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Chairman: Mr. Jorge Pablo FERNANDINI
(Peru).

AGENDA ITEM 38

United Nations Conference on Trade and Development: report of the Trade and Development Board (continued) (A/6703/Add.1, chap. I; A/6714, A/6879, A/6904, A/C.2/237, A/C.2/239)

1. Mr. SHAHI (Pakistan) expressed his delegation's appreciation of the statements made to the Second Committee by the Minister for Foreign Affairs of Algeria (1154th meeting) and by the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) (1146th meeting). As was clear from the third annual report of the Trade and Development Board to the General Assembly (A/6714), much attention had been devoted to the preparations for the second session of UNCTAD, and it was gratifying that agreement had been reached on the provisional agenda and objectives of that Conference. The expectations aroused by the first session of UNCTAD, which had been convened in the realization that concerted action by the world community was essential to halt the widening of the gap between the developed and the developing countries, had unfortunately not been realized. Nevertheless, some progress had been made; the main economic problems had been identified and the necessary institutional framework for their discussion and solution established.

2. The second session of UNCTAD would be held against the background of the failure of the United Nations Development Decade. The 5 per cent target of economic growth seemed far from achievement by most developing countries, whose average annual increase in per capita income was only \$2 as compared with \$60 in the developed countries. Despite their increased ability to absorb foreign capital, the flow of assistance to the developing countries had declined from 0.87 per cent of the gross national product of developed countries in 1961 to 0.62 per cent in 1967. In addition, the Kennedy Round of negotiations, while creating new possibilities for the liberalization of trade among developed countries, had not tackled the fundamental problems affecting the trade prospects of developing countries, although those countries would derive some marginal benefits; there had even been a recent resurgence of sentiment

in favour of trade restrictions. The developing countries' share of total world exports had declined from 27 per cent in 1953 to 19.3 per cent in 1966, and the average rate of growth of their exports during the first half of the nineteen sixties had been only 4 per cent, as compared with 7.8 per cent for total world exports. Exports of manufactures, which had risen in value by \$65,000 million between 1953-1954 and 1965-1966 in the countries with developed market economies and by \$10,000 million in the socialist countries, had increased by only \$3,000 million in developing countries during the same period, and the situation had not improved in 1967. The purchasing power of exports from developing countries had been steadily declining, and the annual loss of approximately \$2,500 million represented by that decline was equal to almost half the flow of external public financing and the entire amount of grant and grant-like contributions to those countries. Debt servicing payments which had risen at an average annual rate of 10 per cent between 1962 and 1966, represented an increasingly heavy burden for the developing countries, whose total debt had exceeded \$41,000 million in mid-1966. That problem was aggravated by the large proportion of tied and restricted aid.

3. The depressing international economic situation had inevitably influenced the preparatory work for the second session of UNCTAD. At the ministerial meeting of the group of seventy-seven developing countries, held at Algiers in October 1967, the Minister of Commerce of Pakistan had stated that the objective of the group of seventy-seven was to build bridges between the rich and the poor countries and to obliterate the distinction between them by helping the poor countries to develop quickly. Although the developing countries' demand for radical improvements, and not mere palliatives, in the aid and trade policies of the developed countries would inevitably become more insistent, the developing countries realized that accelerated growth required synchronized and convergent measures by both sets of countries. The Charter of Algiers (A/C.2/237), adopted at the ministerial meeting embodied a specific and realistic programme of action, calling for greater efforts by developing countries to mobilize their domestic resources for development, to expand trade among themselves and to increase mutual economic co-operation, as well as more positive and sustained efforts by developed countries to assist the developing countries in achieving higher rates of growth. The lack of progress in implementing the recommendations of the first session of UNCTAD^{1/} was reflected in the

^{1/} See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

Charter of Algiers, in which a number of those recommendations were reiterated.

4. With regard to manufactures and semi-manufactures, the developing countries had hoped that favourable consideration would be given in the Kennedy Round of negotiations to a scheme of general, non-discriminatory and non-reciprocal preferences. Unfortunately, however, goods of particular interest to developing countries had been placed on exception lists, subjected to the disparity rule or set aside for bilateral talks. Moreover, quantitative restrictions, such as those on textiles, had not even been discussed. His delegation welcomed the consensus in favour of such a scheme of preferences which had emerged at the fifth session of the Trade and Development Board (see A/6714, para. 31) and at the ministerial meeting, and appreciated the need to accord special treatment to the least advanced developing countries without prejudice to the principle of non-discriminatory, unrestricted and duty-free access. It was to be hoped that the developed countries would indicate the main outlines of such a scheme of preferences and that fruitful negotiations at the Conference would lead to an international agreement.

5. Where commodities were concerned, Pakistan agreed that international action should be sought on a commodity-by-commodity basis, and hoped that satisfactory agreements on cocoa and sugar would be reached before the second session of UNCTAD met. The problems arising from the development of synthetics and substitutes in developed countries had been underlined by the recent special session of the Trade and Development Board and merited particular attention at the Conference. The question of the stabilization of prices for primary products would be the subject of a joint study by the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF); it was to be hoped that a realistic action programme to solve that complex problem would be drawn up and that resources from the Fund and the Bank would be made available for its implementation.

6. With regard to the flow of development assistance to the developing countries, Pakistan earnestly appealed to the developed countries to reach by 1968 the targets set by the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD) in 1965^{2/} and reaffirmed in Economic and Social Council resolution 1183 (XLI) and General Assembly resolution 2170 (XXI). Since even the attainment of those targets would not suffice to meet the increasing debt-servicing burden of the developing countries, assistance should clearly be extended on easier terms and conditions. It was essential that the target of supplying to developing countries 1 per cent of the gross national product of developed countries should be attained if growth in the developing countries was to be accelerated, and the Charter of Algiers also contained a proposal, similar to the suggestion referred to in operative paragraph 3 (b) of draft resolution A/C.2/L.961/Rev.2 adopted by

the Second Committee^{3/} for the establishment of a secondary volume target, net of amortization and interest repayments. It was to be hoped that agreement would be negotiated at the Conference for the early implementation of a scheme of supplementary financing on the basis of a consensus to be reached after considering the reports of the UNCTAD Intergovernmental Group on Supplementary Financing. His delegation agreed that there was no incompatibility between such a scheme and international commodity agreements; indeed, they were complementary. Although nine countries had availed themselves of the extended compensatory financing facility of IMF, further improvements along the lines indicated in the Charter of Algiers would be needed if the scheme was to meet the demands likely to be made upon it.

7. With respect to international monetary issues, the Charter of Algiers recommended that a link should be forged between development finance and additional liquidity, as urged by the developing countries. Since there was no provision for such a link in the new arrangements for special drawing rights proposed by IMF, that recommendation was both important and timely, although the Managing Director of IMF had pointed out that the developing countries could expect to derive indirect benefits from the proposed arrangements in the form of increased exports.

8. The recent devaluation of the pound sterling would inevitably have world-wide repercussions, and his delegation urged the developed countries to ensure that the adjustments made and the measures taken did not adversely affect the developing countries.

9. Because of the hesitance shown by maritime nations in sharing information on shipping problems, the work of UNCTAD's Committee on Shipping had so far been exploratory in nature. It was therefore to be hoped that the second session of UNCTAD would at least succeed in eliminating the remaining psychological and technical barriers to full and open discussion of shipping issues, so that specific action could be taken to promote the growth of the shipping industry in developing countries.

10. Trade between the developing and the socialist countries, in which the developing countries' exports of manufactures had been an important element, had increased at a remarkable rate during the past few years. The Conference would provide an opportunity to reach agreement on ways and means of increasing the current rate of growth of the developing countries' exports to socialist countries, and to discuss the introduction of an element of multilateralization into the trade between the two groups.

11. The Charter of Algiers contained specific proposals for promoting trade expansion, economic co-operation and regional integration among the developing countries, a matter to which his delegation attached great importance. Pakistan had already established mutually advantageous relations with Iran and Turkey under regional co-operation for development, and with Indonesia under Indonesia-Pakistan economic and cultural co-operation. It was also participating

^{2/} See *Official Records of the Economic and Social Council, Forty-first Session, Annexes*, agenda item 8, document E/4224/Add.1.

^{3/} See *Official Records of the General Assembly, Twenty-second Session, Annexes*, agenda item 42, document A/6915, para. 13.

in the negotiations being held under the auspices of GATT (General Agreement on Tariffs and Trade) for the reduction of barriers to mutual trade among developing countries belonging to different regions. The problem could be further discussed and specific measures for strengthening economic relations among the developing countries adopted at the second session of UNCTAD, although obviously friendly relations between the countries of a region were essential for the promotion of regional and sub-regional co-operation and integration.

12. The need for a global strategy for development was particularly important at a time when the international community was considering a programme of action for the nineteen seventies. Speaking in the General Assembly on 10 October 1967 (1584th plenary meeting), the Minister for Foreign Affairs of Pakistan had urged that special emphasis should be placed on achieving progress through trade, and the deliberations of the Conference would provide a firm basis for establishing the outline of a development strategy for the nineteen seventies. A comprehensive and objective approach was also necessary in the matter of development assistance. In that connexion, the Pakistan delegation urged the developed countries to accept the suggestion recently made by the President of IBRD that leading world experts should meet to study the problems of development.

13. The second session of UNCTAD should be regarded, not merely as a continuation of the first session, but as an opportunity to arrive at meaningful agreements, providing for specific operational measures, on a number of issues. On other questions which might not yet be ripe for agreement, the Conference should endeavour to break fresh ground in bringing the developed and developing countries closer together. Efforts directed towards the establishment of a global strategy of development based on mutual understanding and co-operation must be vigorously pursued, and while the primary responsibility for economic development lay with the developing countries themselves, the developed countries should demonstrate their willingness to achieve progress through concerted and co-operative international action.

14. Mr. KHANAL (Nepal) observed that, since the first session of UNCTAD, little had been done to correct the imbalance in world trade or to improve the trade pattern of the developing countries, whose share of world exports was still declining, while their debt-servicing burden continued to increase. Furthermore, further limitations had been placed on international economic assistance, which was a useful supplement to the developing countries' self-help efforts. Those countries would face a very bleak prospect if those trends were allowed to continue, and the Charter of Algiers, which was a document of great significance for the developing world, suggested a detailed programme of action to rectify them.

15. His delegation attached particular importance to the recommendations concerning special measures to be taken in favour of the least developed among the developing countries and the special problems of the land-locked countries. It hoped that the working group set up by the ministerial meeting would be able to

recommend measures that would enable the least developed countries, including his own, to become active partners in and equal beneficiaries of the proposed global strategy for development. Those countries needed to receive regional or sub-regional preferences, and the working group should ascertain what methods the more advanced developing countries would be willing to employ in that connexion. The least developed countries also needed technical assistance to help them improve their bodies dealing with institutionalized trade.

16. His delegation was gratified that the ministerial meeting had decided to establish a group of experts "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" (see A/C.2/237). All the developing countries were seeking access to the markets of the developed world, but in order to achieve that end, the land-locked developing countries first had to gain access to the sea. As His Majesty the King of Nepal had pointed out in his statement at the 1595th plenary meeting of the General Assembly, a small land-locked country like Nepal, situated between the world's two most populous countries with their enormous internal markets, could not develop internally or increase its foreign trade unless it was accorded proper trade and transit facilities. It was to be hoped that the developing transit countries would show their understanding of the problems of their land-locked neighbours by ratifying the Convention on Transit Trade of Land-locked States before the opening of the second session of UNCTAD. The ministerial meeting had rightly recommended that the international financial institutions should extend adequate financial and technical assistance in connexion with the development and improvement of the transport infrastructure of the developing land-locked countries. His delegation hoped that the Charter of Algiers would also prompt those institutions to give greater attention to the problems of the least developed of the developing countries.

17. His delegation wished to reaffirm its faith in the continuing solidarity of the group of seventy-seven developing countries, as expressed in the Charter of Algiers. The spirit of co-operation reflected in that document would surely evoke a positive response from the developed world that would enable the second session of UNCTAD to evolve a global strategy for development.

18. Mr. HUSSEIN (United Arab Republic) expressed his delegation's appreciation of the clear introduction to the Charter of Algiers given at the 1154th meeting by the Minister for Foreign Affairs of Algeria.

19. The lack of significant progress since the first session of UNCTAD hardly encouraged optimism about the results of the second session of the Conference. Since, however, there would be ample opportunity at the Conference itself to discuss past shortcomings and future expectations, his delegation would confine itself to some general comments. In gauging economic problems, stress should be laid on their acuteness and their long-term effect on world trade. Developing

countries believed that their problems were real, acute and detrimental not only to their individual economies but also to the world economic situation as a whole, and that those problems should receive immediate attention in a spirit of international co-operation. Whereas the economic problems of the developed countries derived from their wealth and their desire to achieve even higher standards of living, those of the developing countries were the problems inherent in poverty and under-development. The success of the second session of the Conference depended on the will of the international community, and in particular of those countries which could make the greatest contribution, to deal with the problems of the poverty-stricken majority of mankind rather than with those of the rich minority.

20. The problems of the developing countries, which had been clearly defined at the first session of UNCTAD, were complex and of long standing, and were not susceptible of any single solution. Nevertheless, some questions were of particular importance and required priority discussion. While it was for the developing countries to decide which problems should be given such priority, the developed countries should give specific evidence of their political will to solve those problems, rather than paying lip service to the principle of international co-operation.

21. In contrast to the first session of UNCTAD, which had defined the problems of economic development and international trade and had suggested tentative ways and means of solving them, the second session of the Conference should be concerned with practical action. His delegation welcomed the consensus achieved at the fifth session of the Trade and Development Board regarding the provisional agenda of the second session of UNCTAD and the objectives of that Conference and, in particular, the agreement that the objective was to achieve, through applicable forms of negotiation, specific results that would ensure real progress in international co-operation for development. In that connexion, it was gratifying that the developed countries, which had seemed to wish UNCTAD to be a mere debating society, had not maintained their intransigence regarding the possibility of negotiation at the Conference.

22. It was time to end the mutual recriminations of the past four years, during which the developing countries had been criticized for not doing enough to mobilize their own resources, while the developed countries had been blamed for not doing enough to implement the recommendations of the first session of UNCTAD. Any shortcomings in the performance of the developing countries were basically due to their limited resources and the lack of external assistance rather than to any fault of their own, and those countries had now taken the first step towards improving the situation. It was for the developed countries to complement that initial endeavour, in the realization that progress and prosperity could not be confined to a few countries without seriously impairing world peace and stability.

23. Sir Edward WARNER (United Kingdom) commended the Trade and Development Board on the work done at its fifth session (see A/6714, part one), which had rightly been devoted mainly to preparations for

the second session of UNCTAD, and paid a special tribute to the President of the Board. His country's approach to the Conference had been described in the United Kingdom representative's statement at the 130th meeting of that session, copies of which would be circulated to members of the Second Committee. His delegation welcomed the agreement reached by the Board on a provisional agenda for the second session of UNCTAD that was acceptable to all participants. The Agreed Statement on the Problems of Development adopted in April 1967 by the Committee on Invisibles and Financing related to Trade^{4/} was another valuable contribution to the preparations for the Conference.

24. Those preparations had been taken a step further at the ministerial meeting of the group of seventy-seven developing countries at Algiers. A goodwill mission from the meeting had recently visited London to present the Charter of Algiers to the United Kingdom Government, which had been encouraged by the mission's sense of realism and its recognition that mere confrontation at the second session of UNCTAD would benefit no one. The Foreign Minister of Algeria, however, when speaking that morning had not perhaps been entirely free of the taint of confrontation. His Government hoped that the second session, on which so much depended, would be a success, and would approach it with realism and goodwill. It was now studying the Charter carefully in that context and hence substantive comments would be inappropriate at the present time.

25. With regard to the proposed establishment of the UNCTAD/GATT International Trade Centre (A/6879), his delegation associated itself with the decision of the Trade and Development Board at its fifth session, which had welcomed the proposal and generally endorsed it in principle (see A/6714, para. 211). The administrative and financial arrangements for the project seemed to be progressing satisfactorily, and the Secretary-General of UNCTAD and the Director-General of GATT and their staffs were to be congratulated on their work. The existing GATT International Trade Centre had rendered valuable service, and his delegation hoped that it would have a successful future under the enlarged proprietorship. His delegation also favoured the proposal for the establishment of a joint advisory group of government experts which would meet once a year to review the Centre's activities and report to the member States of UNCTAD and the Contracting Parties of GATT.

26. On another point, his Government would also give sympathetic consideration to the suggestion of the President of IBRD referred to by the representative of Pakistan regarding the convening of a group of experts to review the experience gained during twenty years of development assistance and propose policies and procedures for the future.

27. Mr. KAHONO (Indonesia) said that the Charter of Algiers, which had been so ably introduced by the Minister for Foreign Affairs of Algeria and Mr. Stanovnik of Yugoslavia, set forth the basic aims of the developing countries with regard to trade and

^{4/} See Official Records of the Trade and Development Board, Fifth Session, Supplement No. 3, annex II.

development and offered a sound and flexible basis for negotiations at the second session of UNCTAD. His Government had subscribed to the Charter and hoped that the appeal for concerted international action contained in it would lead to the conclusion of specific international arrangements and agreements.

28. His delegation considered that efforts to solve the serious problems relating to the economic development of the developing countries must be undertaken within the context of a global strategy for development, in which UNCTAD, as an instrument of both the developed and developing countries, would play a major part. The second session of UNCTAD must endeavour to translate into reality the aspirations of the developing world, which had been embodied in the recommendations of the first session of the Conference. Little had been done so far to implement those recommendations, but there was reason to hope that significant progress would be made in that connexion at the second session, and that the spirit of confrontation which had prevailed at the first session of the Conference would be replaced by a spirit of co-operation. Indeed, the success of the second session of the Conference depended upon the awareness of all participants that the problems of the developing countries, which could influence the fate of the world as a whole, could be solved only through joint action by both developed and developing nations. His delegation was therefore glad that the Trade and Develop-

ment Board had reached agreement on the substantive issues to be taken up at the second session of UNCTAD. In his delegation's view, the second session should concentrate on such issues as access to the markets of industrialized countries for primary commodities through the conclusion of international commodity agreements; preference for manufactures and semi-manufactures from developing countries; supplementary financing and financing of buffer stocks; international trade and finance; food problems, and trade relations among developing countries.

29. His delegation hoped that all parties involved in the forthcoming UNCTAD exploratory meeting on rubber would help to realize the hopes of the natural rubber producing countries, and endorsed the calendar of UNCTAD meetings for the remainder of 1967 and 1968, on the understanding that the meeting on rubber would be held before the end of 1967, as had been decided at the Board's third special session in November 1967. His delegation fully endorsed the conclusions in the Board's report (A/6714), and supported Board resolutions 36 (V) and 37 (V).

30. Lastly, it wholeheartedly supported the proposal for the establishment of the UNCTAD/GATT International Trade Centre, for it considered that trade promotion was one of the most effective ways of increasing the developing countries' exports.

The meeting rose at 4.45 p.m.