



UNITED NATIONS ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

REPORT OF THE MINISTERIAL CONFERENCE  
ON ASIAN ECONOMIC CO-OPERATION

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## I. INTRODUCTION

1. In pursuance of resolution 45 (XIX) adopted by the United Nations Economic Commission for Asia and the Far East at its nineteenth session held at Manila in March 1963, a meeting of cabinet ministers and high-ranking officials of member and associate member governments of the ECAFE region was held at Manila from 3 to 6 December 1963.

### Attendance

2. The meeting was attended by representatives of nineteen member countries and two associate members, namely: Afghanistan, Australia, Burma, Ceylon, China, India, Indonesia, Iran, Japan, the Republic of Korea, Laos, Mongolian People's Republic, Nepal, New Zealand, Pakistan, the Philippines, the Republic of Viet-Nam, Thailand, Western Samoa, Brunei and Hong Kong.

3. A list of representatives is given as appendix II.

### Address of the President of the Republic of the Philippines

4. In the absence abroad of His Excellency, President Diosdado Macapagal, Mr Salvador Marino, Acting Executive Secretary of the Government of the Republic of the Philippines, read the presidential address. The text of the address is reproduced in appendix III.

### Statement of the Executive Secretary

5. U Nyun, Executive Secretary of ECAFE, reviewed the events leading to the Ministerial Conference, and the preparatory studies, expert group meetings and conference of senior officials of member countries of the ECAFE region. He outlined the purposes and objectives of the Conference and stressed the urgency and need for increased and concerted action for accelerating the economic growth of the ECAFE region. His statement is given in appendix III.

### Vote of thanks

6. The Conference adopted unanimously a vote of thanks to the Government of the Republic of the Philippines for the generous hospitality extended to the delegates, to His Excellency, the President of the Philippines, to the Acting Executive Secretary of the Government of the Republic of the Philippines, and to the ECAFE secretariat.

/Election of

Election of Chairman and Vice-Chairmen

7. The Honourable Cornelio Balmaceda (Philippines) was elected Chairman.
8. H.E. Dr Alikhani (Iran), was elected first vice-chairman; H.E. Mr Maithripala Senanayake (Ceylon), and H.E. Mr Mohammad Sarwar Omar (Afghanistan), were elected second vice-chairman and third vice-chairman, respectively.

Adoption of the agenda

9. The agenda, as submitted by the ECAFE secretariat, was adopted and is given as appendix I to this report.

Committee of the Whole

10. A Committee of the Whole was established, of which H.E. Dr Alikhani (Iran) was designated Chairman. The Committee held two meetings and prepared the draft resolutions and the draft report.

Adoption of the report and resolutions

11. The report and resolutions were adopted by the Conference at its closing session on 6 December 1963.

II. MEASURES FOR ECONOMIC CO-OPERATION IN THE ECAFE REGION

12. The Conference had an extensive discussion on the report of the Preparatory Meeting for Special Conference on Asian Economic Co-operation. The reports of the Preparatory Meeting and of the Working Group of Experts on Regional Economic Co-operation were highly commended. The delegates commented extensively on various recommendations relating to measures for regional economic co-operation in Asia and indicated the views of their respective governments. The texts of their statements are reproduced in appendix III.

13. The Ministerial Conference adopted a resolution indicating the agreed measures for regional economic co-operation, outlining the immediate and future work to be done. The text of the resolution is attached.

/III.

### III. UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

14. The Ministerial Conference had before it the report of the second session of the Preparatory Committee for the United Nations Conference on Trade and Development and the "Joint Statement by Representatives of Developing Countries" made at the close of the second session of the Preparatory Committee. U Nyun, Executive Secretary, reviewed briefly the progress of the preparations for that Conference, in which the ECAFE secretariat and a number of member countries of the Commission had actively participated. Stressing the importance of the success of the Conference to the progress and well-being of the developing countries of the ECAFE region, he urged member governments to maintain close consultations and to unite in their efforts in securing concrete benefits from the Conference.

15. The representatives of three land-locked countries of the ECAFE region, namely, Afghanistan, Laos and Nepal, stressed the importance of providing adequate and unrestricted transit facilities for developing their trade and pointed out that they would be submitting a draft convention on transit facilities for consideration by the United Nations Conference on Trade and Development. The Ministerial Conference recognized the right of free transit for land-locked countries and the special considerations which applied to their problems in this regard, and considered the importance of the relationship of these problems to questions of regional co-operation and the expansion of intra-regional trade. The Conference requested the assistance of the ECAFE secretariat in preparing the draft convention on the lines of, but amplifying and modernizing, the Barcelona Convention, for preliminary consideration by the three governments specified above.

16. Owing to the inability of Mr Raul Prebisch, Secretary-General of the United Nations Conference on Trade and Development, to attend the Conference, his statement on the Trade Conference was circulated to the delegates.

17. Following the discussions on the documents and statements placed before it, the Conference adopted a resolution on the United Nations Conference on Trade and Development, the text of which is attached to this report.

IV. RESOLUTION ON ASIAN ECONOMIC CO-OPERATION

The Ministerial Conference on Asian Economic Co-operation,

NOTING with satisfaction the useful results achieved by this Conference in promoting regional economic co-operation in the ECAFE region;

RECORDING its appreciation of the useful work done by the Working Group of Experts and by the Preparatory Meeting of officials;

CONSIDERING that the rapid development of the economies of the member countries of the ECAFE region and the improvement of the general well-being of their peoples are essential for the attainment of the purposes of the United Nations;

EXPRESSING ITS DEEP CONCERN that most countries of the ECAFE region are encountering serious difficulties in achieving the minimum desirable rates of economic growth and that developments in international trade have not only failed to stimulate but have impeded the economic development of most countries of the region;

RECOGNIZING that closer economic co-operation among the member countries of the ECAFE region would greatly assist the most efficient utilization of their resources and the rapid economic development, particularly of the small developing nations;

RECOGNIZING the right of free transit for land-locked countries and the special considerations which apply to their transport and transit problems and the importance of the relationship of these problems to questions of regional co-operation and the expansion of intra-regional trade;

NOTING the results of regional economic co-operation in other areas of the world;

CONVINCED that accelerated economic growth of the member countries of the ECAFE region will promote intra-regional trade expansion and healthier and more expanding trade and economic co-operation with the rest of the world;

/DETERMINED

DETERMINED to take practical measures for promoting regional economic co-operation in various fields including trade, industry, mining, agriculture, transport and communications;

HEREBY AGREES:

First, that member countries of the ECAFE region shall endeavour jointly and individually to achieve an increasing measure of economic co-operation;

Second, that regional economic co-operation shall be based on mutual respect for national sovereignty, mutuality in advantage and assistance, with due recognition of the different stages of development of the countries of the ECAFE region and of the importance of co-operation with countries outside the region;

Third, that consistently with the respective national interests of the countries of the region, the objectives of regional economic co-operation shall be:

1. To foster the rapid economic and social development of the member countries of the ECAFE region by the development of trade, industry, agriculture, transport and other sectors;
2. To promote the growth of intra-regional trade on the basis of non-discrimination and mutual advantage by examining appropriate measures of trade liberalization such as the removal of quantitative restrictions and reduction of tariffs and through the promotion of free areas or customs unions on a sub-regional basis among interested countries;
3. To take vigorous concerted measures, where appropriate, for the promotion of exports of primary commodities and manufactures and semi-manufactures to countries outside the ECAFE region and for the improvement of productivity and for reduction in costs;
4. To make co-ordinated efforts in the planning and execution of agreed industrial, mineral, agricultural and fisheries projects on a regional or sub-regional basis, paying special attention

/to the

to the requirements of the less-advanced countries of the region and with participating countries supporting the projects by appropriate measures of commercial policy;

5. To institute joint action towards the rationalization of ocean freight rates and routes;
6. To use where possible government purchases as one of the means of promoting intra-regional trade and, to the extent possible, to give preference in their purchases to goods produced in the region;
7. To undertake such other measures within the framework of regional economic co-operation as are calculated to facilitate the promotion of economic progress and stability within the region;

FURTHER AGREES:

First, that for the purpose of carrying out the above objectives appropriate arrangements shall be devised and that member countries of the ECAFE region shall undertake the necessary technical investigations and inquiries through ad hoc meetings of representatives and expert groups, utilizing fully the assistance of the secretariat of the United Nations Economic Commission for Asia and the Far East in these activities;

Second, that such ad hoc committees shall be convened as soon as feasible to undertake the necessary studies, to suggest practicable programmes aimed at increasing intra-regional co-operation and to recommend the institutional arrangements that would have to be made in order to implement, specifically:

- (a) an acceptable programme of trade liberalization, removal of quota restrictions and tariff reduction within countries of the ECAFE region;

/(b)

- (b) concerted measures for the promotion of and stabilization at remunerative and reasonable prices of exports of primary commodities;
- (c) the co-ordinated establishment of industrial and other projects including joint ventures on a regional and sub-regional basis;
- (d) the establishment of an Asian Development Bank;
- (e) the rationalization of ocean freight rates which have an adverse effect on the foreign trade of the region, particularly on the exports of the region, and the co-ordination of maritime transport facilities;
- (f) the co-ordination, where necessary or desirable, of air transport facilities among member countries of the ECAFE region;

Third, that the ECAFE secretariat be requested to prepare a draft convention on unrestricted right of transit facilities for land-locked countries on the lines of, but amplifying and modernizing, the Barcelona Convention; and

Fourth, that meetings of ministers of member countries of the ECAFE region, on the lines of the present Ministerial Conference, be convened by the Executive Secretary of ECAFE from time to time in order to review the progress in the implementation of the programme of regional economic co-operation outlined above and to take further steps necessary for accelerating regional economic co-operation.

/V.



V. RESOLUTION ON THE UNITED NATIONS CONFERENCE  
ON TRADE AND DEVELOPMENT

The Ministerial Conference on Asian Economic Co-operation,

Considering that the United Nations Conference on Trade and Development, to be convened in 1964, provides a unique opportunity for the member countries of the ECAFE region to urge the adoption of appropriate measures for the promotion of international trade aimed at accelerating their rates of economic growth and provision of adequate machinery for this purpose;

Commending the valuable work accomplished by the Preparatory Committee of the United Nations Conference on Trade and Development at its first and second sessions in identifying and clarifying the various issues, proposals and suggestions made by member nations for consideration by the Conference;

Recognizing that the benefits which will accrue to the developing countries will depend largely on the decisions to be taken at the Conference and on their effective implementation and that, to this end, thorough and concerted preparations by developing countries of the ECAFE region among themselves as well as with the developing countries in other regions are required;

Noting with appreciation the active interest taken by the ECAFE secretariat in the preparatory work of the Conference, through consultations with member governments of the ECAFE region, preparation of studies and documents and other means;

Noting that the Joint Statement of representatives of developing countries, contained in paragraph 186 of the report of the Preparatory Committee (second session), represents a constructive and reasonable statement of the problems, aspirations and requirements of the developing countries;

Noting further

Noting further resolution 1897 of 13 November 1963 adopted unanimously by the General Assembly of the United Nations and the various statements in relation thereto:

1. Commends the above-mentioned Joint Statement accepted in the General Assembly Resolution 1897 to the United Nations Conference on Trade and Development for implementation;
2. Invites member governments of the ECAFE region to hold intensive consultations among themselves on the various questions to be taken up at the Conference on Trade and Development prior to as well as during the Conference, with a view to finding satisfactory solutions to common problems;
3. Invites them further to develop a common and co-operative approach with the developing countries in other regions with respect to the deliberations of the Conference; and
4. Requests the Executive Secretary of ECAFE to render member governments of the ECAFE region such assistance as they may require in achieving the objectives of this resolution.

/Appendix Ia

Appendix Ia

AGENDA

1. Opening statement by the Executive Secretary.
2. Election of the Chairman and two Vice-Chairmen.
3. Adoption of agenda.
4. Consideration of the report of the Preparatory Meeting for Special Conference on Asian Economic Co-operation on "Measures for Economic Co-operation in the ECAFE region".
5. Participation of countries of the ECAFE region in the United Nations Conference on Trade and Development.
6. Adoption of an action programme for the implementation of resolution 45 (XIX) on Accelerated Measures for Regional Co-operation for Development of Trade and Industry.

/Appendix Ib

Appendix Ib

ANNOTATED AGENDA

- Item 1. Opening statement by the Executive Secretary
- Item 2. Election of the chairman and two vice-chairmen
- Item 3. Adoption of agenda
- Item 4. Consideration of the report of the Preparatory Meeting for the Special Conference on Asian Economic Co-operation entitled "Measures for Economic Co-operation in the ECAFE region"

This is the main item for consideration. In this connexion the report of the Preparatory Meeting which met at Bangkok from 21-26 October 1963, is the basic document.

To facilitate the work of the Conference, the principal recommendations of the Preparatory Meeting are listed below:

- 1. Trade liberalization and quotas on a region-wide basis:

A committee on officials from interested member countries of the region might undertake further technical examination of trade liberalization with a view to working out in detail an acceptable programme.

- 2. Quotas and tariffs on a sub-regional basis:

This should engage the immediate and earnest attention of interested member countries so that appropriate action may be initiated to make the necessary studies as early as possible.

- 3. Government purchases:

To the extent possible, countries of the region should give preference in their purchases to goods produced within the region. Measures should be taken by countries to give fuller information on goods produced in the region and to inform each other of the purchases they propose to make.

4. Development planning:

Establishment of an ad hoc expert group to study the feasibility of regional or sub-regional industries and the promotion of joint ventures, with the participation of interested countries.

Exchange of information on national development plans.

5. Regional Development Bank:

Detailed examination of the project by an expert group, with the assistance of the International Bank for Reconstruction and Development.

6. Business participation in intra-regional trade:

Immediate measures by governments could be taken relating to travel of businessmen, customs formalities, trade fairs and display and information centres, training courses for businessmen and commercial arbitration.

7. Primary commodities:

Co-ordination of views and policies; joint action for international commodity agreements; conclusion of long-term contracts; co-operation in research.

8. Shipping:

Pooling of available shipping facilities including the establishment of a regional shipping line on a sub-regional basis and a regional conference line; joint negotiations by countries of the region with conference lines for rationalization of shipping rules and freight rates; an ad hoc working group of experts to study the above questions and to consider the establishment of a regional consultative body by countries of the region

9. Air transport:

Examination of the possibility of pooling facilities.

10. Organizational arrangements:

A proposal to establish a Council of Ministers has been referred to this high-level meeting. Pending consideration of this proposal by governments, ad hoc ministerial or high-level meetings could be convened to provide machinery for carrying out regional co-operation measures.

Item 5. Participation of countries of the ECAFE region in the United Nations Conference on Trade and Development

Thorough preparations for active participation in the Conference by countries of the ECAFE region, and consultations with a view to developing a common approach to the various trade problems to be taken up at the Conference.

Item 6. Adoption of an action programme for the implementation of resolution 45 (XIX) on Accelerated Measures for Regional Co-operation for Development of Trade and Industry

An action programme for accelerated measures for regional economic co-operation may be expected to emerge from the recommendations and decisions under item 4.

/Appendix II

Appendix II

LIST OF PARTICIPANTS

MEMBERS

AFGHANISTAN

- Representative: H.E. Mr Mohammad Sarwar Omar, Minister of Commerce, Government of Afghanistan, Kabul
- Alternate: Mr Mir Mohammad Sediq Farhang, Deputy Minister of Planning, Government of Afghanistan, Kabul
- Adviser: Mr Arthur Paul, Ministry of Commerce, Government of Afghanistan, Kabul

AUSTRALIA

- Representative: Mr R.L. Harry, First Assistant Secretary, Department of External Affairs, Canberra
- Alternates: Mr Robert Felgennet, Director, International Trade Relations, Department of Trade, Canberra
- Mr I. Castles, Senior Finance Officer, Department of the Treasury, Canberra
- Mr D.C. Goss, Second Secretary and Assistant Liaison Officer to ECAFE, Australian Embassy, Bangkok

BURMA

- Representative: H.E. U Tun Shein, Ambassador Extraordinary and Plenipotentiary of Burma, Burmese Embassy, Tokyo
- Alternate: U Paw Htin, First Secretary and Permanent Representative to ECAFE, Burmese Embassy, Bangkok

CEYLON

- Representative: H.E. Mr Maithripala Senanayake, Minister of Commerce and Industries, Government of Ceylon, Colombo

/Alternates:

Alternates: Mr G.V.P. Samarasinghe, Director of Commerce,  
Department of Commerce, Government of Ceylon, Colombo

Mr R.M. Seneviratne, Assistant Director, Ministry of  
Commerce and Industry, Government of Ceylon, Colombo

Mr P.B. Karandawala, Assistant Secretary, Ministry  
of Finance, Government of Ceylon, Colombo

CHINA

Representative: H.E. Mr Hsu Peh-yuan, Governor, Central Bank of  
China and Chairman, Foreign Exchange and Trade Control  
Commission, Executive Yuan, former Minister of  
Finance, Taipei, Taiwan

Alternates: Mr Tien Pao-tai, Charge d'Affaires, Chinese Embassy,  
Manila

Mr Wilfred Ling, Manager, Purchasing Department,  
Central Trust of China, Taipei, Taiwan

INDIA

Representative: H.E. Mr Manubhai Shah, Minister for International  
Trade, Government of India, New Delhi

Alternates: Mr S. Gupta, Joint Secretary, Ministry of External  
Affairs, Government of India, New Delhi

Mr D.K. Srinivaschar, Joint Secretary, Ministry of  
International Trade, Government of India, New Delhi

Mr S. Krishnamurti, Joint Secretary, Department  
of Economic Affairs, Ministry of Finance, Government  
of India, New Delhi

Adviser: Mr R.M. Honavar, Deputy Economic Adviser, Ministry of  
Industry, Government of India, New Delhi

Adviser/Secretary: Mr Harbel Singh, Under Secretary, Ministry of  
International Trade, Government of India,  
New Delhi

/INDONESIA



INDONESIA

Representative: H.E. Mr Nazir Dt. Pamontjak, Ambassador of  
Indonesia to the Philippines, Manila

Mr S.M. Soemintardjo, Senior Official,  
Department of Foreign Affairs, Djakarta

Mr Surjo Sediono, Senior Official, Department  
of Basic Industries, Djakarta

Mr Fadil Abdullah, Directorate for Foreign  
Trade Relations, Department of Trade, Djakarta

Mr Muhamad Samsi, Third Secretary, Indonesian  
Embassy, Manila

IRAN

Representative: H.E. Dr Alikhani, Minister of Economy,  
Government of Iran, Teheran

Alternates: Dr Kianpour, Under Secretary for Customs,  
Ministry of Economy, Government of Iran, Teheran

Dr R.S. Teherani, Director-General, Foreign  
Trade, Ministry of Economy, Government of Iran,  
Teheran

Dr Behnam, Adviser, Ministry of Economy,  
Government of Iran, Teheran

JAPAN

Representative: H.E. Mr Osamu Itagaki, Japanese Ambassador to  
the Republic of the Philippines, Manila

Alternates: Mr Yoshihiro Nakayama, Director, Economic  
Affairs Bureau, Ministry of Foreign Affairs,  
Government of Japan, Tokyo

Mr Shunichi Yamanaka, Chief, Economic and  
Social Affairs Section, United Nations Bureau,  
Ministry of Foreign Affairs, Government of  
Japan, Tokyo

Mr Masahiro Maeda, First Secretary, Embassy of  
Japan in the Republic of the Philippines, Manila

/Advisers:

Advisers:

Office, Economic Affairs Bureau, Ministry of  
Foreign Affairs, Government of Japan, Tokyo

Mr Yoshio Hatano, Third Secretary, Embassy of  
Japan in Thailand, Bangkok

Mr Hiroshi Ueda, Assistant to Chief, Overseas  
Trade Section, Shipping Bureau, Ministry of  
Transportation, Government of Japan, Tokyo

Mr Toyoaki Ikuta, First Secretary, Commerce  
Embassy of Japan

Mr Haruhisa Segawa, Second Secretary, Finance  
Embassy of Japan

KOREA, REPUBLIC OF

Representative: Mr Yang Soo Yoo, Ambassador Designate of the  
Republic of Korea to the Republic of the  
Philippines, Manila

Alternates: Mr Myung Won Shim, Director, Bureau of Economic  
Affairs, Ministry of Foreign Affairs, Republic of  
Korea, Seoul

Mr Chang Souk Kim, Second Secretary, Ministry of  
Foreign Affairs, Republic of Korea, Seoul

Mr Myoung Kun Park, Economic Administrator,  
Economic Planning Board, Republic of Korea, Seoul

LAOS

Representative: H.E. Mr Keo Viphakone, Secrétaire d'Etat à la  
Prévoyance Sociale, Vientiane

Alternates: Mr Nivong Souvanheuané, Chef de Cabinet du  
Ministère de l'Economie Nationale et du Plan,  
Vientiane

Mr Kienthong, Conseiller à l'Ambassade Royale  
du Laos, Délégué permanent de l'ECAFE à Bangkok

/MONGOLIAN

MONGOLIAN PEOPLE'S REPUBLIC

Representative: Mr Sandagin Sosorbaram, First Deputy Foreign Minister

Alternate: Mr Eondongin Ochir, Deputy Foreign Trade Minister

Secretary: Mrs Zursandanzan Ider, Ministry of Foreign Affairs

NEPAL

Representative: H.E. Mr Vedananda Jha, Minister for Industry and Commerce, Government of Nepal, Kathmandu

Alternates: Mr Devendra Raj Upadhaya, Under Secretary, Department of Public Administration, Government of Nepal, Kathmandu

NEW ZEALAND

Representative: Mr Foss Shanahan, Deputy Secretary of External Affairs, Department of External Affairs, Wellington

Alternates: Mr G. Easterbrook-Smith, Director, Development Division, Department of Industries and Commerce, Government of New Zealand, Wellington

Mr T.C. O'Brien, Third Secretary and Deputy Permanent Representative to ECAFE, New Zealand Embassy, Bangkok

Secretary: Miss B.J. Kent, New Zealand Embassy, Bangkok

PAKISTAN

Representative: H.E. Mr A.M. Malik, Ambassador of Pakistan in the Philippines, Embassy of Pakistan, Manila

Alternate: Mr M. Ismail, Joint Secretary, Economic Affairs, Government of Pakistan, Karachi

PHILIPPINES

Representative: Hon. Cornelio Balmaceda, Secretary, Department of Commerce and Industry

Alternates: Hon. Andres V. Castillo, Governor, Central Bank of the Philippines

Hon. Sixto K. Roxas, Chairman, National Economic Council

/Hon.

Hon. Armand Fabella, Director-General, Program  
Implementation Agency

Hon. Medina Lacson de Leon, Under-Secretary of  
Commerce, Department of Commerce and Industry

Dr Amado de Castro, Governor, Development Bank  
of the Philippines

Mr Agustin P. Mangila, Minister, Department of  
Foreign Affairs

Advisers:

Dr Benito Legarda, Jr.  
Director, Foreign Loans and Investment Department

Mr Anacleto Francisco  
Deputy Tariff Commissioner

Mr Domingo Arcega  
President, Philippine Chamber of Industries

Mr Hilarion Henares, Jr.  
President, Philippine Chamber of Industries

Dr Manuel Lim  
President, Philippine National Committee  
International Chamber of Commerce

Mr Benjamin N. Tabios  
Under-Secretary of Industry  
Department of Commerce and Industry

Mr Teofilo Reyes, Sr.  
Deputy Commissioner  
Office of Economic Co-ordination

Col. Generoso Tanseco  
President, United President Lines

Director Eliodoro de la Rosa  
Civil Aeronautics Board

Director Angel Yoingco  
Tax Commission

Mr Eliseo Villamor  
Office of Economic Affairs, Malacanang

/Mr Cesar Corvera

Mr Cesar Corvera  
Office of Economic Affairs, Malacanang

Mr Constancio Ancheta  
National Economic Council

Mr Roberto Garcia  
Central Bank of the Philippines

Mr Ricardo Tan  
Office of Economic Affairs, Malacanang

Mr Sergio Javellana  
Office of Economic Affairs, Malacanang

Mr Eliodoro Robles  
Department of Foreign Affairs

Mr Conrado de Castro  
Department of Foreign Affairs

Mr Urbano Zafra  
Department of Commerce and Industry

REPUBLIC OF VIET-NAM

Representative: Mr Nguyen Van Khai, Director-General  
of Mining and Industry, Department of  
Economic Affairs, Saigon

Adviser: Mr Do Lenh Tuan  
Embassy of the Republic of Viet-Nam, Manila

THAILAND

Representative: Mr Prayad Buranasiri, Secretary-General  
National Economic Development Board, Bangkok

Alternates: Mr Jin Divari, Deputy Director-General  
Department of Industrial Promotion, Ministry  
of Industry, Bangkok

Mr Vicharn Nivatvongs, Deputy Director-General  
Department of Economic Relations, Ministry of  
Economic Affairs, Bangkok

/Mr Prawati

Mr Prawati Thipayom, Chief of International  
Economic Section, Bank of Thailand, Bangkok

Mr Suchati Chuthasmit, Second Secretary  
International Economic Division, Economics  
Department, Ministry of Foreign Affairs  
Bangkok

Lt. Commander Aree Satayamana, Chief of Central  
Division, Office of the Under Secretary of State  
Ministry of Communications, Bangkok

Mr Ratana Sucharitakul, First Grade Economist  
Office of Fiscal Policy, Ministry of Finance  
Bangkok

#### WESTERN SAMOA

Representative: Mr H.A. Levestam, Secretary to the Samoan  
Government and Permanent Head of the Prime  
Minister's Department

#### ASSOCIATE MEMBERS

##### BRUNEI

Representative: Hon. Pengiran Dato Seri Paduka HJ MD Yusoff  
Deputy State Secretary, Brunei

Alternate: Hon. Othman Chua Kwang Soon, Controller of  
Customs and Excise

Adviser: Dr Joseph S. Gould, Economic Adviser

##### HONG KONG

Representative: Mr R.M. Hetherington, Deputy Economic  
Secretary, Hong Kong

/ SECRETARIAT

SECRETARIAT

U Nyun	Executive Secretary
Mr R. Krishnamurti	Chief, International Trade Division
Mr P.R. Romero	Economic Affairs Officer, International Trade Division
<b>Mr Prok Amranand</b>	Economic Affairs Officer, International Trade Division
Mr A. Maglaque	Economic Affairs Officer, International Trade Division
Mr Isidro Macaspac	Consultant, International Trade Division

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Mr A.G. Menon	Chief, Industries Division
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Mr V.M. Bhatt	Special Assistant to the Executive Secretary
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/Appendix III

Appendix III

OPENING ADDRESSES

ADDRESS OF THE PRESIDENT OF THE PHILIPPINES  
AT THE OPENING SESSION OF THE MINISTERIAL  
CONFERENCE ON ASIAN ECONOMIC CO-OPERATION

It is both a distinct honor and a genuine pleasure for me to welcome on behalf of the Government and people of the Republic of the Philippines, the distinguished delegates to the ECAFE Special Conference on Asian Economic Co-operation. May your brief stay with us be not only fruitful but also pleasant.

It is hardly necessary for us to stress the exceptional importance of the work that you are about to initiate. Important problems affecting the lives and welfare of over a billion Asians await your decisions, and this may well mark a new course in planning the development of the ECAFE region.

The Special Conference on Asian Economic Co-operation marks a distinct milestone towards co-operative action among Asian countries in their efforts at economic development. It is indeed fitting and proper that this conference, which will decide whether the concept of regional economic co-operation will be transformed into dynamic reality, has been convened in Manila where it was originally conceived during the 19th ECAFE session held in March of this year.

We are now in this conference pursuant to Resolution No. 45 (XIX), adopted by the Commission in its 19th session, to seek and adopt measures that would accelerate the growth of economic co-operation in the ECAFE region. It is high time, I believe, that the developing countries in this part of the world exert joint and determined efforts to speed up the economic development of the region. Specifically this can be achieved by expansion of non-discriminatory trade among the countries of the region through the removal of quantitative and exchange restrictions, the strengthening of our export trade with developed countries through joint action in the marketing of our primary exports, and by the development of the untapped resources technical knowhow and manpower skills in the region.

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This is the challenge that faces this assembly. You are called upon to draw a workable action program which will hasten the development of economic co-operation in the ECAFE region, on the basis of the report submitted by the Preparatory Meeting. Your primary responsibility, therefore, is to work out a course of action that will enable our people to enjoy the fruits of economic advancement at the earliest possible time.

Essentially, we are after strength. By strength we mean the possession, by our nations individually and as a community, of an effective capability to provide our peoples with the things that answer to their need and their clamor for a better life through higher standards of living. We are abundantly blessed with people and with natural resources but we confront a huge and monumental task of making our peoples productive and of utilizing our resources for the satisfaction of our people. We are all determined to banish poverty, ignorance, and disease -- but we cannot help but be overwhelmed by the sheer enormity of the task.

This is why we have chosen to band together; this is why we are here today. This gathering is a testament of our firm belief that our countries within the ECAFE region can attain individual strength only if they strive for collective strength. There is no other way. As single countries, partially isolated from one another and from others by the confusing entanglements of trade restrictions, we are crippled by our own limited markets. As suppliers of a limited range of raw materials, we fail to consolidate our policies and exploit whatever strategic advantages we have; instead we have always presented a fragmented posture before our better organized buyers in the more advanced regions of the world. And as consumers we have failed to patronize each other as much as we should.

The growing trend towards the formation of regional trade groupings and their proven efficacy in the continents of Europe and South America make it imperative for us to explore the possibility of solving, through joint action, our common economic problems. The record of co-operation in the region provides sufficient inducement for us to exert greater efforts toward the adoption of more positive regional action in the development of trade and industry. We have but to review our accomplishments in the fields of trade promotion, industry and natural resources development, economic development, transport and communication, tourist promotion and technical assistance to convince us of the wisdom of

/continuing

continuing and expanding jointly our economic endeavors.

The consolidation we seek is one that would strengthen the whole ECAFE region internally, and one that would fortify its position externally vis-a-vis the rest of the world. By breaking down the needless barriers that exist between our individual countries, we can expand our now fragmented markets into a region-wide market and serve as one another's buyers as well as one another's suppliers. We have come to realize that political boundaries do not define the meaningful economic units on which to base the policies and the development plans for the region as a whole. That this is now recognized by us is dramatically shown by the Mekong River Project. Here is a river basin, here is a valuable resource, that cuts across the political boundaries of four countries but offers itself as an excellent natural base for a multi-purpose development project that, again, transcends the political individualities of the countries involved. In this connection, may we also point to the modest achievements of co-operation exemplified by MAPHILINDO and the Association of Southeast Asia (ASA).

It is this record of achievement in collective action that enables our tireless and dedicated Executive Secretary, U Nyun, to speak with such determination and conviction of the need for new arrangements to speed up the progress of economic co-operation in the ECAFE region.

These developments are concrete examples of what can be achieved if we stopped considering our political fences as economic fences as well. There is no reason why political individuality should be cause or occasion for economic isolation. The distinctness of our nations, of our governments, of our political systems, and of our cultures need not -- and should not -- serve as a barrier to that solidarity that makes for economic strength. Even at this stage, our countries have a wide range of consumer goods to trade, industries to absorb the raw materials we sell, and capital equipment and technical know-how to help one another expand and diversify our agricultural and industrial output. But the building up of our regional strength by means of expanded trade and investment requires the facilitation of trade and distribution, and the facilitation of transfers of equipment, of technical personnel, and of finance among our individual countries. This is the rationale behind our present collective search for measures that would be mutually beneficial to our economies.

/However,

However, co-operation alone cannot be regarded as a panacea for all our economic problems. Collaboration is not the sole key to economic prosperity. It is an illusion to hope that it is so. Much more depends on the share each member is willing to contribute to collective enterprise; and the achievement of this regional solidarity may mean that eventually, some countries will have to face the understandably difficult decision of foregoing existing privileges.

As I mentioned earlier, there is another type of strength that we seek to develop: I shall call it our negotiating strength vis-a-vis the rest of the world. In spite of the triumphs we have achieved, there are still certain lingering and disturbing vestiges of our past colonial history from which we have to make a final and complete break: we are still, in some sense, at a disadvantageous position as suppliers of raw materials to the world's industries. As suppliers of certain strategic raw materials, our countries have engaged in ruinous competition with one another, in contrast to the cohesiveness and organized strength of our buyers abroad. Our very fragmentation constitutes our negotiating disadvantage.

There is a clear need indicated for the consolidation of our bargaining position with regard to the critical primary commodities that we produce. This consolidation requires, among others, the orderly harmonization of our production, distribution, and pricing policies, in order to strengthen our position as sellers and to avail of the best terms of commerce by which we, as a group, negotiate and trade with our customers. In the light of our status of being less developed than our trading partners abroad, we cannot afford to weaken our posture by splintering ourselves into small units when we come to the bargaining table to face our well-organized friends.

Over the years of our close association in the ECAFE, we have acquired a wealth of information and experience which can carry us through towards the realization of the objectives of this association. Our objectives are clear, although the implementation may be difficult. However, I trust, that when confronted with a particularly difficult and perplexing problem, when hopes of compromise appear dim, you will recall the spirit of co-operation and amity which has ruled in previous conferences. I am sure that, imbued with kindred  
/sentiments,

sentiments, you will be able to face your task with renewed confidence and enthusiasm.

Moreover, I feel confident that, on account of the developments that have led to this conference, we can expect this session to be successful and fruitful. I wish your conference the utmost success, and leave with you the sincerest hope that your discussions will eventually lead to concrete and lasting accomplishments.

/STATEMENT BY

STATEMENT BY U NYUN, EXECUTIVE SECRETARY OF THE UNITED NATIONS  
ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

It is a great privilege for me to welcome you all to this historic Conference of Asian ministers and high level representatives which is convened for the first time in Asia for the important and urgent task of considering positive measures for concerted action to accelerate regional trade and economic development in Asia and the Far East. As you are all aware, this meeting is being convened in pursuance of a unanimous resolution adopted by the United Nations Economic Commission for Asia and the Far East at its nineteenth session held in this historic city of Manila only nine months ago.

First of all, I wish to express, on behalf of all of us, our deep gratitude to the Government of the Republic of the Philippines for the excellent arrangements made for convening this great Conference in the city of Manila. I also wish to express on behalf of all of us our deep and sincere gratitude to His Excellency President Diosdado Macapagal of the Republic of the Philippines for his warm words of welcome and his inspiring address, and we deeply appreciate his continued interest in our work. Our sincere thanks are also due to the Honorable Salvador Marino, Acting Executive Secretary of the Government of the Republic of the Philippines for having found time in the midst of his heavy duties to be with us today to read the President's address.

It is significant to note that this is the first ministerial level meeting convened by the Commission in which only the governments of the ECAFE region are participating. No doubt the Commission has deemed it fit to leave the important and delicate task of formulating a programme on the vital subject of regional co-operation to the governments of the countries concerned. That so many ministers and high level representatives of countries of the ECAFE region are present here today bears ample testimony to the importance and urgency which the governments of the region attach to the purposes of this Conference.

/I would like

I would like to state clearly at the outset that although this is a Conference of Asian representatives, it does not imply that Asian countries do not fully realize the vital need for their co-operation with non-Asian countries and that they intend to formulate some inward-looking schemes to the exclusion of the non-regional countries. I am sure that you will agree with me that nothing can be farther from the purpose of this Conference than such motivations of regional exclusiveness or inward-looking isolationism. Asian countries have a long tradition for outward-looking attitudes and policies in regard to trade and economic development, and this tradition will be maintained. The Asian countries fully realize that they require all the sympathetic understanding and assistance and co-operation of non-regional countries, and they will seek them in full measure and in good time, when they are agreed first among themselves upon some programme or measures of regional economic co-operation.

In the meantime, the problems of Asia demand urgent measures of the type in which co-operative effort on the part of Asian countries should form an important ingredient. We have to supplement with co-operative action that which we as individual nations are doing separately for ourselves. Recent international economic developments have perhaps brought home one lesson more vividly than any others: singly and separately the developing nations of the ECAFE region cannot hope to attain reasonably satisfactory rates of economic growth which would support their fast growing populations at decent levels of living as envisaged by the United Nations in this Development Decade. All the prognostications and projections made of the future international trade of ECAFE developing countries point to the large and growing trade gap, with which the region will be confronted in the coming years. On the one hand the prospective increase in export earnings from traditional export commodities is fairly limited for a variety of technological and other reasons and on the other, their import requirements for the minimum living needs of their peoples and for executing their programmes of economic development are growing steeply. A large and steady increase in export earnings of manufactured and semi-manufactured goods of developing countries is urgently called for in order to meet this widening trade gap. This presents a particularly challenging and extremely difficult problem and countries of the ECAFE region are making efforts individually and /separately

separately to promote such exports. But these efforts have so far met with only very limited and disappointing results.

The situation thus calls for greatly increased efforts at the regional level, firstly, to achieve a greater measure of import substitution through regional and sub-regional programmes of intra-regional trade expansion and complementary industrial development, and secondly, to step up the region's exports to the developed countries in other regions. The first objective cannot be achieved without much more positive programmes of regional co-operation in both trade and industry than the countries of the region have so far shown themselves willing to adopt. For achieving the second objective also, increased and concerted regional efforts are necessary. Developing countries of the region are encountering various obstacles and hindrances in their export promotion efforts, not the least in the restrictive practices and policies pursued by the developed countries. If these obstacles cannot be overcome except by the concerted efforts of developing countries and by the sympathetic co-operation and support of the developed countries, it is equally evident that the developing countries of the region, especially the smaller ones, will not be able to take full advantage of increased access to the markets of developed countries, unless they undertake joint efforts to accelerate their economic and industrial development, with a view to achieving economies of scale and producing articles of good quality at competitive prices which could be accepted by the developed countries. Regional economic co-operation is thus twice blessed, in that it assists in accelerating the region's economic growth and also in meeting the trade gap intra-regionally and inter-regionally.

It is no doubt the realization of these considerations and the fairly difficult economic situation in which countries of the region find themselves that have led them to convene this historic Conference. In taking this decision they have been impelled by their realization of the need for courageous and imaginative action. Countries of the region were impressed not only by the progress in co-operation achieved in other regions of the world but more importantly by the sheer realization of the slow rate of economic progress being

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achieved in the ECAFE region and of the contribution which co-operative regional effort could make to attain accelerated rates of growth possible. Perhaps I may at this stage briefly refer to the preparatory work which has been undertaken since the Manila session of ECAFE in March 1963 to pave the way for this Conference. Pursuant to the Manila resolution I set up a Group of Experts to conduct an investigation and to recommend practical measures of regional economic co-operation. Recognizing the value of drawing on the experience in economic co-operation of other regions of the world, the three experts from other areas with special knowledge of the techniques and methods of economic and trade co-operation in Western Europe and Latin America were invited to serve on this group together with four experts from the ECAFE region. The Expert Group did an outstanding job and I wish to place on record my deep appreciation of its work. In performing its work the Expert Group did not start from scratch, but had in fact the advantage of a large number of investigations which had been completed earlier by the secretariat as well as other independent expert bodies, not to mention the deliberations and recommendations of the Commission itself and its major committees. In this context I wish to make special mention of the Consultative Group of Experts on Regional Economic Co-operation which reported to the governments about two years ago. This Group, which was composed of three able and experienced economic administrators, had the benefit of consulting with leading members of Asian governments. It is significant that both the earlier Consultative Group and the Expert Group convened this year, have not only emphasized the imperative need for co-operative regional action but have also underlined the urgency of devising appropriate machinery to achieve this end.

Following the circulation of the Expert Group's Report to member governments, a Preparatory Meeting of Officials was held at Bangkok from 21 to 26 October 1963. I am happy to say that this Preparatory Meeting which was attended by senior officials of sixteen countries of the ECAFE region, examined carefully a number of complex suggestions and proposals and came out with its own recommendations for consideration by you at this Conference. Indeed the Report of the Preparatory Meeting is the main document on the agenda before you and the constructive and practical manner in which it has carried out its duties, should assist you greatly in your task.

/The Report



The Report of the Preparatory Meeting reflects the cautious but far-sighted and progressive attitude of your governments which took part in it. I do not wish to summarize its main recommendations, but would just mention them for your convenience. These recommendations relate to trade liberalization or removal of quantitative restrictions on a region-wide basis; trade liberalization and tariff reduction on a sub-regional basis; establishment of industries on regional and sub-regional basis including in this connexion, joint ventures; setting up of an Asian Development Bank; and co-operation in the field of shipping. The Preparatory Meeting also outlined measures of co-operation in the field of primary commodities, suggested that government purchases give preference to the products of the region, and recommended steps to increase business participation in intra-regional trade. Finally, on the organizational arrangements, it referred to this Conference a proposal to set up a Council of Ministers and felt that pending a decision on the proposal, ad hoc ministerial meetings could be convened.

It may be noted that nearly every major measure of economic co-operation will require further detailed investigations by governments of the ECAFE region, and that the Preparatory Meeting has therefore appropriately recommended ad hoc expert groups or meetings of representatives of interested countries of the region for the more promising areas of co-operative action. The ECAFE secretariat can assist actively in the task, in collaboration with governments. Once a general programme of co-operative action is adopted by governments, further activities and investigations by representatives of governments with the assistance of the ECAFE secretariat can follow with fruitful results.

With an agreed programme of regional co-operation, the technical studies to be made by the ECAFE secretariat will become more meaningful since they will then be promoting practical measures of economic co-operation. Investigations and studies on trade liberalization, regional and sub-regional industries, regional development bank, tariff questions, surveys of resources, development planning, shipping and ocean freight rates, etc., will be more effective and rewarding if they are geared to an agreed programme of regional economic co-operation. It is important that this should be so since the resources of the ECAFE secretariat on which the governments of the region rely for technical support are very limited, and I am sure that we all wish to see that these limited

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resources of the secretariat are utilized in activities that will contribute effectively to the realization of concrete benefits to the countries of the region.

It must be emphasized that the recommendations of the Preparatory Meeting do not aim at economic integration on a region-wide or sub-regional basis or visualise the creation of an institution with supra-national powers on the lines of the European Economic Community. They represent the beginnings of a modest programme of intra-regional co-operation in the fields of trade and industry and a common approach in respect of a range of vital problems of the region involving relationships with countries outside the region.

Regional economic co-operation has made tremendous strides in western Europe as witnessed by the experience of the European Economic Community. Latin American countries have already over the years achieved significant successes to their credit in the form of the Latin American Free Trade Area (LAFTA), Central American integration, the Inter-American Bank for Development and other institutions and instruments of regional collaboration. The continent of Africa which is a late-comer on the international scene has not been slow to develop an African awareness and recognize the advantages of African regionalism; African states have lately shown great dynamism, and have not only drawn up a charter for the organization of African unity but also taken a firm decision to establish the African Development Bank with a capital of US\$250 million.

By comparison with other continents, progress in regional economic co-operation in Asia has been slow and rather limited and has failed to take bold and ambitious forms. I do not mean to suggest that the policies and institutions which are appropriate to and successful in other regions of the world can be transplanted or copied in the Asian region. We have necessarily to take into consideration our own political, and economic conditions, not to speak of the historical circumstances and traditions which are always with us and mould our thinking and attitudes. Asian countries have to forge policies and institutions according to our own conditions and genius. But we cannot afford to stand still. In a world in which every region is moving forward, the ECAC region must move forward too, and we are determined to move forward.

/The countries

The countries of the region have been striving to develop habits and institutions of economic co-operation through the instrument of the United Nations ECAFE over the past several years. It is needless to point out that the ECAFE region includes a large number of countries which have different resource endowments and populations and which are at different levels of economic and industrial development. The region is further characterized by differences in political affiliations and policies. The political differences and difficulties confronting the countries of the ECAFE region are seriously hampering the growth of co-operative economic efforts. It would be unrealistic not to recognize and admit this, when countries of the region seriously attempt to prepare a programme of regional economic co-operation. At the same time, it is the faith of the regional countries, and also that of the United Nations ECAFE, as clearly manifested by the member governments' policy declarations and support of the Commission's unanimous resolutions and activities that we should not be unduly discouraged by the passing political climate. If there is a large measure of identity of political outlook among the ECAFE countries, the path to economic co-operation may be smoother, but for the same reason the United Nations ECAFE may then not be called upon to take its present active role in promoting regional economic co-operation. Rather on account of these very difficulties of a political nature, regional economic co-operation gains a particularly added urgency. By slowly and steadily building up habits and institutions of regional economic co-operation, and by reaping the benefits of such co-operation, countries of the ECAFE region may be assisted to reduce and resolve their political difficulties. The United Nations has provided ECAFE as the regional framework or machinery for countries of the region to prepare and carry out programmes of regional economic co-operation to their mutual benefit.

The other important item on your agenda is the United Nations Conference on Trade and Development. This ECAFE Conference provides a unique opportunity, on the eve of the United Nations Conference on Trade and Development, for the Asian governments to make an authoritative expression of their views and requirements. When this item is taken up for consideration, I intend to make a detailed statement. I shall now only confine myself to pointing out that the developing countries of the ECAFE region should not miss this opportunity of  
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effectively participating in the United Nations Conference on Trade and Development and receiving some solid benefits therefrom. At the second session of the Preparatory Committee of the Trade Conference, a number of developing countries which were members of the Committee issued a joint statement on the trade problems facing them and on the urgent need for concrete measures. This statement has been circulated to you for reference. At the General Assembly session this year, on 24 October, the Second Committee unanimously adopted a resolution sponsored by seventy-five developing member countries. These seventy-five member countries, including fourteen countries of the ECAFE region, endorsed the joint statement made at the Preparatory Committee and called upon all the participating States to give serious consideration to its implementation. At the Intra-regional Preparatory Meeting held in Bangkok in October 1963, the countries of the ECAFE region also endorsed the joint statement and emphasized not only the need for thorough preparation on the part of the ECAFE countries for participation in the Conference, but also stressed that the countries of the region should strive to develop a common approach to the various trade problems which would be taken up at the United Nations Trade Conference through mutual exchanges of views and consultations among themselves prior to and during the Conference. The Preparatory Meeting also recommended that countries of the ECAFE region should seek ways and means of co-operating with the developing countries of other regions in this task. You will thus appreciate that this again is an area in which considerable scope for regional co-operation exists among the countries of the region.

In conclusion, I fervently hope that this first Ministerial Conference on Asian Economic Co-operation which we are convening today will succeed in taking decisions which will give substance to the widely accepted and applauded general objectives and sentiments of regional economic co-operation and transform them into practical realities of Asian economic life. It will be no exaggeration to say that the decisions you will take at this Conference in your capacity as national leaders of Asia will largely decide the fate and future course of regional economic co-operation in Asia. I firmly believe that the growing spirit of regional and international co-operation, which we see in Asia today, will open up new opportunities for more fruitful and concerted work among the countries of Asia in fulfilling the peoples' rising expectations for a better life. I am fully confident that the results of this great Conference will be commensurate with the immense and critical stakes for Asia which are involved, and with the highest sense of dedication and devotion to the welfare of the Asian peoples which characterise your leadership as worthy sons and friends of Asia.

Statement by: Cornelio Balmaceda, Chairman of the  
Ministerial Conference on Asian Economic Co-operation

We are here to discharge during the next few days a task the results of which are bound to have vital and far-reaching effects upon the welfare of the Asian peoples. We are called upon no longer to diagnose our economic difficulties and the basic obstacles that have stood in the way of Asian economic progress. These have been recognized by all of us for a long time.

But we are assembled to consider the methods by which the impediments to a more rapid regional economic progress may be eliminated. We are called upon to formulate a positive program of action to accelerate economic development and trade expansion. This is the terms of reference provided by the Commission when it passed resolution 45 in its nineteenth session here last March.

We are grateful to the Executive Secretary that he has, pursuant to the Commission's mandate, taken the necessary preparatory steps to facilitate our work and to pave the way for the decisions that are expected to be made during the next few days.

The Preparatory Conference has outlined for our consideration the specific activities for accelerating the development of trade and industry. Its recommendations include: a) the elimination of the barriers to intra-regional trade, b) the promotion of the region's primary products trade in the other markets of the world, c) the establishment of joint industries based on a multination market including the problem of financing these joint industries through the establishment of a regional bank, d) the comparison of development plans, and e) the rationalization of shipping rates through collective action on the part of the countries of the region including the possibilities of pooling national shipping facilities by interested countries.

The Preparatory Conference also recommended various other methods to expand trade such as preferential government purchases of products of the region, the easing of customs formalities, the organization of trade fairs, the establishment of display centers for products of the region, exchange of trade missions, the establishment of a program for exchanging market information, and the training of businessmen in international trade practices. In this conference, we are expected to make decisions in order that these individual projects of co-operative action may be given effect.

/All of

All of these ideas for securing greater trade and development have in fact been the subject of discussions and mutual consultations before the forums of the ECAFE over the years. I recall that in the fifth session of the ECAFE in 1949, intra-regional trade expansion was advocated as a measure that we could undertake on a co-operative basis. Then again at its 16th session, the Commission stressed the importance for taking action in this regard. The intra-regional trade talks and various expert studies have pointed to the need for co-operative action to foster trade expansion and economic development.

It is high time that regional action go beyond the stage of consultation and start to take concrete and practical action to resolve the difficulties that we all recognize have impeded the progress of our respective economies. If we could come out, as we are expected to do, with bold yet practical decisions to get regional economic co-operation started immediately, then we shall have succeeded in making this Conference distinct from others which have not led to any concrete results.

I am of the view that this Conference can even be more truly fruitful if we adopt regional economic co-operation as an instrument of national policy. Under this policy, the countries of the region shall endeavor to exert every effort to promote co-operative action not only in projects that are under consideration in this Conference but all other activities that can effectively foster trade expansion and economic development through collective action. We can give effect to such a general agreement by means of a joint declaration in which we formally recognize the need for co-operation, its general objectives and the means to make every project of regional co-operation work.

We are aware that regional economic co-operation has proven to be workable in other regions of the world. We are familiar with the impressive economic progress achieved by the European Economic Community and the encouraging results of Latin American economic integration efforts. Even the African countries either in groups, or on a wider regional basis, have taken concrete steps towards greater economic co-operation.

/We recognize

We recognize that the economic, political, geographic, social and cultural and other circumstances that have surrounded the co-operative development of the other regions are different from those that obtain in our region, but there are common denominators applicable to all regional arrangements. First, trade among countries of the region had been impeded because of obstacles that countries themselves set against intra-regional trade expansion, and that it is possible to increase the intra-regional flow of goods if these barriers are dismantled. Second, that there was capacity to produce more goods to support an expanded intra-regional trade, and that this potential could be fully realized if there were established outlets for the increased output. Third, that there was political determination to transform plans of co-operation to concrete realities.

In Asia, as in Latin American and Africa, there is an impelling need to step up economic development to catch up with the demands of a fast-increasing population and popular clamor for improved standards of living. It seems clear from the progress that the individual national efforts to solve problems of low income and unemployment are not adequate and that the developing countries of the region have to act collectively in certain areas of economic endeavors in order to bring about more effectively an accelerated rate of economic development.

We cannot view the present situation with complacency. Thirty years from now, the population of the region, which now stands at more than one and a half billion, shall have doubled. It will accordingly be necessary to double at least our productive capacity to sustain the increased population at present levels of living which are extremely low. It is patently clear that unless we co-operate among ourselves to provide markets for each others' products it would be most difficult to double that productive capacity. We cannot delay this co-operation unless we want to risk years from now a losing battle for survival.

The ordinary Asian may not realize the import of what we are called upon to decide in this meeting now but this fact does not reduce their stake in the future of Asia which can be crucially affected by what we do now. In this sense I am overwhelmed by the responsibility that we are called upon to discharge but I trust that with your co-operation we can arrive at decisions which can lead to the fulfillment of the aspirations of every Asian for a better life.

Appendix IV

STATEMENTS BY REPRESENTATIVES ON AGENDA ITEM 4:  
"MEASURES FOR ECONOMIC CO-OPERATION IN THE ECAFE REGION"

Afghanistan

Australia

Brunei

Ceylon

China

India

Indonesia

Iran

Japan

Republic of Korea

Laos

Mongolian People's Republic

Nepal

New Zealand

Pakistan

Philippines

Republic of Viet-Nam

Thailand

Western Samoa

/Statement by



Statement by the Representative of Afghanistan

We feel, certain that this meeting is extremely important to EC.FE's history. For many years we have been talking about regional co-operation especially in the field of trade; about how we could benefit each other and accelerate the development of our national economies if we did in fact co-operate in this field. Up to now our efforts have seldom gone beyond the realms of exchanges of information followed by recommendations for further consultation. Now we feel, and I am sure many others feel the same way, that the time has come when we must decide whether we are prepared to take some concrete steps. In our opinion the exact nature of the steps that we take at this stage is not too important. What does count is whether we are going to take some concrete steps or not. Once a pattern of co-operative activity has been established, other steps can follow. Furthermore, we agree with the following words of the Executive Secretary contained in his statement to the Preparatory Meeting: "by gradually and steadily building up habits and institutions of economic co-operation, - the countries of the region might be assisted in minimizing and resolving their difficulties in other fields". The Executive Secretary has also quite properly pointed out that "any proposal for closer regional co-operation involves policy implications and the acceptance of commitments and obligations by member countries".

We now have before us a series of proposals many of which do in fact involve commitments and obligations. In deciding to what extent we can undertake these commitments, each of us must of course keep in mind the limitations which national considerations place on our actions. The situation in every country is different; we are all at different stages of development, and there are different natural resources available in each area of the region. Therefore, finding a common area of agreement is going to be hard, but again let me repeat: To us the important thing is that we do in fact find a starting point, regardless of how narrow the common ground may be.

With these thoughts in mind let us now examine the chief proposals that we are asked to consider.

/The first

The first proposal is trade liberalization. The Preparatory Meeting's recommendation is that a committee of interested member countries should undertake further technical examination of this subject. This seems to be the wisest course to take at this time. We should all realize that any programme of trade liberalization must start modestly and move ahead step by step over a long period of time. The advantages of each step must become apparent to the member countries, otherwise it will not be possible to obtain the approval of their governments for subsequent steps.

On the more specific subjects of quotas and tariffs, we agree that a sub-regional approach is more realistic than a regional one at this time. In principle we favour the elimination of all intra-regional quotas. Afghanistan has no import quotas and, in the preparation of tariff schedules, revenue requirements are the dominating factors that determine the rates that are used. There are quotas that have imposed by some countries within the region which very seriously affect our export trade, and we would of course like to see them removed.

The next recommendation of the Preparatory Meeting pertained to government purchases. Assuming, of course, that the prices and the quality of the goods available in the region are competitive, we support the proposal that preference should be given to goods produced within the region. Obviously, the first step is to have a central clearing agency which must be furnished with full information regarding the requirements of the member countries and the availability of supplies.

The proposals on the subject of development planning have very far reaching implications. Any initial steps toward co-ordinated planning, whether they are on a sub-regional or a regional basis, must necessarily be modest. Mutual exchange of information is clearly required before the next steps can be considered.

The working papers on this subject of co-ordinated regional planning discuss the subject chiefly in terms of industrial programme. We feel that it is just as important that agricultural planning should be co-ordinated. We propose that information regarding the needs of the member countries for

/agricultural

agricultural imports be collected and that steps be taken to fill these needs, as far as possible, with the agricultural goods produced within the region. In addition to the pooling of information regarding available supplies and requirements, we support the suggestion of the distinguished representative of Philippines in this context and propose that the co-ordinated investment planning proposed for the purpose of encouraging the development of complimentary industrial economies among the member countries of ECARFE should be extended to include co-ordinated long term agricultural planning. The functions of the proposed decision making body, the Council of Ministers, should clearly cover agricultural as well as industrial development.

Our position in regard to the proposed regional development bank is that we favour its establishment. We suggest, however, that a bank operated in accordance with the existing policies of IBRD would not meet the needs of the region. The policies originally proposed by the developing nations for IDA would be more suitable. We must also point out that the smaller countries of the area are not in a position to contribute more than token amounts towards the initial capital of such a bank.

With these reservations, we endorse the recommendation that an expert group should be constituted to study this matter with the assistance of IBRD.

We have no objection to the proposals outlined under the heading "Business participation in intra-regional trade". Many steps in the direction recommended have already been taken by Afghanistan, and we are prepared to consider other steps along the lines suggested by the experts and the Preparatory Meeting.

The most important proposal in regard to primary commodities is that a common and agreed policy should be adopted on appropriate commodities. The suggestions for an agreed policy are all good but we feel that the recommendations should be more specific. Until more detailed policy statements have been drafted and are made available for study, it is difficult to make more than a general comment. We therefore propose that the Executive Secretary with the aid of the ECARFE secretariat should be asked to formulate statements on appropriate commodities and that these should be submitted to the member countries for consideration in advance of the March meeting of the Commission to be held at Teheran.

/We feel

We feel that joint negotiations with conferences of shipping lines could be useful, but must point out that both joint and separate negotiations may be required to handle the special problems of landlocked countries. These problems include those related to railroad tariffs and to special and improved port facilities for transit goods, as well as to special concessions on shipping rates required by countries with no sea ports of entry.

Perhaps the most important of the recommendations of the Group of Experts were those pertaining to organizational arrangements. The Preparatory Meeting merely referred these proposals to this meeting. Our first thought is that member countries must retain the right of ratification of the decisions of the Council of Ministers. We would like to hear more discussion of this proposal before making any further comments. Just how much authority is to be delegated to the Council is not yet clear.

Furthermore, we feel that the effect of this new organization and its exact relationship to ECAFE must be studied.

In conclusion we want to say that we feel that the Expert Group has made a useful contribution and that the distinguished delegates who attended the Preparatory Meeting have helped us move forward with more confidence towards the possibility of making decisions at this meeting that may be of great importance for the future.

/Statement by

Statement by the Representative of Australia

The general concept of closer economic co-operation between member countries of the ECAFE region has long been fully endorsed by the Australian Government. By this I do not mean that we believe that we can solve all our problems of economic development in isolation. In any steps we take we must see ourselves in the context of an indivisible world where the actions of outside countries must have a profound influence on our own progress, and where our own actions must be predicated on an awareness of the total world pattern of trade and development. Some commodities can be dealt with, and other problems solved, only on a fully international basis. But we firmly believe that concerted action by us in our region can produce accelerated economic growth here and can thereby make a direct contribution not only to our own well being, but also to the peace, prosperity and stability of the whole world.

I stress the word "action" Mr Chairman, because co-operation is not a question merely of good will but also of hard work. Co-operative action can take many forms. Some of these are fairly simple. Others are very complex and will require patient and exhaustive study. Some are already in operation. Others lie some way - perhaps a very long way - ahead.

Existing co-operative projects

I do not propose to recall in detail how this region has already demonstrated its ability to co-operate. But I do suggest that success will breed success and that we should be heartened by successes already achieved by the region. For example, the Mekong project is now recognized throughout the world as a blueprint of its type of major co-operative developmental project. Similarly, ECAFE countries have made a substantial co-operative contribution to the preparatory work which has gone into the coming World Conference on Trade and Development. These are only two of many examples of regional co-operation. In addition there are very many cases of sub-regional co-operation. But we must not bask in the sun of our current achievements, still less sleep in the shade of our past. We have ideas to be transformed into projects and blueprints to be put to the building.

/The report

### The Report of the Committee of Experts

At this stage I would like to compliment the members of the Group of Experts for the frank and compelling way in which they stated the problems which confront the region and for the comprehensive suggestions they have made about how these problems may be met and overcome. This meeting is very largely concerned with examining the most immediate practical ways in which various proposals made by the Experts Group as refined by the Preparatory Committee can be acted upon. Although as our distinguished colleague from New Zealand has said, it is a set of integrated proposals, I do not, of course, propose to go over all of the ground covered by the Preparatory Meeting, whose report we now have in front of us. What I do propose to do is to state in brief and simple terms the general Australian attitude towards the proposals for closer economic co-operation.

### Trade liberalization

Two questions which are very closely related are trade liberalization on a region-wide basis and quota and tariff arrangements of a sub-regional nature. As countries in the region, we must, of course, do our best to increase our trade with one another. One step in this direction could be the removal of unnecessary barriers. We realise that there are wide economic disparities and historical patterns which present formidable practical obstacles. However, if adequate safeguards can be established, we believe that, in the long-term, results could be very significant although the short-term effects might be smaller. One essential point about these trade liberalization and tariff reduction proposals is, of course, that they are preferential in nature. We have to work within the framework of an international system which has frowned on new preferences, but this should in no way deter us from entering into a detailed examination of the proposals. I mention this point only to stress that any trade liberalization or tariff measures which fall short of applying to the whole region should be devised with the interests of non-participating developing countries of the region kept well in mind. Action which would advance the interests of only some developing countries in the region would be of doubtful value in the total context of the improvement of economic standards in the region as a whole. It could even start off a process of regional disintegration rather than bringing about that greater unity amongst member countries which we all ardently desire.

/Against the

Against the background of these comments, my delegation supports the recommendation of the Preparatory Meeting, that a committee of officials of interested member countries of the region should undertake further technical examination of trade liberalization with a view to working out the details of a concrete programme which might be acceptable. Such an examination should aim at revealing the readiness of countries of the region to participate, the differences in circumstances of various members, the commodity pattern to which different proposals might apply and, above all, what is really feasible, practicable and worthwhile.

#### The Australia-New Zealand standing committee

Similarly we endorse the comment of the Preparatory Meeting that the question of quota and tariff action on a sub-regional basis should engage the immediate and earnest attention of interested member countries. As the distinguished delegate of New Zealand has mentioned, Australia and New Zealand at the present time are examining the possibility of free trade area arrangements between our two countries. We have set up a Joint Standing Committee to make a series of detailed studies without commitment, to examine for example the form of a free trade agreement, to look at commodities which might be suitable for inclusion in such an arrangement and to explore what kind of arrangements might be acceptable to both countries. There is a very great deal of work to be done in this regard as broad concepts of this kind can only be tested by the most careful and detailed examination of all relevant aspects, including both the international implications and the domestic considerations for each country. It is early to say yet, but it may be eventually that the experience which New Zealand and Australia gain from our present studies could be of value to other members of the region. If this should prove so, we should of course be most happy to pass on the benefits of our work in this regard.

#### Government purchases

To follow the Preparatory Meeting's report in order of the text, I would now like to comment briefly on the proposals about Government purchases. Many countries would, we think, find some conflict between their present bilateral and multilateral commitments and the proposal that Governments should give preference in their purchases to goods produced in the region. The proposal of the

Preparatory Meeting is, of course, qualified by the inclusion of the words "to the extent possible" and several distinguished representatives have already stressed factors of quality and price. For many countries in the region there would be no scope, either in the context of their international commitments or in the context of their own purchasing procedures to give automatic "preference" to goods produced in the region. I stress the word "preference" deliberately because it has a very definite technical connotation. Our feeling, in fact, is that "preference" is not quite what is meant in the concept behind this proposal of the Preparatory Meeting. We feel that the concept is more one that member countries should have an awareness of what goods are produced by other member countries of the region so that the opportunities to make purchases from within the region are never overlooked.....so that when all other factors are equal the regional factor will be taken into the balance.

#### Information

We would certainly see advantages in the wider dissemination of detailed information about material and equipment produced in the region and, in fact, Australia attempts through a number of channels, including its trade commissioner service, to inform other member countries of what goods our exporters have for sale. Similarly, we receive information of this kind from other countries in the region and such information is a great help to purchasing authorities when decisions are being made on Government purchases.

#### Regional and sub-regional industries

Australia supports the next recommendation - that an Expert Group be set up to study the feasibility of establishing regional or sub-regional industries, within the context of the national development plans of the countries of the area. We would expect that in many cases it should be possible, by this particular form of co-operation, to avoid the proliferation of small uneconomic plants and uneconomic industries in neighbouring countries in the region - always providing, of course, that the formidable practical difficulties can be surmounted. The extent to which Australia would be able to make use of this avenue of co-operation will of course depend on many factors.

/Regional Development



Regional Development Bank

Australia also supports the next recommendation of the Preparatory Meeting that an Expert Group should make a detailed study of the proposal for a regional development bank. The recommendation notes that this study would be made "with the assistance of the International Bank for Reconstruction and Development". We would suggest, in fact, that a representative of the Bank should be appointed to the expert committee itself, providing that the Bank is able to do so. The Committee should also, in our view, include some members who have had experience in the operations of development banks in countries of the area. In this we agree with the observations made on this matter by the leader of the Philippines delegation. Our support for this recommendation should not, of course, be regarded as a commitment to participate if a regional bank is established.

The distinguished representative of Indonesia has mentioned Australia as a possible contributor of capital. It is not necessary or desirable at this early stage to consider in detail the question of the capital required for a development bank. Our task is to establish that there is a need and distinct role for a Regional Development Bank, before proceeding to the next step. In the case of the great international institutions such as the International Bank, and IDA, governments including my own have not been slow to contribute capital initially and to replenish as occasion has required. This has been because the tasks and the methods of these institutions have been well conceived and clearly defined.

In this context we should not overlook the role of private capital, although this is not strictly on our agenda. Some Governments do not encourage private investment. Others positively discourage it by stated policy or effectively by practice. But others actively desire participation of private foreign capital in their development, and my own Government is sometimes asked by countries in this region to assist in finding private capital. Australia is, of course, an importer of capital - though we have a relatively high standard of living we are still a developing country in this respect. There are, however, circumstances in which Australian companies with expertise or experience in a

/particular field

particular field, would be glad to enter into partnership with enterprises in this area. Before encouraging such a trend the Australian Government would, of course, wish to be sure that joint enterprises would be welcomed. I would stress, Mr Chairman, that in this field, as in the provision of technical assistance and our international development and programmes now total some US\$ 100,000,000 annually, we seek only to respond to the wishes of the recipient Government. I would also stress again that Australia is still a keen borrower, not a lender.

#### Business participation

We agree with the Preparatory Meeting's endorsement in principle of the recommendations of the Expert Group on business participation in intra-regional trade. Much has already been achieved within the region in this regard. However, there is a great deal yet to be done, particularly I would suggest, in the field of regional market information and in educating businessmen on practical subjects associated with export trade. We are active in both of these fields at home. We have largely concentrated our trade mission efforts on the Asian area and we have during this present year, exhibited our goods in many countries of this region. In reverse we are always happy to render assistance to regional countries which wish to send a trade mission to Australia or to organize a trade display in our countries. As far as the education of businessmen is concerned, Government officials at home are in constant touch with business people to encourage them to look to export trade and to assist and advise them in all aspects of such trade. We have an export incentive scheme, an export payments insurance scheme, an Export Development Council, and an export consciousness campaign. We have a widespread Trade Commissioner service, particularly in the ECAFE area, to assist and advise businessmen and to seek out new opportunities for export trade. At the present time we are organizing export market seminars to teach our businessmen all we can about a particular export market. I need hardly say again here that if any of our experience in any of these matters would be of interest or of use to any of our friends at this table we would be only too happy to pass on whatever details might be desired. In mentioning what we are already doing in this way in Australia, I do not for a moment suggest that we are satisfied with our efforts to date. We are constantly trying to increase our resources in the export field and to develop new export techniques. In this latter area we have a great deal to learn from other member countries represented here. A mutual exchange of information relating to such techniques could only be to our mutual advantage.

/My delegation

My delegation similarly endorses the suggestions made by the Preparatory Meeting for regional co-operation in the field of primary commodities. We are all familiar with the very great problems facing the producing countries of primary commodities. The proposals of the Preparatory Meeting are very clearly stated and require no further comment from me. I would, however, repeat that the solutions to many of our primary commodity problems are not solely under own control. For this reason, amongst others, I welcome the reminder given us by the Executive Secretary that the EC.AFE region must be outward looking at the same time as it searches within itself for increased scope for regional co-operation in commodity matters.

On the question of shipping, the Australian Delegation shares the concern expressed by other delegations on the adverse effects on trade of high and discriminatory shipping freight rates. The efforts which have been made by individual countries in the past in their negotiations with shipping lines and shipping conferences have met with only limited success. As the question is complicated, we support the proposal for the early convening of an ad hoc committee to examine these matters and to consider the merits of establishing a regional or sub-regional line on conference. The experience gained by regional members who have already entered into the development of their own shipping lines would be valuable to such a committee.

On the question of airline operations within the region, it is noteworthy that some airlines including the Australian international airline, Qantas, are already operating pool services to rationalize services and facilities.

#### Organization

Finally, I come to the question of organization - of institutions. As the distinguished representative for Thailand has pointed out, the first priority must go to development of the programme of action. The organization will follow and flow from the steps to be taken. We see this meeting as part of the process - the next step is the definition and elaboration of projects. In a year, more or less, we should have further steps ready for consideration and decision. It may be a little early to found a formal council. We would agree with the distinguished representative of India on this. But certainly we shall need further meetings of this present kind based on the expert EC.AFE

/Secretariat

Secretariat of Bangkok. Owing to the accidental circumstance that our Australian Ministers were deeply engaged in election and immediate post-election business the Government could only be represented on this occasion at the official level. Next time there are important decisions to be taken we would hope to be represented at the Ministerial or Permanent Head level.

### Patience

It is natural that we should sometimes be impatient and wish for more rapid progress - to proceed from resolutions to action. In the musical comedy "My Fair Lady" Eliza, you may remember, became fed up with her boy-friend Freddy who wouldn't come to the point: "Words, words, words, words" she said "There isn't one I haven't heard". And she urged him to Show me - and even Show me now. We may, as individuals, sympathize with Eliza, but we must, unlike her, have patience. The pursuit of economic co-operation is a delicate affair, and we must proceed with care and mutual respect so that we may maintain steady progress and avoid setbacks. It is - and I am sure will continue to be - the policy of the Australian Government to seek every reasonable avenue of co-operation in the economic development of this our ECAFE Region.

/Statement by

Statement by the Representative of Brunei

The Brunei Delegation wishes to commend the Working Group of Experts and the participating members of the Preparatory Meeting for their excellent reports on Measures for Economic Co-operation in the ECAFE region, which now forms the basic documentation for our deliberations.

We concur in the recommendations made with regard to trade liberalization on a regional-wide basis to provide larger markets for member countries. In fact, at present Brunei has no quantitative restrictions in intra-regional trade. Hence, we would welcome the successful implementation of the recommendations regarding removal of trade restrictions. It is of course realized that the liberalization process will have to be carried out in gradual stages over a period of time. The Brunei Delegation also supports the recommendation that a committee of officials from interested countries of the region undertake further technical examination of trade liberalization with a view to preparing an acceptable programme.

We endorse the recommendation to seek trade liberalization and tariff reduction on a sub-regional basis.

Brunei would also be interested in the furthering of the formation of a free trade area on a sub-regional basis limited to selected commodities to begin with. In the context of sub-regional groupings, my delegation is aware of the possible impact of such grouping on the economy and trade of other countries of the region. We therefore approve the undertaking of studies which would fully examine the whole question of preferences and regional as well as sub-regional groupings. Such studies should of course take into consideration recommendations that will be embodied in the findings of the studies undertaken by GATT and those arising from the forthcoming United Nations Conference on Trade and Development.

The recommendation of the Preparatory Meeting that to the extent possible in the purchases by governments preference should be given to goods produced within the region is endorsed in principle by my delegation. We feel, however, that governments should not be compelled to make such purchases particularly when items obtainable in the region do not compare favourably in specifications and

/value with

value with similar items obtainable elsewhere. It would be helpful if governments were supplied periodically with up-to-date information on goods available within the region. Perhaps having a regional clearing house for such information, say at the ECAFE secretariat, would be a better arrangement than relying on governments to inform each other of the purchases they propose to make, which in cases of urgent requirements might not be practicable and expeditious.

Brunei concurs with the recommendations under the heading of "Development Planning", particularly the recommendation for periodic meetings of officials connected with national economic planning for discussions and exchange of information. We suggest that, in addition to such periodic meeting, the ECAFE secretariat might be asked to fact further as a clearing house on development plans, programmes and projects of member countries and be requested to disseminate such information to the members of the region through periodic bulletin.

Brunei supports the recommendations for the establishment of an ad hoc expert group to study the feasibility of regional or sub-regional industries. We would be particularly interested in the findings of this expert group regarding the utilization of natural gas, which is now being flared in Brunei, and in the development of fisheries. Some proposals for "joint ventures" as suggested in the Preparatory Meeting report are now under consideration in Brunei. It is hoped that this form of co-operation will increasingly be used in the region.

My delegation finds merit in the recommendations that an expert group be constituted to make a detailed study, preferably with the help of the International Bank of Reconstruction and Development, of the feasibility of establishing a regional development bank which could assist in mobilizing and directing resources for regional projects and joint ventures as well as for the expansion of intra-regional trade. However, we would like to suggest that this Expert Group should be given a sufficiently clear frame of reference.

The Brunei delegation agrees in principle with the recommendations of the Expert Group on business participation in intra-regional trade as outlined in the report of the Preparatory Meeting.

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It is also of the opinion that the suggestion made by the Preparatory Meeting for regional co-operation in the field of primary commodities should be more fully investigated by an appropriate committee comprising officials from interested member countries.

It is recognized that for many developing countries the problems of shipping and ocean freight rates have an important impact on the flow of trade from a regional and sub-regional standpoint. Hence, my delegation supports the recommendation that an ad hoc Working Group of shipping experts be convened by the ECAFE secretariat at an early date to consider the problems in their various ramifications. Furthermore, the ad hoc Working Group should report on the merits of establishing a regional consultative body by the member countries of the region.

The examination of the pooling of air transport facilities is worth considering. Though Brunei has no airline of its own and only participates as an investor in its neighbour's national airline, it recognizes the advisability of examining by the member countries the potentials and possibilities of the pooling of national airline facilities, including those for sales and servicing.

On the subject of organizational arrangements, the Brunei Delegation is of the opinion that a Council of Ministers as recommended by the Expert Group requires further clarification on the exact constitution, terms of reference and other essential details pertaining before a final decision is made. However, pending final action on the proposal, an ad hoc ministerial or high-level meeting should be convened to provide the necessary machinery for carrying out agreed upon regional co-operation measures.

/Statement by

Statement by the Representative of Ceylon

Although I have not found it possible previously to participate personally at Conferences held by the ECAFE, I have, naturally, followed its activities with the closest interest. I am aware of the important work which this regional body of the United Nations has done and continues to do. The matters that form the subject of this Conference and the objectives that underlie them have, in our view, very important implications. The Secretariat of the ECAFE has been mainly responsible for the large volume of work that has been done to give collective consideration to this concept and to evaluate its practical possibilities. We are happy, therefore, to congratulate the Secretariat, and, in particular, U Nyun, under whose able leadership and interested guidance this progress has been made.

Nearly two decades have passed since the end of the Second World War. This period has been a momentous one. It has been characterized by far reaching changes in the political and in the economic affairs of nations. We have seen social upheavals, some peaceful in character and others violent. Changes of this nature are not new in the history of mankind. They are, in fact, the very essence of progress; and nations, just as much as individuals, must move with these changes. However small or big individual countries may be, they cannot remain mere spectators. The primary force which has wrought these changes and which determines their extent and magnitude is technology. The rapid advances that science and technology have achieved in recent times, have introduced a new concept into our thinking both as individuals and as nations. Today, economic progress can hardly be conceived of in terms of individual nation states.

These factors have already been recognized by the developed countries of the West, and, indeed, the developing countries of other regions. The countries of these regions have already taken certain definite steps towards the formation of economic unions. Even in our own region, the desire for co-operation in political as well as in economic matters has been in existence for many years. Our late Prime Minister, Mr. S.W.R.D. Bandaranaike, devoted considerable time and thought to this question, and the Government of Ceylon,

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during that time, initiated discussions for economic co-operation among the Bandung powers. We then expressed the desirability of, in fact, the necessity for, considering certain common problems of planning not merely on a national basis, but also on a regional basis. We have always considered this problem as one of particular importance to this region. This is so since we recognize the possible disadvantages inherent in a situation where countries develop their industries and agriculture both for domestic consumption and for export in isolation from one another. In fact at that time Ceylon initiated the preliminary steps to invite an economic conference of the Bandung Powers. It is in this same spirit that we have so readily accepted the invitation extended to the Government of Ceylon to participate at this meeting.

The main discussions at this Conference will centre round the report submitted by the preparatory committee which met in Bangkok a few weeks ago. My Government has given careful consideration to the recommendations contained in this report. We have also studied the reports submitted by the various expert committees and groups established by ECAFE to examine the diverse aspects of this problem. The recommendations of the Preparatory Committee fall into three main groups. These are the liberalization of trade, the regional planning of development and the financing of development. Thought has also been given to the question of providing institutional facilities and uniform standards for the region as a whole.

In recent years, wherever regional economic co-operation has been mooted, the question of trade liberalization has received primary attention. I refer in particular to the developments in western Europe. In western Europe, industrial development has been taking place for well over a century, and, as a result, each of the countries in Europe has built up its industries to a very substantial extent. In such circumstances, it is not unnatural that when economic union is considered, priority of place is given to the liberalization of trade. While, however, this may be true of the regional organizations in western Europe, there are other regional groupings that have given a different emphasis. I refer in particular to the economic unions of centrally planned economies.

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As far as we in Asia are concerned, the priorities of economic co-operation have inevitably to be determined in the context of the history of our economic evolution and the economic circumstances in which we currently find ourselves. These circumstances are basically the product of centuries of foreign domination. The primary feature of this domination was the relationship which resulted in the countries of this region becoming the suppliers of raw materials to the advanced industrial nations of Europe. While this specialization in the production of primary commodities undoubtedly resulted in a certain degree of growth of our economies, yet, on account of the unequal character of the relationships that existed it was unable to generate a process of self-sustained growth. Today, it is impossible both for economic and political reasons to continue in the pattern of the past. A rapid industrialization of our economies provides the only key to growth. Although in recent years an increasing degree of attention has been paid to the problem of industrialization, we cannot say that the majority of countries in this region are industrialized to any recognized degree.

This being the case our first thoughts and our first task in regional co-operation should be the achievement of a satisfactory level of industrial growth. As I have mentioned earlier, rapid industrialization in the context of this region presupposes development planning. Priority should, therefore, be given to the harmonization of the development activities of the region. When this is so it would seem unrealistic to give priority to the question of liberalization of trade. Apart from this should we place an undue emphasis on the liberalization of trade in the context of our present levels of development, we are likely to intensify the problems of those countries within the region which are relatively backward in industrial development.

The recommendations made by the Preparatory Committee on development planning should, in our opinion, receive the highest consideration. We agree that there should be periodical meetings of officials connected with planning and promotion of industries. It is desirable that the possibilities of establishing industries within the region on a complementary basis should be explored. While suggesting this principle it is necessary to emphasize that, in the regional planning process, a balanced industrial growth of all countries both large and small in the region should be assured.

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We are happy to note that the subject of fisheries has been included as one of the fields in which practical steps can be taken for immediate development. This region is particularly well placed in this respect, and we believe that a co-operative endeavour for the development of deep sea fishing would indeed be one of the quickest methods of achieving the objective of supplying a rich source of food for our peoples.

The recommendations made by the Preparatory Committee in regard to finance are important. We would ourselves support the concept of a regional development bank. The manner of its operation and the possibilities of obtaining funds from the developed countries, international agencies and other financing institutions should be most carefully examined.

The Preparatory Committee has also suggested the establishment of institutional facilities such as research units, standards bureaux and training centres for managerial as well as technical personnel. The deficiencies in this region in regard to these matters are well known and we feel that the provision of these facilities will not only make good a deficiency but will also facilitate greater regional trade and establish confidence between the countries of the region. We also feel that such central training facilities and scientific institutions will provide better opportunities for the entire region.

There are in the report certain recommendations regarding primary commodities. I have already explained how vulnerable our economies are in this respect. These recommendations, then, have a particular importance in the context of the overall proposals before us. I am aware that a certain amount of preliminary cost has already been done in regard to these matters. This has been directed basically towards price stabilization; but little success can be achieved in this direction unless we take definite steps to arrive at a common understanding and a purpose. We recommend that separate committees of experts be established to examine these matters. The pattern already available in regard to coconut and coconut products, where there is consultation on such matters as improving production, grading, standardization and marketing, is a useful one.

/The Preparatory

The Preparatory Committee has rightly pointed out the possibilities of developing shipping on a regional basis. We support these recommendations. It would appear that even now a measure of success can be achieved by pooling the facilities already available and by co-ordinating plans for organizing new lines. If we are in a position to initiate discussions for the establishment of regional shipping lines, the Government of Ceylon will be ready to co-operate. I lay particular emphasis on this, as it would enable the countries of the region to save a considerable amount of foreign exchange and this is a matter of major importance to many of us.

Regarding the problem of foreign exchange, there is yet another matter that merits our consideration; and, that is the formulation of regional insurance and re-insurance facilities. In many countries in this area, general and marine insurance are handled by international companies operating from abroad. As in the case of primary commodities and shipping the benefits of regional co-operation can be substantial. I appreciate, however, that this proposal will require study by a group of experts. Perhaps, as a result of our studies, we may be able to create a regional insurance body on lines similar to the regional development bank. This may well prove a source of financing for regional projects.

As I have already stated, my Government is prepared to consider practical steps for the purpose of formulating a scheme for regional economic co-operation. We are confident that these discussions will result in the adoption of some concrete measures for the well-being of the people of not only our individual countries but of the region as a whole. We appreciate that there will be problems to be solved and difficulties to be overcome. With the genuine desire to raise the standard of living of our people and with the fund of goodwill that we bear to one another, we are certain that all obstacles will be surmounted.

/Statement by

Statement by the Representative of China

The subject of regional economic co-operation has been much discussed at many previous meetings at various levels held under ECAFE auspices. Different aspects and possibilities of economic co-operation between member countries have been examined, and ways and means for implementing co-operation projects have been under close study. As regional co-operation is an important and effective approach to accelerating the economic and trade growth of the region, we are happy to renew our pledge of wholehearted support to efforts for formulating and adopting positive and concrete measures for achieving this common goal.

In general, there are three areas whereto efforts for economic co-operation can be directed. The first is technical assistance in the field of domestic economic development. Exchanges of techniques provide the key to higher production, and such exchanges between member countries will bring about great mutual benefits. In this regard, it may be observed that the technical and organizational experiences of developing nations are often more useful to other developing nations because of the similarity of their economic and social conditions. The Republic of China has entered into technical co-operation arrangements with several member nations of the region. Our knowledge and experience in the textile and sugar industries have been made available to partner countries. We have despatched teams of experts to countries in the region to provide assistance in establishing and operating such industries. In addition, we have shared our experience in the field of agriculture with other developing countries, near and far. Seminars on crop cultivation and experimentation have been held for friends from many countries as far away as Africa. Teams of experts are also at present working outside my country to demonstrate modern farming techniques. We believe that this "help thy neighbor" policy will be most rewarding since better economic well-being in nearby countries will increase trade opportunity, which stimulates improvement in production techniques in the country offering such assistance.

Secondly, economic development in the region can be accelerated by closer co-operation in the use of capital. The development of modern industries involves a huge amount of capital and a high level of technical know-how.

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It is common knowledge that there is capital scarcity in many nations represented at this Conference. Such a situation can be alleviated by co-ordinated economical use of capital. It is therefore imperative that member countries devise ways and means for better utilization of this scarce resource. Indeed, on the basis of mutual assistance, the usefulness of capital can be doubled or trebled. It may be worked out that joint ventures or agreed division of specialization in allied fields can save capital expenditure and insure a market for the products.

Thirdly, more can be done in improving the trade relationships between member countries. It is true that most of us are producers of primary products. Yet, as a result of difference in natural endowments, soil and climate, commodities of countries in the region are by no means identical. Trade co-operation based upon comparative advantage should be pursued further. However, the key to success is a sincere spirit of co-operation. Member nations may find out that the economic background in this region is widely different from that of the European Common Market nations and that, consequently, measures for successful co-operation will have to be different. In the words of the Executive Secretary, we have to work out our problems "the Asian way".

My delegation has taken note of the fact that a number of the important measures recommended by the Expert Working Group and mentioned in the report of the Preparatory Meeting call for sub-regional application. As far as the experience of my country is concerned, economic co-operation with countries of the region on a sub-regional basis has played a significant role in the successful implementation of our trade expansion and industrialization programmes.

My delegation has carefully examined the report submitted by the Preparatory Meeting and would like to observe that the recommendations contained therein deserve serious consideration by this Conference. The report gives us a very clear picture as to the immediate practicability of some of the measures recommended, and the difficulties and problems involved in other measures proposed. In general, however, it is our hope that this Conference will adopt those recommendations which involve no specific difficulties to any member country in their implementation. As to measures requiring technical and further studies by ad hoc committees or experts groups,

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we would urge that such bodies be established as soon as possible with the assistance of the ECAFE secretariat. In particular we would like to comment on the question of organizational arrangements. My delegation recognizes the need for creating suitable administrative machinery to make decisions on regional economic co-operation plans and programmes. If regional co-operation for improving the economies of the countries of the region is expected to make greater strides and achieve more headway than hitherto, the formation of such a decision-making body is essential, be it a council of ministers or in any other form, so long as it is an appropriate arrangement for carrying out policies and measures and one within the framework of the ECAFE trade promotion talks. The exact form and nature of the machinery may perhaps be determined after the general programme of regional economic co-operation has been decided and agreed upon by the governments. If it is felt that, in any case, the organizational arrangement should take the form of a council of ministers, then at least the terms of reference, scope of functions and other necessary details should be clearly explained to the governments in the region to enable them to decide whether or not they approve this measure and whether to signify their participation. This is a matter of importance requiring governmental approval. The governments should be given sufficient time to carefully examine the proposal and to make an adequate decision.

/Statement by

Statement by the Representative of India

We have met here to-day on a task of great importance and far-reaching consequences for the future of economic co-operation in Asia and the Far East. In the words of the resolution adopted by the ECAFE session of March, 1963, held in this same historic city, we are not merely reviewing the progress so far achieved but are required to formulate and adopt more positive measures for concerted regional action. As the resolution itself implies, it is not as if our endeavours in regard to regional economic co-operation had just begun. Since its inception, the entire work of ECAFE has been, in a manner of speaking, directed towards securing greater regional co-operation in matters of trade, industry, transport and diverse other questions. A great deal of study has been undertaken for the last two years and more on the subject. We are all aware of the work of the Consultative Group of Experts which was appointed about two years ago by the Executive Secretary of ECAFE to suggest concrete measures for achieving Asian economic co-operation. Since then, there have been discussions on various occasions and at various forums about the specific steps to be taken in achieving this objective. The progress made in the regional groups, such as those in Europe, Latin and Central America and Africa has been before us. These are all very valuable experiences. We owe a great deal to the very efficient and comprehensive manner in which ECAFE has been working under the able leadership of the Executive Secretary.

Against this background, and since the passage of the ECAFE resolution early this year, the Executive Secretary has proceeded with speed to implement it and, thanks to the work of the Expert Committee and of the Preparatory Meeting which followed soon after, we have before us a number of concrete and specific suggestions for consideration. My delegation wishes to congratulate the Executive Secretary on his very quick action in pursuance of what has now come to be called the Manila Resolution.

It is most fitting that a conference such as this one is being held at an early date and at the very place at which that resolution was passed. May I pay my delegation's tribute to the Government of the Republic of the Philippines, our host on this occasion, for its initiative in regard to that resolution and for hospitably sponsoring the convening of the conference here.

/The report



The report of the Preparatory Meeting which is before us appears to us to present a commendably practical programme of action. It rightly lays emphasis in the first instance on a programme of trade liberalization. India attaches the greatest importance to positive programmes and policies of trade liberalization between the countries of this region within the framework of expanding world trade.

It is common knowledge that many a developing country in this region has, in its anxiety to rectify its adverse balance of payments position, had to take recourse to restrictions and adjustments of its imports. It is also a fact that, in view of their development plans, most of the less developed countries have had to provide greater openings for imports of capital and producer goods from the industrialized countries of the world than for the intra-regional trade. Therefore it is obvious that the time has now come to pay greater attention to expansion of intra-regional trade. Of course that the very same balance of payment difficulties which have so far prevented the development of intra-regional trade will undoubtedly continue to render it necessary that any trade liberalization programme be undertaken only gradually. But any further delay in this process of gradual liberalization of intra-regional trade should be avoided. While an automatic multilateral liberalization programme has obvious attractions, some caution would have to be exercised as emphasized in the Expert Group's report and in the proceedings of the Preparatory Meeting also. It is for this reason, that suitable safeguards and "escape" clauses have been suggested, and since no special payments arrangements are to be made, particular care will have to be taken in working out the details of the liberalization measures. We on our part shall welcome all such attempts at trade liberalization. We feel that, at least in the initial stages, a bilateral approach would be preferable to any other kind of approach. A programme of mutual relaxation of restrictions can contribute materially to the expansion of trade; but, in any such programme of liberalization, care has to be taken to avoid aggravation of the balance of payments difficulties which are already acute for most countries. The Indian delegation, therefore, welcomes the proposal to establish an expert group to formulate a practicable programme of action.

/I should

I should like to add that at the forthcoming United Nations Trade Conference to which we all attach the highest importance and in which the less developed countries of the world will no doubt play a prominent part, trade problems of the less developed countries as a whole vis-a-vis the industrialized countries are bound to feature prominently and measures to solve them will have to be considered. In the background of the forthcoming discussions at that Conference, it is necessary that consideration of measures for trade liberalization between the less developed countries themselves be promptly initiated. While considering trade liberalization for this part of the world, however, we shall have to pay due regard to the decisions to be taken on this subject at that Conference.

One of the more important recommendations of the Expert Group to which the Preparatory Meeting has devoted considerable attention concerns co-operation in development planning and in the establishment of regional or sub-regional industries. The importance of this form of co-operation, especially in the long run, can hardly be over-emphasized. It is true that the economies of most countries in this region are based on agriculture, but there is no escape from an intensification of the programme of industrialization if higher standards of living and full employment are to be achieved. There can undoubtedly be agro-industrial programmes and improvements in agriculture but industrialization cannot be subordinated to agricultural development. A careful study would therefore have to be made of the development plans. In the present circumstances, a modest start should be made through mutual exchange of information on national development plans and it is clear that each country, while making efforts to implement its own development plans, should take into account the development programmes of the other countries. This could be done through periodical meetings of officials connected with national economic planning in the countries of the region. The suggestion that the task of co-ordination of regional investment planning should be thought of at a subsequent stage after other preliminary measures have been worked out appears to us very sound.

In order to study problems connected with the establishment of industries and processing projects on a regional or sub-regional basis, India fully supports the establishment of an ad hoc expert group for examining the

/feasibility of

feasibility of such industries with the participation of the countries interested. India will most certainly be prepared to share her experience of the process of industrialization she has had ever since she became independent; and hopes that others will share their experience with her. In this connexion the programmes of joint ventures within the region by two or more countries participating and contributing finance and administrative, organizational and technical skills is a practical one and has good potentiality.

We endorse the recommendation to convene a study group to examine **the possibility of creating a regional development bank.** This bank, if formed, could well be used as an instrument for financing such joint ventures in addition to assisting by credits and other measures the expansion of intra-regional trade and development of markets for the products and goods of the region. The distinguished delegate of the Philippines suggested that the regional bank should undertake the financing of trade like export-import banks in many countries as well as the financing of agricultural development. We welcome the suggestion that this should be examined by the expert group which will study the creation of a regional development bank. We feel, however, that financing of trade should be left to commercial banks. In regard to agriculture the need for funds is so large that the bank may do well to confine itself to agro-industrial projects.

My delegation is very happy to see that there has been wholehearted agreement on the need for an intensive examination of the shipping problems of the region and that these are going to receive special consideration by an ad hoc group with a view to the eventual formation of a regional consultative body. We have no doubt that this requires priority attention at our hands in view of the far-reaching implications that freight problems have both for intra-regional trade and for international trade.

The distinguished delegate from Ceylon suggested that there should be a body for regional insurance and regional reinsurance. I am doubtful about the feasibility of such an institution. Since insurance is a problem of world-wide ramifications it may not also be feasible to have a regional body for this purpose. The suggestion can however be examined by an expert group at the proper time.

/My delegation

My delegation feels that the proposal for establishing a Council of Ministers as a separate decision making body is not practicable. The forum of ECAFE already provides adequate scope for a comprehensive and integrated approach to most of the problems we are considering. It is quite usual for ECAFE meetings to be attended by high level representatives and special meetings like this attract the highest representation from member countries. Such a practice could be continued and more frequent meetings of ministers whenever necessary might be more useful than any formal arrangement such as a council of ministers. I may mention that a similar suggestion was considered at the Cairo Conference last year but was not adopted because it was felt that the arrangements would be too formal to be useful.

I would not like to go into the other details of the recommendations at this stage. As and when we proceed with the discussions, my delegation will undoubtedly seek intervention for dealing with the points of detail that may arise from time to time. Let me conclude by expressing my delegation's sincere hope that the deliberations of this conference will lead to a greater measure of co-operation in as many fields as possible among the countries of the region and that we shall make a substantial and sound beginning in regard to the achievement of the objectives which all of us have cherished for so long.

/Statement by

Statement by the Representative of Indonesia

It is completely in line with the main principles of the Asian-African Conference, usually referred to as the Bandung Conference held in 1955, and also in accordance with the resolutions adopted by the Cairo Conference in 1962, that the nations in Asia and the Far East particularly, should work together and co-operate in all fields, including the economic field. There has been always a strong desire by nations sharing a common past under colonial rule to strengthen their position at present and in the future, by adopting common policies and actions in order to achieve a common goal. This has often been expressed by our President Soekarno and is explicitly mentioned in his address to the United Nations General Assembly in 1960 under the title: "To Build the World Anew".

A nation cannot isolate itself, depend upon its own natural endowments, and exclude itself from external influences; it has to work with all factors, external as well as internal to cope with the present problem of population growth, of accelerating economic development, of improving the standard of living of its people, taking especially in consideration its immediate environment and specific prevailing conditions. It is especially these specific conditions in Asia and the Far East that call for a special conference on Asian economic co-operation. It is within the framework of Asian conditions that we are here today to talk and exchange views regarding problems that concern us. Asian social and economic conditions are very complex indeed; the cultural structures in this region differ widely from one another; this is also true of the levels and stages of economic growth; nevertheless we have much in common and it is primarily those common problems that urge us to work out the right solutions and to take appropriate action.

May I now be permitted to express our opinion on the report of the Preparatory Meeting. First of all, I should like to congratulate the Chairman and the members of the Committee on producing such an excellent report in the relatively short time at their disposal. Speaking about the substance of the report, I am glad to say that my Delegation in general can endorse the main thoughts and principles expressed therein. However to be more specific I should like to add our observations on some of the matters with which it deals.

/With regard

With regard to trade matters, as trade liberalization (quotas) on a region-wide basis, quotas and tariffs on a sub-regional basis, government purchases, business participation in intra-regional trade and primary commodities, in general we support the main ideas expressed in the report.

I should like to underline here that "the need for appropriate built-in safeguards and escape clauses and the necessity of achieving a reasonable reciprocity of advantages in any scheme" is essential. The balance of payments difficulties as an obstacle must not be underestimated, especially for countries with limited export potentials and increased requirements for development and defense. Technical examination by a committee of officials is therefore imperative.

Quotas and tariffs on a sub-regional basis are indeed feasible and should be undertaken on a limited scale for each commodity. Taking into consideration the economic structure of the respective countries and the place of the commodity as an important item in the field of production or consumption, we should be able to select a range of products where reduction of barriers to trade through the elimination of quotas and tariffs is desirable, practicable and mutually beneficial to the countries concerned. This range of selected commodities can be gradually expanded, its volume progressively increased and, where necessary, readjusted to meet unforeseen changes in external as well as internal conditions. This is especially true for commodities which constitute essential import items, such as rice, cotton and fuel; or main exports, such as copra, jute, rubber, tea, logs and edible oils.

With the increasing role of the government and its agencies in trade and development, and considering that although the ECAFE countries are essentially still primary commodity producing countries (not all producing the same commodity) and have still to import goods produced within the region, preference should be given to those commodities. This can be done through government purchases. Moreover, with the rapid development of manufacturing industries, a fair chance must be given for new semi- and manufactured goods, including capital goods to secure markets within the region, as long as they are competitive in price, quality and delivery time.

/My delegation

My delegation supports the suggestions for regional co-operation in the field of primary commodities as mentioned in the report. It is of primary importance for the ECAFE countries to adopt a common and agreed policy on appropriate commodities, especially in cases where measures taken outside the region can severely hurt our export position, as has been the case recently regarding the release of strategic materials from stockpiles in the United States. Furthermore, with the progress of development plans in the region, the ever-increasing needs for basic raw materials should be co-ordinated with the development plans of the producing countries, especially with iron ore, coal, manganese and nickel for the iron and steel industry, bauxite for the aluminum industries and petroleum and natural gas for fertilizer plants and petrochemicals. In this connection, long term contracts, government purchases and direct trade should be encouraged.

In principle, we accept the content of the report with respect to development planning and a regional development bank. Co-operation in development plans and policies on a bilateral and sub-regional basis should be extensively explored and practised; training of development and planning experts on a regional basis should be extended to national research and educational institutions; feasibility studies of regional and sub-regional industries should be encouraged and serious consideration given to the practicability and soundness of each project. Joint ventures should be undertaken and it might be useful in this connection to describe how my Government is bringing joint venture schemes into practice. One type of joint venture is production-sharing, a special credit arrangement, in accordance with which repayment is made with exportable products resulting from the venture. We have under this arrangement projects with Japan, such as the rehabilitation of petroleum production, nickel and logging. Another type of joint venture is known as the "Contractor's Deal", whereby an outside or foreign enterprise can provide capital, services, technical and managerial knowhow, to be paid back in kind and by a share of the net gain. This last kind of venture is now practised with foreign oil companies. There are many other ways of conducting joint ventures; and, through such co-operation, regional development can be encouraged.

/With regard

With regard to the proposal to establish a regional development bank, there is indeed a need for such a financial institutions. Especially for financing projects where pre-investment activities have to be conducted prior to the construction of the plant, such a source of fianancing is essential. Contributions of regional members, such as Japan, New Zealand and Australia are welcome and priority should be given to contributions and loans from non-regional members. Since there are still many problems to be studied as to the justification for and the functions and technical requirements of such a regional development bank, we agree with the recommen- dation that an expert group be constituted to study those questions.

On matters of transportation, in general we can agree with the pro- posals on shipping and air transport. Considering the situation and the geographical conditions of our country as an archipelago where external transport with neighbouring countries can only be conducted by air or sea, we are in favour of closer co-operation in both fields. Furthermore, we are aware of the export position of our primary commodities. Since those commodities, whether agricultural commodities or minerals, are bulky and since freight rates in many cases determine the extent of the market, we should be able to settle the freight problems so as to widen and extend our existing markets through common policies and concerted action.

As to organizational arrangements our feeling is that, for the time being, the institution of a Council of Ministers should be postponed until such a time as it may become urgently needed. We can, however, support the idea that ad hoc ministerial meetings may be convened from time to time to discuss specific areas of mutual interests within the framework of Asian economic co-operation.

Since there are so many areas to be considered, we must select those which are most important and deserving of priority. It is indeed important for a ministerial conference such as this to recognize the areas of co- operation; but will also be a valuable step if we can draw up a list of priorities covering the subjects we are discussing now, in order to make the action programme more practical.

I suggest, therefore, that the programme of recommended action resulting from this Conference give due consideration to the priority, feasibility and practicability of implementing the above measures of economic co-operation.

/Statement



Statement by the Representative of Iran

One of the main features and characteristics of our time is the close co-operation among the nations of the world in the fields of economics and education; and such mutual assistance is the best evidence of progress in our world. Although the idea of co-operation and collaboration among nations finds its roots deep in the history of mankind, this was best realized during the first half of the 20th century and, especially, since the Second World War. Today all the peoples of the world have shown and proved their interest and **tendency for international co-operation.**

Probably the establishment of the European Common Market is the best sign of the realization of such co-operation. The thought of close collaboration and co-operation among the west European nations is almost four centuries old. Among the very first pioneers of this ideal was Sully, the thoughtful French minister who so successfully introduced and defended this idea. Later the deep controversy amongst the advocates of the ideal of economic and cultural co-operation on the one hand and the extreme nationalists and expansionist governments on the other delayed the realization of this great ideal. Finally the experience of the Second World War and the miseries it entailed performed an important role in bringing the west European nations close together in the framework of the European Economic Community.

In general, the Asian countries have more readiness for such co-operation and are closer in thought than many nations in other parts of the world. There is little evidence of deep-rooted hostility and bitterness amongst them. Accordingly they can have common goals and a common path in their fight against misfortunes and for the achievement of economic development and higher standards of living. Their togetherness and continuous co-operation will enable them to attain their goals of economic growth more easily and in a shorter period of time. The creation of ECAFE was a sound and proper response to the mounting needs for mutual understanding and communication of the people of this region. The Iranian delegation, while recording its appreciation of the task and efforts of the ECAFE secretariat, experts, and members of the preparatory

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meeting, requests permission to state briefly its views and opinions on some of the main recommendations of the experts and of the Preparatory Meeting on Asian Economic Co-operation as follows:

1. The ideal of liberalization and continuous expansion of trade among the countries of this region is highly supported by our delegation. In our opinion the first step should be the elimination of import quotas and the removal of all quantitative restrictions on an intra-regional trade. After the attainment of this goal, measures could be adopted to adjust customs tariffs for the purpose of further expansion of trade amongst the countries of this region, on a bilateral or multilateral basis within the sub-regions for special commodities and particularly among countries at a similar level of economic and industrial development. Towards the attainment of this goal the more developed countries are expected to make greater sacrifices. However, the removal of quotas will remain the first step towards the achievement of trade liberalization in this region and should be given high priority.

2. Our delegation duly supports the recommendation of the Preparatory Meeting to the effect that government purchases could be used as a means of promoting intra-regional trade. Countries of this region, to the extent possible and on a basis of equality, should give preference in purchasing their requirements to goods produced in the region.

3. The Iranian delegation is of the opinion that mutual co-operation, co-ordination of economic development programmes and exchanges of views and information on economic matters will play a major role in the further expansion of our economies. The best evidence of this is the proposal of the Iranian delegation to the Second Oil Symposium held at Teheran in 1962, calling upon the countries of the region to co-operate with Iran in utilizing the gas for the production of liquid ammonia, a raw material for fertilizers. Many development projects could be financed through joint ventures established as a result of the co-operation of member countries. Such a measure in itself would be a further step towards the expansion of intra-regional trade.

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4. Our delegation, realizing the importance of joint ventures for directing resources towards financing regional development projects, favorably considers the importance of establishing a regional development bank. However, this matter requires careful planning and consideration by experts.

5. Regarding shipping facilities and ocean freight rates, which are of immense importance in developing or discouraging intra-regional trade, our delegation duly supports the statement of the honorable leader of the delegation of Japan, made yesterday. Direct negotiation with shipping companies would be considered as an effective measure towards the solution of our shipping problems. In any case, united and joint action on this matter is essential.

6. Those countries of the region that have no access to the seas should be provided with sufficient means to facilitate their trade with other countries. In this respect, we have the pleasure to support the statement of the honorable leader of the delegation of Afghanistan on the matter of transit routes and facilities, which is of great importance in increasing the volume of the intra-regional trade.

7. The establishment of permanent and temporary fairs to exhibit the manufactured and agricultural products of the region and also the collection and processing of economic and trade information will be a major factor in the expansion of trade. The ECAFE secretariat should give high consideration and priority to these matters.

8. We also support the recommendations of the Preparatory Meeting for regional co-operation in the field of primary commodities. The continuous fall of the prices of the primary products and the rise of the prices of manufactured goods is constantly deepening the gap between living standards and well-being in the developing and in the developed countries of the world. As Asia mainly produces primary commodities, joint action and a common approach are needed by all countries of this region to solve the problems of primary products, especially that of establishing the prices of those commodities in the international markets. Fortunately, the United Nations Conference on Trade and Development to be convened in 1964 will provide us with a unique opportunity for trying to attain this goal through the joint and common action of the member countries of the region.

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Statement by the Representative of Japan

I cannot but recall the words used by U Nyun on the occasion of the Preparatory Meeting for this Conference held at Bangkok in October, and his similar remarks in his inspiring opening statement this morning. To quote, "The present political climate should not unduly discourage the countries of the region in seeking to accelerate their economic development through co-operative endeavor. Owing to the existing political difficulties in the region, co-operation in economic affairs has assumed an added urgency and importance. It is also for this reason that ECAFE has been called upon to take an active role in promoting regional economic co-operation."

When we take into consideration the remarkable achievements of the European Economic Community in the field of economic development, and the world-wide trend towards regional economic co-operation, U Nyun's words take on an added significance. Japan is prepared to take an active part in the establishment of the various expert groups recommended by the Preparatory Meeting, and to make as constructive a contribution as possible.

I may briefly mention that my country is ready to endorse the greater part of the recommendations formulated by the Preparatory Meeting held at Bangkok. We are particularly interested in the outcome of the studies proposed for the co-ordination of the economic development plans of the countries of the region, and for the establishment of a regional development bank.

We have long felt that, in order to get the idea of regional economic co-operation really off the ground, so to speak, we should actually come down to earth. The Intra-Regional Trade Promotion Talks at Bangkok in January of this year, the Working Group of Experts convened by the Executive Secretary and the October Preparatory Meeting at Bangkok have been noteworthy, because they have all shown the growing awareness of the countries of the region of the need for a pragmatic and realistic approach to the problems of regional economic co-operation.

It is perhaps hardly necessary to point out that regional economic co-operation in itself is not our ultimate goal. Regional economic co-operation is but a means towards an end--the full economic development and dynamic growth of the countries of the region in the context of a truly global economic community.

/We think

We think that it is high time for us to agree on our first steps towards this desirable state of affairs.

With your permission, I should now like to touch briefly on several points which are of particular interest to my delegation.

The first point concerns the co-ordination of development plans.

At the Bangkok Preparatory Meeting, almost all the delegations present agreed in principle with the recommendation of the Expert's Report on the **necessity of co-ordination in economic development planning and the establishment of regional industries.**

As we have stated on many previous occasions, in order to achieve long-range expansion of intra-regional trade within this region, the various components of which are not necessarily complementary to one another, and thus to achieve import substitution and expansion of exports, it is necessary for the countries of the region to avoid waste in the distribution of resources through co-operation in the establishment of regional industries; for it is our firm belief that such industries will be in a stronger position to achieve the economies of scale which will enable them to secure wider export markets within the region.

The prerequisite for such an achievement is the mutual co-ordination of development plans, and it is the conviction of my delegation that this sphere is one in which the ECAFE countries can do a great deal towards further promotion of regional economic co-operation.

Naturally, it is understood that each country has its own particular domestic problems as a background to its economic development plans, and that when it comes to the actual co-ordination of such plans, it will become necessary to hold careful and fully adequate advance consultations to decide the contents and criteria for regional industries which would be most appropriate for the countries of Asia and the Far East. From this standpoint, we are greatly heartened to note that, at the Bangkok Preparatory Meeting, it was agreed that an ad hoc expert group would be convened to study in detail the possibilities of establishing such regional industries.

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From the current stage of the economies of the countries of the region, my delegation feels that, in general terms, it would be most practical and effective to study the possibility of the co-ordination of economic development plans from a sub-regional viewpoint, that is, grouping countries which are in a similar stage of development and which have the greatest possibilities for such co-ordination. In the case of new industries, the field of light industries, with the addition of some chemical industries such as cement or fertilizers, might be explored. Though we realize the difficulties, existing industries should also be studied with a view to achieving the greatest possible extent of co-ordination. In any event, my country is prepared to participate in, and to contribute as actively as possible, to the studies of the ad hoc working group of experts.

With reference to this last point, it may become necessary to re-evaluate the effectiveness and economic soundness of the various existing industries capable of regional expansion. As discussed at the Bangkok Preparatory Meeting, there are already some notable international projects within the region, such as the development plans for the Lower Mekong Basin, which are being implemented with the assistance of the United Nations Special Fund and the co-operation of governments both within and outside the region. There are also examples of industrial development of the regional countries on a private basis, such as the various joint ventures which our country is promoting with the co-operation of the countries of the region.

The Mekong project is principally concerned with the building-up of economic infrastructure, but it is important to study the possibilities of utilizing this base for the industrial development of the countries connected with the project. It would also be most useful to explore the possibilities of expanding the present bilateral joint ventures into multilateral ventures involving the participation of more than two neighboring and interested countries.

The second subject I should like to take up is the matter of establishing a regional development bank.

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At the Bangkok Preparatory Meeting, most of the countries of the region, including Japan, recognized in principle the need to establish a regional development bank, and agreed to create, with the assistance of the International Bank for Reconstruction and Development, an ad hoc group of experts to study the problems involved. According to our understanding, this agreement was based on the recognition that the establishment of regional industries, or joint ventures, against the background of the co-ordination of the development plans of a number of regional countries, would be of positive benefit to the **cause of regional economic co-operation.**

It follows that, in the studies to be made by the expert group, it would not be appropriate to extend the scope of projects to be financed by the bank to those covered by existing international organizations such as the International Bank for Reconstruction and Development and the International Development Association. Rather, the objectives for financing should be, for instance, joint ventures, areas connected with the organization of such joint ventures, such as technical assistance towards the drawing up of sound and rational development plans for their establishment, or development financing on a regional basis to assist in the improvement of quality of, or of the facilities for collecting and distributing, primary commodities within the region.

In order to draw up such sound and rational development plans, it might be most effective to have a panel of consultants (both from within and outside the region) or a group of experts always available on demand, to offer expert advice. The possibility of providing the services of such consultants or experts by means of grants might also be profitably explored.

Concerning the scope of the contributor countries, my delegation feels that, in order to ensure that the subscribed capital is not too small and that the bank's activities will complement the existing bilateral and multilateral aid and, further, to employ all these means in the most efficient manner possible, the capital should not be put up by the regional countries alone but opportunities should be left for the participation of countries outside the region.

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We naturally hope that the proposed expert group will also study in detail and with the greatest of care the other outstanding problems, such as the scale of the proposed bank and the terms on which credit will be granted. My country is prepared to co-operate fully in the activities of the expert group, and to study, in the closest collaboration with the other countries of the region, the possibilities of the establishment of such a regional development bank.

The third matter I wish to mention concerns the subject of shipping. The Bangkok Preparatory Meeting recommended the establishment of an ad hoc committee of experts to study shipping problems in the region, and we are ready to co-operate fully with such an expert group.

My Government recognizes that there is a possibility of establishing a regional shipping line as a means of eliminating obstacles to increasing intra-regional trade. While we are prepared to study the feasibility of such a project in consultation with other countries of the region, we are inclined to feel that it might not be to the benefit of the intra-regional trade itself if the creation of a regional shipping line were to lead to discriminatory actions or to undue intervention by regional governments in the determination of freight rates.

My Government is not opposed to the formation of a regional grouping of shippers to enable them to negotiate jointly with conference lines for the rationalization of freight rates. Here again, however, the attitude of my Government is that freight rate problems should be left as much as possible to free and voluntary negotiations between shippers and shipping lines, because we feel that government intervention in freight rates could lead to an economically unsound system. In this connection, the establishment of freight investigation authorities by governments of the region and any action to be taken by such authorities should be considered with meticulous care, so that such action will not suffocate the development of marine transport and promotion of trade, especially in view of the fact that freight rates are set on the basis of multilateral trade routes.

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Now, I come to the fourth and final subject we should like to discuss. This is the matter of the establishment of a council of ministers.

My delegation is prepared to support the establishment of such a council to promote economic co-operation in this region. I should mention, however, that it is our understanding that the functions of this ministerial council will be of a consultative and co-ordinative nature. I mention this point in particular because the wording of the recommendation in the Expert Group's report is to establish a Council which would be, I quote, "the highest decision making body for regional co-operation."

Now, we feel that this particular wording should be given the closest scrutiny.

Decisions binding upon governments can only be made after taking all domestic constitutional procedures required by the respective governments. The ministers attending such councils will have to be given full powers to undertake any commitments.

My Government would therefore much prefer this proposed council of ministers to be a consultative and co-ordinative body at the highest level, the deliberations of which would, we hope, naturally lead to the decisions required to enforce any steps which may become necessary to promote regional co-operation.

/Statement by

Statement by the Representative : of the Republic of Korea

I wish to refer to the report of the Preparatory Meeting held at Bangkok from 21st to 26th of October 1963.

Firstly, regarding trade liberalization and quotas on a region-wide basis, the report points out that the Preparatory Meeting considered the recommendations of the Expert Group for Liberalization of Trade on a region-wide basis including the gradual removal, over the region as a whole, of quantitative restrictions on intra-regional trade. The report, however, indicates that some countries expressed preference for bilateral trade liberalization as being more feasible now and that some countries pointed to their balance of payments difficulties as an obstacle to trade liberalization, while a number of countries expressed preference for a scheme to remove trade restrictions over an agreed range of commodities.

In view of the differences in the economic and trade patterns of the countries of the region and of balance of payments difficulties, especially on the part of the less developed countries in the region, my delegation is of the opinion that trade liberalization on a region-wide basis should be proceeded with gradually, perhaps on a sub-regional basis as well as through bilateral arrangements. My delegation supports the recommendation of the Preparatory Meeting that a committee of officials from member countries might undertake further examination with a view to working out in detail an acceptable programme.

Most delegations at the Preparatory Meeting endorsed the recommendation of the Expert Group that trade liberalization and tariff reduction would be feasible on a sub-regional basis, particularly among countries at similar economic and industrial levels. It is the opinion of the Korean delegation that the above mentioned approach might be proceeded with item by item, and on a commodity to commodity basis in a more gradual way, and that it is desirable for interested member countries to pay earnest attention to their matter so that appropriate action can be initiated to make the recommended studies.

With reference to the recommendations on government purchasing made by the Preparatory Meeting, my delegation is glad to state that our Government welcomes the exchange of pertinent information on government purchases as a means of promoting intra-regional trade.

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It is gratifying to note that, although the Preparatory Meeting recognized the importance of measures of co-ordination of investment plans, it considered that a modest start could be made through the mutual exchange of information about national development plans and that each country might take into account the development programmes of other countries in implementing its plan of development. It was suggested that this could be done through periodical meetings of officials from the countries of the region. My delegation feels that the abovementioned measures should be worked out first and that, at a subsequent stage, more co-ordinated measures might be considered by the governments of the region.

Like several other distinguished delegations, my delegation also recognizes in principle the need for establishing a regional development bank which could assist in mobilizing resources for regional capital requirements and in promoting intra-regional trade. Since there are many problems related to capital subscription, lending activities, and the bank's independence, it is the opinion of my delegation that further examination in detail should be made by competent experts and officials from the interested governments under the auspices of ECAFE.

With regard to business participation in intra-regional trade, the Korean delegation fully endorses the suggestions of the Preparatory Meeting concerning the removal of various obstacles to business travel, the organization of training courses for businessmen on practical subjects and the establishment of information centers, trade fairs and display centers in order to increase knowledge of potential regional markets.

To help promote regional co-operation in developing the production of primary commodities in countries of the region and to achieve the stabilization of the prices of those commodities which the countries sell on the world market, my delegation welcomes regular intra-regional consultations on commodity problems and the adoption of measures for the conduct and application of scientific and technical research on a co-operative basis as a means of reducing costs and developing new uses for the products of the region.

Regarding problems of shipping, my delegation is of the opinion that, since ocean freight rates have a significant bearing on the promotion of trade

of the region, the arbitrary establishment of high rates be carefully considered by the countries of the region. Furthermore, my delegation further believes that the inadequate port facilities of the countries should be improved.

As to the pooling of available shipping facilities, it is the opinion of my delegation that gradual progress through bilateral negotiations among the interested countries of the region might be more feasible.

Let me make some final remarks on the organization arrangements. The report of the Preparatory Meeting indicates that the meeting gave special consideration to the recommendations of the Expert Group on this matter and that it recognized the need for suitable administrative arrangements for effectively carrying out any agreed programme of regional economic co-operation. My delegation realizes in principle the need to establish organizational arrangements for the acceleration of the regional economic co-operation and the need for a full study to be made of such arrangements by the officials from interested countries, pending consideration by the countries of the region. Hence, my delegation supports the recommendation of the Preparatory Meeting that ad hoc high level meetings be convened to provide machinery for carrying out regional co-operation measures.

/Statement by

Statement by the representative of Laos

I should first like to thank the Government of the Philippines for its hospitality and for all the arrangements made to ensure that the work of this conference proceeds agreeably and fruitfully. Our presence here is in itself proof of our willingness to co-operate. Co-operation requires sacrifice and the Laotian Government is prepared to make the necessary sacrifices to promote closer co-operation between the countries of the region.

Here are my delegation's views on item 4:

The experts in these matters have suggested the progressive abolition of all quantitative restrictions on intra-regional trade on a region-wide basis. In view of the different economic and commercial standards of the countries of the region, it was agreed that a committee of officials from the countries concerned should make a thorough study of the question of trade liberalization, with the assistance of ECAFE. Regarding tariffs and quotas at the subregional level, the participants agreed that trade liberalization through tariff reduction was possible on a sub-regional basis, particularly between countries at the same level of economic and industrial development.

It was noted that the United Nations Conference on Trade and Development, to be held in Geneva in March 1964, will consider the question of preferences and regional economic groupings.

Laos is in favour of economic co-operation at the sub-regional level between ECAFE countries. The problems facing it have more in common with those of its immediate neighbours than those of more distant countries at different stages of development. As Laos is essentially an importing country, it has only limited possibilities of action in the matter of quotas and trade liberalization. These problems should, in any case, be studied by customs and taxation experts.

The Preparatory Meeting recommended that to be effective, trade liberalization measures would require increasing co-operation of the region's plans for investment in the mining, industrial and agricultural sectors. They therefore proposed regular meetings of planning officials from the countries of the region. It was also considered desirable to encourage groups of ECAFE countries to establish joint ventures. Laos is in favour of all exchanges of information to ensure better co-ordination of development planning in the region, especially at the sub-regional level.

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Most of the participants in the Preparatory Meeting agreed in principle on the need for a regional development bank to promote and help mobilize and channel resources for regional projects and joint ventures. It was agreed that a group of experts should study the question in consultation with IBRD. Laos is in favour of the establishment of such a bank, which could help to solve some transport and transit problems.

The preparatory meeting recommended:

- the adoption of a common policy on commodities by ECAFE countries selling their products outside the region.
- the adoption of measures to extend international commodity agreements.
- provision for regular intra-regional consultation on problems relating to major products of the region.
- the conclusion of long-term agreements and contracts on mineral and agricultural products.
- the adoption of measures to initiate and apply scientific and technical research on methods of reducing production costs.
- the adoption of measures relating to buffer stocks.

The Laotian delegation wishes to co-operate with ECAFE countries to ensure wider publicity for its country's products:

- through primary commodity studies
- provision of documents and statistics
- consultations on desirable commodity trade agreements
- participation in a preparatory study for a regional institute of standards and inspection.

The participants of the Preparatory Meeting agreed with the suggestions of the experts for a study on improvement of port installations and the establishment of a regional maritime conference and with all the recommendations regarding freight rate reductions and better utilization of existing lines. The Meeting also shared the views of the experts on the need for co-operation to avoid overlapping by airlines and to reduce the cost of services and maintenance. The Laotian delegation suggests that the study of transport problems (water and air transport) should be accompanied by a study of land and waterway transport. Like several other countries in the region, Laos is particularly interested in this field as it has no direct access to the sea and depends on neighbouring countries to facilitate the export of its products.

The Preparatory Meeting approved the following measures:

- removal or reduction of obstacles to business travel (visas, exchange controls, etc.)
- simplification of customs formalities
- establishment of commercial information centres
- organization of training courses for businessmen - governments might help businessmen to become more familiar with external trade techniques. Laos supports these recommendations and proposes that the products of these countries are made more widely known, thus facilitating trade with other countries of the region.

The Meeting agreed that governments should orient their purchases in such a way as to encourage intra-regional trade, and recommended that the countries of the region should give preference to goods produced in the region. Laos shares this view.

While agreeing in principle with the establishment of a ministerial council, the preparatory meeting suggested that the suggestion be considered at this conference. In this matter, we share the views expressed by the representatives of Japan, Australia and Thailand. Before a final decision is taken to establish such a body, a study should be made of its functions, competence and powers of decision.

In conclusion, my delegation wishes to express its satisfaction at the desire for co-operation shown by all the representatives here. Births are always painful, but if we want to achieve our aim we must accept the means. We hope the countries of the region which want co-operation will be able to find the means and accept the sacrifices involved.

/Statement by

Statement by the Representative of the  
Mongolian People's Republic

The present Conference is of great importance for expanding co-operation between countries of the region which, if based on the principles of mutual benefit, equality and excluding interference in internal affairs will, without doubt, promote the acceleration of economic development. Economic co-operation should be successfully developed irrespective of different social systems.

The Mongolian People's Republic is pursuing a policy of expanding trade and economic co-operation with all countries on the basis of the above-mentioned principles.

As you know, the Mongolian People's Republic is a member of the Council of Mutual Economic Assistance. Members countries of the Council of Mutual Economic Assistance are constantly co-ordinating their short-term and long-term plans for the development of the various branches of their national economies. Along with this, planning of commodity circulation for every five years is being realized within the framework of the Council of Mutual Economic Assistance.

The planned character of the economy gives the possibilities for the stabilization of export-import for long periods.

Much work is being done in regard to international division of labour, specialization and co-operation of industrial enterprises within the framework of the Council of Mutual Economic Assistance.

Measures are being taken within the framework of the Council of Mutual Economic Assistance to promote the development of every aspect of the economies of member countries and to make possible maximum utilization of the resources of each country.

In particular, the establishment of an International Bank of the Council of Mutual Economic Assistance which will function from 1 January 1964, will promote the rational use of the financial resources of member countries of the Council.

The results of close co-operation can be seen from the example of our country. Our country has successfully fulfilled two five-year plans, and is now implementing its third five-year plan. Due to the results of the rapid tempo

/of economic



of economic development of our country during the past years, the task of transforming an agro-industrial country into an industrial-agrarian economy is being successfully realized.

Allow me to express the views of our delegation regarding the recommendations of the Preparatory Meeting.

It seems to us that the recommendations pertaining to the expansion of international trade through liberalization, increase in quotas, removal of discrimination of all kinds including customs barriers and other obstacles, are correct and deserve thorough consideration. The establishment of a regional development bank will, without doubt, provide an important instrument for the development of economic co-operation in our region.

/Statement by

Statement by the Representative of Nepal

Thanks are due again to the Government of the Philippines which took a leading role in initiating the concept of an Asian common market in the last ECAFE session held in this beautiful city of Manila and which brought about the present Conference. Of course, the general conditions obtaining in the different countries of Asia for an Asian economic Union are not yet ripe for an Asian Economic Union. Nevertheless against the background of certain other regional economic groupings, it has become imperative for us to strive for the creation of conditions in this continent which might pave the way for Asian economic unity. Nepal, at the last session of ECAFE, was one of the sponsors of the famous resolution on the Asian Economic Co-operation.

This Conference is of special importance to Nepal for our country has recently started making efforts in the direction of diversifying its trade, which traditionally had been oriented toward the bordering countries of India and the Tibet region of China. But Nepal's land-locked state had been a great stumbling block to the growth of its overseas international trade. The 1960 Treaty of Trade and Transit with India provided Nepal the right of transit for its trade through India. Nepal had been insisting that, as a land-locked country, it should enjoy unrestricted transit facilities. I am happy to note that India quite recently agreed to abolish the bond-system on goods in transit to and from Nepal and thus to a great extent provided my country with the internationally recognized right of unrestricted transit. This sympathetic consideration of the transit giving country, that is India, has been much appreciated by Nepal and it will also help us in diversifying our trade pattern gradually.

As a first step in the direction of diversifying its trade, Nepal entered into a trade agreement with Pakistan in 1962. The Eastern wing of Pakistan is very close to Nepal, and at one point only sixteen miles of Indian territory intervenes in between the two countries. The volume of trade between Nepal and Pakistan is limited by the trade agreement; nevertheless, the potentiality for expansion exists. Pakistan has also granted Nepal an unrestricted right to transit through its territory for Nepal's overseas trade.

Nepal's modest effort to enter the field of international trade is motivated by its earnest desire for economic co-operation with other countries,

/especially,

especially, with the countries of Asia. Nepal's international trade has direct relation with its national development planning, for the greater the international trade, the greater will be its capacity to contribute its share in the form of internal resources.

Economic co-operation among the Asian countries for which we are meeting her has become for us a question of priority in the face of the European Common Market and the consequent economic disequilibrium of the primary producing countries of Asia. The European Common Market has become for us something like a cartel of countries to keep down the prices of our primary products. We cannot face this big combine of really developed countries without making earnest efforts for co-operation amongst different countries of Asia. There are certain limitations which we shall have to overcome before we can embark upon the project of real co-operation.

The developed countries in their own interests also should have better trade relations with developing countries which have many ambitious projects requiring capital goods. Trade restrictions enforced by the developing countries are caused by their accelerated development and their restrictions are directed to such goods as draw off their foreign exchange resources at the cost of economic development. This should not be resented or retaliated against by the developed countries by means of prohibitive tariffs. Had the underdeveloped countries not accelerated their rate of development, the additional demand for the exports of the developed countries would not have been created. Since the underdeveloped countries curb only the artificial or new demands for imports, the position of the developed countries tends to remain unaffected. At the same time, the developed countries should also consider the fact that we are not equal partners in world trade. As the Chairman of our Council of Ministers, Dr. Tulsi Giri, aptly remarked in his statement at the recent annual conference of the World Bank, the regional economic groups such as the European Common Market should, in matters concerning the trade of primary producing countries have an "outward looking approach". I earnestly feel that both sides should have more liberal terms of trade.

The primary need, in my opinion, is to develop such conditions as will contribute to a stable rate of growth for all the countries of this continent.

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This can be achieved by regional and bilateral co-operation for bringing all countries of the region upto a minimum standard conducive to stable economic development. The countries of Asia for their competitive existence in international trade must improve their low standard of agriculture, mobilize internal resources for setting and developing industries and diversify their trade. We shall have to generate conditions for establishing and justifying our economic independence. Competition for the sale of our primary products to other continents should be reduced if not completely eliminated.

What we urgently need is a charter for the establishment ultimately of Asian economic co-operation. This charter should specify our requirements and should lay down the directive for co-operation. The Preparatory Meeting has contributed a great deal in laying down principles for achieving the most intimate regional and intra-regional economic co-operation. We shall do well to accept the recommendations of the Preparatory Meeting and the report of the Expert Group. My Government supports most of the recommendations made by the Preparatory Meeting. I shall not go into detail but observe a few points. Trade liberalization should be taken up, to start with, on a sub-regional basis. I reciprocate the views just expressed by the distinguished delegate of Laos regarding resonable transportation charges by transit giving countries on goods transported to land-locked countries. My delegation fully supports the establishment of a regional development bank. My Government will carefully study all the recommendations that will be made on measures to promote accelerated economic co-operation by the committee of officials and will fully co-operate in any effort for genuine Asian economic unity.

I have put before this Conference the line of thinking of my Government. I request distinguished fellow delegates to give their kind consideration to this and I hope that the present Conference will help to crystallize the line of action for real Asian economic co-operation which will ultimately bring a better standard of living and economic resurgence to our people in Asia.

/Statement by

Statement by the Representative of New Zealand

As we see it, our task at this Conference is to make a beginning. For this we need agreement on those practical measures of economic co-operation which are necessary to achieve the objectives I have just mentioned. At the outset we would wish to pay a tribute to the part played by our distinguished Executive Secretary, U Nyun, whose determination and idealism have done so much to secure this meeting at Manila to discuss ways of solving our common regional economic problems. We have seen in other regions of the world the useful results that are beginning to flow from regional planning co-operation and co-ordination. The Common Market and EFTA, and the regional organizations in Latin America and Africa indicate the values that can be gained from closer economic co-operation. Moreover, they suggest what must be done if we are to make progress. It has been clearly demonstrated elsewhere that regional co-operation in trade and development can provide the necessary climate for an accelerated rate of growth for the individual members of such groups.

We in New Zealand are very conscious of the many difficulties that lie in the path of regional co-operation - difficulties and barriers that have their origin in geography and history; obstacles of uneven economic development, of population pressure, of lack of capital to develop natural resources, of industrial under-development, of low commodity and raw material prices, poor communications and high freight costs. But a major obstacle and one that affects us all seems to be a lack of confidence and assurance that the principles of regional co-operation, on which I believe there is now a broad general agreement, will, when translated into practical measures, bring us the desired results.

We do not lack for ideas or suggestions as to how we can set about the task of planning and building for prosperity in Asia. The Executive Secretary has commendably convened a group of experts with experience of regional economic planning and a knowledge of Asian conditions. This group has presented us with a valuable report embodying sound proposals, many of which have been tested and found successful in other situations but all of which are particularly relevant to the needs and problems of the ECAFE region. A preliminary examination of this report has already been carried out by the Preparatory Meeting of Officials at Bangkok last October.

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I should like now to make some general comments on these reports and then to speak more specifically about individual recommendations.

First I believe that this Conference has an important public relations function to fulfill. If we are agreed, as I believe we are, on the urgent need for closer economic co-operation in the ECAFE region we should not, as representatives of governments, delay any longer in making known to the peoples of Asia our continuing determination to work together more closely to improve our economic and political lot. The New Zealand delegation would like to see this Conference conclude with a clear statement of our objectives and a programme outlining the practical steps to be taken to achieve these objectives. In our view the valuable report of the Expert Group, which we regard as a technical "blueprint" or economic co-operation, could well be made public. It would serve to stimulate comment and suggestions from persons outside government in industry, commerce and the academic world. There may well be other materials which the Executive Secretary could suggest as the basis of an information programme which might be used both by ECAFE and by regional members themselves to arouse a wide understanding and public interest in measures of closer economic co-operation.

Turning now to the substance of the report, I should like to commend the excellence and thoroughness of the work of the Expert Group. We have the benefit of the comments made by the report of the Preparatory Meeting to help guide our discussions here.

We consider there is every justification for regarding the recommendations of the Expert Group as an integrated set of proposals. For example, trade liberalization measures are an essential pre-requisite to an expansion of intra-regional trade, and it is through such an expansion that markets of scale will be provided for the products of the new regional industries envisaged by the experts. I think the point made by the delegates of Ceylon about the relationship between expanding trade in the context of industrial development is very well taken.

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We share the views of the Expert Group as to the central purpose of its studies. Simply but briefly, in the introduction to the report, the experts said:

"The study is centered mainly on measures of trade liberalization and consideration of development plans. We are of the opinion that these are the basic elements of any useful programme for increased regional co-operation. Increased regional co-operation cannot be achieved unless there is the necessary political will on the part of the governments of the region. That this is indispensable has been demonstrated by the record of co-operation in other areas of the world."

The New Zealand delegation is ready to join with other members of ECAFE in the **detailed consideration of the** next steps required to promote closer regional co-operation. Amongst the principle measures which must be examined to give effect to such co-operation we believe we should begin with a thorough study of the opportunities for trade liberalization.

The experts' proposals for trade liberalization were drafted with deliberation and would not, in the opinion of my Government, impose excessive demands on governments in the early years of the implementation of such a programme. The relative ease with which the trade liberalization programme could be implemented and the experience that would be gained in doing so should serve to create more favorable economic conditions as well as generate a climate for tackling at a later stage some of the more difficult but economically more valuable measures. Those countries participating in the trade liberalization programme would be free to decide what products should be covered by the programme of liberalization. Desirably it seems to us this approach should emphasize the special interests and needs of what I might call the lesser developed countries within the region - the sub-regional approach as it is called by the Experts. While New Zealand regards the trade liberalization programme as a basic starting point. We also feel that a beginning can and should be made now with development planning. This point of view was recognized by the officials when they suggested as a preliminary the mutual exchange of information on the contents of national development plans. This they suggested would be the "modest start" that could be made in this field. This is not to say that we would wish to discourage countries that feel ready now to co-operate in the planning of industry on a limited and sub-regional basis. In our view, development planning within the region is a very necessary step in the total programme, but it might more easily be undertaken once some measures of trade liberalization have been accepted.

The trade liberalization measures envisaged in the Experts' Report are of course designed for implementation in either a regional or sub-regional context. We have noted in the Officials' Report the preference expressed by some countries for bilateral trade liberalization. On the other hand there is something to be said for approaching trade liberalization on a broader basis as in general this may be more effective in stimulating a wider flow of trade. But this emphasis on the broader approach within the region throws into clearer relief the need for appropriate safeguards. Some countries may need the assurance that quantitative restrictions which may be dismantled could be reimposed under certain agreed conditions if severe balance of payments difficulties were experienced. Questions of this nature should be the subject of consultation and negotiation within the framework of any machinery which may agree to establish. Given the diverse character of the economies of this region there may be advantage at this point in time in approaching trade liberalization on a sub-regional basis. It may be of interest to the conference to mention that Australia and New Zealand are engaged in a study on the possibility of free trade arrangements between the two countries. This study is being made by officials of the two Governments to ascertain what commodities might be included in such an arrangement and the form it might take. Not only does this study deal with the particular problems of trade between Australia and New Zealand but it does also include considerations of the international implications of such an arrangement. The experience gained as a result of this study may well have relevants to the wider work of ECAFE. We recognize that the emphasis at this stage on a sub-regional rather than a regional approach to many of the problems of co-ordination and planning is realistic having regard to this diversity in the economic development of the region. We recognize also that the contribution made by such an approach will depend on the adoption of an outward-looking and liberal attitude. It would serve the cause of greater Asian co-operation very little if one or more sub-regional arrangements were to emerge which were too exclusive in character and restrictive toward other ECAFE countries.

In the light of what I have just said, my Government agrees with the recommendation of the Preparatory Meeting that a Committee of Officials of interested member countries of the region should be called together to undertake a further technical examination of trade liberalization with a view to working out the details of an acceptable programme. We would be prepared to leave it to the Executive Secretary to call such a meeting.

/My delegation



My delegation fully supports the recommendations in the Experts' Report relating to the regional development bank, but it does so in the context and on the basis recommended by the Experts. The bank proposal is an important part of the programme for the freeing and promotion of intra-regional trade but specifically for the financing of agreed regional or sub-regional projects for industrial development. It may be that a sum of the order required to finance the bank will not easily be found within the region and, as the Experts point out, that the bank will require additional capital from countries and institutions outside the region. A substantial initial contribution from regional governments should however serve to attract finance from outside sources. It seems to us that the degree of success which the bank achieves in attracting necessary outside finance will depend basically on the preparedness of the countries represented at this table to co-operate one with another in programmes of industrial development on a broad basis.

We fully agree with the proposal contained in the Officials' Report that this project be studied in detail by a group of experts who should define more precisely the organization and functions of the regional development bank.

Both the Expert Group and the Officials have proposed that among measures of regional economic co-operation particular consideration be given to the co-ordination of policies in respect of primary commodities produced by the countries of the region. We believe this is an important role for ECAFE. In the case of many of the primary commodities, notably jute, pepper, rice, to mention but a few, discussions are proceeding or are in prospect to try and reach agreement upon an approach to wider international arrangements.

Consultation among the governments in the ECAFE region about their approach to questions of international trade in primary commodities can be of special value, particularly to countries such as Western Samoa which is heavily dependent upon a satisfactory level of trade at remunerative prices in products like copra and cocoa. I have no doubt that the representative of Western Samoa will wish to speak in more detail on this question. Because of the close links between New Zealand and the independent Government of Western Samoa, we like

/Western Samoa

Western Samoa delegation particularly welcome the attendance at this meeting of a representative of the Western Samoan Government which is taking its place for the first time as a full regional member of ECAFE.

Finally, I come to the subject of the machinery required to develop an agreed programme of regional economic co-operation. We are of course in full agreement with the Executive Secretary that as a region, we cannot afford nor at this stage do we require the elaborate and complex machinery established in other regions, particularly in Europe. We should make use of the facilities that already exist, and we are grateful for the offer made by the Executive Secretary to place at our disposal the resources of the secretariat of ECAFE. The officials have referred to this conference the proposal to set up a Council of Ministers. It is difficult to visualize however that we will make much progress toward regional co-operation until we have a body which can take effective conclusions on the agreed recommendations which emerge from the study groups we establish. The relationship of such a group to ECAFE as whole is as the distinguished representative of Afghanistan observed one which would require particular consideration. While my Government is sympathetic to the proposal to establish a council of Ministers if this should be the general decision of the Asian members we would not wish to press ourselves for the establishment of such organ at this juncture. Like the Indian representative we feel it is better to take a flexible attitude to the question of organization institutions in response to demonstrating needs.

/Statement by

Statement by the representative of Pakistan

The questions before this Special Conference are very important and will have a far-reaching effect on the economies of the countries in the ECAFE region. The group of experts which met earlier to examine the question of greater intra-regional economic co-operation has done very useful work and has rightly drawn attention to the need for such co-operation and the factors which have retarded the growth of the co-operative efforts so far. The Preparatory Meeting, while generally endorsing the recommendations of the group of experts, has rightly suggested further technical examination of the questions of trade liberalization and development planning. Let me express our appreciation of the work done by the Group of Experts and the Preparatory Meeting. They have analyzed the problems involved very carefully.

The world has, long ago passed the stage of economic isolation where individual countries could follow separate national policies. As pointed out by the Group of Experts, even large, wealthy countries well endowed with resources and skills cannot afford to follow self-sufficient economic policies. This is truer still of small poor countries. Regional understanding in Asia is essential if we are to deal with other regional economic groupings from a position of collective strength.

One of the urgent problems facing the developing countries is how to increase their export earnings to meet their increasing import requirements. This can be done if the developed countries adopt outward-looking policies, remove artificial restrictions such as quotas, high tariffs and internal taxes particularly from semi-processed and manufactured products of the developing countries. It is distressing to find that, when developing countries as a result of their investment plans are in a position to export, they are faced with artificial restraints. Coordinated action is necessary for securing stable and remunerative prices for the primary commodities produced in the region and for removing artificial restraints which act as impediments to expansion of their exports. It has been rightly said that common and agreed policies by the producing countries of the region would strengthen their position at the negotiating table. There is need for a common approach by countries of the region on commodities and trade problems to be taken up at the United Nations Conference on Trade and Development to be held in March next year in Geneva. The producers of such commodities should be assured of fair

/and stable

and stable prices if the gap in their terms of trade has to be narrowed. Regular consultations on commodity problems among countries of the region are very essential. I should like to draw attention here to the need for action by the countries in the region to increase productivity both in the agricultural and industrial fields. The sheer size of the agricultural sector in the economies of the countries of the region makes it imperative that increased attention be paid to increasing productivity especially as agriculture is subject to hazards of nature. My delegation is in full agreement with the recommendation for regional co-operation in scientific and technical research for increasing productivity, reducing production costs and finding new uses for the products of the region.

As regards liberalization of trade, my delegation is in agreement with the recommendation that a committee of officials from interested member countries of the region undertake further technical examination of the problem. Quite apart from the need for built-in safeguards and escape clauses arising from the fact that countries of the region are in different stages of economic development with diverse political policies and affiliations, the question of reciprocity in advantage is very important.

As trade liberalization measures would have to be co-ordinated with investment plans, the question of development planning needs further examination by an expert group as recommended by the preparatory meeting. My delegation generally supports the idea of "agreed specialization" so that each country in the region can concentrate in the long run on industries with regard to which it enjoys comparative advantages. Such a country would of course have to be assured of the regional markets. My delegation is in agreement with the recommendation for exchanges of information on national development plans. The question of joint ventures in agreed fields deserves the serious attention of governments; a beginning can perhaps be made with some projects to be agreed upon. The distinguished delegate from Ceylon has referred to the development of fisheries in this connexion. This lends itself to a co-operative effort.

The question of freight rates particularly because of its effect on the competitiveness of the products of the region and thus on the export earning capacity of the countries is so important that concerted action to secure reduction in freight rates is very necessary. Joint negotiations with the conference lines should prove fruitful. Attention has rightly been drawn to the need for improving  
/port facilities

port facilities in the countries of the region. We in Pakistan have sizeable programmes in hand aimed at improving port facilities. We have also established a shipping corporation and action to acquire more ships is in progress.

The question of institutional arrangements referred to in the report of the preparatory meeting deserves the serious consideration of Governments. Some machinery would be necessary to consider the recommendations which may be made by ad hoc groups of experts charged with the technical examination of the question of trade liberalization and the ad hoc groups which will examine the question of development planning and the establishment of a development bank. I am not sure whether a council of ministers need be created at this stage. It may perhaps be preferable to convene ad hoc high level meetings to consider the recommendations of the expert groups proposed to be appointed.

As I indicated earlier, we cannot live in isolation and we should take all necessary action for increasing intra-regional co-operation. In formulating our programme we should keep in view the effects of the of the formation of sub-regional groups on the economies of the countries of the region. We shall also have to take into account the deliberations of the forthcoming United Nations Conference on Trade and Development. Before I conclude let me point out that the programmes to be formulated will have to be judged in the light of the promise they hold forth of attaining the ultimate objective of accelerating the economic growth of the region as a whole and of individual countries with a view to raising the standard of living of the common man. We have, before us, the challenging task of providing the minimum necessities of life to the millions of people in the region so as to eradicate poverty, disease and ignorance. Concerted action on the part of the countries of the region, outward looking policies and a co-operative spirit on the part of the advanced countries of the West would give us cause for hope.

/Statement by

Statement by the Representative of the Philippines

We in the Philippine delegation believe that the future of the developing economies in this region will largely depend on the success of this Special Conference. As we all know, many of the issues, that will be taken up in this Conference are truly vital, since they bear directly or indirectly on the growth and development of the economies of the countries in this region.

At this stage, allow me to highlight those particular items of the agenda which in the considered view of the Philippine delegation rate priority because of their importance and their far-reaching benefits, and because of the feasibility of their immediate implementation. Such items are:

1. Trade liberalization on a regional basis
2. Concerted and unified efforts regarding primary products, and
3. The creation of machinery to carry out the different measures that will be adopted during this Conference.

On the subject of "Trade Liberalization on a Region-Wide Basis", I am happy to state that the Philippine delegation takes the following position:

First, it supports the recommendation of the Expert Group for a gradual decrease and eventual elimination of quantitative and foreign exchange restrictions. We believe that, at this time, some positive steps can be taken to relax some of these restrictions, particularly by the more developed countries of the region.

Second, my delegation recommends the institution of payment and credit arrangements necessary for facilitating the regional liberalization of trade. In this connexion, however, we subscribe to the idea of providing built-in safeguards and escape clauses in the event that member countries encounter balance of payments difficulties in the process of liberalization. My delegation believes that the central banks of the region, by maintaining close co-operation and consultation with one another on such problems, can assist immensely in the fulfillment of this objective. The central banks, for instance, can serve as the nucleus for the credit system. Moreover, through concerted action, my delegation feels that the central banks of the region can help prevent any currency speculation which might affect the rate of exchange and maintain the convertibility of their respective currencies.

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Third, for the promotion of regional trade, we subscribe to the execution of bilateral or preferably, multilateral agreements among member countries of the region desirous of concluding arrangements for supplementary trade.

Fourth, we endorse the recommendation of the Preparatory Meeting that a committee of experts of interested member countries should undertake technical examination on the possible methods of achieving trade liberalization. In this connexion, we suggest that, as an initial step, the ECAFE secretariat, together with the proposed committee of experts, prepare an exhaustive questionnaire to be sent to all members of the ECAFE region to inquire into: (1) the extent of quantitative restrictions imposed in each country; (2) the extent to which each government is willing to lift such restrictions (3) the terms on which each country is willing to establish regional quotas, which is increased progressively each year; and (4) the terms on which each country is willing to negotiate bilateral or multilateral agreements. On the basis of the answers to the questionnaire, the ECAFE secretariat, together with the proposed committee of experts, can work out a detailed programme of action acceptable to all the countries concerned. In addition, my delegation proposes that these recommended measures be referred regularly to the meetings of the Committee on Trade and Bilateral Trade Promotion Talks for the purpose of bringing about their early implementation.

With regard to primary products, the Philippine delegation agrees with the objectives laid down by the Preparatory Meeting report which are to form the basis of co-operation and concerted action regarding the technology, production and marketing of primary products. We strongly feel, however, that the primary producing countries of the region should agree on institutional arrangements whereby these objectives may be implemented on a commodity-by-commodity basis.

In this regard, we believe that, in the case of coconut products on which consultations and studies have already been conducted by ECAFE, implementation can be immediately undertaken and the corresponding institutional arrangements formulated. The Philippines therefore, recommends that, as an initial step, the ECAFE secretariat be requested to convene the representatives of coconut producing countries in the region for the purpose of evolving a definite plan of action.

/Lastly,

Lastly, my delegation agrees substantially with the form and nature of the council of ministers proposed by the Preparatory Meeting and emphasizes the necessity of forming this council, which is to serve as machinery for carrying out effectively the specific measures for increasing regional co-operation. Specifically, the Philippine delegation endorses the creation of a council of ministers of the following nature, form and type:

(a) The Council of Ministers should be composed of representatives from sovereign nations of the ECAFE region, preferably of ministerial rank;

(b) In contrast with the purely consultative machinery which ECAFE has provided for the past seventeen years, the proposed Council of Ministers should be the highest decision-making body for regional co-operation and its basic functions should be:

1. to consider and decide upon measures for intra-regional co-operation, including those designed to expand intra-regional trade as well as related co-operative measures, and
2. to review the progress attained in carrying out Council's decisions.

(c) As suggested by the report, senior officials from the ECAFE region can be designated as a group in the nature of a standing committee to assist in giving prior consideration to matters under examination by the Council and to engage in detailed preparatory negotiations and in the preparation of recommendations for submission to the Council. This group of senior officials should have the power to establish ad hoc committees to examine particular proposals for regional co-operation and to seek advice from independent expert consultants as necessary.

(d) The Council should be serviced by the ECAFE secretariat and the Executive Secretary of the ECAFE can at the same time be the Secretary-General of the Council.

(e) It is advisable that the Council should meet at least once a year, preferably at ECAFE headquarters at Bangkok, and that the Chairman of the Council should be appointed by rotation from among the Council Members for a maximum period of one year.

Apart from the action proposals on these three priority areas, it may be mentioned that the Philippine delegation is also in general accord with the other recommendations of the report for enlarging trade and promoting the economic  
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development of the region. Specifically, we refer to the report's discussion on Quotas and Tariffs on a sub-regional basis, government purchases, regional development planning, a regional development bank, business participation in intra-regional trade, and transportation.

We agree that the most desirable and feasible way of liberalizing trade through the elimination of tariffs and quotas would be the establishment of a free trade area on a sub-regional basis. We also strongly endorse the idea that the proposed free trade area should be formed among countries at similar stages of economic development and should be limited to selected commodities. Moreover, we should like to emphasize the need for a representative study group of experts among interested countries to determine specific commodities which may be traded without contravening external commitments, and the extent to which such external commitments may be harmonized with the establishment of a free trade area on a sub-regional basis.

My delegation is also in agreement with the proposal on government purchases. However, we should like to underscore the fact that the successful implementation of the proposal would depend on important factors such as quality and price. Consequently, my delegation believes that, in order to be effective, preference should imply that products offered by countries of the region are substantially equal in quality and price with products obtainable from countries outside the region without prejudice to international agreements previously entered into. We fully endorse the proposed exchanges of information on the sincere belief that it would be a positive step leading towards the realization of increased preference for products of the region.

Although we realize the importance of regional development planning, we are also aware of the numerous administrative and technical obstacles involved. We suggest, therefore, that an expert group study the feasibility of the proposal. However, mutual exchanges of information of the contents of national development plans as well as the periodic meetings of officials connected with national economic planning should be encouraged and, if possible be immediately carried out. My delegation may likewise support the establishment of industries on a sub-regional basis with the understanding that participating countries shall not be precluded from establishing industries, in accordance with their own respective development programmes and national objectives.

/On the

On the matter of establishing a regional development bank, firstly, although economic development in the region has been equated with industrial development, still it cannot be gainsaid that there are many opportunities for large gains in productivity and income from agricultural development. Most of the countries in the region are still largely dependent on their agricultural resources. Indeed, my delegation believes that the prospects of co-operation in regional agricultural projects are even greater, in the immediate future, than in industrial projects. Therefore, we in the Philippine delegation strongly recommend that, in the financing programme of the regional development bank, not only regional enterprises of an industrial nature should be considered but also agricultural projects, especially those involving the production and processing of primary products.

Secondly, my delegation is not clear on whether the regional development bank would concern itself with the promotion of intra-regional trade. It would seem that such an operation is properly the concern of a commercial bank. It does not seem traditionally the function of a development bank to finance primarily trade and marketing activities. Consequently, my delegation would like to request a clarification as to whether the contemplated regional development bank will include, as one of its features, the function of an Exim-Bank.

Furthermore, my delegation shares the view that the establishment of a development bank would involve a host of technical problems. Therefore, we endorse the recommendation of the Preparatory Committee that an expert group be constituted to make studies with the assistance of the World Bank. We also suggest that the expert group be drawn from the representatives of the various Asian development banks from which valuable experience and expert technical knowledge is available.

The idea of stimulating intra-regional trade through increased business participation deserves our support. My delegation, therefore, endorses the recommendations in the report, particularly the revision of customs rules and regulations and other policies which tend to hamper business participation in intra-regional trade.

As regards the promotion of regional co-operation in transportation, we agree with the report's recommendation on shipping and air transport. However, my delegation would like to suggest certain lines of action.

/a. Shipping

a. Shipping

Since the establishment of a sub-regional shipping line and the formation of freight conferences among member countries require and merit a great deal of study, we recommend that a group of experts undertake studies on the following problems:

1. The choice of trade routes which will be most advantageous to the member countries;
2. **The establishment of competitive freight rates; and**
3. The provision of sufficient incentives by the member country in the form of subsidies, policies and regulations.

Moreover my delegation formally recommends that, as an immediate measure, the countries of the region should negotiate jointly with existing conference lines for the rationalization of shipping routes and freight rates.

b. On Air Transport

My delegation would like to specify several areas of endeavor wherein co-operation will provide the most economic advantages:

- (a) Among countries whose airlines utilize similar equipment, the possibility of jointly utilizing manpower, such as pilots and crew members, as well as the interchange of aircraft and the pooling together of spare parts and maintenance of aircraft should be explored;
- (b) Another area of possible co-operation is the joint utilization of ground and ticketing facilities aimed at consolidating expenses and thereby reducing costs of operation;
- (c) Where two or more national airlines of the region operate on parallel routes, the feasibility of pooling the revenues derived from those parallel routes should be examined; and

/ (d) Closer

- (d) Closer co-ordination among the civil aviation authorities of member countries within the region should be effected through the regular exchanges and/or the common sharing of navigational and meteorological facilities as well as technical know-how.

We hope that these proposals and suggestions have contributed to the possible courses of action which are open to this Conference. We therefore submit them to this distinguished body for its consideration and approval.

Statement by the Representative of Viet-Nam

It is an honour and a pleasure to express, the Vietnamese delegation's gratitude to the people and Government of the Philippines for arranging and providing facilities for this Conference, whose ambitious aim is to promote economic co-operation as a means to rapid economic and social progress in the countries of Asia and the Far East.

Until recently, economic co-operation had traditionally been on a bilateral basis. Now it has extended considerably in scope and has assumed an intra-regional and therefore multilateral character. It has produced excellent results in western Europe and is beginning to bring benefits to Latin America and Africa, where it has recently been initiated. If it is well planned and well directed, economic co-operation will not fail to bring quick advantages to our countries. In Viet-Nam we have a tangible example in the Mekong Committee. We realize, however, that the ECAFE region includes many countries whose natural resources do not supplement each other to any effective extent, whose large populations hold diverse political views and whose level of economic development differs widely. Economic improvement will necessarily be more or less slow as each country should have a share of the benefits, and as old habits and long-established traditions are difficult to abandon.

Viet-Nam considers that the Expert Group successfully accomplished an extremely difficult task in laying down the main lines of future economic co-operation in the region. It had to formulate an organizational framework to accommodate the needs and interests of many countries whose economies should be made complementary or reconciled. The delegation of Viet-Nam considers all the recommendations of the Expert Group wise and appropriate. In our opinion, they offer an effective means of quickly raising the general economic level of the region. Viet-Nam entirely agrees with the recommendations and hopes that they will be implemented wisely after careful study in each case.

Statement by the representative of Thailand

The ultimate aim and purpose of regional co-operation is to avoid uneconomical use of resources and marketing difficulties in the economic development of the countries of the region and to attain a rapid rate of growth and improve the standard of living of the peoples. Any far-reaching measures of economic co-operation to be taken in this region in the present circumstances will have to be considered in the light of the actual needs and economic conditions existing in the individual countries of the region. The methods of economic co-operation applied in western Europe or other parts of the world may not be suitable or relevant to the conditions of the ECAFE region. It may not be too much to say that, while regional economic co-operation in specified fields is quite possible, we doubt whether regional economic integration would at present be practical, feeling rather that it should be the ultimate goal to be realized in future years.

It is hardly necessary for me to relate the conditions that have brought about the success of European economic co-operation since the War. I believe it is sufficient to stress that the techniques of co-operation in Europe were developed in the context of an advanced industrial economy. In the case of the ECAFE countries, the traditions and problems are somewhat different, and most of the countries have not yet reached a high degree of economic development. In our view, economic integration in Asia can be successfully attained only when all the countries of the region have reached through their own financial and economic policies and measures the essential conditions and the solidity of outlook conducive to collective and concerted action.

It is for the above reason that I believe the countries of the region should first of all adopt specific internal measures that will bring about conditions conducive to increased regional trade. One of the most important requirements for attaining such an objective in one view is the need to adopt measures leading towards sound fiscal policy and monetary convertibility and stability.

Moreover, despite our desire to increase trade within the region, the pressing need will still be to expand exports to industrially advanced countries and other regions of the world. Our efforts should therefore be guided by an outward looking economic policy and any measure devised for this purpose will have to be integrated into the wider context of a general programme of regional trade expansion.

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In this connection, it would appear to us most desirable that Asian countries present a solidarity of views at the forthcoming United Nations Conference on Trade and Development and that the outcome be taken into account in the formulation of the general framework of regional economic co-operation.

I should now like to comment generally on the report of the Preparatory Meeting. May I first of all take this opportunity to commend the Group of Experts as well as the Preparatory Meeting for the valuable work done which, I am sure, will greatly facilitate our deliberations. Most of the principal recommendations of the Preparatory Meeting involved further technical examinations; e.g. recommendations relating to trade liberalization programme, development planning, regional development bank and shipping. In this connexion, I wholly support the views of the distinguished delegate of the Philippines that exhaustive studies should be made of the many problems involved. I believe, it would be desirable, firstly, for the Conference to agree upon certain guidelines regarding the composition of the ad hoc expert groups to undertake such investigations as well as their terms of reference. Secondly, in regard to those actions which can possibly be taken immediately by governments, such as exchange of information on development planning and government purchases, it would be useful also to devise an acceptable procedure for bringing about early results.

Apart from the fact that regional trade can be substantially stimulated through action taken by each government in reappraising its main economic and financial policies, we feel that the trade liberalization programme will probably be more effective at the beginning if it is based on a sub-regional group and related to development planning. However, since co-ordinated planning regionally or sub-regionally will take time to develop, we fully endorse the suggestion that a start be made in the exchange of information on national development plans under ECAFE auspices with a view to avoiding, as far as practicable, conflicts and duplications.

The proposal for establishing a regional development bank to finance those industrial, mineral and other regional projects designed to cater for the larger markets opened up by trade liberalization is indeed a valuable one. However, we are inclined to feel that a thorough examination should first be given to its practicability in relation to its proposed functions. It would seem prima facie that difficulties may be encountered in obtaining funds from both within and outside the region for financing its operations; and if the Bank's operations are to be mainly confined to regional projects, which are likely to be few in number, it is doubtful if its income would cover its administrative expenses. Therefore we should

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like to suggest that, in order to give the bank a better chance of success, it would be necessary to enlarge its field of operations by allowing it to include the financing of projects of a purely national character as part of its normal business.

The recommendations of the Preparatory Meeting that an expert group be constituted to investigate this matter of course meet with our approval. There are many questions and problems involved which require exhaustive studies and explanation.

The expert group should be authorized to discuss all aspects of the proposal with IBRD, IDA and existing regional development banks, such as the Inter-American Development Bank. The expert group should not be expected to draft detailed statutes of the Regional Bank but may be requested to indicate the general form which, in their judgment, those statutes should take, if they find that the establishment of a regional development bank is desirable and feasible.

The reason I speak about the regional development bank at a greater length than other matters is not because the subject of a regional development bank is more important than the others, but because of my firm conviction that the establishment of such a bank should be based on its own merit rather than dictated by any sentimental reason such as that similar banks already exist in other regions.

May I now turn to primary commodities, which comprise the most important part of the production and exports of most ECAFE countries. There is no need for me to repeat the already well known international commodity problems; what are needed today are practical measures and collective international action to stabilize trade in primary commodities. It is in this context that we are in complete agreement with the suggestions made by the Preparatory Meeting for regional co-operation in the field of primary commodities.

As regards other recommendations of the Preparatory Meeting, namely, measures for facilitating business participation in intra-regional trade and joint negotiations by country of the region with conference shipping lines, my delegation is in complete agreement with these recommendations. However, what measures should be followed in order to bring about the desired results as well as the mandates to be assigned to the study groups should be well clarified.

As for organizational arrangements, we feel that, before any action can be taken, consideration should be given to a programme of regional economic co-operation to be agreed upon by governments. It is upon the agreed programme of action that

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a decision can be made as to the most suitable form of organization for carrying out regional economic co-operation measures.

In conclusion, I wish to emphasize once again that, because of the fundamental difference between countries of the ECAFE region and western European countries, the techniques applied in western Europe, cannot be expected to bring about similar results in the ECAFE region. The situation confronting the developing nations in this region is much more complex than in the case of the industrial nations. For each one of our endeavours to meet with success, we must have determination and willingness to take collective action and we must also be prepared to make sacrifices, to give and take, in our efforts to attain the common economic goal. Consequently, what we plan to undertake jointly in this region must not be guided by extraneous sentiments or emotions of a political nature, but rather by thorough examination of the actual economic needs and conditions prevailing in the region. It is only through the acceptance of this fact that truly lasting regional economic co-operation can be secured. The specific measures that we shall undertake jointly may not look spectacular, but the combined effect cannot fail to pave the way to achievement of the ultimate aim of increasing the rate of economic growth and raising the standards of living of the peoples in this region.

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Statement by the Representative of Western Samoa

Western Samoa is extremely appreciative of the opportunity to attend this Conference which is the first in which it has taken part since its admission as a member. Since we have few trained officers and limited funds, we find it very difficult to accept invitations to attend overseas meetings, but my Government does wish, as far as lies within its means, to play a full part in the work of the Commission with the member countries of which it sees its economic future becoming more and more closely connected.

The Prime Minister of Western Samoa, The Hon. Fiame Mata'afa, has asked me to express to the meeting his regret that it has not been possible for a minister to attend on this occasion, and I have presented to the Executive Secretary a letter from the Prime Minister conveying this regret personally, and expressing the best wishes of his Government for the success of these proceedings.

Unfortunately, it has been impossible for us fully to study the implications of the recommendations contained in the report of the Working Group of experts which were presented to the Preparatory Meeting in October, and of the views on these recommendations expressed at that meeting. I am able to say, however, that the Government of Western Samoa favours the principle of more systematic co-operation and believes that genuine efforts should be made towards its realisation.

The nature of the proposals before the meeting takes the consequences and probably the obligations of membership of ECAFE a good deal further than had been contemplated when membership was sought by my Government. Nevertheless, Western Samoa considers that many of the measures proposed have sufficient possibility of real benefit to warrant further study, and indeed would endorse your own words, that a start must be made in taking concrete steps towards the reality of closer co-operative action.

I should like now to take a few moments to explain very briefly the basic economic circumstances of Western Samoa. Western Samoa is a country with no industrial development and with a highly undiversified export trade

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confined almost exclusively to copra, cocoa and bananas. There are no quantitative restrictions in force and present tariffs are purely for revenue purposes. In common with other members of the Commission, it has a balance of payments problem but at the moment it is not of serious proportions. It will launch its first five year development plan in 1964, and expects that emphasis will be placed on stepping up production in its three main crops and on the development of others; and on improving harbour facilities to reduce production costs to the point of export. Success however will depend in the end on securing markets; the introduction of a scheme of co-operation within the ECAFE region is, therefore, of great significance to Western Samoa.

Regarding other specific areas in which the Preparatory Meeting suggested early steps towards co-operation, Western Samoa would welcome the creation of consultative and study groups. We should support this kind of action, or some appropriate alternative, in the field of government purchases, in development planning in relation to programmes elsewhere in the region, in the facilitation of the movement of businessmen and in the general reduction of procedural and formality impediments to trade. Western Samoa has a special interest in securing more favourable shipping services, for it is situated at long distances from most of its present and prospective markets.

It is in the improvement of agricultural practices through co-ordinated research and exchange of information, and especially in the organisation of concerted attitudes for negotiating terms of trade with developed consumer countries that we see the greatest potential benefits in our own case, and I must thank the distinguished representative of New Zealand for his allusion to this. To be specific on this point, Western Samoa concurs wholeheartedly with the view expressed by the distinguished spokesman for the Phillipines that it should be possible for immediate action to be taken among the copra producing countries of the region to enable them to present a united bargaining front.

I hope I shall be excused for dwelling a little on the aspects of co-operation in which Samoa sees the most likely benefit to itself. Having done so, let me say that as a new, and probably the smallest member of ECAFE, Western Samoa wishes to express its general support for the principle of co-operation in the region in all its aspects, and, to the extent permitted by its resources, its readiness to participate in the investigation of specific proposals to accomplish it in a way that will produce effective results for the benefit of all countries of the region.

/Appendix V