



CONTENTS

	<i>Page</i>
Economic development of under-developed countries (<i>continued</i>):	
(a) Question of establishing a special fund for grants-in-aid and for low-interest long-term loans: report of the Economic and Social Council;	149
(b) Status of the proposal for the establishment of an international finance corporation: report of the Economic and Social Council	

Chairman: Mr. Leo MATES (Yugoslavia).

Economic development of under-developed countries (A/2430, A/2447 and Corr.1) (*continued*):

- (a) **Question of establishing a special fund for grants-in-aid and for low-interest long-term loans: report of the Economic and Social Council (A/C.2/L.204, A/C.2/L.205, A/C.2/L.206/Rev.1, A/C.2/L.207, A/C.2/L.208);**
- (b) **Status of the proposal for the establishment of an international finance corporation: report of the Economic and Social Council (A/C.2/L.209/Rev.1, A/C.2/L.210, A/C.2/L.211)**

[Item 26]*

1. Mr. MIR KHAN (Pakistan), speaking on behalf of the sponsors of the revised joint draft resolution (A/C.2/L.209/Rev.1), said that the new title, "Financing economic development", seemed to be more appropriate to the contents of the draft resolution which dealt with the proposed international finance corporation, the Secretariat's study of the role of private external capital, and measures to improve international trade.

2. Except for a minor change in the third paragraph, the preamble was unaltered. The beginning of section I had been reworded and paragraph 4 had been modified to take into account the seventh amendment contained in document A/C.2/L.211. With regard to the third paragraph of section II, the sponsors had been unable to accept the Czechoslovak amendment (A/C.2/L.210) as they were unwilling to take a position on the question whether or not the steady flow of private capital into under-developed countries was beneficial to their economies. However the addition, in the revised draft, of the words "so that it may effectively contribute to the harmonious and adequate integration of the economies of those countries and to their economic and social development" should remove the misgivings of the Czechoslovak delegation. Section III had also been revised.

* Indicates the item number on the agenda of the General Assembly.

3. Mr. KAIGL (Czechoslovakia) said that the revision of the wording of section II, paragraph 3 had not altered the meaning. His delegation could not accept the revised text and would maintain its original amendment.

4. Mr. STIBRAVY (United States of America) expressed appreciation of the efforts of the sponsors of the joint draft resolution to meet the views of delegations but said that there were a number of points in the revised draft which he would find it difficult to support. He felt that the appointment of a small working group to clarify the text would expedite the Committee's work.

5. Mr. GUTIERREZ GUTIERREZ (Costa Rica) could not see why the word "Commends" in paragraph 1 of section I had been replaced by "Expresses its appreciation" in the revised text.

6. Mr. MIR KHAN (Pakistan) said that if the United States representative stated his objections to the revised draft resolution the Committee would be able to judge whether a working group was necessary to deal with them.

7. Mr. STIBRAVY (United States of America) replied that his first objection concerned section I, paragraph 3, which implied acceptance in principle of the proposal to establish an international finance corporation and that the only question was when it should be established. The United States Government still had the proposal under consideration and thus could not support the paragraph.

8. The second objection concerned paragraph 2 of the same section which again prejudged the question whether the proposed corporation would in fact have beneficial effects on the mobilization of additional resources for investment in the under-developed countries.

9. Mr. MIR KHAN (Pakistan) said that the revised draft resolution was based on the assumption that the international finance corporation should be established. If the United States delegation did not accept that basic assumption, he doubted whether a working group would be able to produce a more acceptable text.

10. Mr. HALIQ (Saudi Arabia) did not favour the establishment of a working group. The idea of the international finance corporation had originated in the United States, where the Congress had appropriated \$100 million for such an agency in 1952 but had withdrawn the appropriation pending further studies. When the proposal had originally come before the Committee, the general impression had been that it would be supported by at least one of the main capital-exporting countries.

11. The United States representative's two objections referred to problems which the working group would be unable to solve. He could see no valid objection to the inclusion of paragraphs 2 and 3 of section I; if the desirability of the proposed corporation were not

stressed, there seemed little point in having the question studied.

12. Mr. DE SEYNES (France) thanked the sponsors of the revised draft resolution for taking into account the comments which had been made on section III. His delegation wholeheartedly approved of the revised text.

13. He appreciated the efforts of the sponsors to re-draft section I but doubted whether the resolution should emphasize the desirability of establishing the proposed corporation while at the same time calling for further studies of the question. A working group might be able to remove the difficulties in regard to section I, paragraphs 2 and 3.

14. Mr. KHOSROVANI (Iran) said that paragraphs 2 and 3 seemed to be the only parts left of the original draft of section I of the draft resolution which in its new form was weak and innocuous.

15. Mr. MIR KHAN (Pakistan) had no objection to the establishment of a small working group. The group might be able to revise the draft resolution to take into account the objections expressed by the United States representative.

16. Mr. WOULBROUN (Belgium) also paid tribute to the sponsors of the revised draft resolution. Generally speaking, his delegation was in favour of the establishment of an international finance corporation, but was reluctant to express a final opinion until the manner in which the corporation would operate was more clearly known. The draft resolution would lose much of its value if section I, paragraph 2 were not approved by most of the capital exporting countries. Every effort should be made to find a compromise.

17. Mr. HALIQ (Saudi Arabia) suggested that paragraph 3 of section I of the revised draft might be amended to read "*Expresses its desire to have an international finance corporation established as soon as circumstances permit*".

18. Mr. DE SEYNES (France) said that that text was more difficult to accept than the existing one. Until delegations had been asked to decide upon the advisability of establishing an international finance corporation, they could hardly be expected to express an opinion on the merits of such a corporation.

19. Mr. MARZOUK (Egypt) said that the Bank's report had emphasized the desirability of setting up the corporation. In drafting paragraph 2 of section I, the sponsors of the joint draft had been guided by the Bank's report.

20. Mr. ZOLOTAS (Greece) said that, although no decision had been taken, the Committee appeared implicitly to favour the establishment of an international finance corporation. He felt that it would be necessary to appoint a working group to work out a final text of the joint draft.

21. Mr. HALIQ (Saudi Arabia) hoped that there would be no need for a working group. He suggested that paragraph 3 of section I might be amended to read "*Urges all governments to give early consideration to the merits of such a corporation and to the possibility of supporting it*".

22. Sir Clifford NORTON (United Kingdom) said that the Saudi Arabian suggestion would remove one of his own delegation's difficulties.

23. Mr. DE SEYNES (France) suggested that governments might be asked to make their opinions known

before the eighteenth session of the Economic and Social Council. The suggested new paragraph might be placed between paragraphs 4 and 5 of section I. Paragraph 2 might be inserted in the preamble instead.

24. Mr. O'NAGHTEN (Cuba) stated that, unfortunately, he could not agree with the representative of France when he stated that, in his opinion, the objections to the proposed resolution, voiced by different delegations were simply a matter of words and not of ideas. For example, referring to paragraph 3, many delegations, including his own, were convinced that the establishment of the corporation was desirable, while some others had stated that they had not as yet formed an opinion on the merits of the proposed corporation. That constituted a fundamental difference of ideas and not merely of words. He did not feel at all confident, therefore that a working group would arrive at a compromise acceptable to all; but his delegation would in any case favour the referral of the draft resolution together with the proposed amendments thereto to a working group, for such a group could quickly ascertain whether or not an agreement was possible.

25. Mr. UMARI (Iran) said that the text suggested by the Saudi Arabian representative was interesting, but failed to solve the problem contained in paragraph 3. Everything depended on whether the sponsors of the revised joint draft resolution were prepared to accept the proposed new idea.

26. Mr. HALIQ (Saudi Arabia) said that in submitting his amendment, he had had in mind the fact that the Bank's report did not give the views of particular governments. He also felt that the Committee might be prejudging the issue; however, the whole project was still in the theoretical stage.

27. At the request of Mr. MARZOUK (Egypt), Mr. HALIQ (Saudi Arabia) agreed to submit his amendment in writing.

28. Mr. BETETA (Mexico) remarked that the words "if possible", in the second paragraph of section III, were superfluous.

29. Mr. MORALES (Argentina) and Mr. NURADI (Indonesia) agreed with the Mexican representative.

30. Mr. ZOLOTAS (Greece) suggested replacing paragraph 3 of section I by the words "*Hopeful that conditions favourable to the establishment of an international finance corporation will be created in the near future*";.

31. Mr. O'NAGHTEN (Cuba) proposed that the original text and all the amendments should be submitted to a working group for consideration.

32. Mr. UMARI (Iraq) supported the Cuban representative. The group should include the representatives most directly concerned, but no delegation should be excluded from participating if it so desired.

33. Mr. GUTIERREZ GUTIERREZ (Costa Rica) also felt that the text would be clarified by discussion in a working group.

34. Mr. MIR KHAN (Pakistan) agreed and was prepared to accept the French representative's suggestion that paragraph 2 of section I should be transferred to the preamble.

35. Mr. WOULBROUN (Belgium) stated that the second report of the International Bank (E/2441) should not be overlooked. Section III of that report was of special significance to delegations which hesitated to commit themselves. As in the case of SUNFED, the

establishment of the corporation depended primarily on the attitude of governments. He suggested that the working group might consider wording along the lines suggested by the French representative drawing attention to the importance of changes in the attitudes of governments of Member States propitious to the establishment of such a corporation in the near future.

36. The CHAIRMAN considered it to be the feeling of the Committee that the text should be referred to a working group for further consideration and drafting.

It was so decided.

37. The CHAIRMAN suggested that the delegations most directly interested in the matter should constitute the working group, together with any other delegations

desiring to participate. He invited the representatives so desiring to indicate their readiness to serve on the working group.

38. Mrs. WRIGHT (Denmark) said that Norway would represent the Scandinavian countries in the group.

39. The CHAIRMAN announced that so far the representatives of Australia, Canada, China, Costa Rica, Cuba, Czechoslovakia, Ecuador, Egypt, France, Indonesia, Iraq, Netherlands, Norway, Pakistan, United Kingdom of Great Britain and Northern Ireland and the United States of America had expressed the wish to serve on the working group.

The meeting rose at 12.20 p.m.