunate that agreement had not been reached at the Manila session on the resolution on trade between countries with different social and economic systems. The situation required a spirit of co-operation and respect for mutual interests and the observance of the provisions of fundamental resolutions on the subject.

27. His country supported measures to stabilize commodity markets and the conclusion of international commodity agreements. It was unfortunate that the main ideas of the Integrated Programme for Commodities were not being translated into practice, largely because of obstruction from those who were defending the interests of Western monopolies, particularly transnational corporations. He drew attention in that connexion to the draft resolution on transnational

(Mr. Olzvoy, Mongolia)

corporations and international commodity trade proposed by the socialist countries at the fifth session of UNCTAD. The implementation of the provisions of that resolution, which had been referred to the permanent machinery of UNCTAD, would greatly improve the prospects for implementing the ideas and proposals of the developing countries on commodity trade.

28. His delegation welcomed the creation of an intergovernmental working group on UNCTAD's role in the preparation of the new international development strategy. In its view, it was by keeping its activities consistent with the General Assembly resolution 1995 (XIX) that UNCTAD could most usefully contribute to the new strategy. The strategy should be based on the principles of the United Nations resolutions on the establishment of the new international economic order and should make provision for far-reaching social and economic changes in the developing countries themselves.

29. Together with other socialist countries, his country was doing its utmost to expedite the preparation of an international code of conduct on the transfer of technology, which would be a practical contribution to the establishment of the new international economic order.

30. UNCTAD had a role to play in alleviating the burdens of land-locked developing countries. His delegation had taken active part in the drafting of UNCTAD resolution 123 (V) and urged the secretariat to intensify its efforts to have the provisions of that resolution implemented speedily.

31. UNCTAD must actively support the efforts of the world community to implement effective disarmament measures. His delegation welcomed the fact that the subject had been included in the agenda of the Trade and Development Board, and believed that UNCTAD should intensify its activities in that field; it was obvious that the successful solution of any country's economic and social problems depended largely on the international political situation.

32. UNCTAD's contribution to the implementation of the United Nations Declaration on the Granting of Independence to Colonial Countries and Peoples was still inadequate, and his delegation called upon the secretariat to take practical steps in that field and to report to the Trade and Development Board on the results. Moreover, measures should be taken promptly to implement UNCTAD resolution 109 (V) on assistance to national liberation movements recognized by regional intergovernmental organizations.

33. In conclusion, his delegation urged that immediate action should be taken to carry out the constructive provisions of UNCTAD resolution 114 (V) on enhancing the effectiveness of its activities and improving its organizational structure and mechanisms.

34. Mr. Murgescu (Romania) resumed the Chair.

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35. Mr. MISALF (Iraq) thanked the Secretary-General of UNCTAD for his opening statement on the results of the Manila Conference, and the staff of UNCTAD for their efforts to solve the economic problems of the developing countries in general and the least developed countries in particular. The developed and industrialized countries had been able to export the worst effects of the economic crisis that they were undergoing through their unjust economic relations with the developing countries. The developing countries were determined to use their hard-won political independence to bring about a change in those relations and they had made many constructive recommendations for structural changes in the international economy designed to promote world economic development and institute just and equitable relations.

36. Some 15 years had elapsed since the establishment of UNCTAD, and although important decisions had been reached by the international community on economic matters in the 1970s, in particular at the sixth and seventh special sessions of the General Assembly, in practice relatively little had been achieved. In fact, objective analysis showed that the developing countries' economies were suffering new setbacks and that the gap between rich and poor countries was widening. The failure to achieve structural change in economic relations was the result of a lack of political will on the part of the majority of industrialized countries. Indeed, there was a regrettable tendency among the industrialized countries to go back on resolutions and decisions in which they had concurred. The results of the Manila Conference greatly resembled those of earlier sessions: there had been a failure to reach agreement on the main issues of interest to the developing countries, in particular those set forth in the Arusha Declaration.

37. With regard to the evaluation of the world trade and economic situation and the consideration of measures to facilitate structural changes in the international economy, the Manila Conference had not achieved the results that the developing countries had hoped for. No decision had been reached that would foster a redistribution of trade, improve the developing countries' share in world industrial production and their control over their own natural resources, or offer them a greater share in decision-making on international economic matters.

38. With regard to the institutional issues discussed at the Conference, his delegation felt that UNCTAD, as a specialized body, was the General Assembly's main instrument for the review and follow-up of issues of world economic development. Greater co-ordination between UNCTAD and the specialized agencies was therefore called for. UNCTAD's role in trade and development on behalf of the developing countries should be strengthened, with a view to promoting the establishment of a new international economic order.

39. The industrialized countries had responded to the world economic crisis with a wave of protectionist measures, including cartels, price-fixing, and so-called voluntary export restrictions and orderly marketing arrangements. Their greatest impact had been on the developing countries' exports of manufactures and raw

(Mr. Nisaiif, Iraq)

materials, and the industrialized countries should be called on to take steps to rescind them. UNCTAD should continue to study carefully the effect of those measures on the developing countries. Unfortunately, the industrialized countries tended to make bilateral arrangements among themselves and to show little interest in the needs of the developing countries, despite the pledges made in the Tokyo Declaration. The developing countries had made proposals calling for the removal of quantitative restrictions on their exports, but few had been accepted. The multilateral trade negotiations should be continued, so that the aims and pledges of the Tokyo Declaration could be put into effect.

40. Because it was convinced of the importance of restructuring economic relations between developing and industrialized countries with a view to the establishment of a new international economic order, his delegation was a firm supporter of the Integrated Programme for Commodities in all its aspects. It supported the establishment of the Common Fund and was in favour of linking the prices of developing country commodity exports to those of the manufactures and services supplied by industrialized countries, with a view to stabilizing the export earnings of the developing countries at just and remunerative levels. It was also in favour of establishing a first and second window within the Common Fund. In that connexion, the industrialized countries should follow the example of the members of the Organization of Petroleum Exporting Countries, which had pledged \$100 million to the Common Fund.

41. The existing international monetary and financial system should be reformed on a just basis, with full account being taken of the development needs of the developing countries. Effective measures should also be taken to prevent the export of inflation from developed to developing countries. A long-term world fund should be set up to combat the destructive effects of world inflation, which bore particularly heavily on the developing countries, and the industrialized countries should be required to contribute at an annual rate proportional to the inflation which they exported; the oil-exporting countries should also contribute to the fund.

42. Many issues which had not been settled at the Manila Conference had been transmitted to the Trade and Development Board for further consideration. He urged all countries to co-operate in settling those unresolved issues as speedily as possible.

43. Mr. HAJNAL (Hungary) said that his country had expected the fifth session of UNCTAD to be an important milestone in the struggle for the restructuring of international economic relations on a just and democratic basis, and, with other socialist countries, had done its utmost to make a worthwhile contribution to its success. The Conference had adopted useful resolutions on several issues, but far more could have been achieved. His delegation deplored, in particular, the failure to adopt resolutions on such important questions as policies and measures for restructuring the world economy, trade between countries with different economic and social systems, and transnational corporations.

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(Mr. Hajnal, Hungary)

44. His country had unusually strong ties with the external economy, since more than 40 per cent of its national income came from foreign trade. Although its major trading partners were socialist countries, it carried on an active trade with developed capitalist and developing countries as well. Since Hungary was poorly supplied with national resources, its economy was strongly import-oriented; 15.6 per cent of its imports in 1978 had consisted of raw materials and primary products, a fact which meant that Hungary had an important stake in the stabilization of commodity markets.

45. At both the fourth and the fifth sessions of UNCTAD the socialist countries had submitted joint proposals on the normalization of commodity trade. In their view, the main obstacles to normalization were the international capitalist monopolies, advocacy of the unrestrained play of market forces and the inflation besetting the capitalist countries. His delegation favoured the conclusion of international commodity agreements, but continued to attach great importance to long-term bilateral agreements. The planned economies of the socialist countries their external economic activities and their practice of concluding long- and medium-term economic and trade agreements had a stabilizing effect on international commodity trade.

46. The development of trade between countries with different economic and social systems was equally important. East-West trade and trade between socialist and developing countries should both be emphasized in UNCTAD's work.

47. Trade flows with developing countries formed the most dynamic sector of his country's foreign trade and were encouraged by a system of preferential tariffs. Hungary's imports of manufactures were constantly growing and the scope of its agreements on industrial co-operation was widening. In future, however, it expected developing countries to adopt measures designed to facilitate trade expansion and to extend to the socialist countries terms no less favourable than those accorded to their capitalist trade partners.

48. Existing opportunities for trade with developed capitalist countries had not been fully used, and his Government intended to develop such trade. It was unacceptable, however, that certain capitalist countries should resort to protectionist measures in an effort to solve problems caused by the economic crisis. The application of such measures against Hungary adversely affected its trade and, indirectly, that of its developing country partners. For that reason, his delegation deplored the failure of the fifth session of UNCTAD and the nineteenth session of the Trade and Development Board to adopt a mutually acceptable resolution on trade between countries with different economic and social systems, even though a suitable basis had been provided by the draft resolution submitted by the socialist countries.

49. His delegation shared the view that UNCTAD could make a significant contribution to the preparation of the new international development strategy.

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(Mr. Hajnal, Hungary)

It looked forward to the results of the forthcoming session of the intergovernmental working group which was to plan UNCTAD's contribution to the formulation of the new strategy.

50. Mr. VALTASAARI (Finland) said that the search for new forms and mechanisms of negotiation had been a long one, mainly because the international community had found it difficult to reach a common understanding of the new interdependence between nations and issues. Throughout the process UNCTAD had served as a forum for negotiations on a number of issues of vital importance for developing countries. His delegation firmly believed that UNCTAD's capability in those areas should be fully utilized.

51. Despite the changes that had taken place in the international economy, primary products and commodities continued to occupy an important place in the economies of most developing countries. His delegation had welcomed UNCTAD's early initiative with respect to the Integrated Programme for Commodities and the understanding on the basic elements of the Common Fund, and it hoped that negotiations would soon bring about the establishment of the Common Fund. His Government had noted with satisfaction the decision of the fifth session to intensify UNCTAD's role in the field of primary products and commodities. The Integrated Programme would give UNCTAD an opportunity to deal with the marketing, distribution and processing of commodities and thereby to become involved in the very structures of the commodity trade.

52. UNCTAD's role with regard to the code of conduct on the transfer of technology had been crucial. His delegation had noted with concern that the United Nations Conference on that subject appeared to be deadlocked and was unlikely to reach final agreement. Every effort should be made to enable the Conference to complete its work in the near future. UNCTAD's role would undoubtedly be important in the field of restrictive business practices also. His Government looked forward to the forthcoming Conference which was to establish a new framework for international co-operation in that area.

53. With regard to UNCTAD's future work, he said that resolution 131 (V), which called upon UNCTAD to examine the problems created by protectionism, reflected not only the new importance given to UNCTAD but also a new conceptual approach to structural change in the world economy.

54. One of the lessons of the Second Development Decade had been that the least developed countries had largely remained isolated from the development process. His delegation therefore welcomed UNCTAD resolution 122 (V), which contained proposals for specific action in favour of land-locked developing countries. The proposals should be fully implemented and treated as an important element of the new international development strategy. His delegation welcomed the decision of the Trade and Development Board that a high-level intergovernmental group should plan UNCTAD's contribution to the new strategy. The preparations for that Strategy were subject to a strict time-limit, and priority should therefore be given to that subject in UNCTAD's work.

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55. Mr. LIPATOV (Ukrainian Soviet Socialist Republic) said that the restructuring of the entire system of international economic relations had acquired particular urgency at a time when the world capitalist economy was continuing to experience a severe crisis. The discriminatory system of world capitalist economics was making itself increasingly apparent in the spheres of trade and monetary matters and in the assimilation by newly-independent States of advances in science and technology. Similarly, the developing countries continued to find their access to the markets of the capitalist world blocked by tariff and other barriers. As the Committee was well aware, the economic problems of the majority of developing countries remained unresolved, and their backwardness in relation to the industrially developed countries persisted.

56. Serious difficulties in the field of international economic co-operation had led to the expectation that the fifth session of UNCTAD would take decisive and practical steps to bring about a change in the unfavourable position of developing countries with respect to international trade. Unfortunately, the hopes which had been placed in the Manila Conference had proved unjustified, as many representatives had testified in the Committee. The meagre results of that Conference were the outcome of the reluctance of imperialist circles to exhibit the political will to take positive decisions on the restructuring of international trade and economic relations.

57. The socialist countries had made strenuous efforts to devise mutually acceptable decisions on those questions. They had submitted a number of important proposals at Manila with the object of ensuring that the Conference achieved positive results, including proposals on the role of transnational corporations in commodity trade and trade in manufactures, on reducing the impact of the activities of foreign private capital in the developing countries, on the protectionist measures enacted in recent years by major capitalist States, including measures against the socialist countries, and on co-operation with the least developed countries.

58. The activities of the transnational corporations were one of the principal obstacles to the elimination of diktat and inequity in international trade relations. At the fifth session of UNCTAD the socialist countries had expressed in their joint declaration their views on the pernicious consequences of those activities. The transnational corporations generally controlled all stages of the production and sales of raw materials, and their influence distorted the industrial development of the developing countries. They retained control over the transport, processing, sales and financing of raw materials and inflicted upon the developing countries a form of industrialization and economic specialization which, while leading to a certain degree of economic development, intensified their dependence on the system of capitalist world economic links. The increasing penetration of the economies of the developing countries by the transnational corporations was a serious threat to their sovereignty. Worse still, those corporations were creating international consortia in world markets with a view to averting possible nationalization of their individual assets, controlling markets for raw materials and manufactures, and eliminating competition. It was their policy to undermine international commodity agreements and the stabilization of prices on world commodity markets.

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(Mr. Lipatov, Ukrainian SSR)

59. UNCTAD should be more active in studying the adverse consequences of the activities of transnational corporations and should promote action to establish effective control over their operations and to safeguard the national interests of the developing countries in their relations with monopoly capital. The main purpose of UNCTAD, after all, was to eliminate discrimination and other barriers to international trade, and to eliminate all inequality, coercion and exploitation in international trade relations.

60. The representative of CMEA had given a detailed account of the considerable increase in trade between the developing countries and the socialist States of Eastern Europe. The situation with regard to trade between East and West had not, however, shown any significant change, primarily because there were still many discriminatory obstacles to the strengthening of trade and economic relations between the socialist countries and market-economy countries. He hoped that UNCTAD would take more decisive action to eradicate discrimination from East-West trade.

61. Progress in expanding international trade relations could only come about in conditions of lasting peace and international security. A healthy political climate was a prerequisite for solving the pressing problems facing the world community in the field of international trade and economic activity. The arms race exacerbated inflation, diverted considerable resources both from development and from international trade, and hindered the solution of social and economic problems. In conclusion, he expressed the hope that UNCTAD would continue its efforts to remove the obstacles to the expansion of trade relations between all countries for the benefit of universal peace and progress.

62. Mr. AROCHA (Venezuela) said that in the course of the Committee's proceedings at the current session there had been few clearer instances of the existing stalemate in international economic relations than the current analysis of the results of the fifth session of UNCTAD. The fact was that no consensus had been reached on the basic topic, the evaluation of the world trade and economic situation and the consideration of issues, policies and appropriate measures to facilitate structural changes in the world economy. Opinion had been sharply divided: the developing countries wanted to see necessary institutional changes rather than changes in terms of annual growth rates. It was already abundantly clear that structural changes could never be achieved through so-called "market forces".

63. Similarly, there had been no consensus with regard to the current round of multilateral trade negotiations. Such agreements as had been reached were peripheral to the developing countries' fundamental interests, particularly the removal of quantitative restrictions and tariff and non-tariff barriers to developing country exports, and what improvements there had been related only to the treatment of tropical products. Similarly, because of opposition from the industrialized countries the steps taken on protectionism and structural adjustment had been very timid. UNCTAD's action in that field must be strengthened.

64. Other matters on which no consensus had been reached were measures to expand and diversify the developing countries' exports of manufactures and semi-manufactures and the generalized system of preferences. The hopes of the

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(Mr. Arocha, Venezuela)

Group of 77 for agreement on steps to restructure world trade and production, to increase the industrial capacity of the developing countries and to enhance their share in the trade and distribution of industrial products had likewise been thwarted by the negotiators from the industrialized countries. The same applied to the resolution on international monetary reform, to the problem of the indebtedness of the developing countries and to the proposals for an effective system of international financial co-operation. No agreement had been reached on establishing arrangements for multilateral guarantees for investments, or on trade among countries with different economic and social systems. No serious negotiations had taken place on the substance of the international code of conduct for the transfer of technology. Finally, it had been impossible to reach a compromise with the industrialized countries on shipping matters, either on container transport, where the developing countries aspired to an equitable share, particularly for their own exports, or with regard to financial and technical assistance for shipbuilding in developing countries.

65. The developing countries wanted UNCTAD to play a more important role in world negotiations and decisions on monetary affairs and trade, among other things, and therefore wanted it to have more administrative and operational autonomy within the United Nations system. However, for the sake of achieving consensus, the proposal of the Group of 77 on institutional matters at the fifth session had had to be watered down considerably. In the circumstances, therefore, it seemed appropriate to say that the Manila Conference symbolized the stalemate in international economic negotiations.

66. The lack of any progress in the negotiations within UNCTAD and elsewhere meant that no advance was being made towards any of the necessary changes in world trade, money, finance and development. It was paradoxical that while Governments talked about growing interdependence, in practice their actions were increasingly independent. That interdependent world existed only within the precincts of the United Nations; the real world was demanding structural changes instead of talk about interdependence. In the real economic world outside the United Nations, things were happening every day that contradicted what was said in the conference rooms. Not only did nothing change in favour of the developing countries but the only real progress was in favour of the traditionally wealthy minority. Instead of declining, the developing countries' official public debt was increasing; instead of improving, their terms of trade were deteriorating; the developing countries' share in value added throughout the world, instead of increasing, was declining. And while all that was going on, the negotiations were failing. What was serious was that, as the poor countries got deeper into debt, the negotiations intended to improve that situation broke down. Thus, as in colonial times of debt bondage and slavery, many developing countries would have to toil for years simply to pay off their debts to the dominating countries, only then becoming economically free.

67. Clearly, therefore, the outcome of the Manila Conference was discouraging. The situation heralded a loss of confidence in international negotiations and in the capacity of the system to bring about a peaceful settlement of the economic conflicts dividing mankind. That was not to say that the developing world intended to beat its few ploughshares into swords, but the developed countries should be

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(Mr. Arocha, Venezuela)

warned that institutional changes would have to be made soon. Otherwise the world might well become an economic "South Africa", where the growing desperation of the developing countries would inevitably end in violence and rebellion.

68. It was sometimes said, in explanation of the discrepancy between real life and the resolutions of the United Nations, that the transnational corporations were not part of the system, that they were world-oriented, and that public opinion was unaware of the needs of the third world and of the relationship between the satisfaction of those needs and world peace. If that was the case, it was hard to understand how the Governments of the developed countries could allow such a mistaken idea of the developing countries to gain currency. To allow stereotypes to take root in public opinion in the developed countries was to do poor service to the promotion of the new international economic order. The creative contribution that the developing countries could make was consistently ignored or underestimated. It was to be hoped, in any event, that in future negotiators from the developed countries would show greater receptivity to the problems of the developing world.

69. There was a limit to human injustice and a physical, if not a moral, limit to the continuation of life-styles based on pillaging the earth's finite resources. Moreover, the developed world could not go on printing paper money to pay for the raw materials of the developing countries. A new equilibrium would have to be achieved, therefore, but possibly not through negotiation or, in the short term, within UNCTAD (where some developed countries refused even to discuss monetary matters), but through alternative means, such as the identification and establishment of programmes of economic and technical co-operation among developing countries, as advocated at the recent meeting of the non-aligned countries at Havana and in the Ministerial Declaration of the Group of 77 and as set forth in resolution 127 (V), which was probably the Manila Conference's most positive achievement. UNCTAD would be called upon to play an increasing role in fostering co-operation among the developing countries. He would repeat once again the conviction so often expressed by members of the Andean group in their statements in the Committee, that in future it was chiefly by that avenue that progress should be sought.

70. Mr. ZIMNY (Poland) said that the problems discussed and the decisions adopted at the fifth session of UNCTAD had long-term implications and that great caution should be exercised in evaluating the results of the Conference. One achievement, however, was the adoption by consensus of a comprehensive resolution which would stimulate progress towards the implementation of an integrated programme for commodities.

71. The discussions at the Manila Conference had dealt with other commodity issues, such as marketing and distribution and the role of transnational corporations in international commodity trade. The question of rampant protectionism had also arisen, and had been the subject of particularly heated exchanges, which illustrated the recognition by all countries that protectionist policies posed a real threat to the economies of developing and developed countries alike. The effect of protectionism, whether in the form of official trade policy or of restrictive

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(Mr. Zimny, Poland)

business practices, was to deny countries a market for their exports. His delegation hoped that UNCTAD would make progress in the difficult task of coping with restrictive business practices, a task complicated by the hidden and sometimes even clandestine nature of those barriers to international trade. Private discriminatory restraints, of which the transnational corporations were acknowledged to be masters, were not limited solely to the commodity markets, but affected services, technology and the financial markets as well. He hoped that UNCTAD would give high priority in its activities to formulating recommendations aimed at abolishing those practices.

72. His delegation attached great importance to UNCTAD's role in connexion with trade relations among countries with different socio-economic systems. It was firmly convinced that the over-all flow of trade between countries with different socio-economic systems should be included in the general discussion of trade relations. There was a very close relationship between trade between the socialist and the developing countries and East-West trade. Experience had shown that the development of economic and trade co-operation between socialist and developed countries produced an expansion in co-operation between developing and socialist countries. For that reason he urged UNCTAD to implement the principle of universality when considering the question of international trade relations.

73. His Government had recently established guidelines for a 10-year programme of co-operation with developing countries based on the concept of partnership for development. For the first time those guidelines not only applied to trade, as had previously been the case, but envisaged comprehensive co-operation in industry, science, technology and culture. The guidelines covered the same period as the proposed strategy for the third United Nations development decade. His country's economic administration, together with numerous organizations and institutions, would be engaged in implementing the programme. He believed that the expansion of economic co-operation between Poland and the developing countries in accordance with the new guidelines would bring about a change in the patterns of production and trade, matters which were of primary concern to the developing countries.

ORGANIZATION OF WORK

74. The CHAIRMAN suggested that the Committee should postpone its consideration of the draft resolutions under item 66 until the meeting to be held on Tuesday, 20 November.

75. It was so decided.

The meeting rose at 1.05 p.m.