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AGENDA ITEM 28

Economic development of under-developed countries
(*continued*)DRAFT RESOLUTION ON THE STUDY OF INTERNATIONAL
COMMODITY PROBLEMS (A/C.2/L.359) (*concluded*)

1. Mr. MEJIA (Colombia), introducing the seventeen-Power draft resolution (A/C.2/L.359), observed that it amalgated and was designed to replace the eleven-Power (A/C.2/L.357/Rev.1) and six-Power (A/C.2/L.358) draft resolutions discussed at the 505th meeting. The first preambular paragraph was drawn from the earlier Latin American draft and the remaining preambular paragraphs from the earlier African-Asian draft. Operative paragraphs 1 and 2, also, were drawn from the latter text, but the second operative paragraph had been amended to take into account the suggestion made by the representative of Canada. The third and fourth operative paragraphs had been drawn from the six-Power text, the first operative paragraph of which had been omitted from the seventeen-Power draft since its intention was purely theoretical and, although not unimportant, it was not entirely necessary to the present text.

2. The CHAIRMAN noted that documents A/C.2/L.357/Rev.1 and A/C.2/L.358 had been withdrawn; the only text remaining before the Committee was, therefore, document A/C.2/L.359.

3. Mr. WOULBROUN (Belgium) said that he had one or two comments to make on the new draft. For one thing in the second paragraph of the preamble which read as follows:

"Mindful that export revenues are still basic for the economic development of many countries, and in particular of the under-developed countries,"

the word "still" appeared to add nothing to the meaning and might well be deleted. Secondly, he felt that the word "improving" in operative paragraph 3 was open to conflicting interpretations—a decline in commodity prices was, after all, an advantage to a commodity-importing country—and ought also, therefore, to be deleted. The objective was, surely, a price level favourable both to exporting and to importing countries but that idea, he thought, was implicit in the remainder of the paragraph.

4. Mr. KAUFMANN (Netherlands) supported the Bel-

gian representative's suggestion regarding operative paragraph 3; for a largely importing country like the Netherlands, an "improvement" in commodity prices would mean a lowering of such prices whereas, of course, exporting countries would look for higher prices. The word was confusing and ought to be deleted.

5. His delegation would understand operative paragraph 4 to mean that no special report was required of the Economic and Social Council but simply that the latter would include a section on commodity problems in its general report to the General Assembly.

6. Mr. ARMENGAUD (France) agreed with the Belgian representative that the word "still" in the second preambular paragraph added little to the sense and could be deleted. He interpreted operative paragraph 3 in the same way as the Belgian representative: what was required was a stabilization of commodity prices, with a rise in the level of some and a decline in the level of others. He could accept the present text on that understanding; otherwise, the word "improving" should, he agreed, be deleted.

7. Mr. O'NAGHTEN (Cuba) observed that in the long run a general decline in commodity prices was not to the advantage of either importing or exporting countries. Moreover, as the third operative paragraph related directly to the third paragraph of the preamble and was concerned with the possibility of securing an amelioration of the conditions described in it, the word "improving" could, in the context, have only one meaning. In order to remove the difficulty mentioned by the Netherlands representative, however, he would suggest that the words "at equitable levels" might be added at the end of operative paragraph 3. The word "equitable", although vague in itself, was frequently used in international agreements and had come to acquire a generally accepted meaning.

8. Mr. HASSAN (Sudan) hoped that the Cuban representative's remarks regarding the word "improving" would serve to remove the doubts expressed by the representatives of Belgium and the Netherlands. As to the word "still", in the second preambular paragraph, it was not true to say that it had no meaning; it meant that the economies of the under-developed countries were not yet sufficiently diversified to enable them to depend less on their revenues from the export of primary commodities. He therefore hoped that the Belgian representative would not press that suggestion.

9. Mr. HALIQ (Saudi Arabia) further explained that the draft resolutions as a whole, and the word "improving" in particular, reflected the apprehensions of the commodity exporting countries regarding further fluctuations in the prices of their products. The matter was in fact of concern to consuming as well as to producing countries, since such fluctuations usually heralded a recession; decisive measures ought, therefore, to be taken to stabilize prices.

10. With regard to operative paragraph 4, it seemed to him immaterial in what manner the attention of the General Assembly were drawn to that problem at its next session; the important thing was that it should have that matter before it for although the Commission on International Commodity Trade had been paralysed, the problem was growing in importance and seriousness and was having detrimental effects on the economies of under-developed and industrial countries alike and ought, therefore, to be discussed by the General Assembly.

11. Operative paragraph 3 concerned the nature of the assistance the United Nations could give in that matter and it implied, in his view, a selective approach towards the items which could possibly be included in international agreements of that kind.

12. In general, he stressed, any attempt to solve the primary commodity problem internationally must take account of the very large percentage of business participation in the commodity trade; otherwise it would be purely academic.

13. Mr. RAJAPATIRANA (Ceylon) said that his delegation had no objection to the deletion of the word "still" from the second preambular paragraph as suggested by the Belgian representative. With regard to the meaning of the term "improving" in operative paragraph 3, he agreed in theory with the objection expressed by the Belgian and Netherlands representatives but the fact was that the prices of the principal commodities had been declining steadily over recent years; any "improvement" in them must, therefore, be an upward movement. The Cuban representative's suggestion was a good one but not, he thought, necessary, since prices would be neither improved nor stabilized if they remained inequitable.

14. Mr. BRADLEY (Argentina) was sure that both in its wording and in its substance the draft resolution was meaningful. Commodity exports were the under-developed countries' most important source of revenue and would remain so for many years to come. What those countries were anxious to secure, therefore, was a stabilization of commodity prices at a high level. In the light of those considerations, the meaning of the word "improving" was clear.

15. With reference to operative paragraph 4, he said that his delegation believed that the Economic and Social Council should report to the General Assembly on the matter which had been neglected in the past and should be given much more attention.

16. Mr. SCHMIDT (Brazil) supported the remarks of the representatives of Ceylon and Argentina; the under-developed countries really wanted an improvement—a rise—in commodity prices and that was their intention in using the word "improving" in the draft resolution.

17. Mr. HASSAN (Sudan), speaking as a sponsor of the seventeen-Power draft resolution, said that his delegation found the Cuban representative's suggestion for an amendment to operative paragraph 3, although excellent in itself, unacceptable: the commodity exporting countries were genuinely concerned at the constant decline in prices and looked for an improvement—a rise—in them; moreover, the addition of the words suggested would entail further difficulties of interpretation. With regard to the Belgian representative's first suggestion, his delegation would not object to the

deletion of the word "still" in the second preambular paragraph if the other sponsors were in agreement.

18. The chairman noted that the sponsors of the seventeen-Power draft agreed to the deletion of the word "still" from paragraph 2 of the preamble.

19. Mr. WOULBROUN (Belgium) said that in view of the importance the sponsors appeared to attach to their interpretation of the word "improving" in operative paragraph 3, he would not press his suggestion for its deletion.

20. Mr. HADWEN (Canada) suggested that the connexion between the third preambular paragraph and operative paragraph 3 would be made clearer if the letter were amended to read "... as an effective means of improving economic conditions and of stabilizing commodity prices". That change would eliminate the difficulties mentioned by some delegations.

21. Mr. ARMENGAUD (France) said that his delegation preferred the original wording of operative paragraph 3. The addition proposed by the Cuban representative would merely complicate the text.

22. Mr. MEJIA (Colombia) supported that view.

23. Mr. SUÑOL (Costa Rica) also considered that the original text of operative paragraph 3 should be retained. The meaning of the word "improving" was clear. His own country had suffered from the fall in commodity prices and would welcome an improvement in them.

24. Mr. KEDADI (Iraq) urged the representative of Cuba not to insist on his amendment being put to the vote.

25. Mr. O'NAGHTEN (Cuba) announced that he would withdraw his amendment to operative paragraph 3 in view of the fact that a number of delegations were unable to accept it.

26. Mr. KAUFMANN (Netherlands) said that he would like time to consult his government before voting. It was clear that in speaking of an improvement of prices, the sponsors had in mind an upward movement, which might seriously affect the Netherlands as a raw material importing country. He accordingly moved that voting on the seventeen-Power draft resolution should be adjourned for two days.

The Netherlands motion was rejected by 37 votes to 11, with 17 abstentions.

27. Mr. KAUFMANN (Netherlands) proposed that in operative paragraph 3 of words "commodity prices" should be replaced by "the general level of primary commodity prices".

The Netherlands amendment was rejected by 42 votes to 5, with 20 abstentions.

28. The CHAIRMAN invited the Committee to vote on the seventeen-Power draft resolution (A/C.2/L.359) with the Belgian amendment in the second paragraph of the preamble.

29. Mr. MEJIA (Colombia) requested a separate vote on operative paragraph 3.

Operative paragraph 3 was adopted by 56 votes to 2, with 8 abstentions.

The seventeen-Power draft resolution (A/C.2/L.359) as a whole as amended was adopted by 64 votes to none, with 5 abstentions.

30. Sir Alec RANDALL (United Kingdom) said that his delegation's abstention in the vote on the draft resolution as a whole did not signify any lack of concern with the problems of the primary producing countries. The problems in question were, however, extremely complex and the terms of the draft resolution and of operative paragraph 3 in particular—which he had voted against—over-simplified and prejudged the matter. His country's views on the Commission on International Commodity Trade were well known and explained his delegation's inability to vote for the draft. His country would nevertheless continue to take a sympathetic interest in any practical proposals which appeared calculated to restrict concessive fluctuations in primary commodity prices.

31. Mr. KAUFMANN (Netherlands) observed that his delegation, which had supported the work of the Commission on International Commodity Trade to the fullest extent possible, had abstained on operative paragraph 3 and on the draft resolution as a whole because it felt that the draft had been submitted too late in the session to permit full discussion and considered that operative paragraph 3 did not present a balanced approach to the problem. The paragraph was based on the one-sided assumption that all commodity prices were too low, whereas many commodity prices were in fact too high.

32. Mr. LOUGH (New Zealand) said that his delegation had expressed concern at the 502nd meeting at the decline in commodity prices and its impact on the New Zealand economy and would have been able to vote for the eleven-Power draft resolution if it had been put to the vote.

33. He had had some misgivings concerning operative paragraph 3 of the resolution which had just been adopted, which implied that all commodity prices had fallen, and regretted that the Netherlands amendment had not been accepted. Had time permitted, he would have also suggested an amendment to operative paragraph 4. In the circumstances, despite his delegation's concern that every effort should be made to stabilize commodity prices, he had been obliged to abstain in the vote on operative paragraph 3 and the draft resolution as a whole.

34. Mr. OGISO (Japan) said that his delegation had abstained in the vote on operative paragraph 3 because it had some doubts concerning the word "improving" and felt that it was not in a position to say whether commodity agreements were an effective means of stabilizing commodity prices. His delegation had voted in favour of the draft resolution as a whole as an expression of its recognition of the importance of stabilizing commodity prices.

35. Mr. GIRETTI (Italy) said that although his delega-

tion had voted for operative paragraph 3 and for the draft resolution as a whole, it sympathized with the views expressed by the Netherlands representative. It was in fact, difficult to determine which commodity prices were equitable. He was confident that the work of the Commission on International Commodity Trade would be useful in the connexion.

36. Mr. STIBRAVY (United States of America) said that in view of his Government's position concerning the Commission on International Commodity Trade, his delegation had been unable to vote for the draft resolution as a whole. It had voted against operative paragraph 3 because the United States did not favour the extensive regulation of movements of commodities in international trade and because operative paragraph 3 drew the Council's attention to the importance of assisting in the promotion of international commodity agreements.

37. Nevertheless, his Government recognized the problem of excessive price instability in primary commodity markets and was participating in the discussion of commodity problems in appropriate forums and study groups. Moreover, his Government was working towards the reduction or removal of impediments to international trade, including tariff barriers, and in the matter of stockpiling and in the disposal of agricultural surpluses, it recognized its obligation to avoid the disruption of normal patterns of trade. The United States was also promoting the economic development and diversification of the economies of the under-developed countries through technical assistance and financial programmes. Its efforts to maintain the high level of economic activity and employment in the United States would contribute to the improvement of world economic conditions and the general level of prices.

38. Mr. WOULBROUN (Belgium) said that his delegation had voted for the Netherlands amendment to operative paragraph 3 and had abstained in the vote on operative paragraph 3 because it could not accept the view that the prices of all commodities should be raised. It was desirable that prices should be stabilized at a level acceptable to both producers and consumers.

39. Mr. ARKADEV (Union of Soviet Socialist Republics) observed that the importance to the under-developed countries of equitable commodity prices and terms of trade was generally recognized. It was clear from the explanation given by the representative of Ceylon and by the sponsors in connexion with operative paragraph 3 that the principle of equitable prices was based on the concept of "improving" prices dealt with in that paragraph. The USSR delegation understood the use of the term "equitable prices" to mean that it was essential to consider the legitimate interests and requirements of the under-developed countries.

The meeting rose at 6.30 p.m.