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TRENDS AND PROBLEMS IN WORLD TRADE AND DEVELOPMENT

CHARTER OF ALGIERS

Note by the Secretary-General of UNCTAD

Addendum

Annex I to the Charter of Algiers, containing the reports of the four Main Committees of the Ministerial Meeting of the Group of 77, held at Algiers from 10 to 25 October 1967, is attached herewith.



Ministerial Meeting of the Group of 77

MM.77/I/20/Add.1

Annex I

30 October 1967

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ANNEX I

REPORTS OF THE FOUR MAIN COMMITTEES OF THE
MINISTERIAL MEETING OF THE GROUP OF 77, HELD
AT ALGIERS FROM 10 to 25 OCTOBER 1967

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REPORT OF THE FIRST COMMITTEE

1. The Committee on Commodity Problems and Policies, established by the Ministerial Meeting at its sixth plenary meeting, was composed of all the members of the Ministerial Meeting. Its function was to examine item 10 of the provisional agenda for UNCTAD II.
2. The Committee met from 14 to 21 October 1967 under the chairmanship of His Excellency Mr. Habib Thiam (Senegal), who was elected Chairman of the Committee at the plenary session at which it was set up. The Committee held eight plenary meetings, at which it examined the substance of the matters referred to it, and its conclusions and decisions are set out below.
3. At its first meeting the Committee, having elected Mr. Lim Swee Aun (Malaysia) Vice-Chairman and Mr. Raul Sosa-Rodriguez (Venezuela) Rapporteur, in accordance with rule 8 of the rules of procedure of the Ministerial Meeting, agreed to take as the basic documentation for its work those common features of the three declarations (the Charter of Tegucigalpa, the Bangkok Declaration and the African Declaration of Algiers) which fell within its terms of reference. The document prepared by the secretariat comparing the three declarations (MM.77/I/10) facilitated the Committee's work in that respect. Item 10 of the provisional agenda for UNCTAD II is divided into sub-items (a), (b), (c) and (d). Since the first sub-item is a general review, the Committee decided to limit its consideration to sub-items (b), (c) and (d). It was generally agreed, however, that delegations were at liberty to submit for the Committee's consideration any remarks or observations within its terms of reference. The Committee accordingly received a proposal submitted by one delegation on "Guaranteed minimum international agricultural wage as a basis for determining Commodity prices", which is reproduced as appendix C to this report.
4. The Committee agreed to recommend that the Ministerial Meeting should request the Secretary-General of UNCTAD to undertake a study on the subject.
5. At its second meeting the Committee, having decided that the substance of its work should be the synthesis of the points common to all three declarations, established a working group for that purpose. The report submitted by the group showed that there were no fundamental differences between the three proposals.
6. The Committee therefore submits the following recommendations to the Ministerial Meeting in the hope that they will be adopted unanimously.

Item 10(b) Main elements of commodity policy, including international commodity arrangements and other techniques of commodity stabilization

7. The First Committee,

recognizing that commodity problems, in many cases, could be dealt with by international commodity arrangements and agreements,

noting that such agreements and arrangements should be negotiated on a commodity by commodity basis;

considering that it is necessary for producing developing countries to consult and co-operate among themselves in order to defend and improve their terms of trade by effective co-ordination of their sales policies and practices,

Agreed to recommend:

- (a) The conclusion not later than the end of this year and in any case before UNCTAD II of an international agreement on cocoa as stipulated by the General Assembly resolution 2210 (XXI);
- (b) the conclusion of international agreement on sugar early in 1968;
- (c) the conclusion at the earliest possible date of international arrangements on the products listed in Appendix A, which in the opinion of the Committee are mature for action;^{1/}
- (d) that appropriate action on an urgent basis be taken on the products listed in Appendix B which deserve close and special attention;^{2/}
- (e) that, without prejudice to the existing international bodies in the field of primary commodities, UNCTAD should be the central and co-ordinating machinery for the convening and negotiation of international agreements on commodities.

Operations and financing of buffer stocks

(a) Operations of buffer stocks

8. The Committee agreed that a buffer stock scheme, as a short-term measure for market stabilization, should, where appropriate, be one of the techniques for international commodity arrangements and agreements and in this respect recommended that UNCTAD II should determine which commodities, including those affected by competition from synthetics and substitutes, are likely to respond to control through such a scheme.

^{1/} A few delegations entered their reservations.

^{2/} Two delegations entered their reservations.

(b) Financing

9. The Committee agreed that the international financial institutions and developed countries should participate in the prefinancing of buffer stocks and that with regard to its regular income, producers and consumers should devise formulae ensuring equitable distribution of costs.

Role and financing of diversification programmes

10. The Committee, recognizing that diversification constitutes an essential element in the process of economic development of developing countries and with a view to helping them accelerate this process agreed:

- (a) to recommend that more financial and technical assistance be made available by developed countries and the appropriate international financial institutions to developing countries for the establishment of industries in developing countries with a view to diversifying their economies, especially those based on processing of primary commodities at present being exported in crude form;
- (b) to endorse the view that, where appropriate, specific funds for diversification may be one of the features of commodity arrangements;
- (c) to recommend that, in the process of trade expansion and economic integration among developing countries, highest priority should be given to requests for financial and technical assistance to diversification programmes on the inter-regional, regional or sub-regional level;
- (d) to recommend that diversification of the economies of developing countries should be carried out within a dynamic framework of division of labour, on the one hand, between developing countries and, on the other hand, between developed and developing countries;
- (e) to recommend that access to the markets of developed countries should be guaranteed to the products resulting from the programmes of diversification of developing countries.

Item 10(b)(iii) Basic principles and guidelines for pricing policy designed to achieve the highest possible receipts from export of primary commodities

11. The Committee agreed to recommend that the main objective of pricing policy should be:

- (a) elimination of excessive price fluctuations;
- (b) the highest possible earnings from the exports of primary products;
- (c) maintenance and increase of the purchasing power of the products exported by developing countries in relation to their imports; and

- (d) that developed countries should undertake to assist in achieving more stable and higher prices for unprocessed and processed commodities from developing countries by eliminating internal charges and revenue duties.

Item 10(c) Programme for the liberalization and expansion of trade in commodities of interest to developing countries

Standstill

12. The Committee reaffirmed its support for the implementation of recommendation A.II.1 of UNCTAD I and stressed the obligation on the part of developed countries not to introduce any new tariff and non-tariff restrictions and a commitment by them to eliminate by 31 December 1968 all tariff and non-tariff restrictions that they have introduced since UNCTAD I in 1964.

Removal of tariff and non-tariff barriers

13. The Committee, recognizing the need for a programme of liberalization of trade in primary commodities of interest to developing countries, recommended:

- (a) removal of all restrictions and charges applied by developed countries to primary commodities including semi-processed primary products originating exclusively from developing countries in accordance with recommendation A.II.1 (paragraphs 3, 4 and 5) of UNCTAD I;
- (b) that developed countries should adopt a programme of specific commitments for the elimination of tariff and non-tariff barriers, including duties and revenue charges;
- (c) that, pending the elimination of internal duties and revenue charges, a system of partial refund should be introduced to lead progressively on an annual basis to full refund;
- (d) that developed countries should implement, without phasing and without reciprocity in favour of all developing countries, the tariff reduction offered during the Kennedy Round negotiations, on primary products of export interests to developing countries.

Minimum share of markets

14. The Committee, reaffirming the need to guarantee to developing countries a minimum share in the markets of developed countries, recommended that:

- (a) a defined percentage of the consumption of developed countries for products competing with their domestic production should be allocated to developing countries; in any case, a substantial share of any increase in domestic

demand for primary commodities in the developed countries should be reserved for the output of developing countries. This allocation should be arrived at on a country-by-country and commodity-by-commodity basis, through multi-lateral negotiations;

- (b) developed countries should agree to establish self-sufficiency formulae which would guarantee to developing countries adequate conditions of access for their exports;
- (c) a programme of measures should be adopted to discourage uneconomic production, in the developed countries, of products which compete with products originating from the developing countries, and to abolish subsidies on the production and export of such competing products.

Surpluses and reserve stock disposals

15. The Committee agreed that existing machinery for consultation on surplus disposal should be widened and reinforced and suitable machinery established, where such arrangements do not exist, in order to ensure that disposal of production surpluses or strategic reserves does not result in the depression of international prices, and does not adversely affect developing countries' exports or the intra-regional trade and agricultural development of developing countries and the position of developing countries receiving those surpluses as assistance.

Use of escape clauses

16. The Committee agreed to recommend that, under a multilateral institutional arrangement, objective criteria should be adopted for identifying situations in which restrictions are applied by virtue of safeguard clauses, and that the unilateral application of restrictions should be avoided.

Preferences

17. The Committee,

Bearing in mind the desire expressed by all the members of the Group of 77 to apply recommendation A.II.1, section II, paragraphs 3 and 6 concerning the elimination of preferences, adopted unanimously at UNCTAD I, and noting that the abolition of preferences requires that the developed countries grant equivalent advantages to the countries which at present enjoy such preferences;

Noting that the developed countries have not so far taken effective measures for the implementation of this recommendation;

Considering that, in the case of certain commodities, the special preferences in force could be reduced or even abolished through international agreements;

Decided to recommend the Ministerial Meeting:

18. To request the Secretary-General of UNCTAD and the regional Groups to undertake studies, commodity-by-commodity and country-by-country, on the effect of the abolition of the special preferences in force should the case arise, and on the steps necessary to ensure that countries which at present enjoy such preferences receive advantages at least equivalent to the losses resulting from abolition.

Problems arising from the development of synthetics and substitutes

19. The Committee agreed to recommend that:

- (a) special arrangements should be made for technical and financial assistance to improve the marketability of primary products and for research into the development of new uses and improvement of the quality of those products affected by competition of synthetics and substitutes;
- (b) developed countries should refrain from subsidizing the production of synthetics and substitutes, particularly of those that compete with natural products of developing countries;
- (c) natural products of developing countries facing competition from synthetics and substitutes originating from developed countries should be accorded preferential treatment in the markets of developed countries;
- (d) the provision of Special Principle nine of the Final Act of UNCTAD I on dumping should be implemented with special reference to the marketing of synthetic products;
- (e) special efforts should be made to increase the trade of primary commodities among developing countries, in particular of commodities facing competition from synthetics and substitutes on a mutually advantageous basis.

Appendix A

Oil seeds and vegetable oils

Bananas

Natural and synthetic rubber

Tea

Sisal and hard fibres

Appendix B

Iron ore

Nickel

Tobacco

Cotton

Wine

Citrus fruit

Manganese ore

Pepper

Mica

Shellac

Tungsten

Appendix C^{1/}

Proposal concerning a guaranteed minimum international
agricultural wage as a basis for determining commodity prices

"In order to halt the deterioration in the terms of trade the fixing on an objective basis of a guaranteed minimum international agricultural wage as a means of assuring to primary commodity producers remunerative prices that will yield them a normal living through a fair and stable purchasing power."

^{1/} See document MM.77/I/C.1/1.

REPORT OF THE SECOND COMMITTEE

1. At its fourth meeting on 13 October 1967, the Ministerial Meeting established the second Committee as a committee of the whole and referred to it agenda item 11(c), namely,
"Consideration of the substantive items of the provisional agenda of UNCTAD II (TD/B/INF.10) with a view to determining the different chapters of the Final Document of the Ministerial Meeting and covering the following points
(c) Item 11 - Expansion and diversification of export of manufactures and semi-manufactures of developing countries.
2. At the same meeting the Ministerial Meeting unanimously elected Mr. Alfonso Palacio (Colombia) Chairman.
3. The Committee held six meetings from 14 to 21 October 1967.
4. At its first meeting, the Committee unanimously elected Mr. Pour Srichamara (Thailand) Vice-Chairman and Mr. J.P.B. Baffoe (Ghana) Rapporteur.
5. The Committee adopted the following substantive agenda for its work.
 - (a) Preferential or free entry of exports of manufactures and semi-manufactures of developing countries to the developed countries.
 - (b) Programme for the liberalization and expansion of trade of manufactures and semi-manufactures of interest to developing countries, including structural readjustment and trade with socialist countries.
 - (c) Measures for the promotion, expansion and diversification of exports of manufactures and semi-manufactures from developing countries; co-operation with UNIDO aimed at the establishment and expansion of export oriented industries in developing countries; other forms of economic, industrial and technical co-operation.
6. At its third meeting, the Committee established a working group under the chairmanship of the Rapporteur to prepare drafts on points 1 to 3. The following countries were nominated to the working group: Algeria, Brazil, Guatemala, India, Ivory Coast, Nigeria, Pakistan, Peru and the Philippines. Other countries which were interested were invited to participate.
7. The working group met six times and after exhaustive discussion adopted a draft text which was approved by the Committee as its report to the Meeting.

Item 11(b) Preferential or free entry of exports of manufactures and semi-manufactures of developing countries to developed countries

PRINCIPLES FOR A GENERAL SYSTEM OF PREFERENCES

The following principles should be adopted in order to implement a general system of preferences. They should be accepted simultaneously as complementary and indivisible measures.

1. At UNCTAD II there should be negotiations which should lead to the conclusion of an agreement on a general system of tariff preferences on a non-discriminatory and non-reciprocal basis. The agreement should provide for unrestricted and duty-free access to the markets of all developed countries for all manufactures and semi-manufactures from all developing countries.
2. Without prejudice to the general provisions contained in paragraph 1 above, the escape clause actions as envisaged below may be taken; in particular special treatment may be granted by developed countries to the less developed among the developing countries.
3. The manufactures and semi-manufactures covered by the preferential system should include all processed and semi-processed primary products of all developing countries.
4. All developed countries should grant such preferences to all developing countries.
5. The form of the escape clause action, the objective criteria which should govern the application of escape clause action by developed countries and the procedures that should be followed in such cases must be agreed upon internationally. Such action must however be temporary in nature and be subject to international consultation, approval and review.
6. The preferential system must be conceived in such a way as to make it possible for the least advanced among developing countries to share in its benefits. Accordingly any time limits of the system should be flexible so that countries at present in very incipient stages of development will also be able to reap its advantages. Escape clause actions limiting or excluding particular exports should not apply to the less competitive products from less advanced countries. Specific commitments should be taken for technical and financial assistance in the establishment of export oriented industries in least advanced countries, with a view to markets both in the developed world and in other developing countries.

7. The new system of general preferences should ensure at least equivalent advantages to developing countries enjoying preferences in certain developed countries to enable them to suspend their existing preferences on manufactures and semi-manufactures. From the beginning, provisions should be incorporated in the system of general preferences, for the developed countries to redress any adverse situation which may arise for these developing countries as a consequence of the institution of the general system of preferences.

8. In order to achieve the objective of the general preferential system the arrangement should last long enough to enable all developing countries to benefit from it. Initially the arrangement should last for 20 years and should be reviewed towards the end of this initial period. In any event the preferential treatment should not thereafter be abruptly terminated.

9. In order that the general system of preferences should make an adequate contribution to the balance of payments of the developing countries, the developed countries should not reduce their aid to them or nullify or impair the benefits of preferences through other measures.

10. Suitable machinery within UNCTAD should be established to supervise and ensure the effective implementation of a general system of preferences in accordance with the foregoing paragraphs.

Item 11(c) Programme for the liberalization and expansion of trade in manufactures and semi-manufactures of interest to developing countries

1. The developed countries should implement immediately, without phasing, in favour of all developing countries concessions agreed on during the Kennedy Round of trade negotiations, on products of export interest to the latter countries.

2. The developed countries should state at UNCTAD II that all concessions agreed on during the Kennedy Round of trade negotiations on products of export interest to developing countries would be extended at the time of implementation to all developing countries whether or not members of the GATT, without reciprocity.

3. At UNCTAD II both developed and developing countries should, on the basis of the evaluation of the Kennedy Round being prepared by the UNCTAD and GATT secretariats, identify all outstanding issues for further negotiations. The principles of most-favoured-nation treatment and reciprocity should in no way be introduced in these negotiations. In these negotiations all developing countries should be allowed to participate if they so desire.

4. Developed countries should implement the agreements reached at UNCTAD I on liberalization for manufactures and semi-manufactures of export interest to the developing countries, particularly as regards the principle of the status quo.
5. Developed countries should establish at UNCTAD II a concrete programme for the removal of quantitative restrictions at an early date, particularly those which are applied by them inconsistently with their international obligations, and also give an undertaking not to renew existing restriction or impose new quantitative restrictions, nor adopt any other measures having equivalent effects on products of export interest to developing countries.
6. Developed countries should supply all relevant information to the UNCTAD secretariat in respect of non-tariff barriers other than quantitative restrictions applied in the markets of the developed countries for examination at UNCTAD II.
7. Objective criteria should be established for the application of restrictions to trade in products from developing countries under escape clauses relating to "market disruption" and other "special circumstances" applied by developed countries, so that such situations may be defined, provisions may be laid down specifying what measures restrictive of trade can legitimately be applied when such a situation is found to exist, and compensation may be fixed which corresponds to the loss or damage suffered by developing countries. Multilateral consultative and supervisory machinery should be set up for that purpose. Developed countries should undertake measures for anticipatory structural readjustments and other measures for bringing about such changes in their production patterns as to eliminate the possibility of resorting to restrictive trade policies or escape clause actions on ground of market disruption in relation to products of export interest to developing countries in order to establish a new international division of labour that would be more equitable. Developed countries should not promote the development in their territories of industries of particular interest to the developing countries. In those cases where developed countries have invoked escape clauses on grounds of market disruption, they should make the appropriate domestic structural adjustments.
8. Developed countries should take appropriate action to carry out readjustments in the tariff nomenclatures of their countries so as to facilitate the granting of duty-free entry on products exported by and large by developing countries.

9. The machinery which would be established to supervise the effective implementation of a general system of preferences should also supervise the programme for the elimination of tariff and non-tariff barriers, and the application of escape clauses, in particular any such barriers which prejudice or nullify the scheme of general preferences.

10. Trade with socialist countries

Socialist countries should grant concessions to developing countries whose advantages are at least equivalent to the effects of preferences which would be granted by developed countries with market economies.

Socialist countries should:

- (i) adopt and implement measures designed to increase the rate of growth of the imports of manufactures and semi-manufactures from developing countries and to diversify such imports in consonance with the latter's trade and development requirements;
- (ii) undertake to contribute to the maintenance of remunerative and stable prices for the exports of developing countries by the inclusion of suitable provisions in their trade agreements with these countries;
- (iii) in drawing up their national and regional development plans, take due account of the production and export potential in developing countries;
- (iv) abolish customs duties and other trade restrictions on goods imported from and originating in developing countries;
- (v) eliminate the margin between the import price and the domestic selling price of the goods imported from developing countries;
- (vi) refrain from re-exporting the goods purchased from developing countries, unless it is with the consent of the developing countries concerned;
- (vii) encourage the conclusion of industrial branch agreements for the supply of plants and equipment on credit to the developing countries, accepting repayment of such credits with, particularly, the goods manufactured by these plants in the developing countries concerned;
- (viii) multilateralize, to the extent possible, among the socialist countries of Eastern Europe, payments arrangements with developing countries to facilitate increase of imports from the latter;
- (ix) grant preferential access conditions for products originating from developing countries. These conditions should include the establishment, in their international purchasing policies, of margins of tolerance in favour of the developing countries with regard to prices and delivery terms;

- (x) within the framework of UNCTAD set up permanent consultative machinery through which socialist countries and developing countries can promote mutual trade and economic co-operation, as well as solve the problems and obstacles which may arise.

Item 11(d) Measures for the promotion, expansion and diversification of exports of manufactures and semi-manufactures from developing countries; co-operation with UNIDO aimed at the establishment and expansion of export oriented industries in developing countries; other forms of economic, industrial and technical co-operation

1. Diversification of production of manufactures and semi-manufactures of developing countries should be carried out within the framework of a new and more equitable international division of labour between developing and developed countries.
2. Developed countries should abstain from harming the interests of developing countries by pressing production of commodities produced principally by developing countries and, in that regard, they should encourage the establishment in developing countries of export industries processing primary commodities produced by the latter.
3. Developed countries and international agencies should channel more, and more effective, technical and financial assistance in order to improve the productivity of developing countries' industries and their competitiveness in international markets.
4. International co-operation should also be secured with a view to the dissemination of trade information, particularly with regard to the opportunities offered by developed countries' markets. To that end, developing countries should support the establishment of the joint UNCTAD-GATT trade promotion centre and obtain the financial and technical support of developed countries for its operation. Also a close and continuing co-operation between UNIDO and UNCTAD should be promoted, on the general understanding that "the former shall be competent to deal with the general and technical problems of industrialization, including the establishment and expansion of industries in developing countries, and the latter with the foreign trade aspects of industrialization, including the expansion and diversification of exports of manufactures and semi-manufactures by developing countries".^{1/} Furthermore, developing countries should take into consideration the possibility of the establishment of a unique export promotion centre within the United Nations family under the auspices of UNCTAD.

^{1/} General Assembly resolution 2152 (XXI).

Technology

5. Developed countries should encourage the transfer of knowledge and technology to developing countries by permitting the use of industrial patents on the best possible terms which will enable products manufactured in developing countries to compete effectively in world markets.
6. They should also promote the elimination of restrictive practices, relating to market distribution and price-fixing, which are imposed by enterprises in developed countries in granting licences for the use of patents and trade-marks in developing countries.
7. Developed countries should provide guidance to their industrial entrepreneurs regarding investment opportunities in the export industries of developing countries and familiarize them with legal, political, economic and other relevant information on the situation in developing countries.

Agenda item 11
Third Committee

REPORT OF THE THIRD COMMITTEE

1. The Third Committee was established by the Ministerial Meeting of the Group of 77 at its fourth plenary meeting on 13 October 1967 in accordance with rule 4 of the rules of procedure of the Ministerial Meeting. At the same session, Mr. T. Swaminathan (India) was elected Chairman of the Committee.
2. At its first meeting on 16 October 1967, the Committee elected Mr. M.J. Magarinos (Uruguay) Vice-Chairman and Mr. M.Z. Shafei (United Arab Republic) Rapporteur.
3. The following items of the provisional agenda of UNCTAD II were allocated to the Third Committee:

Item 12. GROWTH, DEVELOPMENT FINANCE AND AID (SYNCHRONIZATION OF INTERNATIONAL AND NATIONAL POLICIES)

- (a) Review of recent developments and long-term trends in the light of recommendations and other provisions of the Final Act of UNCTAD I^{1/}.
- (b) Financial resources and requirements of developing countries and measures to accelerate their economic development:
 - (i) Increasing the flow of international public and private capital;
 - (ii) Improving the terms and conditions of aid;
 - (iii) Alleviating the problems of external indebtedness;
 - (iv) Improving the mobilization of internal resources.
- (c) Supplementary financial measures;
- (d) Compensatory financing facility;
- (e) International monetary system - issues relating to development finance and trade of developing countries.

Item 13. PROBLEMS OF DEVELOPING COUNTRIES IN REGARD TO INVISIBLES INCLUDING SHIPPING

- (a) Review of recent developments and long-term trends in the field of invisibles including shipping and international legislation thereon in the light of recommendations and other provisions of the Final Act of the first Conference.^{2/3/}

- ^{1/} The purpose of sub-item (a) is to provide delegations with general factual information about the subject matter of the item. No general debate is expected since such a debate will take place under item 8.
- ^{2/} The purpose of sub-item (a) is to provide delegations with general factual information about the subject matter of the item. No general debate, except with respect to international legislation on shipping, is expected since such a debate will take place under item 8.
- ^{3/} In this review due regard should be had of the activities of IMCO and other competent international organizations in this field in order to avoid unnecessary duplication.

- (b) Level and structure of freight rates, conference practices and adequacy of shipping services - progress report on studies by the secretariat.
- (c) Shipping industry in developing countries including expansion of merchant marines of developing countries.
- (d) Consultation machinery in shipping.
- (e) Port improvements. Progress report on studies by the secretariat.

item 16. GENERAL REVIEW OF THE WORK OF UNCTAD

- (a) Activities of the organs of the Conference
- (b) Technical assistance activities relating to trade, including training of technical and special staff of developing countries.

4. The Committee had before it the following documents dealing with the subjects under consideration:

TD/B/108 - Review of the implementation of the recommendations of the Conference

TD/B/116/Rev.1

TD/B/C.4/30/Rev.1 - Report of the Committee on Shipping on its second session,
(21 February - 8 March 1967)

TD/B/118

TD/B/C.3/51 - Report of the Committee on Invisibles and Financing Related to Trade on its second session, (4 - 19 April 1967)

TD/B/119

TD/B/C.3/52 - Agreed statement on the problems of development

A/6714 - Report of the Trade and Development Board on its fifth session

TD/5/Add.1 - Review of internal trade and development, 1967.

Part Two - Trade policy development

MM.77/I/Misc.9 - The African Declaration of Algiers

MM.77/I/Misc.3 - The Bangkok Declaration

MM.77/I/Misc.7 - The Charter of Tequendama

MM.77/I/4 and Add.1 - Reference document of the Co-ordinating Committee on items 11 and 14 of the provisional agenda of the Ministerial Meeting of the Group of 77

MM.77/I/10 - Comparison of the African Declaration of Algiers, the Bangkok Declaration, the Charter of Tequendama, and the reference document of the Co-ordinating Committee of the Group of 77

MM.77/I/4/Add.1 - Trends and problems in world trade and development

MM.77/I/C.3/1 - Financing issues agreed by the African Declaration of Algiers, the Bangkok Declaration and the Charter of Tequendama

Note by the Bureau

MM.77/I/C.3/2 - A reconciliation of recommendations on financing

Note by the Bureau

MM.77/I/C.3/3 - Invisibles, including shipping. Issues agreed by the African Declaration of Algiers, the Bangkok Declaration and the Charter of Tequendama

MM.77/I.C.3/4 and Add.1 - Draft report of the Third Committee

MM.77/I/C.3/5 and Add.1 - Synthesis draft on agreed and reconciled items

and Add.2 - Note by the Bureau

MM.77/I/C.3/6 - Invisibles, including shipping. Reconciliation of recommendations. Note by the Bureau.

5. The Committee held six meetings from 16 to 21 October 1967.

6. In view of the fact that a great deal of discussion had already taken place at UNCTAD I and since on issues under the three agenda items allocated to the Committee, it was decided that no time should be spent on a general discussion. It was decided accordingly that the points of agreement in the three regional declarations, namely, the African Declaration of Algiers, the Bangkok Declaration and the Charter of Tequendama, should be synthesized into a reconciled text. As a result, only points on which there appeared to be basic differences were to be discussed in the Committee with a view to final reconciliation. Happily, in the Committee there were no such serious differences. This fact reflects the care and thoroughness with which seeming differences have been discussed and reconciled in the committees and in the Board meetings since UNCTAD I. Finally, it was decided that if there were any new ideas, these were to be introduced in such form as to stimulate thought towards launching and working them up during UNCTAD II without raising serious controversies at the Algiers Ministerial Meeting, having in view its purpose to highlight in a unified document the common platform of the developing countries.

7. Accordingly, the Committee wishes to make the following recommendations which it hopes will be unanimously approved by the Meeting in plenary session. As most of the problems of development had already been identified by common agreement between developed

and developing countries in the document entitled "Agreed statement of the problems of development", it is the hope of the Committee that in its report there is adequate indication of the lines on which negotiations should be organized at New Delhi leading to concrete results on most, if not all, the points herein listed.

item 12. GROWTH, DEVELOPMENT, FINANCE AND AID (SYNCHRONIZATION AND NATIONAL POLICIES)

12(b) Financial resources and requirements of developing countries and measures to accelerate their economic development:

(i) Increasing the flow of international public and private capital

- (1) Each developed country should comply with the target of a minimum 1 per cent of its gross national product for net financial flows, in terms of actual disbursements, by the end of the Development Decade. A separate minimum target, within this goal, and progressively increasing, should be established for the official component of aid flows (net of amortization and interest payments).
- (2) Any gaps remaining in the 1 per cent transfer each year should be made good by additional Government transfers.
- (3) An examination should be made of the causes of the failure of developed countries to fulfil the undertaking made at UNCTAD I to meet the development assistance target.
- (4) IDA resources should be immediately replenished and augmented.
- (5) Governments of developed countries and financial institutions should extend and intensify their support to regional development banks.
- (6) IBRD should be made a Development Bank for developing countries exclusively. Total repayment of current loans by developed countries in advance of maturity should be secured. Such released funds should be used to augment resources of IBRD and IDA to finance development of developing countries.
- (7) There should be no discrimination by international lending institutions against the public sector, in particular in industry.
- (8) Private investments should be of permanent benefit to the host developing country. Subject to nationally-defined priorities and within the framework of national development plans, private investments should be encouraged by incentives and guarantees.

- (9) Special consideration should be given to developing countries which have not so far received adequate international aid.
- (10) No developed countries should decrease the existing level of their aid to developing countries, especially those forms of aid granted through negotiations.
- (11) The developing countries affirm that they support negotiations by developing countries, whether bilateral or multilateral, with the developed countries with the aim of obtaining increased flows of development finance.

12(b) (ii) Improving the terms and conditions of aid

Improvements in the terms and conditions of aid are urgently necessary and should include the following measures:

- (1) At least the norms of lending laid down by General Assembly resolution 2170 (XXI) and the Development Assistance Committee of OECD should be reached by 1968;
- (2) A considerable lowering of interest rates; and, beyond a date to be internationally agreed, all development lending should be on terms currently applied by the IDA. In regard to earlier loans or loans on other than IDA terms, the interest should be subsidized by Governments of developed countries;
- (3) Pending the general adoption of IDA terms, a considerable increase in maturities and of grace periods;
- (4) A multilateral interest equalization fund should be created to cover the interest margin between loans obtained on international capital markets and concessional development loans;
- (5) Aid should be rapidly and progressively untied, with a view to reaching the goal of total untying by a specific date; excess costs incurred through aid-tying should be subsidized by creditor countries; procurement in developing countries should be freely permissible, especially within the same region;
- (6) External finance should be made available both for programmes and for projects and should include local costs where necessary;

- (7) Aid commitments should be on a continuing basis to cover plan programmes over a period of years;
- (8) Appropriate steps should be taken to improve the administration of aid including:
 - (a) the provision of technical assistance in the preparation of requests for aid and in the training of personnel in developing countries for that purpose;
 - (b) the reduction of the lag between the submission of projects for appraisal and the commitment of aid for such projects;
 - (c) the reduction of the lag between the commitment and the disbursement of aid, both project and non-project;
 - (d) action towards ensuring uniformity in the appraisal of requests for aid by both international agencies and donor countries.
- (9) An intergovernmental group with equitable representation of representatives of developed and developing countries should be established to deal with all aspects of commercial credits, including suppliers' credits.

12(b)(iii) Alleviating the problem of external indebtedness

Suitable measures should be adopted for alleviating the debt servicing burdens of developing countries by consolidation of their short- and medium-term external debts into long-term obligations on low rates of interest. In case of imminent difficulties, speedy arrangements should be made for refinancing and re-scheduling of loans on "soft" terms and conditions.

12(b)(iv) Improving the mobilization of resources

Developing countries realize that they must bear the main burden of financing their own development and must therefore maximize the mobilization of their resources, natural, financial and other. They have in recent years made efforts in the mobilization of domestic resources. These efforts should continue and be intensified. It is a matter of great concern that in recent years external resources flows to developing countries have not been adequate, especially as in many cases the lack of foreign exchange has frustrated the transformation of potentially available domestic savings into equivalent investment.

12(c) Supplementary financial measures

UNCTAD II should negotiate an agreement for early implementation of a scheme of supplementary financing on the basis of a consensus to be reached after considering the report of the Intergovernmental Group on Supplementary Financing on the World Bank staff study. Important features of the scheme should be:

- (a) that the resources to be made available under the scheme are truly additional to the flow of basic finance required for economic development and that the scheme be accompanied by adequate basic finance to support the objectives of agreed development programmes;
- (b) that these resources are adequate to meet the requirements of the scheme;
- (c) that these resources should be supplied on IDA-like terms;
- (d) the developing country and the administering agency would establish jointly export projections for a fixed period taking into account the policy it intends to follow during that period;
- (e) that in no case shall the scheme involve internal policy commitments which prejudice the sovereignty of any member country as defined by that country, the means for achieving this objective to be further discussed at the forthcoming meeting of the Inter-Governmental Group on Supplementary Financing and negotiated at UNCTAD II. These discussions and negotiations should take account, inter alia, of the positions expressed in the regional declarations of the developing countries.

12(d) Compensatory financing facility

The developing countries ask that:

- drawings on the International Monetary Fund under the Compensatory Financing Facility should be automatic also between 25 and 50 per cent of the countries' quotas in the Fund.
- it be provided that such drawings are not subject to any conditions.
- the formula for calculating shortfalls be modified, taking as the basis the exports of each of the countries concerned either during three normal years or more, preceding the payment of compensation.
- due consideration should be given to the means of refinancing debts incurred by developing countries during periods of persistent shortfalls in their export earnings, including a revision of current repurchase time limits.

12(e) International monetary system

- (i) Developing countries should participate from the outset in all future discussions on international monetary reform and in the operation of the new arrangements.
- (ii) A link between aid and additional liquidity should be forged as urged by the developing countries.
- (iii) The developing countries are intimately concerned with the policies of international financial organizations relating to use of their resources, voting power and the improvement of machinery for balance of payments adjustments.

item 13. PROBLEMS OF DEVELOPING COUNTRIES IN REGARD TO INVISIBLES INCLUDING SHIPPING

- (a) Review of recent developments and long-term trends in the field of invisibles including shipping and international legislation thereon in the light of recommendations and other provisions of the Final Act of the First Conference

The developing countries, reaffirming the competence of UNCTAD in shipping matters, ask:

- (1) that UNCTAD II should include "international shipping legislation" in the Work Programme of the Committee on Shipping which should use such technical and expert advice as may be necessary. This is urgently needed because existing maritime legislation, maritime trade practices and customs regulations were devised in a background of little maritime development of developing countries;
- (2) that in accordance with the obligations undertaken by the international community, all developed countries should give full co-operation to the UNCTAD Secretariat by providing complete information for studies being carried out by it in the field of shipping including freight rates, conference practices, adequacy of shipping services, etc.
- (3) that these studies should take into account the implications of technical advances in shipping in respect of the organization and structure of conferences, cost levels, rate structure and techniques of port organization and operations as well as the implications of technical advances for the expansion of merchant marines of developing countries.

(b) Level and structures of freight rates, conference practices and adequacy of shipping services - progress report on studies by the Secretariat

- (1) Immediate steps are needed at UNCTAD II to provide a basis for future action on freight rates which are not only continuing to rise but are still discriminatory and restrictive vis-a-vis developing countries.

The developing countries recommend that, taking into account the interests of developing countries in shipping and in recognition of the need for placing the products of developing countries in an advantageous competitive position in world markets, developed countries should press freight conferences and shipowners:

- (i) to abolish the widespread practice of fixing special high freight rates for the transport of non-traditional products of developing countries;
 - (ii) to lower freight rates applied to traditional exports of developing countries;
- (2) Many discriminatory conference practices and abuses have remained without being eliminated since the UNCTAD I. The developing countries ask UNCTAD II to adopt the following principles:
- (i) the right of developing countries to take part in any freight conference affecting their maritime traffic on an equal footing with shipowners of developed countries;
 - (ii) freight conferences to have representation in developing countries;
 - (iii) publication of information, including advance publication of any proposed changes on freight rates and other cargo arrangements by freight conferences affecting the foreign trade of developing countries.
- (3) Developing countries should intensify their co-operation amongst themselves, inter alia, on a regional basis to secure maximum benefits and better bargaining positions in the field of shipping, in particular regarding freight rates.

(c) Shipping industry in developing countries including expansion of merchant marines of developing countries

- (1) Developing countries are gravely concerned at the growing disparity between the volume of their sea-borne trade and the growth of their merchant fleets.
- (2) Developing countries affirm their unquestionable right to establish and to expand their merchant marines in the context of rising freight rates and the prospects of their foreign trade.

- (3) Developed countries and international agencies should extend financial and technical assistance to developing countries for the establishment and expansion of national and regional merchant marines and related facilities. Such assistance should include the training of personnel in the economic, managerial, technical and other aspects of shipping. Financing arrangements should be in favour of national enterprises.
- (4) All countries should recognize the right of developing countries to reserve to their merchant marines a fair share of the cargo transported to and from those countries.
- (5) The regulations enacted by developing countries with a view to achieving the objectives aforementioned should not be considered justification for the adoption of retaliatory or other measures by the developed countries and their shipping conferences which may have the effect of rendering ineffective the measures taken by the developing countries.
- (6) Developing countries should be enabled to make the maximum use of their shipbuilding industries and expand them.

(d) Consultation machinery in shipping

- (1) Specific action should be taken by UNCTAD in collaboration with UNDP and the regional economic commissions to give effect to the resolution of the Committee on Shipping on the establishment of national and regional consultation machinery in various parts of the world in accordance with the provisions adopted.
- (2) Financial and technical assistance should be given to developing countries for the establishment of such machinery where necessary.

(e) Port improvements

- (1) Practical measures should be devised at UNCTAD II for financing and giving technical assistance to developing countries for port development and allied works and programmes relating to port operation, taking into account technical advances in shipping.
- (2) Measures should be devised at UNCTAD II for ensuring that savings achieved by the improvement of port facilities in shipping operations are utilized to the advantage of developing countries through reduction of freight rates in respect of the port achieving such improvement.

Insurance and re-insurance

- (1) Developed countries should reduce the cost of reinsurance to developing countries.
- (2) A substantial part of the technical reserves of the insurance and reinsurance companies should be retained in the countries where premium incomes arise for reinvestment in those countries.
- (3) Developing countries should be technically and financially assisted in building up their own insurance and reinsurance facilities.

Tourism

- (1) Developed countries and financing institutions should extend credits on easy terms to developing countries for promoting tourism.
- (2) Developed countries and international credit institutions should make investments in infrastructure in tourism in developing countries.
- (3) Passenger fares to developing countries should be concessional and attractive and other facilities should be provided in order to encourage tourist traffic.

item 16. GENERAL REVIEW OF THE WORK OF UNCTAD

- 16(a) Activities of the organs of the Conference
- 16(b) Technical assistance activities relating to trade, including training of technical and special staff of developing countries

This item could not be discussed by the Committee in depth. Developing countries are, however, convinced that UNCTAD should move from the declaratory to the operational stage and endeavour to achieve "practical and concrete results by means of negotiation aimed at securing the greatest measure of agreement" (General Assembly resolution 2206 (XXI)). UNCTAD should therefore concentrate on negotiating at New Delhi. All other aspects of these matters will have to be discussed at New Delhi.

REPORT OF THE FOURTH COMMITTEE

1. The Fourth Committee was established by the Ministerial Meeting of the Group of 77 at its fourth plenary meeting held on 13 October 1967 in accordance with rule 4 of the rules of procedure of the Ministerial Meeting. At the same meeting Mr. Ernesto Ramirez Solano (Mexico) was elected Chairman of the Committee.
2. At its first meeting, held on 16 October 1967, the Committee elected Mr. R. Loko (Dahomey) Vice-Chairman and Mr. Muhammad H. Al Atrash (Syria) Rapporteur.
3. The following items of the provisional agenda of UNCTAD II were allocated to the Fourth Committee;

item 9: TRENDS AND PROBLEMS IN WORLD TRADE AND DEVELOPMENT

- (a) Review of recent developments and long-term trends, implementation of the recommendations and other provisions of the Final Act of the first Conference - consideration of further action^{1/}
- (b) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (see Annexes A.I.1 A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964)
- (c) Trade relations among countries having different economic and social systems including problems of East-West trade, paying attention particularly to the trade interests of developing countries and taking into account the work in this field of other United Nations organs, including the regional economic commissions
- (d) Impact of the regional economic groupings of the developed countries on international trade including the trade of the developing countries
- (e) Consideration of measures leading to the improvement of the international division of labour
- (f) The world food problem - its relationship to international trade, export earnings and economic development of developing countries; measures to assist them to increase their food production and to improve the conditions for its distribution and marketing.

^{1/} The purpose of sub-item (a) is to provide delegations with general factual information about the subject matter of the item. No general debate is expected since such a debate will take place under item 8.

- (g) Special problems of the land-locked countries
- (h) Transfer of technology, including know-how and patents

item 14. TRADE EXPANSION AND ECONOMIC INTEGRATION AMONG DEVELOPING COUNTRIES, MEASURES TO BE TAKEN BY DEVELOPING AND DEVELOPED COUNTRIES - INCLUDING REGIONAL, SUB-REGIONAL AND INTER-REGIONAL ARRANGEMENTS

item 15. SPECIAL MEASURES TO BE TAKEN IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES AIMED AT EXPANDING THEIR TRADE AND IMPROVING THEIR ECONOMIC AND SOCIAL DEVELOPMENT

4. The Committee had before it the following documents dealing with the subjects under consideration:

TD/6 and Supp. 1-3 - Trends and problems in world trade and development

MM.77/I/Misc.3 - The Bangkok Declaration

MM.77/I/Misc.7 - The Charter of Tegucigalpa

MM.77/I/Misc.9 - The African Declaration of Algiers

MM.77/I/4 and Add.1 - Reference document of the Co-ordinating Committee of the Group of 77.

5. The Fourth Committee held five meetings from 16 to 23 October 1967.

6. The Committee decided not to consider sub-item (a) as similar sub-items and the other agenda items would be dealt with by the Drafting Committee.

7. The Committee submits the following recommendations to the Ministerial Meeting in the hope that they will be adopted unanimously:

item 9. TRENDS AND PROBLEMS IN WORLD TRADE AND DEVELOPMENT

- (b) Steps to achieve a greater measure of agreement on principles governing international trade relations and trade policies conducive to development (see annexes A.I.1, A.I.2 and A.I.3 of the Final Act of UNCTAD, 1964)

UNCTAD II should review the implementation of the principles governing international trade and policies conducive to development.

In compliance with recommendations A.I.1 and A.I.3 of the Final Act of UNCTAD I which leave open the completion of these principles, UNCTAD II may also elaborate new principles, while principles already adopted would not be re-examined in any case even from the point of view of form or substance.

- (c) Trade relations among countries having different economic and social systems including problems of East-West trade, paying attention particularly to the trade interests of developing countries and taking into account the work in this field of other United Nations organs including the regional economic commissions

The expansion of trade between developed socialist countries of Eastern Europe and developed market-economy countries should not unfavourably affect the trading possibilities of developing countries but on the contrary should lead to a rising

trade between them and the latter. In pursuance of this objective the socialist countries should provide in their economic development plans and trade policies, measures for accelerated increase of their imports of primary commodities originating from developing countries. They should also allot an increasing proportion of their total imports of manufactures and semi-manufactures to purchases from developing countries. They should also reaffirm the assurances given by them in the first UNCTAD that they will refrain from re-exporting the goods purchased from the developing countries unless it is with the consent of the parties concerned.

It is recognized and declared that differences of social and economic system need not constitute an obstacle to trade.

It is recommended that socialist countries' trade with the developing countries should, so far as possible, benefit all developing countries and regions fairly.

Furthermore, socialist countries should adopt the necessary measures to reduce the gap between import and sales prices of products originating from developing countries in order to promote consumption of these commodities; the establishment in the import policies and trade programmes of socialist countries of margins of tolerance with regard to prices, delivery dates and other conditions relating to exports from developing countries would greatly contribute to the increase of trade between these countries and the socialist countries. It should be emphasized that the aid and credit extended by socialist countries for financing projects in developing countries should be adapted to the particular conditions of the countries concerned; and, where possible, provisions be made, at the request of the developing countries concerned, for its repayment by the export of the products of those or other projects. Such repayments would be facilitated for the countries concerned through the establishment of jointly agreed lists of goods to be exported by these countries to provide the amount necessary to meet periodical instalment payments of the loans.

In case of contracts concluded between the enterprises in the developing countries and the relevant agencies in the socialist countries, due attention should be given to the periods covered by those contracts in order to enable the enterprises in the countries concerned to plan and execute with greater efficiency their investment, production and delivery programmes.

(d) Impact of the regional economic groupings of the developed countries on international trade including the trade of the developing countries

Regional economic groupings of developed countries should avoid discriminating against the export trade of developing countries in manufactures, semi-manufactures and in primary products, particularly temperate agricultural commodities.

The expansion of these groupings should not increase the incidence of any discrimination.

It is recommended that regional economic groupings of developed countries should take measures to ensure freer access for exports from developing countries.

(e) Consideration of measures leading to the improvement of the international division of labour

A new and dynamic international division of labour should be applied whereby developed countries avoid taking protective measures affecting agricultural exports of developing countries in fields in which these are more efficient and duplicating investments already made or about to be made by developing countries in industry. In this case it should be agreed that industrialization in developing countries should be based on the processing of available resources which may require, as the case may be, simpler or more advanced technology. The diversification of production of developing countries should also be carried out within a framework of a division of labour that would enable the greatest flow of trade among developing countries within regional and sub-regional levels.

(f) The world food problem, its relationship to international trade export earnings and economic development of developing countries, measures to assist them to increase their food production and to improve the conditions for its distribution and marketing

The Committee had a fruitful exchange of views on this item of the agenda. However, in view of the fact that this item was only introduced at the fifth session of the Trade and Development Board and that the regional groups of Asia, Africa and Latin America did not indicate their positions thereon in the documents submitted to the Ministerial Meeting of the Group of 77, the Committee did not take a final position on it. It was agreed that consultations would continue in the Group of 77 with a view to adopting a common position on this subject by the beginning of UNCTAD II.

(g) Special problems of the land-locked countries

The Committee recommends the establishment of a group of experts in order to carry out a comprehensive examination of the special problems involved in the promotion of trade and economic development of the land-locked developing countries, with special reference to the high costs involved in the execution of their development programmes and trade expansion programmes. In this connexion, adequate financial and technical assistance should be extended by international financial institutions to minimize the cost of the factors involved.

The Committee also recommends that the international financing agencies should give priority to such technical and financial assistance programmes as the land-locked developing countries may propose in connexion with the special problems of their trade and development and, in particular, with the development and improvement of their transport infrastructure.

(h) Transfer of technology, including know-how and patents

The transfer of technology including know-how and patents from developed to developing countries is of paramount importance for the economic progress of the latter. However, the burden of the payment of royalties and dues thereon has adverse effects on the balance of payments of developing countries.

Developed countries should encourage and promote the transfer of knowledge and technology to developing countries, particularly industrial patents, licenses and related know-how, under the most favourable terms and conditions so as to enable products manufactured in developing countries to compete effectively in world markets and to limit the outflow of invisibles caused by the payment of dues and royalties.

Developed countries should also ensure the elimination of restrictive practices, particularly those relating to market distribution and price-fixing adopted by enterprises in developed countries in granting licenses for the use of patents and trade-marks in developing countries.

Item 14. TRADE EXPANSION AND ECONOMIC INTEGRATION AMONG DEVELOPING COUNTRIES, MEASURES TO BE TAKEN BY DEVELOPING AND DEVELOPED COUNTRIES - INCLUDING REGIONAL, SUB-REGIONAL AND INTER-REGIONAL ARRANGEMENTS

The developing countries reaffirm that trade expansion and economic co-operation among themselves is an important element of a global strategy for development and they are therefore determined to make their own contribution toward the fulfilment of the objectives of UNCTAD II by stepping up their efforts in this respect. Such action can in no way be regarded as a substitute for larger and more remunerative exports to developed countries or for a greater contribution by the latter countries. However, trade expansion and economic integration among developing countries raise special problems and difficulties as compared with similar processes among developed countries. Action with regard to trade barriers will therefore not be enough but must be combined with suitable measures in other fields in particular investment and payments. In this connexion, the availability of appropriate external financing and technical assistance would be an important contribution for enabling developing countries to achieve more rapid progress in trade expansion and integration efforts. This

international support should however be granted in a manner that would fully respect the determination of developing countries to follow their own methods of approach when expanding trade and advancing towards integration among themselves.

Developing countries will inform UNCTAD II of the efforts they are making or planning to make, in order to increase their trade and strengthen their economic co-operation, particularly in the field of regional and sub-regional co-operation.

Since the joint efforts of developing countries cannot be fully successful without financial and technical aid from developed countries, the latter should at the same time make a formal declaration of support for the developing countries' efforts at co-operation and integration, specifying the nature and importance of the aid they are prepared to render to these efforts.

At UNCTAD II a special working group should be set up to study the practical problem related to:

- (a) trade expansion, economic co-operation and integration among the developing countries, including consideration of the special problems of the least developed countries;
- (b) the establishment or improvement of multilateral payments systems between developing countries; and
- (c) the practical measures for the implementation of an international policy which would support these joint efforts with particular reference to financial and technical assistance.

Regional or sub-regional groups of developing countries should be invited to participate in the working group.

These subjects should also be studied and reported upon by any body that the Group of 77 may decide to set up after the Algiers Conference.

UNCTAD II should establish a permanent Committee to study questions relating to trade expansion and economic integration among developing countries, with particular reference to ways and means of enabling developing countries participating in such groupings to derive equitable benefits therefrom.

This Committee should, in particular, undertake the following activities:

- (a) The study, centralization and dissemination of information and data on the experience acquired by developing countries in dealing with specific problems of sub-regional, regional or inter-regional co-operation and integration, and the organization of symposia on such problems for national and regional officials:

- (b) Studies relating to the possibility of establishing export and import groupings by commodity, or by groups of commodities, among developing countries.
- (c) Studies for improving the infrastructure of transport and communications among developing countries.
- (d) Study the possibility of establishing national and regional information and trade promotion centres in developing countries.

It would be useful to establish, under the auspices of UNCTAD, and of the appropriate specialized agencies, a special centre to train experts, particularly from developing countries in co-operation and integration among developing countries.

The international information and trade promotion centre which is being established under the sponsorship of UNCTAD and GATT should give due importance to the question of promoting exports among developing countries.

Item 15. SPECIAL MEASURES TO BE TAKEN IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

Owing to the varying stages of economic development existing among the developing countries and to the varying factors responsible for their development, the trade and financial policy measures required to accelerate the pace of economic development would differ from one developing country to another. It is therefore essential to devise a global strategy of convergent measures in order to enable the least developed among the developing countries to derive equitable benefits so that all the developing countries would gain comparable results from international economic co-operation of member countries of UNCTAD, particularly that with the developed countries.

The individual measures recommended by UNCTAD I and those that would be recommended by UNCTAD II should be viewed as components of an integrated policy of co-operation for achieving the over-all objectives of trade and expansion and accelerated development. All these measures are interrelated.

While the appropriate mix of the convergent measures required for the least developed countries cannot be determined at this stage, these measures may be devised from the spheres of:

- (1) commodity policy, including measures of financial and technical assistance for diversification programmes
- (2) preferences in trade of manufactures and semi-manufactures
- (3) development finance
- (4) regional economic integration
- (5) invisibles
- (6) trade promotion.

With regard to commodity policy the following actions should be recommended to be taken by UNCTAD II:

Special consideration of the need of the least developed countries in relaxing tariff and non-tariff barriers affecting access to the markets both in tropical and temperate products;

Temporary refunds, at least in part, of revenue charges and duties on commodities of particular interest to least developed countries.

With reference to manufactures and semi-manufactures the recommendation on the general scheme of preferences contained in document MM.77/I/16 should be taken into consideration and adopted. This should take place independently of the principle in virtue of which substantial advantages may be granted to the least developed among the developing countries under systems of regional or sub-regional integration; while the latter, where appropriate, attain perfection in the matter of customs duties.

For the purpose of designing special measures for the least developed countries it does not seem to be desirable nor convenient to attempt an abstract general definition of such countries nor, at this stage, an a priori strict listing of such countries applicable to specific measures considered. Hence this could be better undertaken, in due course, in a form agreed upon by the developing countries.

In order to give effect to the provisions of this document, the Ministerial Meeting decides to establish a working group. The function of the working group shall be to make a special study of the arrangements to be made on the matters referred to in paragraph 3 of this document.

Composition of the working group: it is agreed that each regional group shall be represented on this group by five members, namely

African Group - Algeria, Ethiopia, Liberia, Nigeria, United Republic of Tanzania

Asian Group - Ceylon, Indonesia, Iran, Iraq, Pakistan

Latin American Group - Argentina, Bolivia, Brazil, Colombia, Guatemala

The working group shall meet at Geneva on or about 1 December 1967. It shall submit its report to the countries members of the Group of 77 not later than 15 January 1968.